



FIVE-YEAR CONSOLIDATED PLAN

April 1, 2005 -- March 31, 2010

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I. GENERAL

A. INTRODUCTION

The Montana Department of Commerce (MDOC) is the lead agency overseeing the development of the Consolidated Plan. The five-year Consolidated Plan for plan years April 1, 2005 through March 31, 2010 is designed to meet the requirements set forth by the U.S. Department of Housing and Urban Development (HUD).

The state of Montana's Consolidated Plan provides a strategy for and describes how federal funds will be used to meet community development and housing needs statewide. This document and Montana's Annual Action Plan, serve as both a plan and an application to the HUD for the Community Development Block Grant (CDBG), the Home Investment Partnerships (HOME), and Emergency Shelter Grant (ESG) programs. Montana's plan year begins on April 1 of each year and runs through March 31.

This document may be used by individuals, communities, and organizations to assist them in meeting the overall goal of the CDBG, HOME, and ESG programs. This goal is to develop viable communities by providing decent housing, a suitable living environment, and expanding economic opportunities principally for low- and moderate-income persons.¹

- Decent housing includes assisting homeless persons to obtain appropriate housing and assisting persons at risk of becoming homeless; retaining affordable housing stock; and increasing the availability of permanent housing in standard condition and affordable cost to low-income and moderate-income families, particularly to members of disadvantaged minorities, without discrimination on the basis of race, color, religion, sex, national origin, familial status, or disability. Decent housing also includes increasing the supply of supportive housing, which combines structural features and services needed to enable persons with special needs, including persons with HIV/AIDS and their families, to live with dignity and independence; and providing housing affordable to low-income persons that is accessible to job opportunities.
- A suitable living environment includes improving the safety and livability of neighborhoods; increasing access to quality public and private facilities and services; reducing the isolation of income groups within a community or geographical area through the spatial deconcentration of housing opportunities for persons of lower income and the revitalization of deteriorating or deteriorated neighborhoods; restoring and preserving properties of special historic, architectural, or aesthetic value; and conservation of energy resources.
- Expanding economic opportunities includes creating and retaining jobs; establishing, stabilizing and expanding small businesses (including microbusinesses); providing

¹ 24 CFR Part 91.1, Consolidated Submissions for Community Planning and Development Programs

public services concerned with employment; providing jobs involved in carrying out activities under programs covered by this plan to low-income persons living in areas affected by those programs and activities; making available mortgage financing for low-income persons at reasonable rates using nondiscriminatory lending practices; providing access to capital and credit for development activities that promote the long-term economic and social viability of the community; and providing empowerment and self-sufficiency opportunities for low-income persons to reduce generational poverty in federally assisted and public housing.

B. GENERAL INFORMATION

1. Geographic Area

Montana's Consolidated Plan covers the entire state, with the exception of the three entitlement jurisdictions: the cities of Billings, Great Falls, and Missoula. The largest city, Billings, is only 92,008 in population and the next two largest, Missoula and Great Falls, have populations of 59,518 and 56,046, respectively.² Assistance is generally available in all areas of the state except for the three entitlement jurisdictions. Since these three areas receive separate funding allocations from HUD, they are generally not eligible to receive funds from the state programs, as discussed more fully in the state's Annual Action Plan.

Top Ten Cities (2002 Estimates)		Top Ten Counties (2003 Estimates)	
Billings	92,008	Yellowstone	133,191
Missoula	59,518	Missoula	98,616
Great Falls	56,046	Cascade	79,561
Butte-Silver Bow*	32,716	Flathead	79,485
Bozeman	29,459	Gallatin	73,243
Helena	26,353	Lewis & Clark	57,137
Kalispell	15,463	Ravalli	38,662
Havre	9,454	Silver Bow	33,208
Anaconda-Deer Lodge*	9,069	Lake	27,197
Miles City	8,224	Lincoln	18,835
*Consolidated City/County			

The state of Montana generally is racially homogeneous, with a 90.6 percent white population. Native Americans make up 6.2 percent of the population. Blacks and Asians comprise 0.8 percent of the population. Another 2.3 percent label their race as "other" or "two or more."³

Total Native American population in the state rose 17.6 percent between 1990 and 2000. The Native American population in Montana is mapped in Appendix D, page D-1.

Across the state, the Hispanic population increased 48.5 percent from 1990 to 2000 to 18,081. In 2000, the Hispanic population comprised two percent of the total population.

² 2003 U.S. Census Bureau Estimates, *Montana by the Numbers*, Montana Department of Commerce, Census and Economic Information Center, August 26, 2004.

³ Race data for the 2000 Census are not directly comparable to the 1990 Census. In the 2000 Census, people were able to identify themselves as more than one race; previously, people could indicate only one race. The general positive or negative direction of the change in particular population groups between 1990 and 2000 is likely to be accurate and is used here to point out State trends.

Hispanic concentrations vary widely by county. Six counties reported fewer than 10 Hispanic residents.

With 147,029 square miles, or more than 94 million acres, Montana is the fourth ranked state in terms of area, behind Alaska, Texas, and California, but in 2002 was ranked 44th in the nation (including the District of Columbia) in population. From east to west, the state measures approximately 550 miles at its longest point, and approximately 320 miles from north to south at the widest point. It is further by highway from Yaak, in far northwestern Montana, to Alzada in the southeastern corner (774 miles) than it is from Washington D.C. to Chicago.⁴ (See area comparison map in Appendix D, page D-2.)

Montana is larger than the combined area of 10 north Atlantic states (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont), yet has only two percent of the combined population of those states. There are more public road miles in Montana than Interstate miles in the entire U.S., and 53 of Montana's 56 counties are larger than Rhode Island.⁵ The average population density is 6.2 persons per square mile, but varies from a high of 48.18 persons per square mile in Silver Bow County to 0.27 per square mile in Garfield County. (See population density map in Appendix D, page D-3.)

Over the past 10 years, Montana's population density and growth has been centered around the western part of the state. (See *Geographic Center of Population* map in Appendix D, page D-4.) The eastern part of the state has seen a decrease in total population and an increase in the elderly population as a percentage of total population. (See maps in Appendix D, pages D-5 and D-6.) Additionally, unincorporated areas of the state have grown three times faster than in the 126 incorporated cities and towns.

The *Economic and Demographic Analysis*, Volume II-Demographic Analysis⁶, presents a more thorough analysis of demographic data by county for Montana. These statistics include 1990 and 2000 Census population data as well as current population estimates. Certain social characteristics are also examined such as gender, age and race, population living in group quarters, marital status, veteran status, and school enrollment. Detailed data on the disabled population in Montana is also presented in the Appendix to Volume II of the *Economic and Demographic Analysis*.⁷

2. Geographic Distribution

Housing and community development needs vary widely across Montana. The extreme diversity in available housing, age of housing stock, and overall range in population (see map of 2003 population estimates, page D-7) complicate the assessment of the type and degree of housing and community development needs. Because of the limited

⁴ Information from the Montana Department of Transportation website 8/26/04

⁵ *Ibid.*

⁶ *Economic and Demographic Analysis of Montana*, Volume II, Demographic Analysis, Center for Applied Economic Research, Montana State University-Billings, December 2004.

⁷ *Ibid.*

availability of resources and the extent of community development and housing needs, MDOC programs are implemented on a statewide competitive basis. Entities receiving CDBG and HOME funds must have previous grant awards substantially drawn down before they are eligible to apply for additional program funds. This method has been shown to disburse funds equitably throughout the state, allowing all groups an equal chance to apply for funds and providing an incentive for grant recipients to complete projects on a timely basis. Together, all funding methods, whether through a formula, as in the ESG grants, or competitive, as in CDBG and HOME grants, over time, tend to widely distribute grant assistance throughout the state.

C. MANAGING THE PROCESS [91.300(b)]

1. Lead Agency

The MDOC Housing Division is responsible for developing the Consolidated Plan and related documents. The MDOC administers two of the three HUD programs included in this Plan and the Montana Department of Public Health and Human Services (MDPHHS) administers the third program:

- HOME Program – Housing Division, MDOC
- CDBG Program – Community Development and Business Resources Divisions, MDOC
- ESG Program – Human and Community Services Division, MDPHHS

2. Development Process and Consultations

The development, preparation, and review of the plan are based upon the current citizen participation process. This process promotes a unifying opportunity for units of local government, the state of Montana, and others to continue developing cohesive, attractive, safe, and economically vibrant communities. The citizen participation process encourages all citizens, especially low-income residents, to take a part in shaping their own future.

The MDOC prepared the Consolidated Plan through consultation with the following groups and organizations, coordinated with the statewide citizen participation process.

- ❑ Montana Department of Commerce (MDOC)
 - Housing Division (HD)
 - Community Development Division (CDD)
 - Business Resources Division (BRD)
 - Census and Economic Information Center (CEIC)
- ❑ Montana Department Public Health and Human Services (MDPHHS)
 - Intergovernmental Human Services Bureau (IHSB)
 - Addictive & Mental Disorders Division (AMDD)

- ❑ Montana Department of Labor and Industry (MDOLI)
 - Montana Human Rights Bureau (MHRB)
- ❑ Montana Department of Revenue (MDOR)
 - Property Tax Division
- ❑ Housing Coordinating Team (HCT)⁸
- ❑ Consolidated Plan Steering Committee⁹
- ❑ Water, Wastewater and Solid Waste Agencies Coordination Team (W₂ASACT)¹⁰
- ❑ Western Economic Services, Inc. prepared the *Analysis of Impediments to Fair Housing and Housing Choice* as an additional component of the Consolidated Plan.
- ❑ Montana State University-Billings, Center for Applied Economic Research, staff prepared the *Housing Condition Study, Housing Needs Assessment, Economic Benefits of MDOC Housing Programs, Economic and Demographic Analysis of Montana*, and *Economic and Demographic Databook* as supporting documents to the statewide Consolidated Plan.

D. CITIZEN PARTICIPATION PROCESS [91.300(b)]

1. Summary of the Process

The development of the Consolidated Plan has been enhanced by and coordinated through contacts, meetings and correspondence with Montana citizens, public and private organizations, and state agencies. The preparation of the interim Annual Action Plans will continue to rely on coordination and cooperation of these entities. See **Appendix B** for a complete copy of the Citizen Participation Plan.

To gather additional public comment for the planning and review process, four public input meetings, including one by METNet videoconference, were held in March and April 2004: The METNet interactive videoconference was broadcast simultaneously in ten cities around the state on April 22.

On-Site Public Input Meetings				
Location		Date	Time	# Attendees
Glasgow	Cottonwood Inn	Mar. 30, 2004	7:00 – 8:30 pm	5
Anaconda	Community Service Center	Apr. 6, 2004	11:30 am – 1:00 pm	6
Shelby	Marias River Electric Co-op	Apr. 14, 2004	11:30 am – 1:00 pm	8

⁸ See Appendix A, page A-1, for a list of committee members

⁹ *Ibid.*, page A-2.

¹⁰ *Ibid.*, page A-4.

METNet Videoconference Public Input Meeting April 22, 2004, 2:00 to 4:00 pm		
Location		# Attendees
Helena	Department of Public Health & Human Services	11
Bozeman	Montana State University	2
Butte	Montana Tech of the University of Montana	2
Dillon	Western Montana College of the University of Montana	2
Havre	Montana State University–Northern	4
Kalispell	Flathead Valley Community College	4
Miles City	Miles Community College	7
Billings	Montana State University–Billings	19
Great Falls	MSU College of Technology	3
Missoula	University of Montana	10

Three public review meetings were held in October 2004 together with the joint application housing application workshops sponsored by the MDOC's CDBG and HOME Program, the Montana Board of Housing, and U.S. Department of Agriculture Rural Development (USDA-RD). In addition, an interactive videoconference meeting was broadcast simultaneously in eight cities around the state in November 2004.

On-Site Public Review Meetings				
Location		Date	Time	# Attendees
Miles City	Guest House Inn	Oct. 13, 2004	12:00 – 1:15 pm	15
Lewistown	Yogo Inn	Oct. 19, 2004	12:00 – 1:15 pm	15
Missoula	Best Inn & Conference Center-South	Oct. 21, 2004	12:00 – 1:15 pm	26

METNet Videoconference Public Review Meeting November 18, 2004, 3:00 – 5:00 pm		
Location		# Attendees
Helena	Department of Public Health & Human Services	7
Bozeman	Montana State University	3
Butte	Montana Tech of the University of Montana	1
Havre	Montana State University–Northern	2
Kalispell	Flathead Valley Community College	5
Billings	Montana State University–Billings	3
Great Falls	MSU College of Technology	2
Missoula	University of Montana	7

2. Citizen Comments

See **Appendix C** for a summary of the comments received at the meetings, written comments received during the comment periods, and responses to the comments.

3. Efforts to Broaden Public Participation

See **Appendix B** for a complete copy of the Citizen Participation Plan, including efforts made by the state to broaden public participation starting on page B-2.

E. INSTITUTIONAL STRUCTURE [91.315(i)]

Preparing and updating the Consolidated Plan for housing and community development is an on-going process. Throughout this process, the state strives to improve the delivery of assistance to the people of Montana. The state supports policies and programs that support decent, safe, affordable housing, services for the homeless, and other non-housing community development activities, such as infrastructure enhancement and economic development.

Throughout the year, the MDOC interacts with other agencies and organizations with a commitment to better develop housing and community development strategies. The MDOC maintains its commitment to inform others of their responsibility to participate in the consolidated planning process and to promote affordable housing, adequate infrastructure, and economic development in local communities. The MDOC supports a broad-based “team” approach to address affordable housing issues through the formation of the Consolidated Plan Steering Committee, Housing Coordinating Team (HCT), and Housing Working Group (HWG). The MDOC has also been a long-standing member of the Water, Wastewater and Solid Waste Action Coordinating Team (W₂ASACT), formed in 1982 to address infrastructure issues. These committees and groups continue to provide direction and input to the Consolidated Plan.

The Montana Board of Housing (MBOH) and the Housing and Community Development Divisions of the MDOC continue improving coordination in the area of joint applications, workshops, and reporting forms.

The CDBG Economic Development (CDBG-ED) Program works in tandem with the other business financing and technical assistance programs in the Business Resources Division (BRD) to meet the objectives of the MDOC regarding statewide economic development. In addition to providing loans to for-profit businesses, CDBG provides leverage of dollars and technical assistance to the business community throughout the state.

The MDOC HOME Program continues to advise nonprofit groups on how to form certified Community Housing Development Organizations (CHDOs). An MDOC-certified CHDO can apply for set-aside funds under the MDOC HOME Program. Local units of government (cities, towns, and counties), public housing authorities (PHAs), and CHDOs are eligible to apply for HOME grant funds under the HUD-approved program description.

Members of the **Consolidated Plan Steering Committee**, with representatives from the HOME, MBOH and CDBG programs, other Housing Division programs, the Addictive & Mental Disorders Division of the MDPHHS, the Montana Home Choice Coalition, and Fannie Mae’s Montana Partnership Office meet during the plan development process to review the status of the annual Action Plans and five-year plan. In addition, other agencies, such as the Montana Department of Environmental Quality (MDEQ), the Montana Department of Natural Resources and Conservation (MDNRC),

the MDPHHS, the MDOLI, and other interested parties are solicited as needed for input on specific topics contained in the action plan and supporting studies.

The **Housing Working Group**, formed by the MDOC in 1996, reviews areas where regulations are adding to the cost of housing in Montana. Other areas addressed by the HWG include the legislative process, comprehensive planning and zoning, subdivision standards, disincentives to building within city limits, and financing for infrastructure costs.

The **Housing Coordinating Team**, also chartered by the MDOC, facilitates statewide coordination in the delivery of housing services to individual housing providers and local organizations. Areas of cooperation include evaluating the effects of impact fees on affordable housing, coordinating monitoring requirements within the MDOC programs, and making minor adjustments to the common application for housing projects. Participating organizations include the MDOC and MDPHHS, HUD, Fannie Mae's Montana Partnership Office (MTPO), USDA-RD, and local housing authorities.

The **Water, Wastewater and Solid Waste Action Coordinating Team** is a group of professionals from state and federal governments, and nonprofit organizations that finance, regulate, and/or provide technical assistance for infrastructure, principally drinking water and wastewater systems. Meeting bimonthly, W₂ASACT explores and coordinates a wide range of activities linked to improving the environmental infrastructure of local governments and unincorporated communities across Montana. W₂ASACT regularly sponsors and coordinates annual seminars statewide to explain the various financial programs and resources available to assist local governments in funding their infrastructure needs. Civil engineers, local government representatives, and technical assistance providers are invited to present comprehensive information regarding environmental infrastructure projects. W₂ASACT subcommittees address issues of community planning and environment regulation in order to streamline the application and project implementation process for small rural communities.

In addition, staff from the MDOC regularly attends meetings held by the **Montana Continuum of Care**, the **Montana Home Choice Coalition**, the **Montana Homeownership Network**, and the **Tri-State HELP Program**, the **Mental Health Oversight Advisory Council**, and the **Montana Council on Homelessness**.

- The **Montana Continuum of Care** (MT CoC) for the Homeless Coalition is a statewide collaboration of diverse homeless service providers, nonprofit organizations, and local and state governments. The coalition was formed to address homelessness with very few resources to cover Montana's vast geographical area.
- The **Montana Home Choice Coalition** is a coalition of Montana citizens working together to create better housing opportunities for Montana citizens with disabilities. A.W.A.R.E., Inc. coordinates the Coalition, which receives support and sponsorship from the Fannie Mae MTPO and the MDPHHS. The Coalition develops new housing and resources directly and in partnership with other entities, provides education,

advocacy and housing counseling, and collects data to support its goal of creating better housing choices for Montanans with disabilities.

- An affiliate of Neighborhood Housing Services, Inc. of Great Falls (NHS), the **Montana Homeownership Network (MHN)** is a nonprofit housing provider offering affordable home ownership opportunities to lower income individuals and families around the state. Its partners include the Missoula Housing Corp., state Resource Conservation and Development Board, Natural Resource Conservation Service, USDA-RD, HUD, Assiniboine and Sioux Tribal Enterprise, Salish and Kootenai Housing Authority, Neighborhood Reinvestment, cities of Great Falls and Billings, Fannie Mae MTPO, First Interstate BancSystem Foundation, Heritage Bank, US Bank, Wells Fargo Bank, Stockman Bank, Montana Building Industry Association, Montana REALTOR[®] Association, Career Training Institute, Helena Area Housing Task Force, Helena Housing Development Corporation, Human Resource Development Councils, as well as the MBOH.
- The **Tri-State HELP** Program is a housing assistance program for people living with HIV/AIDS in the states of Montana, North Dakota, and South Dakota. Tri-State HELP is funded through a competitive Housing Opportunities for Persons With AIDS (HOPWA) grant from HUD.
- The 1999 Montana Legislature directed the Montana Department of Public Health and Human Services to create the **Mental Health Oversight Advisory Council (MHOAC)**. MHOAC provides input to the MDPHHS in the development and management of the public mental health system. MHOAC membership includes consumers of mental health services including those who currently receive or formerly received public mental health services, immediate family members of recipients of mental health services, advocates for consumers or family members of consumers, the public at large, mental health service providers, legislators, and MDPHHS representatives.
- In response to the growing problem of homelessness in Montana, former Governor Judy Martz issued an Executive Order in June 2004, establishing the **Montana Council on Homelessness (MCH)**. The Council was structured to establish vital links among the efforts and resources of state and federal agencies, communities, tribes, nonprofits, and others. The MCH is charged with developing a 10-year plan to eradicate chronic homelessness in Montana and with addressing this multi-faceted issue through policy, protocols, recommendations for legislation and the creative use of new and existing resources. The MCH consists of representatives from the Governor's office, Montana-Wyoming Tribal Leaders Council, MDPHHS, MDOC, Social Security Administration, Veterans' Affairs Division, Montana Department of Corrections, Office of Public Instruction, Montana Board of Crime Control, Health Care for the Homeless, American Indian Advocacy & Legal Counsel, homeless service providers, homeless or previously homeless persons, MDOLI, addictive and mental disorders, Montana CoC, and HUD. See Appendix A, page A-3, for a list of council members as of December 31, 2004.

F. MONITORING

1. CDBG Program

CDBG projects will be monitored on-site during the plan year. A basic requirement of the Montana CDBG Programs: Housing, Public Facilities and Economic Development, is that state program staff will monitor each project at least once. CDBG operates under a comprehensive monitoring system, meaning that all elements of the local CDBG project are reviewed in up to eleven different areas. Within each of these areas, staff completes an extensive checklist whereby each project element is reviewed for compliance with HUD and state program requirements. Following the monitoring visit, staff issues a formal letter to the chief elected official of the local government reporting on the monitoring visit, noting any "Concerns," "Questions of Performance," or "Findings", as may be applicable. Local governments are asked to respond promptly regarding any questions of performance or findings.

For CDBG economic development projects, the method of project monitoring has been modified over the years in response to the many nonprofit community development organizations that are managing CDBG economic development loan funds for one or more local governments. More emphasis is placed on loan documentation and financial evaluation procedures, requiring additional technical assistance from the state and other federal partners. A revolving loan fund (RLF) checklist has been developed for CDBG economic development projects that have received loan repayments. Loan fund managers can also use it as a reference guide. In addition, when appropriate, CDBG economic development projects may be monitored in areas only where performance problems are anticipated.

2. HOME Program

All HOME projects will be monitored on-site. Monitoring includes determining compliance with housing codes and applicable regulations, assessing affirmative marketing actions and outreach to minority and women-owned businesses, and reviewing data on the amount and use of program income or CHDO proceeds, as applicable, for projects, including the number of projects and owner and tenant characteristics. The HOME Program staff will specifically check soft costs and project costs of HOME funds drawn on a minimum of 15 percent of the drawdown requests. HOME Program staff will also verify annual Income and Affordability certifications.

The HOME Program will monitor all projects completed during the program year in a timely manner. On-site visits of rental units are conducted based on the number of project units and a period of affordability. On-site visits of TBRA units are performed each year. HOME staff will also verify program income or CHDO proceeds reports during on-site visits.

3. ESG Program

ESG funds will be distributed to each Human Resource Development Council (HRDC) in Montana. The HRDCs submit annual work plans, budgets, and reports outlining which allowable activities will be undertaken. The MDPHHS enters into a contract with each HRDC, which will explicitly describe percentage limitations on staff operations established by HUD regulation. ESG staff monitors each HRDC onsite annually, following the work plan submitted, and checks expenditures made to ensure contract compliance.

G. PRIORITY NEEDS ANALYSIS AND STRATEGIES

The Consolidated Plan requires a priority needs summary table to rank the housing needs [91.315(b)] for each household type, homelessness, other (non-homeless) special needs, and non-housing community development needs as high, medium, or low. Generally, it was inferred from available information that all needs in the state were either medium or high priority. In the absence of new information, these priority levels will remain the same for the five-year plan period. The state determined the priorities at the statewide level. It is up to each locality, through more detailed local analyses, studies and needs assessments, to determine its own area(s) of highest need. The state reserves the right to make a determination of local need based on local analyses, studies and needs assessments, which may override the state's priority level.

H. LEAD-BASED PAINT [91.315(g)]

Although the exact number of houses in Montana containing hazardous lead-based paint is not available, the number of houses that are at the highest risk for lead-based paint hazards can be estimated. According to Census 2000 data¹¹, the age of Montana's housing units are as follows:

<u>Year Built</u>	<u>Approx. Age</u>	<u>Occupied Units</u>	
		<u>Number</u>	<u>%</u>
1939 or earlier	61+ years	72,285	17%
1940-1949	51-60 years	28,881	7%
1950-1959	41-50 years	48,830	12%
1960-1969	31-40 years	45,751	11%
1970-1979	21-30 years	89,740	22%
1980-1989	11-20 years	54,320	13%
1990-1994	6-10 years	27,750	7%
1995-1998	2-5 years	34,131	8%
1999-March 2000	1 year or less	10,945	3%
		412,633	100%

¹¹ *Economic and Demographic Analysis of Montana*, Volume III-Housing Profile, Center for Applied Economic Research, Montana State University-Billings, December 2004.

Based on the number of houses in Montana that were built in or before 1979, it is estimated that there are nearly 285,500 units at risk of containing lead-based paint in Montana. Although this is approximately 69 percent of the housing units in the state, it is important to note that one cannot assume that all of these units contain lead-based paint and that the presence of lead-based paint alone does not indicate the extent of exposure hazards. Education and awareness of the potential hazards and the need to properly maintain, control, and abate paint potentially containing lead is crucial.

The MDOC does not have a lead testing or abatement program in place at this time and does not plan to test or study housing units located in the state. However, for projects assisted with HOME or CDBG funds, grantees are required to ensure that the appropriate notification, inspection, testing, interim controls or abatement, and clearance activities are followed. In addition, the HOME and CDBG programs present information on the LBP regulations and lead-safe work practices at its application and grant administration workshops.

Further, the MDOC promotes lead-based paint training whenever it is aware of it being offered in the state. Currently, the more populated areas of the state have trained workers in lead-safe work practices, qualifying them to work on rehab projects costing less than \$25,000. Rural areas of the state, however, remain under-prepared to address lead-based paint hazards.

The state does have one accredited lead analysis laboratory, Northern Analytical Laboratories of Billings, which can perform analyses on paint chips, dust wipes, and soil. The state also has several individual contractors and a few companies certified to perform LBP activities within the state; however, coverage is spotty.

II. HOUSING

A. HOUSING NEEDS [91.305]

Housing needs vary widely across Montana. Extreme diversity in available housing, age of housing stock, and overall range in population density complicate assessments of degree and type of need. There is a broad array of housing availability, affordability, and suitability problems across Montana. Simply treating the symptoms will not be sufficient to solve the problems. Resources are not adequate to deal with all housing needs and requirements plaguing the state.

The *Montana Housing Needs Assessment*¹² was prepared in order to quantify the state's estimated housing needs from 2006-2010 and to establish priorities for these needs. A household forecast was prepared for 2006 through 2010. In addition, a housing needs survey was undertaken to better gauge housing needs throughout the

¹² *Montana Housing Needs Assessment*, Center for Applied Economic Research, Montana State University-Billings, December 2004.

state. The combination of the household forecast and housing needs survey are the basis for the state's housing needs assessment and determination of the priorities to meet these needs.

Additionally, Volume III of the *Economic and Demographic Analysis of Montana*¹³ presents housing statistics by county for Montana using 1990 and 2000 Census data, including (a) the year the structure was built, (b) the number of units in the structure, (c) the number of rooms per structure, (d) the occupants per room, and (e) number of structures lacking complete plumbing or kitchen facilities. Census 2000 homeownership rates are analyzed as well. The Census forecast of 2001, 2002 and 2003 housing units is also presented as well as historical new construction permit data.

Current year data on total monthly housing costs are calculated including mortgage payment or rental payment, property taxes, insurance cost and utility costs. These costs are compared to median family income to determine affordability. Historical information on housing prices is presented as well.

The MDOC also prepared the *Montana Housing Condition Study*¹⁴ to evaluate the current housing stock in the state. The detailed data presented in the study on the current housing stock is intended to help the state and community organizations better understand what types of housing are available for rent and for purchase and to assist them in determining the housing needs of Montana citizens.

Data regarding the physical characteristics and residential improvements of all residential property was extracted from the Computer Assisted Mass Appraisal System (CAMAS) database maintained by the Montana Department of Revenue (MDOR). The MDOR collects different information on commercial property, including commercial dwellings. While there is some focus on describing the property and its attributes (type of structure, number of bedrooms, number of bathrooms, construction grade, and physical condition), a greater emphasis is placed on determining the income derived from the property to determine assessed value. Commercial dwellings are all considered rental properties.

Data presented in the study is at the state level; however, data for each county and selected municipalities is available and can be obtained by contacting the Montana Department of Commerce HOME program at (406) 841-2820, or downloaded from the Consolidated Plan website:

http://housing.state.mt.us/Hous_CP_Apps.asp

¹³ *Economic and Demographic Analysis of Montana*, Volume III-Housing Profile, Center for Applied Economic Research, Montana State University-Billings, December 2004.

¹⁴ *Montana Housing Condition Study*, Center for Applied Economic Research, Montana State University-Billings, February 2005.

1. Household Forecasts¹⁵

The base for the household forecast was a special tabulation of Census 2000 data. This data set is typically referred to as the “CHAS Data”¹⁶. The data includes a variety of housing need variables split by median family income (MFI)¹⁷ limits and household types.

The data is broken down by renter households or owner households and HUD-adjusted MFI for the area (0%-30%, 31%-50%, 51%-80%, and over 80% of MFI). The data is also broken down by household type:

- Elderly households: A one or two person household in which the head of the household or spouse is at least 62 years of age.
- Small related households: A household of 2 to 4 persons that includes at least one person related to the householder by blood, marriage, or adoption.
- Large related households: A household of 5 or more persons that includes at least one person related to the householder by blood, marriage, or adoption.
- Other households: A household of one or more persons that does not meet the definition of a small related, large related or elderly household (primarily unrelated households without an elderly member).
- Mobility or self-care limitation households: A household where one or more persons has: 1) a long-lasting condition that substantially limits one or more basic physical activities, such as walking, climbing stairs, reaching, lifting, or carrying and/or 2) a physical, mental, or emotional condition lasting more than 6 months that creates difficulty with dressing, bathing, or getting around inside the home.

The Census 2000 CHAS data was used as the base for applying growth rates to estimate households in Montana from 2006-2010. The growth rates were taken from the *Economic and Demographic Databook*¹⁸ for Montana published in December 2003. The Databook contains data by county from 1970 through 2030 on employment by industry, income, and population (by age, sex, and total households).

The estimates for “elderly” and “mobility or self-care limitation” households were prepared using the growth rates for persons 65 years or older, as these growth rates are somewhat higher than the household growth rate and reflect Montana’s aging population, and the fact that mobility/self-care limitations increase with age. The estimates for all other households were prepared using the overall growth rates for

¹⁵ *Montana Housing Needs Assessment*, Center for Applied Economic Research, Montana State University-Billings, December 2004.

¹⁶ “CHAS” refers to the Comprehensive Housing Affordability Strategy, which is part of the National Affordability Housing Act of 1991.

¹⁷ MFI (median family income) is the point at where one-half of families are at higher income levels and one-half of families are at lower income levels.

¹⁸ *State of Montana Economic and Demographic Databook*, Center for Applied Economic Research, Montana State University-Billings, December 2003

households. Detailed estimates by county are presented in the appendix to the *Montana Housing Needs Assessment*.

Overall, Montana's homeownership rate in 2000 was above the national average, at 69.1%. This rate was 2.9 percent higher than the national average of 66.2 percent. Montana's homeownership rate was higher than 28 other states in the nation. Montana's homeownership rate increased over 20 percent from Census 2000 to Census 1990. This increase was higher than 35 other states.

The following table presents the total number of estimated renter and owner households in Montana from 2006 to 2010. Estimated households assume that the homeownership rate will stay at the same level.

Renter and Homeowner Households							
Total Households							
	Census 2000	Forecasted					Increase 2006-2010
		2006	2007	2008	2009	2010	
Renters	110,855	114,160	115,211	116,292	117,435	118,636	4,475
Homeowners	247,730	255,115	257,465	259,882	262,433	265,118	10,003
Total Households	358,585	369,275	372,676	376,174	379,868	383,754	14,478

Household data is also tabulated based on HUD-adjusted MFI. HUD adjusts MFI for areas that have unusually high or low income to housing cost relationships, but generally:

- 0%-30% of MFI represents extremely low-income
- 31%-50% of MFI represents very low-income
- 51%-80% of MFI represents low-income

The following table presents the forecasted change in the number of renter and owner households by income category from 2006-2010.

Households by Income Categories

Renter Households							
Percent of MFI	Census 2000	Forecasted					Increase 2006-2010
		2006	2007	2008	2009	2010	
0%-30%	23,893	24,605	24,832	25,065	25,311	25,570	965
31%-50%	22,001	22,657	22,866	23,080	23,307	23,545	888
51%-80%	25,891	26,663	26,908	27,161	27,389	27,708	1,045
Over 80%	39,070	40,235	40,605	40,986	41,389	41,812	1,577
Total Renter Households	110,855	114,160	115,211	116,292	117,435	118,635	4,475

Owner Households							
Percent of MFI	Census 2000	Forecasted					Increase 2006-2010
		2006	2007	2008	2009	2010	
0%-30%	15,656	16,123	16,271	16,424	16,585	16,755	632
31%-50%	22,561	23,234	23,448	23,668	23,900	24,145	911
51%-80%	42,193	43,451	43,851	44,263	44,697	45,155	1,704
Over 80%	167,320	172,308	173,895	175,527	177,250	179,064	6,756
Total Owner Households	247,730	255,115	257,465	259,882	262,433	265,118	10,003

While 32 percent of Montana homeowners are in the low-income categories (0%-80% MFI), more than double, or 65 percent of Montana renters are in the low-income categories. Overall, 42 percent of the state's households are in the low-income categories. These percentages emphasize the importance of affordable housing in Montana.

Households are also forecasted based on size and type:

- Small related are non-elderly households with 2-4 persons, at least two members are related.
- Large related are non-elderly households with 5 or more persons, at least two members are related.
- Elderly households have at least one person 62 years or older, members can be related or unrelated.
- Other households are unrelated households without an elderly member.

Households by Family Size and Income														
	Renter Households							Owner Households						
	Census 2000	Forecasted					Incr./((Decr.) 2006-2010	Census 2000	Forecasted					Incr./((Decr.) 2006-2010
		2006	2007	2008	2009	2010			2006	2007	2008	2009	2010	
Small Related														
0%-30%	7,210	7,425	7,493	7,564	7,638	7,716	291	4,655	4,794	4,838	4,883	4,931	4,982	188
31%-50%	6,765	6,967	7,031	7,097	7,167	7,240	273	6,299	6,487	6,547	6,608	6,673	6,741	254
51%-80%	9,357	9,636	9,725	9,816	9,912	10,014	378	15,228	15,682	15,826	15,975	16,132	16,297	615
Over 80%	16,862	17,365	17,525	17,689	17,863	18,046	681	94,835	97,662	98,562	99,487	100,463	101,491	3,829
Large Related														
0%-30%	1,481	1,524	1,538	1,553	1,568	1,584	60	1,065	1,097	1,107	1,117	1,128	1,140	43
31%-50%	1,630	1,679	1,694	1,710	1,727	1,744	65	1,829	1,884	1,901	1,919	1,938	1,957	73
51%-80%	2,425	2,497	2,520	2,544	2,569	2,595	98	4,528	4,663	4,706	4,750	4,797	4,846	183
Over 80%	2,695	2,775	2,801	2,827	2,855	2,884	109	15,413	15,872	16,019	16,169	16,328	16,495	623
Elderly														
0%-30%	4,938	5,137	5,217	5,257	5,336	5,496	359	5,938	6,177	6,273	6,321	6,417	6,608	431
31%-50%	5,027	5,230	5,311	2,351	5,432	5,595	365	10,595	11,022	11,193	11,279	11,449	11,791	769
51%-80%	3,887	4,044	4,106	4,138	4,200	4,326	282	15,753	16,388	16,642	16,769	17,023	17,532	1,144
Over 80%	4,798	4,991	5,069	5,108	5,185	5,340	349	37,578	39,093	39,699	40,002	40,608	41,821	2,728
All Other														
0%-30%	10,265	10,519	10,584	10,692	10,769	10,775	256	3,998	4,055	4,053	4,102	4,109	4,025	-30
31%-50%	8,579	8,782	8,830	5,922	8,981	8,966	184	3,838	3,841	3,807	3,862	3,840	3,655	-186
51%-80%	10,222	10,486	10,557	10,663	10,746	10,773	287	6,684	6,718	6,676	6,768	6,745	6,480	-238
Over 80%	14,715	15,103	15,211	15,363	15,486	15,543	440	19,494	19,680	19,615	19,869	19,851	19,257	-423
Total Households	110,856	114,160	115,212	110,294	117,434	118,637	4,477	247,730	255,115	257,464	259,880	262,432	265,118	10,003

a. Elderly Households

Elderly households present a very different picture from the state overall. While 42 percent of all Montana’s households are in the low-income categories, 52 percent of the elderly households are in the low-income categories. This reflects the fact that many seniors are on a fixed income. Conversely, while the overall homeownership rate is 69.1 percent, Montana’s elderly homeownership rate is 78.9 percent. This may reflect the fact that many elderly members have been in their homes for quite some time, and that their homes were affordable when purchased. Many elderly homeowners may have paid off their mortgage, which makes their home affordable despite their lower income.

Elderly households forecasted by MFI level and by renters and owners are presented in the following table:

Elderly Households							
Percent of MFI	Census 2000	Forecasted					Increase 2006-2010
		2006	2007	2008	2009	2010	
0%-30%	10,876	11,315	11,490	11,578	11,753	12,104	789
31%-50%	15,622	16,252	16,504	16,630	16,882	17,386	1,134
51%-80%	19,640	20,432	20,749	20,907	21,224	21,857	1,425
Over 80%	42,376	44,085	44,768	45,110	45,793	47,160	3,075
Total Elderly Households	88,514	92,084	93,511	94,225	95,652	98,507	6,423
Renters	18,650	19,403	19,703	19,854	20,154	20,756	1,353
Owners	69,864	72,681	73,808	74,371	75,498	77,751	5,070
Total Elderly Households	88,514	92,084	93,511	94,225	95,652	98,507	6,423

b. Special Needs Households

The regulations governing the Consolidated Plan defines special needs households as a household where one or more persons have mobility impairments or disabilities (i.e., mental, physical, developmental, persons with HIV/AIDS) or with alcohol or other drug addiction that may require housing with supportive services.

The CHAS 2000 data is available for households with a mobility or self-care limitation. This definition includes all households where one or more persons has 1) a long-lasting condition that substantially limits one or more basic physical activity, such as walking, climbing stairs, reaching, lifting, or carrying and/or 2) a physical, mental, or emotional condition lasting more than 6 months that creates difficulty with dressing, bathing, or getting around inside the home. For purposes of the Consolidated Plan, Montana has chosen to use the CHAS 2000 data for forecasting special needs households.

Special needs populations also present a very different picture from the state overall. While 42 percent of all Montana’s households are in the low-income categories, 57.5 percent of the special needs households are in the low-income categories. However,

while the overall homeownership rate is 69.1 percent, Montana's special needs homeownership rate is only slightly lower at 68.4 percent.

Special needs households forecasted by MFI level and by renters and owners are presented in the following table:

Special Needs Households							
Percent of MFI	Census 2000	Forecasted					Increase 2006-2010
		2006	2007	2008	2009	2010	
0%-30%	11,365	11,823	12,007	12,098	12,282	12,648	825
31%-50%	11,580	12,047	12,234	12,327	12,514	12,887	840
51%-80%	13,455	13,998	14,215	14,323	14,540	14,974	976
Over 80%	26,883	27,967	28,401	28,617	29,051	29,918	1,951
Total Special Needs Households	63,283	65,835	66,857	67,365	68,387	70,427	4,592
Renters	20,009	20,816	21,139	21,300	21,623	22,268	1,594
Owners	43,274	45,019	45,718	46,065	46,764	48,159	3,448
Total Special Needs Households	63,283	65,835	66,857	67,365	68,387	70,427	5,042

2. Housing Problems

Housing characteristics collected by the Census Bureau include the year the structure was built, number of rooms per structure, number of occupants per room, and units lacking complete kitchen or plumbing facilities.

a. Year Structure was Built

Based on Census 2000 data, the age of Montana's occupied housing units are as follows:

<u>Year Built</u>	<u>Approx. Age</u>	<u>% of Occupied Units</u>
1939 or earlier	61+ years	17%
1940-1949	51-60 years	7%
1950-1959	41-50 years	12%
1960-1969	31-40 years	11%
1970-1979	21-30 years	22%
1980-1989	11-20 years	13%
1990-1994	6-10 years	7%
1995-1998	2-5 years	8%
1999-March 2000	1 year or less	<u>3%</u>
		100%

As of March 2000, almost one-half (47 percent) of Montana's housing units were 31 years old or older, while only 18 percent were 10 years old or less.¹⁹

The *Montana Housing Condition Study*²⁰ shows additional information. From the CAMAS database accessed in mid-2004²¹, there were 402,393 residential dwelling units and 12,921 commercial dwelling structures containing 46,230 dwelling units. The total dwelling units of 448,623 per CAMAS compares to 412,633 housing units reported by Census 2000, and 419,726 estimated by the Census Bureau as of July 1, 2003.²²

The CAMAS residential database results are summarized in the following table by type and year built:

Residential Dwellings by Construction Era					
Year Built	Condominium	Mobile Home	Single Family	Total	Percent
1959 or earlier	267	2,211	148,747	151,225	37.6%
1960-1969	1,064	10,528	24,948	36,540	9.1%
1970-1979	2,500	32,516	47,187	82,203	20.4%
1980-1989	2,987	10,022	29,419	42,428	10.5%
1990-1999	3,643	15,692	45,811	65,146	16.2%
2000	307	1,623	5,018	6,948	1.7%
2001	503	999	5,641	7,143	1.8%
2002	619	908	5,824	7,351	1.8%
2003	167	449	2,715	3,331	0.8%
2004	0	66	12	78	---
TOTAL	12,057	75,014	315,322	402,393	

Although approximately 47 percent of the residential housing stock is more than 35 years old, over 20 percent of the housing stock has been built in the last 15 years. While the share of housing stock has decreased for mobile homes (from 40 percent of housing added in the 1970s to 24 percent added in the 1990s), it has increased for condominiums (construction doubled from the 1960/1970s to the 1980/1990s) and single-family homes (from 73 percent of housing stock constructed prior to 1990 to 76 percent constructed since 1990).

¹⁹ *Economic and Demographic Analysis of Montana*, Volume III-Housing Profile, Center for Applied Economic Research, Montana State University-Billings, December 2004.

²⁰ *Montana Housing Condition Study*, Center for Applied Economic Research, Montana State University-Billings, February 2005.

²¹ Since the database was accessed in mid-2004, data for 2004, and possibly 2003, is incomplete, as all properties constructed in 2003 and 2004 may not have been entered into the database, depending on the appraisal cycle.

²² The CAMAS database is maintained by the MDOR for assessment and property taxation purposes. Property tax records are maintained in two separate databases: property taxed as residential and property taxed as commercial. Property taxed as residential includes single-family homes, condominiums and mobile homes. Vacant residential lots and outbuildings are also part of the residential database, but are excluded from the study. Property taxed as commercial includes apartments, duplexes, condominiums, mixed-use structures and townhouses. Non-residential commercial structures and vacant lots are also part of the commercial database, but are excluded from the study.

Commercial structures used for residential purposes includes various structure types, including single-family homes, duplexes, triplexes, fourplexes, apartment buildings, townhouses, row houses, condominiums, and mixed use structures that may have some residential use contained within the structure.

Commercial Structure Type by Construction Era													
Year Built	Apartment:		Boarding/ rooming house	Condo	Duplex	Triplex	4-plex	Mixed use built as:		Single- family	Town- house	Total	%
	<4 stories	4+ stories						Comm.	Resid.				
1959 or earlier	1,353	25	6	-	2,006	644	746	49	50	268	45	5,192	40.2%
1960-1969	253	-	2	-	588	76	261	7	7	24	8	1,226	9.5%
1970-1979	754	11	1	25	1,144	113	727	3	7	35	22	2,842	22.0%
1980-1989	393	4	1	2	413	85	387	1	1	13	55	1,355	10.5%
1990-1999	439	-	3	5	553	84	334	6	5	16	25	1,470	11.4%
2000	42	-	1	-	75	1	53	2	1	4	3	182	1.4%
2001	48	-	-	-	61	4	46	-	1	-	3	163	1.3%
2002	87	-	-	-	62	12	46	-	-	4	1	212	1.6%
2003	71	-	-	1	133	9	57	-	-	5	1	277	2.1%
2004	-	-	-	-	2	-	-	-	-	-	-	2	-
TOTAL	3,440	40	14	33	5,037	1,028	2,657	68	72	369	163	12,921	

b. Number of Rooms per Structure

The number of total rooms per structure is reported by room for “1 - 8 rooms”, for “9 or more rooms”, and for the median number of rooms. Median is the number where one-half of the structures have more rooms, and one-half of the structures have fewer rooms. According to the 2000 Census²³ for Montana, the median number of rooms is 5.3, and the median by county ranges from 4.6 rooms (Granite) to 5.9 rooms (Dawson).

From 1990 to 2000, the category with the greatest percentage increase was eight rooms (32 percent increase). However, this category only makes up nine percent of occupied housing units:

<u>Number of Rooms</u>	<u>% of Occupied Housing Units</u>	<u>% Change 1990 to 2000</u>
1	2%	31% increase
2	5%	28% increase
3	9%	7% increase
4	18%	4% decrease
5	21%	11% increase
6	15%	15% increase
7	11%	28% increase
8	9%	32% increase
9 or more	10%	30% increase

In 2000, 54 percent of Montana’s occupied housing units had between four and six rooms; however, these three categories combined only increased seven percent

²³ *Economic and Demographic Analysis of Montana*, Volume III-Housing Profile, Center for Applied Economic Research, Montana State University-Billings, December 2004.

between 1990 and 2000. While units with seven or more rooms were 30 percent of occupied units, these three categories increased 96 percent between 1990 and 2000.

According to the *Montana Housing Condition Study*²⁴, the market for newly constructed homes shows a trend toward larger living spaces, in both square feet as well as increased bedrooms and full bathrooms. Prior to 1960, two-bedroom homes represented 37 percent of the residential housing stock while three-bedroom homes represented 32 percent. Beginning in the 1970s, construction of three-bedroom homes was significantly higher than construction of two-bedroom homes. For example, in the 1990's, three-bedroom homes accounted for 56 percent of housing constructed while two-bedroom homes accounted for 20 percent.

Since 1959, three-bedroom homes account for 50 percent of residential housing constructed while two-bedroom homes account for 27 percent. This change has been offset by a one-third decrease in construction of one-bedroom/studio homes, while the percentage of 4+ bedroom homes constructed has remained relatively constant since 1969.

Number of Bedrooms by Construction Era														
Year Built	None/Studio		1 Bdrm		2 Bdrms		3 Bdrms		4 Bdrms		5 Bdrms		6+ Bdrms	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
1959 or earlier	2,157	1.4%	19,240	12.7%	56,012	37.0%	47,673	0	19,882	13.1%	4,923	3.3%	1,338	0.9%
1960-1969	384	1.1%	2,264	6.2%	13,286	36.4%	13,528	37.0%	5,166	14.1%	1,572	4.3%	340	0.9%
1970-1979	607	0.7%	2,829	3.4%	26,392	32.1%	38,916	47.3%	10,164	12.4%	2,741	3.3%	554	0.7%
1980-1989	403	0.9%	2,437	5.7%	11,593	27.3%	21,507	50.7%	5,227	12.3%	1,011	2.4%	247	0.6%
1990-1999	609	0.9%	3,152	4.8%	13,035	20.0%	36,792	56.5%	9,177	14.1%	1,910	2.9%	471	0.7%
2000	83	0.5%	349	1.9%	12,559	68.8%	3,884	21.3%	1,079	5.9%	216	1.2%	78	0.4%
2001	82	1.1%	402	5.6%	1,300	18.2%	3,906	54.7%	1,115	15.6%	265	3.7%	73	1.0%
2002	106	1.4%	487	6.6%	1,326	18.0%	3,969	54.0%	1,147	15.6%	243	3.3%	73	1.0%
2003	50	1.5%	136	4.1%	551	16.5%	1,937	58.2%	517	15.5%	107	3.2%	33	1.0%
2004	-	0.0%	1	1.3%	18	23.1%	54	69.2%	3	3.8%	2	2.6%	-	0.0%
TOTAL	4,481	1.1%	31,297	7.6%	136,072	32.9%	172,166	41.6%	53,477	12.9%	12,990	3.1%	3,207	0.8%

c. Number of Occupants per Room²⁵

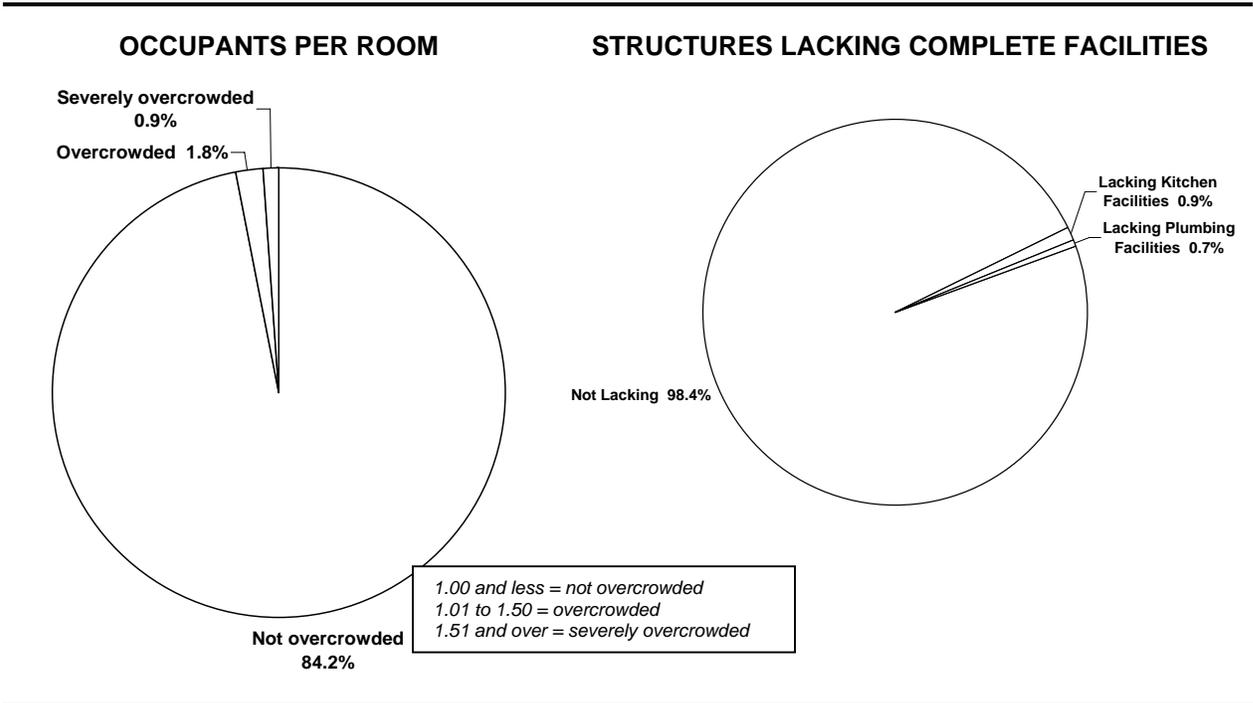
The Census defines more than one person per room (total rooms in the home, not just bedrooms) as overcrowding; more than 1.50 persons per room is defined as extreme overcrowding. In 2000, 3.1 percent (11,242) of Montana's households were considered overcrowded and one-third (3,676) of those were considered extremely overcrowded. In 1990, 2.5 percent (8,886) of households were considered overcrowded. There was a 27 percent increase in the number of households defined as overcrowded between 1990 and 2000.

²⁴ *Montana Housing Condition Study*, Center for Applied Economic Research, Montana State University-Billings, February 2005.

²⁵ *Economic and Demographic Analysis of Montana*, Volume III-Housing Profile, Center for Applied Economic Research, Montana State University-Billings, December 2004.

d. Structures Lacking Complete Plumbing or Kitchen Facilities²⁶

The absence of either complete plumbing or kitchen facilities is defined as substandard living conditions. Housing units are described as lacking complete plumbing facilities if any one of these three items is not present: (1) hot and cold piped water, (2) a flushing toilet, and (3) a bathtub or shower. Housing units are described as lacking complete kitchen facilities if any one of these three items is not present: (1) a sink with piped water, (2) a range or a stove, and (3) a refrigerator. Fortunately, only 0.8 percent of Montana's occupied housing units lacked complete plumbing facilities, and only 1.1 percent lacked complete kitchen facilities. These figures have decreased about 50 percent since the 1990 Census.



3. Condition of the Residential Housing Stock²⁷

The MDOR appraisers collect substantive information about the physical condition and construction of residential improvements. This includes basic data such as building style, type of foundation, roof materials, basement type, wall construction, and exterior wall finish. Additionally, appraisers rate the physical condition and quality and workmanship of the dwelling. Using these ratings, they assign an effective use and condition to the dwelling, which indicates its effective age.

²⁶ *Economic and Demographic Analysis of Montana*, Volume III-Housing Profile, Center for Applied Economic Research, Montana State University-Billings, December 2004.

²⁷ *Montana Housing Condition Study*, Center for Applied Economic Research, Montana State University-Billings, February 2005.

The physical condition, desirability and usefulness rating assigned to a dwelling refers to a composite judgment of the overall physical condition or state of repair of the interior and exterior features of the dwelling relative to its age. In making this judgment, consideration is given to the foundation, porches, walls, exterior trim, roofing, chimneys, wall finish, interior trim, kitchen cabinets, heating system and plumbing. The condition ratings are:

- Unsound indicates that the dwelling is definitely structurally unsound and practically unfit for use.
- Very poor indicates that the dwelling is definitely structurally unsound and practically unfit for use. Repair and overhaul is needed on painted surfaces, roofing, plumbing, and heating. There is excessive deferred maintenance and abuse. Property is approaching abandonment or major reconstruction.
- Poor indicates that definite deterioration is obvious. Property is undesirable and barely usable.
- Fair indicates marked deterioration but is still quite usable. Property is rather unattractive and undesirable. Much repair is needed and many items need refinishing or overhauling. Deferred maintenance is obvious.
- Average indicates normal wear and tear relative to its age. Property has average attractiveness and is desirable. There is some evidence of deferred maintenance needed such as minor repairs and refinishing. All major components are still functional.
- Good indicates that minor deterioration is visible. Property is slightly more attractive and desirable. No obvious maintenance is required, but neither is everything new. Appearance is above the standard relative to the property's age.
- Very good indicates slight evidence of deterioration. All items are well maintained and have been overhauled and repaired as they show signs of wear. There is little deterioration or obsolescence and a high standard of upkeep relative to its age.
- Excellent indicates perfect condition. The property is very attractive and highly desirable. All items that can be normally repaired or refinished have been recently corrected, such as new roofing, paint, furnace overhaul and state-of-the-art components. There are no functional inadequacies and all components are new or in like-new condition. Most new homes would receive a condition rating of excellent (unless constructed with substandard materials and workmanship).

Montana's residential housing stock is made up of 3.3 percent that is unsuitable for habitation (rated unsound or very poor), or almost 13,248 dwellings. Another 23,756 dwellings are in poor shape and 60,546 in fair shape. In total, over 97,000 dwellings are in serious need of maintenance and overhaul. Over 75 percent of the housing stock is in average to excellent condition.

Physical Condition by Structure Type					
Physical Condition	Condominium	Mobile Home	Single Family	Total	Percent of Total
Unsound	168	1,650	3,957	5,775	1.4%
Very Poor	3	1,576	5,894	7,473	1.9%
Poor	542	10,314	12,900	23,756	5.9%
Fair	376	22,047	38,123	60,546	15.0%
Average	2,952	27,450	133,922	164,324	40.9%
Good	3,619	9,872	88,458	101,949	25.3%
Very Good	2,389	1,883	26,036	30,308	7.5%
Excellent	2,008	222	6,032	8,262	2.1%
TOTAL	12,057	75,014	315,322	402,393	100.0%

Comparing the percentages to the previous housing condition study undertaken in 1999, there has been some improvement in Montana's housing stock at the two lowest condition ratings and a significant increase in the percentage of dwellings in above-average condition.

	<u>2004</u>	<u>1999</u>
Unsound/very poor	3.3%	3.8%
Poor	5.9	5.5
Fair	15.0	15.8
Average	40.9	55.5
Good/very good	32.8	18.0
Excellent	2.1	1.4
	<u>100.0%</u>	<u>100.0%</u>

As with residential dwellings, appraisers evaluate the current physical condition of commercial buildings and dwellings taking into consideration the foundation, frame, exterior walls, roof, heating, air conditioning, lighting and electrical systems, plumbing, internal walls and floor finish:

- Poor indicates that the exterior/interior line is structurally unsound, and that major structural elements require replacement. The interior is dilapidated and does not appear suitable for use.
- Fair indicates that the exterior/interior line shows marked wear and deterioration but the property is usable for commercial or industrial purposes. It could be characterized as "needing work".
- Normal indicates that the exterior/interior lines show only minor signs of physical deterioration due to "wear and tear". There are few indications of deferred maintenance and no significant repairs or replacements are necessary.
- Good – indicates that the exterior/interior line is in new or "like new" condition. There are no deficiencies in material or construction and no signs of deferred maintenance.
- Excellent indicates that a major renovation or rehabilitation has taken place. The effective age of the exterior/interior line has been altered to that of a much newer

building in good condition. The amount of work done to enhance the appearance and structural soundness is far in excess of that required for normal maintenance.

Physical Condition of Dwelling Units in Commercial Structures							
Structure Type	Missing Data	Poor	Fair	Normal	Good	Excellent	Total
Apartment <4 stories	15	407	2,797	16,058	3,956	6	23,239
Apartment 4+ stories	-	-	284	685	-	-	969
Boarding/rooming house	-	-	131	55	-	47	233
Condo	-	-	-	52	33	-	85
Duplex	2	102	970	6,825	1,129	26	9,054
Triplex	4	101	875	6,832	1,151	76	9,039
Fourplex	-	10	32	86	5	-	133
Mixed use built as commercial	-	1	27	85	18	-	131
Mixed use built as residential	-	6	138	316	18	-	478
Single-family	-	19	104	582	55	-	760
Townhouse	-	35	433	1,401	234	6	2,109
Total	21	681	5,791	32,977	6,599	161	46,230
% of Total	-	1.5%	12.5%	71.3%	14.3%	0.3%	

Approximately 86 percent of the dwelling units are in normal or better condition. However, almost 6,500 units, or 14 percent of total units, are either unsound or in need of improvements.

4. Housing Costs²⁸

a. Owner Households

According to Census 2000, the median monthly owner costs as a percentage of (1999) monthly income for homeowners with a mortgage was 21.7 percent, up slightly from 21.0 percent in 1990. The Census Bureau includes mortgage payments, real estate taxes, property insurance, and utilities in the cost calculation.

In dollars, the median monthly owner costs in the United States were \$940, compared to \$735 for Montana. Calculated costs ranged from a high of \$1,376 in California to a low of \$636 in West Virginia. Housing costs as a percentage of household income were 22.2 percent for Montana. Although Montana's housing costs are below the national average in dollars (\$735 versus \$940), they are above the national average in terms of the percentage of monthly household income (22.2% versus 21.0%). The increase in monthly housing costs as a percentage of household income increased from 20.2% in 1990 to 22.2% in 2000. This increase is three times the national increase. While this is in part due to larger homes being built, income is clearly not keeping up with increased

²⁸ *Economic and Demographic Analysis of Montana*, Volume III-Housing Profile, Center for Applied Economic Research, Montana State University-Billings, December 2004.

housing costs. Affordability is definitely an issue in many counties around the state. The comparatively lower homeownership rates (under 65 percent) in two large counties, Gallatin and Missoula, also point to an affordability issue.

b. Renter Households

According to the Census Bureau, rents have risen every decade since 1950. The median monthly gross rent for the United States was \$602, up 5.4 percent from the \$571 median in 1990. Gross rent includes rent plus utilities. The median monthly gross rent for Montana was \$447 in 2000, up 13 percent from \$396 in 1990. Gross monthly rent ranged from a high of \$779 in Hawaii to a low of \$401 in West Virginia.

In 2000, median monthly gross rent as a percentage of (1999) household income was 25.5 percent for the United States, down from 26.4 percent in 1990. For Montana in 2000, this percentage was 25.3 percent, up slightly from 25.0 percent in 1990. Here again, Montana's increase outpaced the United States in terms of dollars and percent of household income. This is due in part to Montana's historically low household income.

A map showing median gross rent by county from Census 2000 is in Appendix D, page 12.

c. Housing Prices

The American Chambers of Commerce Research Association (ACCRA) collects data on the cost of living for selected areas around the county. It is a weighted index based on 25% for a two bedroom rental and 75% for an 1,800 square foot home with a 25% down payment. For Montana, areas tracked are Billings, Bozeman, Great Falls, Helena, Kalispell, and Missoula. This index is presented for housing costs in the following table page. As these numbers represent an index, a number of 100.00 would be in line with the national average, while a number below 100 would be below and a number above 100 would be above the national average. It is important to keep in mind that these indices are tabulated based on data reported by each chamber, and these organizations collect data differently over time and differently from each other.

ACCRA HOUSING COST OF LIVING INDEX

YR Q	METROPOLITAN AREAS		NON-METROPOLITAN AREAS			
	BILLINGS	GREAT FALLS	BOZEMAN	HELENA	KALISPELL	MISSOULA
90 IV	NA	NA	94.1	NA	NA	NA
91 I	NA	NA	93.1	NA	NA	NA
91 II	NA	NA	94.5	89.9	NA	87.8
91 III	NA	NA	90.6	NA	NA	86.8
91 IV	NA	86.0	100.2	NA	NA	94.5
92 I	NA	NA	103.4	NA	NA	94.1
92 II	NA	84.9	99.6	103.7	NA	94.5
92 III	107.2	83.4	106.0	99.5	NA	92.8
92 IV	109.5	86.3	106.9	101.7	NA	98.5
93 I	116.8	83.4	109.9	NA	NA	93.5
93 II	110.0	83.5	111.6	95.2	NA	96.6
93 III	110.9	82.8	113.3	NA	NA	96.7
93 IV	111.5	82.1	120.2	NA	NA	97.1
94 I	114.3	NA	115.4	NA	NA	103.0
94 II	110.1	91.9	118.4	NA	NA	102.0
94 III	110.6	91.3	115.3	NA	NA	101.3
94 IV	NA	NA	NA	NA	NA	NA
95 I	105.8	108.2	109.4	NA	NA	103.0
95 II	110.7	NA	117.4	87.7	104.3	102.4
95 III	107.4	NA	106.2	NA	NA	100.6
95 IV	104.3	85.7	106.4	86.5	NA	102.0
96 I	101.2	NA	100.2	92.7	NA	101.4
96 II	102.2	104.6	104.0	81.9	NA	103.9
96 III	103.9	128.4	107.3	107.4	NA	103.0
96 IV	103.7	120.0	106.6	108.3	NA	104.0
97 I	102.8	110.5	106.2	93.5	NA	104.2
97 II	102.2	108.8	101.0	94.9	NA	103.3
97 III	101.3	108.9	99.1	110.7	NA	110.5
97 IV	103.5	105.8	99.7	104.2	NA	109.5
98 I	102.1	107.0	101.5	103.7	94.9	109.5
98 II	101.7	105.5	99.9	108.1	91.9	108.0
98 III	101.8	104.8	99.6	107.5	99.5	108.6
98 IV	99.0	102.7	98.6	107.9	102.1	106.4
99 I	100.0	103.0	103.2	106.8	100.0	106.2
99 II	99.2	101.3	100.6	107.2	107.2	105.9
99 III	98.6	98.3	104.2	114.8	105.4	105.4
99 IV	100.4	101.0	100.0	105.6	108.3	105.9
00 I	101.3	88.7	91.0	99.3	111.9	89.8
00 II	96.2	113.4	116.0	NA	103.4	93.7
00 III	93.5	84.8	99.7	92.5	107.0	96.4
00 IV	94.5	115.6	98.0	NA	100.7	95.5
01 I	94.1	115.5	95.2	88.5	99.4	93.4
01 II	92.7	112.1	105.6	NA	96.3	NA
01 III	93.0	90.1	117.4	NA	95.9	96.3
01 IV	89.0	80.8	113.3	NA	95.3	102.2
02 I	87.4	77.5	106.0	81.6	89.4	99.1
02 II	89.0	78.2	108.3	82.7	89.3	91.4
02 III	89.1	81.1	100.1	82.1	89.6	102.1
02 IV	95.3	81.5	97.2	87.6	89.9	102.5
03 I	90.7	78.7	95.9	88.3	87.4	94.2
03 II	88.0	77.1	98.1	86.8	86.5	87.9
03 III	84.9	82.3	105.1	87.5	86.0	84.8
03 IV	87.8	83.1	107.7	89.7	87.0	98.5
04 I	86.4	85.7	108.8	90.7	87.9	86.9
04 II	83.8	83.3	109.2	82.7	87.3	87.9

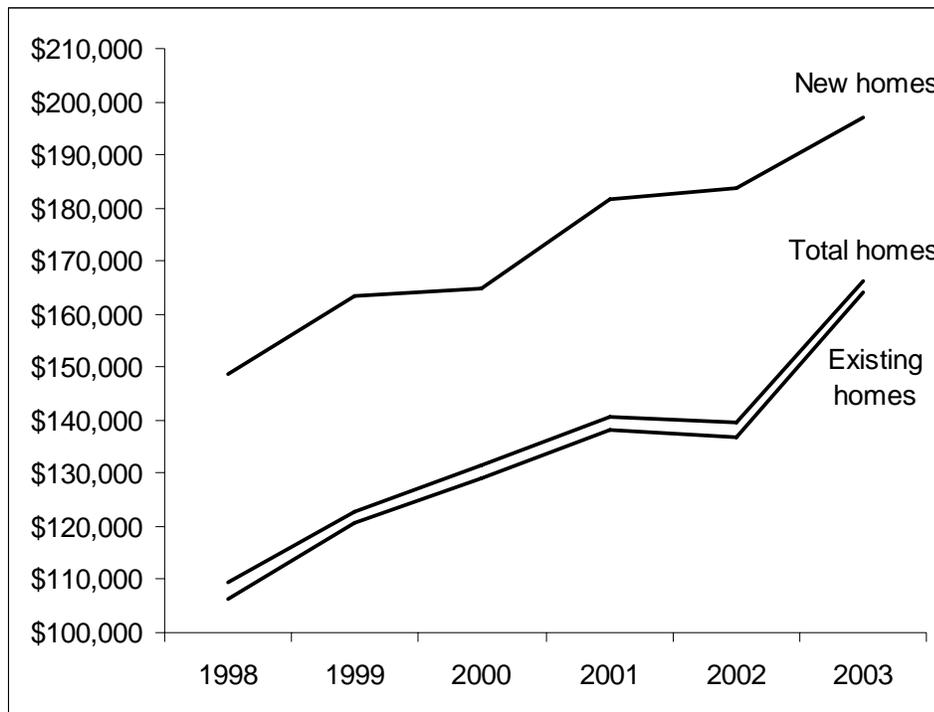
Another way to analyze housing costs is by sales of homes. Since 1998, the Montana Board of Housing has collected home sales statistics throughout the state. These statistics represent a sample from all home sales and are collected from banks, title companies, and local real estate associations. Since 1998, the sample size has more than doubled, from 5,066 sales in 1998 to 10,600 sales in 2003. A larger sample size produces numbers that are more accurate²⁹.

From this sample, historical housing prices have been as follows:

Average	1998	1999	2000	2001	2002	2003	1998-2003	2002-2003
							Change	Change
New homes	\$148,649	\$163,286	\$164,824	\$181,683	\$183,645	\$196,971	32.5%	7.3%
Existing homes	\$106,374	\$120,657	\$128,982	\$138,134	\$136,834	\$164,187	54.3%	20.0%
Total homes	\$109,495	\$122,914	\$131,407	\$140,596	\$139,439	\$166,253	51.8%	19.2%
Median								
New Homes	\$125,450	\$141,650	\$137,100	\$142,900	\$156,352	\$169,690	35.3%	8.5%
Existing Homes	\$94,000	\$101,300	\$113,000	\$117,000	\$117,700	\$134,000	42.6%	13.8%
Total Homes	\$95,000	\$103,811	\$115,000	\$119,000	\$120,000	\$136,500	43.7%	13.8%
Sample Size	5,066	6,533	5,661	8,419	10,656	10,600	109.2%	-0.5%

Median is the number where one-half of sales are higher and one-half of sales are lower.

AVERAGE PRICE OF HOUSING IN MONTANA



²⁹ Average and median price of housing by county can be found in Tables III.15 and III.16 of the *Economic and Demographic Analysis of Montana*, Volume III-Housing Profile, Center for Applied Economic Research, Montana State University-Billings, December 2004.

d. Total Monthly Housing Costs

Purchase Price/Monthly Cost: During May through August 2004, data was collected from newspaper classified advertisements for one, two and three-bedroom rental properties (including advertised rentals for apartments, condos, single-family homes, and manufactured/mobile homes) and for two, three, four and 5+³⁰ bedroom site-built homes for sale (excluding manufactured and mobile homes), and for lots appropriate for manufactured housing. The data collected by county is presented in Table III.17 of Volume III of the Economic and Demographic Analysis³¹.

An average price for a three-bedroom doublewide manufactured home was estimated using Census data and data from Pierce Homes in Billings. The Census Bureau (using a HUD Survey) reported the average sales price in 2003 for a new doublewide manufactured home in Montana as \$63,700. This figure includes set up costs and utility hook up costs. The average cost for pouring a foundation obtained from Pierce Homes was \$8,000, for a total cost of \$71,700.

Finance, Insurance, Taxes: A telephone survey of bankers and insurance agents was conducted in July 2004 to determine the average interest rate, origination fees, closing costs and insurance rate by county. Property tax rates were obtained from the Montana Department of Revenue and represent the average rate by county. The data collected by county is presented in Table III.18 of Volume III of the Economic and Demographic Analysis³².

Utilities: Monthly utility costs were calculated from the Section 8 Utility Allowance Schedules (UAS) effective October 2004. The “for rent” category utilized the Multi-Family UAS; the “manufactured home for sale” category utilized the Mobile Home UAS and the “2 – 5+ bedroom for sale category” utilized the Single-Family UAS. A weighted average rate was used for space heating, water heating, and cooking. This rate was based on historical energy consumption in Montana.³³ Electrical costs for lighting, refrigerators, and other use were included. Homes with 5+ bedrooms were assumed to have air conditioning and the cost for this was included. Water, sewer and trash costs were included for homeowners; renters were assumed to pay for these services as part of their rent. As noted above, the “for rent” columns include advertised rentals for apartments, condos, and single-family homes, and manufactured/mobile homes while the “for sale” column includes manufactured homes (excluding mobile homes) and 2 –

³⁰ 5+ bedroom homes are homes with more than 4 bedrooms; or with extra features such as a pool, a view, or acreage.

³¹ *Economic and Demographic Analysis of Montana*, Volume III-Housing Profile, Center for Applied Economic Research, Montana State University-Billings, December 2004

³² *Ibid.*

³³ Historical energy use (obtained from the Energy Information Administration) was calculated as 55% natural gas, 11% bottled gas, and 34% electricity for the period 1996 – 2000 (most recent available data).

5+ bedroom single-family homes, townhouses, and condos. The monthly utility costs can be found in Table III.19 of Volume III of the Economic and Demographic Analysis³⁴.

Using the data collected (advertised prices, finance, tax, insurance and utility costs), the monthly cost of housing in Montana was computed for each county. For homeowners, the calculation assumes the purchase was financed with a conventional 30-year mortgage with a 10% down payment for 2 and 3 bedroom homes and a 20% down payment for 4 and 5+ bedroom homes. Private mortgage insurance (PMI) was included in the 10% down payment calculation at an average rate of .65% of the loan amount annually³⁵. Fees and closing costs were also financed over 30 years. Property taxes, insurance costs, and utility costs were added to determine the total monthly cost of owning a home.

For manufactured home purchasers, the calculation assumes the purchase of the manufactured home and lot were financed with a conventional 30-year mortgage with a 10 percent down payment, and PMI at 0.65 percent of the loan amount annually. Fees and closing costs were also financed over 30 years. Property taxes, insurance costs and utility costs were added to determine the total monthly cost of owning a three-bedroom doublewide manufactured home.

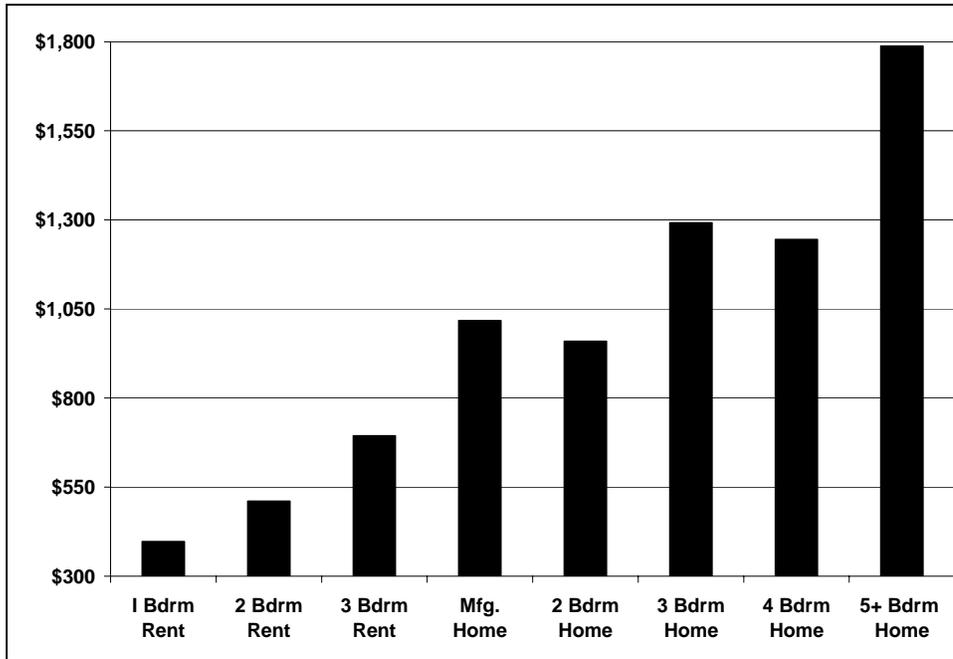
For renters, the monthly rental cost and monthly utility cost were added together to determine the total monthly cost of renting a home. The average costs for Montana for each category are depicted in the following chart. The costs in detail by county can be found in Table III.20 of Volume III of the Economic and Demographic Analysis.³⁶

³⁴ *Economic and Demographic Analysis of Montana*, Volume III-Housing Profile, Center for Applied Economic Research, Montana State University-Billings, December 2004

³⁵ PMI rates range from .52% to .78% annually for a 10% down payment loan.

³⁶ *Economic and Demographic Analysis of Montana*, Volume III-Housing Profile, Center for Applied Economic Research, Montana State University-Billings, December 2004

AVERAGE HOUSING COSTS FOR MONTANA



5. Median Family Income and Cost Burden Thresholds³⁷

HUD sets income limits that determine the eligibility of applicants for assisted housing programs. Using data from the Census, the American Community Survey, and the Bureau of Labor Statistics, HUD estimates median family income (one-half of families have higher income, one-half of families have lower income) for a family of four (base) and adjusts this income number for different family sizes as follows:

<u>Family Size</u>	<u>Percentage Adjustment to Base</u>
1	70% of Base
2	80% of Base
3	90% of Base
4	Base
5	108% of Base
6	116% of Base
7	124% of Base
8	132% of Base

HUD then calculates three income categories for a four-person household:

1. 0-30% of median family income (the lowest income category);
2. 31-50% of median family income, which is defined as very low-income; and
3. 51-80% of median family income, which is defined as low-income.

³⁷ *Economic and Demographic Analysis of Montana*, Volume III-Housing Profile, Center for Applied Economic Research, Montana State University-Billings, December 2004.

Adjustments are made for areas that have unusually high or low income to housing cost relationships.

HUD's definition of a cost burden is when at least 30 percent³⁸ of a household's monthly income is spent on housing costs, including utilities such as energy. HUD's definition of a severe cost burden is when 50 percent or more of monthly income is spent on housing costs. Cost burden thresholds based on 30 percent and 50 percent of a household's monthly income were calculated for each of HUD's three income categories noted above.

Comparing these cost burdens thresholds to the monthly cost of housing,³⁹ we get a picture of housing affordability:

	MONTHLY HOUSING COST		MONTHLY COST BURDEN THRESHOLD (30% of MFI)		
	3 BDRM RENTAL	3 BDRM PURCHASE	0-30% MFI	31-50% MFI	51-80% MFI
	Billings	\$860	\$1,467	\$403	\$670
Great Falls	\$801	\$1,199	\$344	\$574	\$918
Missoula	\$1,024	\$1,956	\$396	\$660	\$1,056
MONTANA AVERAGE	\$694	\$1,292	\$352	\$587	\$939

	MONTHLY HOUSING COST		MONTHLY SEVERE COST BURDEN THRESHOLD (50% of MFI)		
	3 BDRM RENTAL	3 BDRM PURCHASE	0-30% MFI	31-50% MFI	51-80% MFI
	Billings	\$860	\$1,467	\$671	\$1,117
Great Falls	\$801	\$1,199	\$573	\$956	\$1,529
Missoula	\$1,024	\$1,956	\$660	\$1,100	\$1,760
MONTANA AVERAGE	\$694	\$1,292	\$586	\$978	\$1,565

Cost burdens are based on median family income for a family of four. The cost burden thresholds are compared to a three-bedroom home, which would adequately accommodate a family of this size. If the monthly housing cost exceeds the cost burden threshold, a cost burden or severe cost burden exists, and housing is not affordable (i.e., more than 30% or 50% of a household's income is spent on housing costs).

Looking at the table above, the shaded numbers indicate that a family could not afford to rent or purchase a three-bedroom unit without incurring a cost burden. The numbers that are bold italics (but not shaded) indicate that a family could not afford to purchase a three-bedroom unit without incurring a cost burden.

Looking at the previous table for the monthly severe cost burden category (50 percent), in Billings, only the "low-income" category (51-80% of median family income) could

³⁸ HUD's 30% calculation has become standard practice. Many lenders prefer a ratio of 30% or less of income to principal, interest, insurance (property and mortgage) and taxes.

³⁹ Refer to Tables III.20, III-21, and III.22 in the *Economic and Demographic Analysis of Montana*, Volume III-Housing Profile, December 2004.

afford to purchase a three-bedroom home. The “very low-income” category (31-50% of median family income) could not afford to purchase adequate housing and the “30% of median family income” category (extremely low-income) could not afford to rent or purchase adequate housing without incurring a cost burden. These same types of comparisons can be made for other home sizes and areas.

A special tabulation of Census 2000 data, typically referred to as the “CHAS Data”⁴⁰, tabulates the percentage of households by county that have a cost burden, the percentage of households that have a severe cost burden, and the percentage of households that have any housing problem. See the table on page 35 for a summary of the data. (Additional tabulations by household type for each county are contained in the appendix to Volume III of the *Economic and Demographic Analysis*⁴¹.) Maps showing cost burden and severe cost burden for renter households and owner households can be found in Appendix D, starting on page D-10.

⁴⁰ “CHAS” refers to the Comprehensive Housing Affordability Strategy, which is part of the National Affordability Housing Act of 1991.

⁴¹ *Economic and Demographic Analysis of Montana*, Volume III Appendix-Housing Data, December 2004

Montana Housing Problems - All Households

Household by Type, Income, & Housing Problem	Renters					Owners					Total Households
	Elderly (1 & 2 member households)	Small Related (2 to 4)	Large Related (5 or more)	All Other Households	Total Renter Households	Elderly (1 & 2 member households)	Small Related (2 to 4)	Large Related (5 or more)	All Other Households	Total Owner Households	
Household Income <=80% MF	13,852	23,332	5,535	29,066	71,785	32,286	26,182	7,422	14,520	80,410	152,195
Household Income <=50% MFI	9,965	13,975	3,110	18,844	45,894	16,533	10,954	2,894	7,836	38,217	84,111
Household Income <=30% MFI	4,938	7,210	1,480	10,265	23,893	5,938	4,655	1,065	3,998	15,656	39,549
% with any housing problems	57.1%	74.2%	80.7%	75.6%	71.7%	71.6%	75.8%	83.1%	75.5%	74.6%	72.8%
% Cost Burden >30%	54.4%	71.4%	62.5%	73.9%	68.4%	70.5%	73.6%	70.0%	72.9%	72.0%	69.8%
% Cost Burden >50%	37.1%	54.9%	42.9%	60.2%	52.7%	44.4%	60.5%	56.3%	58.7%	53.6%	53.1%
Household Income 30% - 50% MFI	5,027	6,765	1,630	8,579	22,001	10,595	6,299	1,829	3,838	22,561	44,562
% with any housing problems	52.4%	62.9%	74.5%	67.3%	63.1%	37.8%	66.4%	76.8%	63.5%	53.3%	58.1%
% Cost Burden >30%	50.4%	58.3%	44.5%	64.7%	58.0%	37.1%	63.9%	62.5%	61.3%	50.8%	54.3%
% Cost Burden >50%	15.8%	14.7%	11.0%	18.1%	16.0%	15.8%	40.1%	30.6%	36.8%	27.3%	21.7%
Household Income 50% - 80% MFI	3,887	9,357	2,425	10,222	25,891	15,753	15,228	4,528	6,684	42,193	68,084
% with any housing problems	33.9%	28.3%	44.5%	27.8%	30.4%	22.0%	50.1%	56.1%	49.7%	40.2%	36.5%
% Cost Burden >30%	33.1%	20.8%	15.3%	24.2%	23.4%	21.2%	47.8%	40.4%	48.3%	37.1%	31.9%
% Cost Burden >50%	8.0%	1.1%	1.2%	1.9%	2.4%	7.5%	16.2%	10.2%	17.7%	12.6%	8.7%
Household Income >80% MFI	4,798	16,862	2,695	14,715	39,070	37,578	94,835	15,413	19,494	167,320	206,390
% with any housing problems	12.0%	5.9%	26.0%	5.3%	7.8%	7.8%	12.4%	18.9%	19.2%	12.8%	11.8%
% Cost Burden >30%	9.0%	1.6%	1.3%	2.6%	2.9%	7.3%	11.3%	9.8%	17.8%	11.0%	9.5%
% Cost Burden >50%	4.8%	0.0%	0.0%	0.1%	0.6%	1.4%	1.7%	0.9%	2.5%	1.6%	1.4%
Total Households	18,650	40,194	8,230	43,781	110,855	69,864	121,017	22,835	34,014	247,730	358,585
% with any housing problems	39.4%	33.0%	50.9%	39.2%	37.8%	21.0%	22.4%	33.9%	36.8%	25.0%	29.0%
% Cost Burden >30%	37.2%	28.1%	25.0%	36.5%	32.7%	20.3%	21.0%	22.9%	35.2%	22.9%	26.0%
% Cost Burden >50%	17.0%	12.6%	10.3%	18.1%	15.3%	8.6%	7.8%	7.7%	15.9%	9.1%	11.0%

Source of Data: CHAS Data Book
Data Current as of: 2000

6. Ethnic and Racial Groups with Disproportionate Needs

HUD regulations for the Consolidated Plan define the existence of a disproportionate unmet housing need among racial or ethnic groups. This occurs when a particular group is experiencing housing needs that is at least 10 percent higher than the percentage of all households in the category. To determine disproportionate unmet housing needs, HUD developed data in conjunction with the U.S. Census Bureau, using the 2000 Census. This data known as CHAS data, allows unmet housing needs to be evaluated based on household race and ethnicity in combination with household income. This enables determinations to be made as to whether or not the unmet housing need is greater among households of different racial or ethnic groups with the same income.

Housing indicators by tenure, renter or owner, are also used to consider disproportionate unmet housing needs in Montana, including overcrowding, a lack of complete plumbing and kitchen facilities, and cost burden. Unfortunately, the CHAS data only provides numbers for “any housing problems” by race or ethnic group; it does not provide a breakdown of what the specific housing problems are: overcrowding, lack of complete facilities, and cost burden.

Housing problems by race and ethnic background vary across the state. (See the table on page 38.) Excluding the entitlement areas of Billings, Great Falls, and Missoula, 29.8 percent (269,663) of total renter and owner households in the state, across all income levels, reported some type of housing problem. Using the HUD standard of a 10 percent difference for disproportionate housing need, none of the racial/ethnic groups experienced disproportionate housing need. When broken down by income level, two racial/ethnic household categories, Asian and Pacific Islander, experienced disproportionate housing need:

- At incomes less than 30% of AMI, 81.7 percent (164 households) of Asian households, compared to 70.7 percent (30,657 households) of total households at less than 30% of AMI.
- At incomes 30% to 50% of AMI, 100 percent (18) of Pacific Islander households, compared to 56.1 percent (34,358) of total households at 30% to 50% of AMI.
- At incomes less than 50% to 80% of AMI, 60 percent (20) of Pacific Islander households, compared to 36.9 percent (54,459) of total households at 50% to 80% of AMI.

Owner Households

When broken down by tenure, 27.6 percent (193,448) of owner households, across all income levels, reported some type of housing problem. Using the HUD standard, one of the racial/ethnic groups experienced disproportionate housing need: 38.5 percent (52 households) of Pacific Islander households experienced disproportionate housing need. When broken down by income level, four racial/ethnic household categories, Black, Asian, Pacific Islander, and Hispanic, experienced disproportionate housing need:

- At incomes less than 30% of AMI, 100 percent (36 households) of Asian households experienced disproportionate needs, compared to 73.7 percent (14,788 households) of total owner households at less than 30% of AMI.
- At incomes 30% to 50% of AMI, 100 percent (4) of Black and 100 percent (4) of Pacific Islander households experienced disproportionate needs, compared to 54.4 percent (19,392) of total owner households at 30% to 50% of AMI.
- At incomes less than 50% to 80% of AMI, 80 percent (20) of Black, 75 percent (16) of Pacific Islander, and 51.2 percent (328) of Hispanic households experienced disproportionate needs, compared to 40.7 percent (34,604) of total owner households at 50% to 80% of AMI.
- At incomes greater than 80% of AMI, 19.9 percent (1,553) of Native American households experienced disproportionate needs, compared to 7.9 percent (27,525) of owner total households at 80% of AMI.

Renter Households

For renter households across all income levels, 35.3 percent (76,215) reported some type of housing problem. Using the HUD standard, one of the racial/ethnic groups experienced disproportionate housing need: 49.7 percent (338 households) of Asian households. When broken down by income level, five racial/ethnic household categories, Black, Native American, Asian, Pacific Islander, and Hispanic, experienced disproportionate housing need:

- At incomes less than 30% of AMI, 81 percent (42 households) of Black households experienced disproportionate needs, compared to 67.9 percent (15,869 households) of total households at less than 30% of AMI.
- At incomes 30% to 50% of AMI, 68.6 percent (70) of Asian and 100 percent (14) of Pacific Islander households experienced disproportionate needs, compared to 58.2 percent (14,966) of total households at 30% to 50% of AMI.
- At incomes less than 50% to 80% of AMI, 54.2 percent (48) of Black, households experienced disproportionate needs, compared to 29.5 percent (17,855) of total households at 50% to 80% of AMI.
- At incomes greater than 80% of AMI, 19.9 percent (1,553) of Native American and 15.7 percent (470) Hispanic households experienced disproportionate needs, compared to 7.9 percent (27,525) of total households at 80% of AMI.

Except for the Native Americans, minority populations in Montana are extremely small. Nonetheless, a more detailed analysis of Census 2000 data will be conducted within the next plan year to provide a more precise breakdown of the type of housing problem is being experienced by race and ethnic background, by county.

Montana State Program

(excludes Billings, Great Falls, & Missoula)

Household by Type, Income, & Housing Problem	All Households	White Non-Hispanic	Black Non-Hispanic	Native Amer. Non-Hispanic	Asian Non-Hispanic	Pacific Islander Non-Hispanic	Hispanic Households
Renter Households							
1. Household Income <=50% MFI	30,835	24,941	84	3,478	198	18	584
2. Household Income <=30% MFI % with any housing problems	15,869 67.9%	12,470 67.8%	42 81.0%	2,222 65.3%	128 76.6%	4 0.0%	280 56.4%
3. Household Income >30% to <=50% MFI % with any housing problems	14,966 58.2%	12,471 58.3%	42 42.9%	1,256 49.4%	70 68.6%	14 100.0%	304 59.2%
4. Household Income >50 to <=80% MFI % with any housing problems	17,855 29.5%	15,544 28.8%	48 54.2%	1,247 33.8%	40 35.0%	4 0.0%	290 31.7%
5. Household Income >80% MFI % with any housing problems	27,525 7.9%	24,638 6.6%	84 9.5%	1,553 19.9%	100 8.0%	28 0.0%	470 15.7%
6. Total Households % with any housing problems	76,215 35.3%	65,123 33.5%	216 39.8%	6,278 44.6%	338 49.7%	50 28.0%	1,344 37.5%
Owner Households							
1. Household Income <=50% MFI	34,180	28,281	20	2,186	76	4	354
2. Household Income <=30% MFI % with any housing problems	14,788 73.7%	11,789 72.4%	16 75.0%	1,104 74.6%	36 100.0%	0 0.0%	152 77.6%
3. Household Income >30% to <=50% MFI % with any housing problems	19,392 54.4%	16,492 52.6%	4 100.0%	1,082 45.5%	40 50.0%	4 100.0%	202 60.4%
4. Household Income >50 to <=80% MFI % with any housing problems	34,604 40.7%	30,933 39.8%	20 80.0%	1,496 39.6%	68 23.5%	16 75.0%	328 51.2%
5. Household Income >80% MFI % with any housing problems	124,664 14.3%	116,998 13.6%	96 16.7%	3,828 16.9%	312 14.1%	32 12.5%	1,020 17.5%
6. Total Households % with any housing problems	193,448 27.6%	176,212 25.8%	136 35.3%	7,510 34.0%	456 25.4%	52 38.5%	1,702 34.4%
Total Renter and Owner Households							
1. Household Income <=50% MFI	65,015	53,222	104	5,664	274	22	938
2. Household Income <=30% MFI % with any housing problems	30,657 70.7%	24,259 70.0%	58 79.3%	3,326 68.4%	164 81.7%	4 0.0%	432 63.9%
3. Household Income >30% to <=50% MFI % with any housing problems	34,358 56.1%	28,963 55.1%	46 47.8%	2,338 47.6%	110 61.8%	18 100.0%	506 59.7%
4. Household Income >50 to <=80% MFI % with any housing problems	52,459 36.9%	46,477 36.1%	68 61.8%	2,743 37.0%	108 27.8%	20 60.0%	618 42.1%
5. Household Income >80% MFI % with any housing problems	152,189 13.1%	141,636 12.4%	180 13.3%	5,381 17.8%	412 12.6%	60 6.7%	1,490 16.9%
6. Total Households % with any housing problems	269,663 29.8%	241,335 27.9%	352 38.1%	13,788 38.9%	794 35.8%	102 33.3%	3,046 35.8%

B. PRIORITY HOUSING NEEDS [91.315(b)]

1. Montana Housing Needs Assessment - Telephone Survey ⁴²

As part of the Montana Housing Needs Assessment, a telephone survey was designed to gather community input into the perceived degree of various housing needs. This community input is critical as local conditions can play an important role in defining and ranking needs.

In June, July and August of 2004, one to three telephone calls were made to a total of 349 organizations, and from these calls, 179 surveys were completed (51% response rate). These community organizations have roles in providing or consuming housing and housing related services throughout the state. Organizations surveyed included realtors, property managers, public housing authorities, human resource development councils, and social service agencies serving the elderly, disabled, special needs, low-income and other at-risk populations. A table of the organizations surveyed and a copy of the survey instrument are included in the appendix to the *Montana Housing Needs Assessment*.

The survey questions addressed the following housing needs: affordability, supply, quality, accessibility, size, and location. The degree of need was asked for as it relates to renters and homeowners by income range. Additional questions were asked about racial minorities, the elderly, and families with disabilities.

Perceived need by income range was based upon HUD-adjusted MFI levels consistent with the Census 2000 CHAS data presented in the household forecast. HUD 2004 median family income for Montana was estimated to be \$47,500. This figure was translated into the following income categories:

<u>MFI Range</u>	<u>Description</u>	<u>Approximate Monthly Income</u>
0%-30%	Extremely low-income	Below \$1,200
31%-50%	Very low-income	Above \$1,200 but less than \$2,000
51%-80%	Low-income	Above \$2,000 but less than \$3,200

Respondents were asked to rank the various housing issues in terms of their effect on a particular type of household using a scale from 1 to 5:

1. no impact/no need
2. slight impact/slight need
3. moderate impact/moderate need
4. significant impact/significant need
5. severe impact/severe need

⁴² *Montana Housing Needs Assessment*, Center for Applied Economic Research, Montana State University-Billings, December 2004.

Responses for each question from the survey were tabulated, with the average value for each question representing the perceived degree of need. Below are the tabulated responses for all 179 respondents throughout the state. Perceived need greater than or equal to 4.0 (significant to severe need) is presented in ***bold italic*** print.

Results of Housing Needs Survey						
Renter Households						
Households with:	Affordability	Supply	Quality	Accessibility	Size	Location
0-30% MFI	4.5	4.5	4.1	3.9	3.8	3.6
31%-50% MFI	3.5	4.0	3.7	3.7	3.5	3.3
51%-80% MFI	2.6	3.2	3.0	2.9	2.9	2.8
Elderly member	4.4	4.1	3.8	3.9	3.4	3.5
Disabled member	4.3	4.3	3.9	4.2	3.8	3.7
Native American member	3.8	3.7	3.4	3.4	3.4	3.2
African-American member	3.4	3.5	3.4	3.3	3.3	3.2
Asian member	3.3	3.7	3.3	3.2	3.2	3.2
OVERALL	4.4	4.4	4.2	3.8	3.7	3.4
Owner Households						
Households with:	Affordability	Supply	Quality	Accessibility	Size	Location
0-30% MFI	4.7	4.6	4.3	4.2	4.1	3.9
31%-50% MFI	4.0	4.1	3.8	3.7	3.7	3.5
51%-80% MFI	3.1	3.3	3.2	3.1	3.1	3.1
Special population member	4.3	4.2	3.9	4.2	3.8	3.8
OVERALL	3.9	3.9	3.8	3.5	3.6	3.4

Consistent with the survey conducted in 2000⁴³, the results of this survey indicate that affordable housing and the supply of housing, two issues that are highly interrelated, are both significantly to severely in need. The perceived need in these areas is higher for extremely low-income households (0%-30% MFI), and for households with an elderly or disabled/special population member. This highlights the incidence of an extreme cost burden (50% or more of monthly income being spent on housing costs) or a cost burden (30% or more of monthly income being spent on housing costs) among these household types.

For extremely low-income (0%-30% MFI) owner households, quality, accessibility, and size are also significant needs. These households may not be able to purchase a home at the present time, but may have been able to at some earlier time. If so, these households are more likely to be at risk of experiencing significant deferred maintenance on their home due to lack of funds to pay for needed repairs and maintenance, or losing their home if the household were to experience an unexpected financial difficulty, such as illness or loss of employment.

Not surprisingly, for disabled and special needs households, accessibility was identified as a significant need.

⁴³ *Montana Housing Needs Assessment*, Western Economic Services, LLC, November 2000.

2. Montana Housing Priority Needs Summary Table

The Consolidated Plan regulation requires a priority needs summary table to rank the housing needs for each household type as high, medium, or low. Generally, it was inferred from the household forecast discussed in part A, Housing Needs, and the telephone survey conducted for the *Montana Housing Needs Assessment*⁴⁴ that all degrees of housing needs in the state were either medium or high priority. These priority levels, as set by the Consolidated Plan Steering Committee, will remain the same for the five-year plan period.

Montana Housing Priority Needs Summary Table 2005 – 2010 ⁴⁵					
Household Type		MFI Range	Priority Level	Census 2000 Households	2010 Households
Renters	Small Related	0% - 30%	H	7,210	7,716
		31% - 50%	M	6,765	7,240
		51% - 80%	M	9,357	10,014
	Large Related	0% - 30%	H	1,480	1,584
		31% - 50%	M	1,630	1,744
		51% - 80%	M	2,425	2,595
	Elderly	0% - 30%	H	4,938	5,496
		31% - 50%	M	5,027	5,595
		51% - 80%	M	3,887	4,326
	All Other	0% - 30%	H	10,265	10,775
		31% - 50%	M	8,579	8,966
		51% - 80%	M	10,222	10,773
Owners	0% - 30%	H	15,656	16,755	
	31% - 50%	M	22,561	24,145	
	51% - 80%	M	42,193	45,155	
Special Populations	0% - 30%	H	11,823	12,648	
	31% - 50%	M	12,047	12,887	
	51% - 80%	M	13,988	14,974	
Total Goals	The Montana Department of Commerce is not able to estimate the number of households that will be assisted throughout the state during the planning period.				
Total Households	0% - 80%	N/A	152,195	162,878	
Total Households	All income levels	N/A	358,585	383,754	

⁴⁴ *Montana Housing Needs Assessment*, Center for Applied Economic Research, Montana State University-Billings, December 2004.

⁴⁵ The State has determined these priorities based on households, not housing activity, at the statewide level. It is up to each locality, through more detailed local analyses, studies and needs assessments, to determine its own area(s) of highest need. The state reserves the right to make a determination of local need based on local analyses, studies and needs assessments, which may override the state's priority level.

Total household formation is forecasted to rise modestly, at an average of less than 1 percent per year, reaching approximately 384,000 households in 2010. Of these households, 31 percent are estimated to be renter households and 69 percent are estimated to be owner households.

The elderly and special needs populations are forecasted to rise at a higher rate, at an average of 1.74 percent per year, reaching over 98,000 elderly households and over 70,000 special needs households by 2010. This growth reflects Montana's aging population, and the increase in mobility and self-care limitations (special needs) as the population ages.

In 2010, 42 percent of Montana's total households are estimated to be in the low-income categories (0%-80% MFI), while 52 percent of elderly households and 57.5 percent of special needs households are estimated to be in the low-income categories. The growth in lower-income, elderly, and special needs households will continue to draw heavily upon Montana's available housing resources.

The results of the housing needs survey indicate that affordable housing and the supply of housing, two issues that are highly interrelated, are both significantly to severely in need. The perceived need in these areas is higher for extremely low-income households (0%-30% MFI), and for households with an elderly or disabled/special population member.

For extremely low-income (0%-30% MFI) owner households, quality, accessibility, and size were also identified as significant needs. These households are facing issues with deferred maintenance and are at-risk for losing their home if unforeseen financial difficulties arise.

Accessibility continues to be a significant issue for elderly and special needs households, in addition to affordability and supply. The higher growth rate in these households will particularly place pressure on the available housing needs in Montana.

C. HOUSING MARKET ANALYSIS [91.310]

The market and inventory of Montana's housing can be described by addressing it in terms of supply, demand, condition, and cost.

1. General Market and Inventory

According to Census 2000, there were 102.3 million housing units in the United States, with 412,633 of these units located in Montana. A housing unit is defined as a house, an apartment, a mobile home, a group of rooms, or a single room, intended for occupancy as separate living quarters. Occupants live separately from any other people in the building and have direct access from outside the building or through a common hallway.

The largest increase in housing units from 1990 to 2000 was in the 1-unit attached category (townhouse or duplex with one common wall), although 1-unit detached homes (single-family, mobile, or modular home) still represented over two-thirds, or 67 percent of the total housing units in the state. Although housing units lacking either complete plumbing or kitchen facilities decreased significantly, units with more than 1.5 occupants per room (defined as extreme overcrowding) increased 49.3 percent, or by 1,214 units from 1990 to 2000.

Housing units are described as lacking complete plumbing facilities if any one of these three items is not present: (1) hot and cold piped water, (2) a flushing toilet, and (3) a bathtub or shower. Housing units are described as lacking complete kitchen facilities if any one of these three items is not present: (1) a sink with piped water, (2) a range or a stove, and (3) a refrigerator.

Housing units from Census 1990 and 2000 are summarized below. These units represent permanent housing, and the “other” category includes boats, RV’s, and vans that are used by households as their permanent home.

Summary Housing Characteristics for Montana				
U.S. Census Bureau				
	1990	2000	1990-2000 % Change	% of Total Units (in 2000)
Total Housing Units	361,155	412,633	14.3%	100.00%
Units in Structure				
1-unit detached	237,533	276,433	16.4%	67.0%
1-unit attached	8,432	11,044	31.0%	2.7%
2-4 units	29,327	32,776	11.8%	7.9%
5-9 units	10,376	11,854	14.2%	2.9%
10+ units	16,931	20,288	19.8%	4.9%
Mobile home	54,046	58,957	9.1%	14.3%
Other	4,510	1,281	-71.6%	0.3%
Occupants per Room				
Occupied housing units	306,163	358,667	17.1%	86.9%
1.00 occupant or less	297,277	347,425	16.9%	84.2%
1.01 to 1.50 occupants	6,424	7,566	17.8%	1.8%
1.51 + occupants	2,462	3,676	49.3%	0.9%
Lacking Facilities				
Lack complete plumbing	7,011	2,776	-60.4%	0.7%
Lack complete kitchen	6,517	3,775	-42.1%	0.9%

The Census Bureau also estimates housing units annually, using the most recent census figures as their base. Total housing units in Montana increased by 1.7 percent, or 7,093 units from 2000 to 2003. The increase from 2002 to 2003 (2,620 units) was 50 percent greater than the increase from 2001 to 2002 (1,744 units). These figures are consistent with the increase in housing permits presented in Volume III of the *Economic and Demographic Analysis of Montana*.⁴⁶

⁴⁶ *Economic and Demographic Analysis of Montana*, Volume III, Center for Applied Economic Research, Montana State University-Billings, December 2004

Forty of Montana's counties had decreases in total units from 2000 to 2003 (1.1 percent or less), while 16 counties showed an increase in total units. Four counties had increases over two percent: Flathead (2.6 percent), Yellowstone (3.2 percent), Missoula (5.3 percent), and Gallatin (6.8 percent).

2. Condition

As previously discussed in section A of this part (Housing Needs), the MDOC prepared the *Montana Housing Condition Study*⁴⁷ to evaluate the current housing stock in the state. Data regarding the physical characteristics and residential improvements of all residential property was extracted from the Computer Assisted Mass Appraisal System (CAMAS) database maintained by the Montana Department of Revenue (MDOR). The MDOR collects different information on commercial property, including commercial dwellings. While there is some focus on describing the property and its attributes (type of structure, number of bedrooms, number of bathrooms, construction grade, and physical condition), a greater emphasis is placed on determining the income derived from the property to determine assessed value. Commercial dwellings are all considered rental properties.

Of all property classified as residential by the MDOR CAMAS database, 78 percent is single-family, 19 percent is mobile homes and 3 percent is condominiums.

Montana's housing stock can be described as being predominantly frame construction, with wood, amazonite, aluminum, vinyl or steel siding and asphalt single roofs, and comprised of relatively conservative architectural styles such as conventional, and ranch. Nearly all single-family homes, but few mobile homes, have a reinforced concrete foundation. Over one-half of single-family homes have a full or partial basement.

The market for newly constructed homes shows a trend toward larger living spaces, with three-bedroom, three-bath homes accounting for almost one-half of homes constructed since 1990.

While over 75 percent of the residential housing stock is in average to excellent condition, there are over 97,000 dwellings that are in serious need of maintenance and overhaul. Over 45 percent of dwellings were constructed with below average materials and workmanship, which can result in future higher maintenance costs. Overall, the effective age is older than the actual (chronological) age, indicating that the housing stock is in worse than average conditions.

Property classified as commercial by the MDOR CAMAS database includes single-family homes, duplexes, triplexes, fourplexes, apartment buildings, townhouses, row houses, condominiums, and mixed use structures. These structures are classified as commercial as they are considered rental properties.

⁴⁷ *Montana Housing Condition Study*, Center for Applied Economic Research, Montana State University-Billings, February 2005.

The pace of construction of commercial structures use for residential purposes has increased in recent years, and is approaching the annual level seen during the 1990's.

Over 80 percent of commercial dwelling units have one or two bedrooms and one bathroom, and were constructed with average or above-average materials and workmanship. However, almost 6,500 units, or 14 percent of total units, are either unsound or in need of improvements.

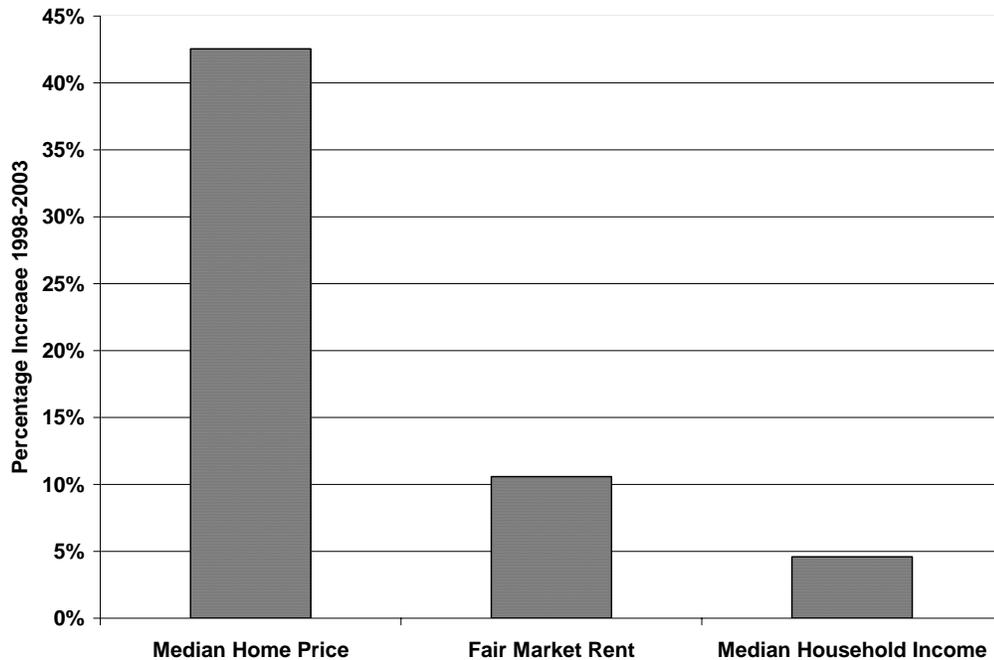
Data presented in the study is at the state level; however, data for each county and selected municipalities is available and can be obtained by contacting the MDOC HOME program at (406) 841-2820, or downloaded from the Consolidated Plan website:

http://housing.state.mt.us/Hous_CP_Apps.asp

3. Cost of Housing

Affordability and attainability continue to be a concern for many households in Montana, not just low-income families. Attainability considers whether a household is willing to pay up to 30 percent or more of its income for housing, and whether a household is able to obtain a 10 percent down payment or a rental deposit. The following chart compares the increase in the existing median housing price⁴⁸ to the increase in fair market rent⁴⁹ and finally the increase in median household income⁵⁰.

**Percent Increase in Housing Price and Rental Rates versus Income in Montana
1998-2003**



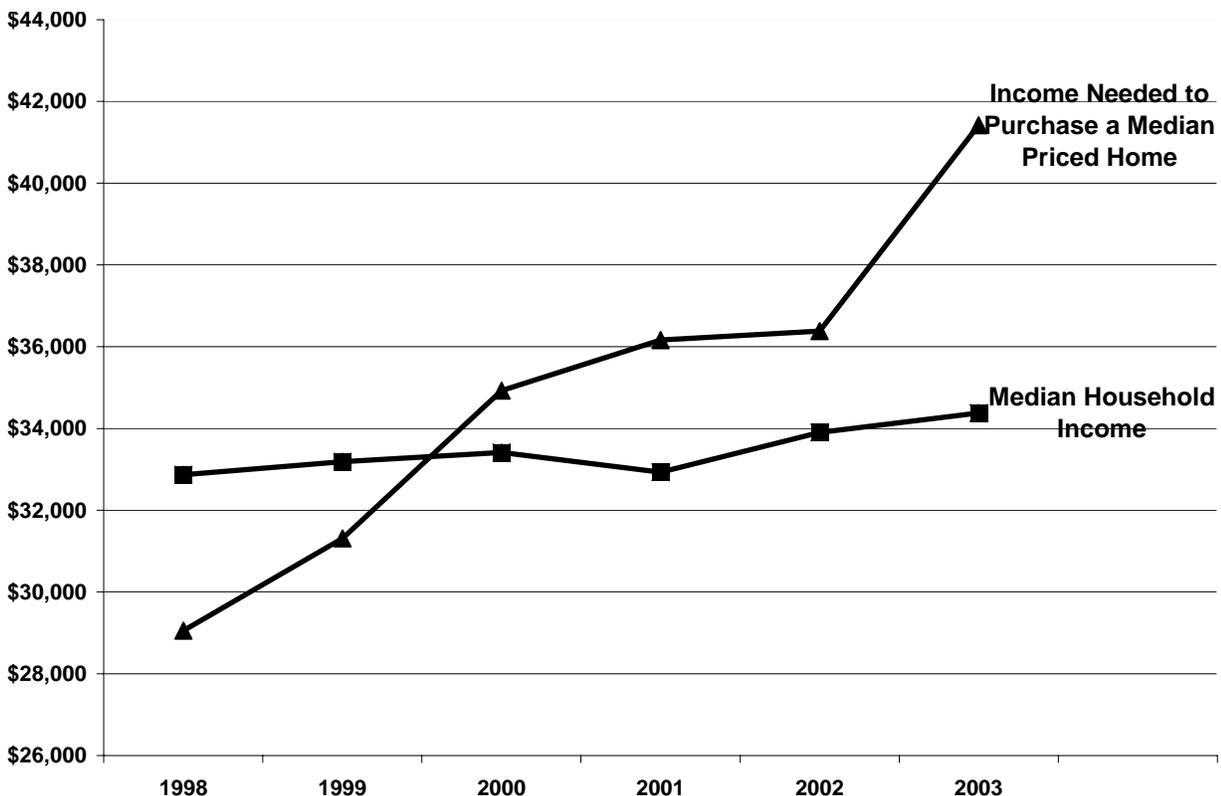
⁴⁸ From Montana Board of Housing annual "Price of Housing in Montana" report.

⁴⁹ HUD annual estimate; represents the amount where 60% of rents are above and 40% of rents are below for standard quality rental housing; includes utilities.

Clearly, the median home price, and to a lesser degree, fair market rent, have increased much more than median household income, bringing attainability into question. The median home price has increased 43 percent from 1998 to 2003; the fair market rent has increased 11 percent, and median household income has increased 5 percent.

The income required to purchase a home has been calculated using the existing median home price⁵¹, the average interest rate (6.40 percent), closing costs (3.08 percent of purchase price), property taxes (.0121 per \$1 of value), insurance costs (.0067 per \$1 of value for homeowners insurance and .0065 per \$1 of value for PMI)⁵². Utility costs are not included for this analysis. The income required assumes a 10 percent down payment and 30 percent ratio of income to principal, interest, insurance, and taxes. The down payment percentage and interest rate can change this calculation significantly. While interest rates have been historically low in the recent past, this has not always been the case. The lower interest rates have made homes more attainable for Montanans. Many loans allow a borrower to put down significantly less than 10 percent; however, 10 percent is used for this calculation. Median household income is compared to the income required to purchase a home in the chart below.

**Annual Cost of a Median Priced Home versus Median Household Income
1998 – 2003**



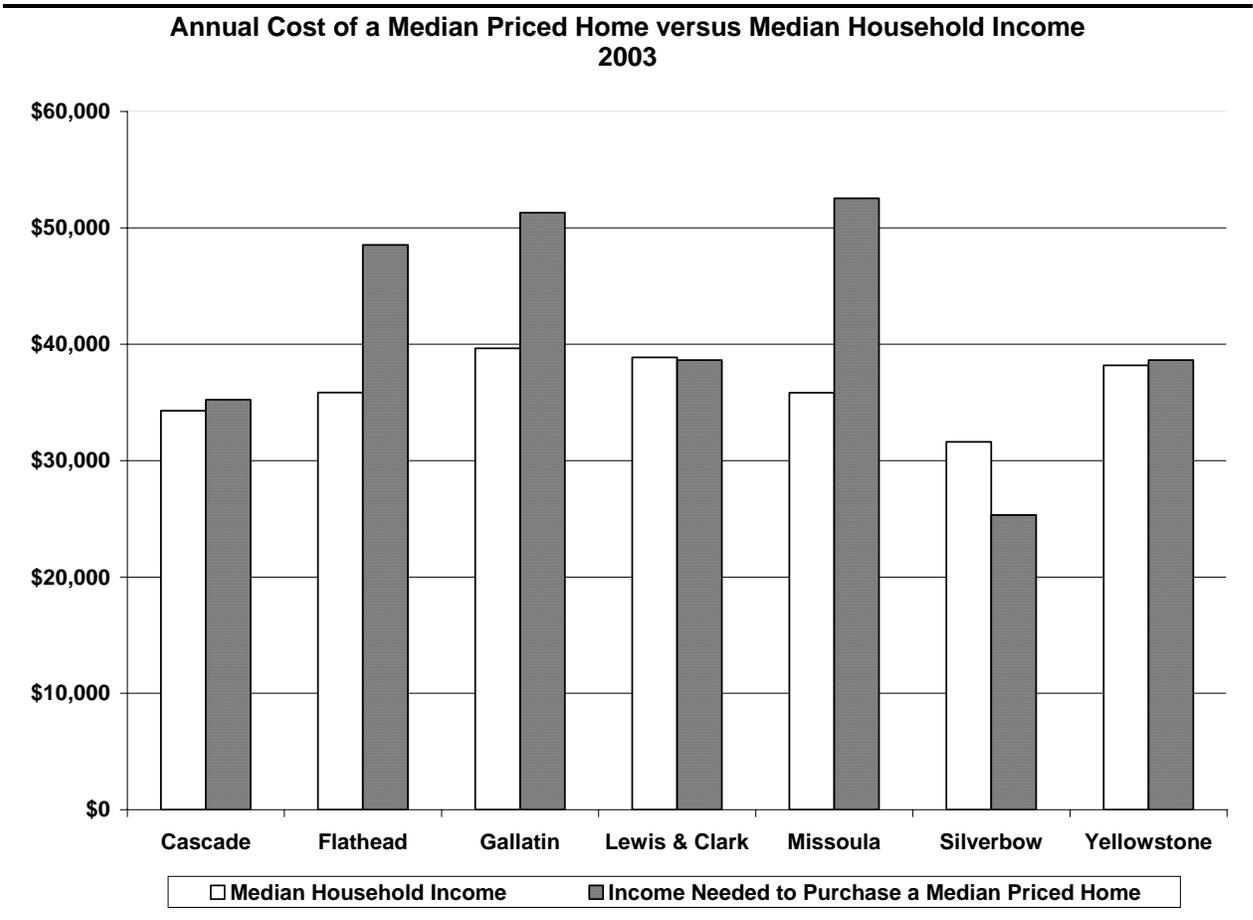
⁵⁰ Three year average median income from the U.S. Census Bureau.

⁵¹ *Economic and Demographic Analysis of Montana*, Volume II, Demographic Analysis, Center for Applied Economic Research, Montana State University-Billings, December 2004..

⁵² Per survey of bankers and insurance agents conducted in July 2004.

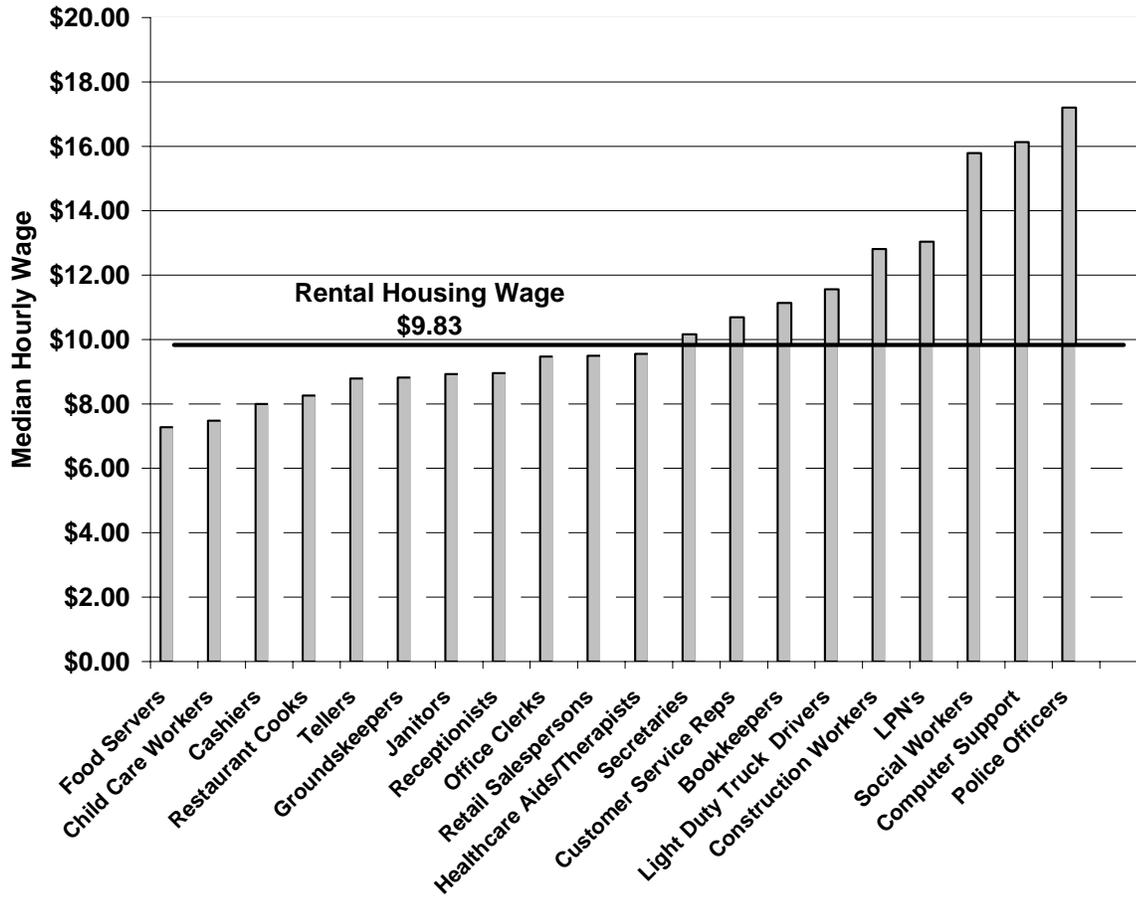
While the income required to purchase a home was almost \$5,000 less than the median household income in 1998, required income has risen at a much faster rate than median household income, and has surpassed median household income since 2000.

The following chart compares the median income required to purchase a home to the median household income from the Census Bureau in selected counties around the state. The assumptions used for these calculations are the same as the preceding calculations.



Renters face a similar challenge. The cost of a three-bedroom rental versus the wages of various occupations in Montana is compared in the chart on the next page.

**Housing Wage versus Median Wage of Selected Occupations
2003**



The rental housing wage is calculated based on renting a two-bedroom unit for \$511, including utilities.⁵³ Assuming a 52-week work year, a 40-hour workweek, and a ratio of 30 percent of income to rental costs, the hourly wage needed to afford a two-bedroom unit is \$9.83. Eleven out of the 20 occupations shown above earn an average hourly wage⁵⁴ less than the amount needed to afford rental housing.

Clearly, an opportunity exists to promote housing incentives to both median income and low-income households throughout the state of Montana.

D. BARRIERS TO AFFORDABLE HOUSING [91.310(d) and 91.315(f)]

The Consolidated Plan regulations require the state to explain whether the cost of housing or the incentives to develop, maintain, or improve affordable housing are affected by public policies. Such policies include tax policy affecting land and other

⁵³ See Table III.20 in Volume III of the *Economic and Demographic Analysis of Montana*, Center for Applied Economic Research, Montana State University-Billings, December 2004.

⁵⁴ Average hourly wage for Montana from U.S. Bureau of Labor Statistics.

property, land use controls, zoning ordinances, building codes, fees and charges, growth limits, and policies that effect the return on residential investment. Further, the state is required to remove or ameliorate negative effects of public policies that serve as barriers to affordable housing.

In Montana, the state government has very limited influence on land use controls. In particular, the state government cannot dictate the content of locally adopted land use regulations, such as local zoning and subdivision regulations; they are a matter of local control. While the state does mandate that local governments adopt subdivision regulations and sets out minimum requirements for their content, it does not dictate the standards to be included in the local regulations. Also, state law does not mandate that counties or municipalities adopt zoning. The authority to adopt local zoning is permissive; whether to adopt zoning and the requirement to be established is up to the local government.

It is the MDOC's view that regulatory barriers do not have a significant impact on affordable housing costs in Montana. Over seventy percent of the population growth that occurred in Montana between 1970 and 2000 occurred in unincorporated areas where there are few building code requirements. Furthermore, the state has very little control over local zoning decisions, impact fees, etc. In a state like Montana, with very distinct and diverse markets, there should remain a minimum of state-imposed laws, regulations, and ordinances. Many rural areas have no zoning ordinances, making it difficult for a state to remove or ameliorate negative effects so-called barriers where none exist. Requiring the state to come up with yearly goals for removing these barriers is unrealistic and serves little purpose.

E. SPECIFIC HOUSING OBJECTIVES [91.315(b)]

Housing needs vary widely across Montana. There is a broad array of housing availability, affordability, and suitability issues across the state. Extreme diversity in available housing, age of housing stock, and overall range in population density complicate assessments of degree and type of need. Resources are not adequate to address all housing needs and requirements throughout the state.

As a state agency administering housing programs, the MDOC does not prescribe to local governments and CHDOs the priority needs within their communities because the needs identified and prioritized at the state level may not retain a similar priority rating for implementation at local levels. All needs in Montana are great. The statewide priority need levels described in the Housing Priority Needs Table represent only a general indication of needs throughout Montana.

Faced with the overwhelming demand for affordable housing, the state will implement programs and deliver resources to in-need populations around Montana, in an attempt to continually minimize the state's housing needs. No single objective has the same priority in all of Montana's communities. Likewise, no single action can meet the specific

housing objectives of any given community. Nevertheless, the MDOC is committed to moving forward with the following housing objectives and actions.

1. Challenges and Obstacles to Meeting Underserved Needs

a. Diversity in Housing Issues Within the State of Montana

- Statewide, from 1990 to 2000, the total number of housing units increased by 14.3 percent (or by 51,478 units).
 - 19 counties saw decreases in the number of housing units, ranging from a loss of 0.3 percent in Petroleum County to a loss of 10.3 percent in Sheridan County;
 - 18 counties saw an increase in the total number of housing units of over 10 percent, ranging from an increase of 10.7 percent in Beaverhead County to 43.7 percent in Ravalli County; and
 - The remaining 19 counties saw an increase in their total housing units ranging from less than 1 percent up to 9.3 percent.
- Statewide, the number of occupied housing units grew by 17.1 percent.
 - 24 counties saw an increase in the number of occupied housing units in excess of 10 percent, ranging from a 10.6 percent increase in Golden Valley County to more than a 47 percent increase in Ravalli County;
 - In 16 counties, the number of occupied units decreased, ranging from a decrease of 1.6 percent in Deer Lodge County to a decrease of 8.4 percent in Sheridan County; and
 - The remaining 16 counties saw increases in the number of occupied units ranging from 0.5 percent to 9 percent.
- Statewide, the number of vacant units decreased 1.9 percent between 1990 and 2000.
 - The number of vacant units decreased in 31 counties, ranging from a decrease of 40.4 percent in Treasure County to 3.3 percent in Beaverhead County;
 - One county, Prairie, saw no change in the number of vacant units; and
 - The remaining counties saw increases in the number of vacant units from 0.1 percent in Granite County up to 52.3 percent in Wibaux County.
- Statewide, vacancy rates declined between 1990 and 2000, from a rate of 15.2 percent in 1990 down to 13.1 percent in 2000.
 - In 1990, vacancy rates varied from a low of 8 percent in Missoula County to a high of more than 45 percent in Granite County;

- In 2000, Yellowstone County still had the lowest vacancy rate at 4.5 percent and Valley County had the highest at 44.6 percent; and
- In 2000, three counties had vacancy rates of less than 8 percent; 16 had rates of 10 percent - 15 percent; 19 had rates of more than 15 percent but less than 20 percent; and 19 had rates in excess of 20 percent, with 3 having rates of more than 40 percent.

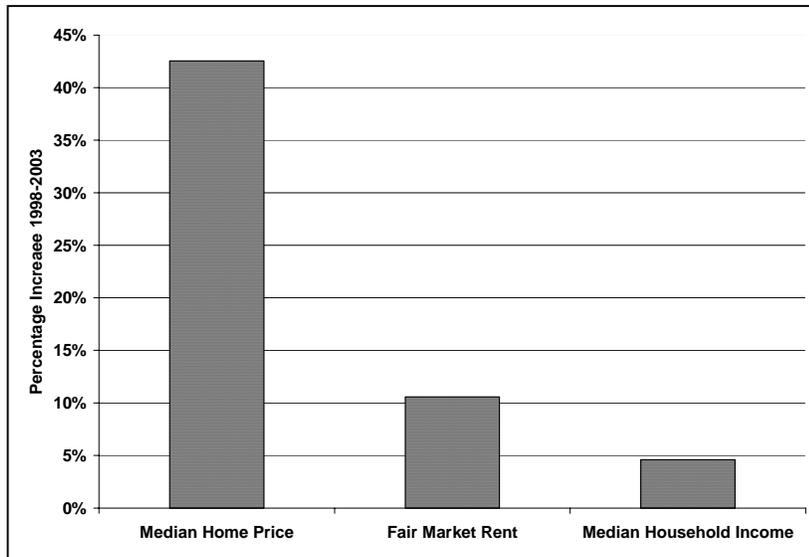
b. General Information on Rental and Owner-Occupied Housing

- As of March 2000, nearly one-half (47 percent) of Montana's housing units were 31 years old or older.
- Based on the number of houses in Montana that were built in or before 1979, it is estimated that there are nearly 285,500 units at risk of containing lead-based paint in Montana. Although this is approximately 69 percent of the housing units in the state, it is important to note that one cannot assume that all of these units contain lead-based paint and that the presence of lead-based paint alone does not indicate the extent of exposure hazards.
- Montana's residential housing stock is made up of 3.3 percent that is unsuitable for habitation (rated unsound or very poor), or 13,248 dwellings. Another 23,756 dwellings are in poor shape and 60,546 in fair shape. In total, over 97,000 dwellings (about 25 percent) are in serious need of maintenance and overhaul. (Montana Department of Revenue database)
- Of all property classified as residential in the Montana Department of Revenue database, 78 percent is single-family, 19 percent is mobile homes, and 3 percent is condominiums.
- Over 45 percent of dwellings were constructed with below average materials and workmanship, which can result in future higher maintenance costs⁵⁵.
- Overall, the effective age is older than the actual (chronological) age, indicating that the housing stock is in worse than average conditions⁵⁶.
- In 2010, 42 percent of Montana's total households are estimated to be in the low-income categories (0%-80% Median Family Income).
- The following chart compares the increase in the existing median housing price⁵⁷ to the increase in fair market rent⁵⁸ and finally the increase in median household income⁵⁹

⁵⁵ Montana Dept of Revenue database

⁵⁶ *Ibid.*

⁵⁷ From Montana Board of Housing annual "Price of Housing in Montana" report.



- The median home price, and to a lesser degree, fair market rent, have increased much more than median household income, demonstrating an increasing affordability gap. The median home price has increased 43 percent from 1998 to 2003; the fair market rent has increased 11 percent, and median household income has increased 5 percent.

2. Priority Housing Needs Objectives

➤ Objective: Provide Homeownership Opportunities to Low- and Moderate-Income Households Throughout Montana

▪ Analysis:

- Thirty-two percent of Montana homeowners are in the low-income categories (0%-80% MFI).
- The homeownership rate is 69.1 percent statewide (higher than national average).
- Housing costs as a percentage of household income were 22.2 percent for Montana⁶⁰. Although Montana's housing costs are below the national average in dollars (\$735 versus \$940), they are above the national average in terms of the percentage of monthly household income (22.2 percent versus 21.0 percent).

⁵⁸ HUD annual estimate; represents the amount where 60% of rents are above and 40% of rents are below for standard quality rental housing; includes utilities.

⁵⁹ Three year average median income from the U.S. Census Bureau.

⁶⁰ Census 2000.

- The increase in monthly housing costs as a percentage of household income increased from 20.2 percent in 1990 to 22.2 percent in 2000, which is three times the national increase. While this is in part due to larger homes being built, income is clearly not keeping up with increased housing costs. Affordability is definitely an issue in many counties around the state. The comparatively lower homeownership rates (under 65 percent) in two high-cost counties, Gallatin and Missoula, also point to an affordability issue.
- Income required to purchase a home was nearly \$42,000 in 2003 while median household income was a little more than \$34,000.
- Statewide cost burdens:
 - Owner households at 30% or less of AMI: 72.0 percent pay more than 30 percent of income for housing costs and 53.6 percent pay more than 50 percent of income for housing costs;
 - Owner households at 30% - 50% of AMI: 53.3 percent pay more than 30 percent of income for housing costs and 50.8 percent pay more than 50 percent of income for housing costs;
 - Owner households at 50% - 80% of AMI: 37.1 percent pay more than 30 percent of income for housing costs and 12.6 percent pay more than 50 percent of income for housing costs;
 - Owner households at 80% or more of AMI: 11.0 percent pay more than 30 percent of income for housing costs and 1.6 percent pay more than 50 percent of income for housing costs.
- **Actions/Resources:**
 - The HOME Program will continue to make funds available for homebuyer programs throughout the state, assisting an estimated 50 homebuyers per year.
 - The MBOH anticipates that it will continue to make bond funds available to assist approximately 1,800 low- to moderate-income homebuyers each year with \$130 to \$160 million in low interest rate loans.
 - The MBOH anticipates that it will continue to operate the Mortgage Credit Certificate (MCC) program, which began operation in April 2003. During the first year, \$500,000 in credit authority assisted 23 eligible homebuyers and the MBOH anticipates this will continue to grow for each of the next five years.
 - The MBOH anticipates that it will continue to make funds available through the Single Family Recycled Mortgage Program to lower income persons and families who do not have the financial capabilities to purchase safe and sanitary housing through other single family programs. The MBOH expects to make approximately \$20 million available for financing to 190 very low-income families per year.

- The MBOH anticipates that it will continue to make funds available through the Disabled Accessible Affordable Home Ownership Program to provide architecturally accessible homes for persons with permanent disabilities and mobility impairments. The MBOH expects to finance 156 homes with nearly \$10 million in recycled mortgage funds over the five-year period.
- The HOME and CDBG programs will continue to make funding available for housing rehabilitation programs throughout the state, assisting an estimated 30 homeowner units per year.
- Continue to leverage HOME and CDBG funds with weatherization programs administered throughout the state.
- The HOME and CDBG programs will continue to require projects to conform to federal and state energy efficiency standards.
- The MBOH will continue to market the award-winning housing plan book, *Montana Housing Solutions: Designing for Comfort & Quality*, which contains several house plans designed to be affordable and energy efficient.
- The HOME program will continue to require homebuyer education classes for all homebuyers assisted with HOME funds as a condition of receiving the funds.
- The MBOH will continue to collaborate on obtaining funds for organizations that provide homebuyer training
- The MDOC will continue to explore creative means to deliver homebuyer training in rural areas. Increase the use of web casts and video conferencing for homebuyer education, especially in remote areas.
- The MDOC will increase awareness of and monitor the level of predatory lending practices by continuing to support legislation to reform the payday and title loan industry, including participating in the Montana Alliance for Responsible Finance and the Montana Financial Education Coalition.
- The MDOC will continue to support the Section 8 Homeownership Voucher program.
- The MBOH will coordinate with educational institutions to facilitate technical construction, weatherization, and home-improvement courses.
- The MDOC will continue support of private foundations committed to leveraging federal dollars for affordable housing throughout the state.
- The MDOC will continue to support programs such as the Montana House - Montana Made Homes program, a partnership between the MBOH, the Anaconda Job Corps, and private nonprofit housing providers around the state. The MBOH provides financing for vocational students to construct 960 square foot modular homes at the Anaconda Job Corps Center. These homes will then be sold to qualifying homebuyers around Montana. The homebuyers will work with a private, nonprofit housing provider in their area that will help

them identify a location for the home and prepare the site for delivery of the home. It is expected that the program, which began in September 2004, will construct four homes annually.

➤ **Objective: Improve the Quality and Availability of Affordable Rental Housing for Low- and Moderate-Income Households**

▪ **Analysis:**

- Sixty-five percent of Montana renters are in the low-income categories (0%-80% MFI).
- Almost 6,500 units, or 14 percent of the total units in commercial buildings classified as rental housing are either unsound or in need of improvements.
- The rental housing wage is calculated based on renting a two-bedroom unit for \$511, including utilities.⁶¹ Assuming a 52-week work year, a 40-hour workweek, and a ratio of 30 percent of income to rental costs, the hourly wage needed to afford a two-bedroom unit is \$9.83. Analysis of 20 occupations revealed that eleven out of the 20 earn an average hourly wage⁶² less than the amount needed to afford rental housing.
- Statewide cost burdens:
 - Renter households statewide at 30% or less of AMI: 68.4 percent pay more than 30 percent of income for housing costs and 52.7 percent pay more than 50 percent of income for housing costs;
 - Renter households statewide at 30% - 50% of AMI: 63.1 percent pay more than 30 percent of income for housing costs and 58.0 percent pay more than 50 percent of income for housing costs;
 - Renter households statewide at 50% - 80% of AMI: 23.4 percent pay more than 30 percent of income for housing costs and 2.4 percent pay more than 50 percent of income for housing costs;
 - Renter households statewide at 80% or more of AMI: only 2.9 percent pay more than 30 percent of income for housing costs and 0.6 percent pay more than 50 percent of income for housing costs.

▪ **Actions/Resources:**

- Utilize HOME funds to rehabilitate existing and construct new rental housing. Estimate 25 new units and 30 rehabilitated units per year.
- Preserve rental units subject to expiring HUD or 515 Rural Development contracts to ensure these units continue to remain viable, affordable units.

⁶¹ See Table III.20 in Volume III of the *Economic and Demographic Analysis of Montana*, Center for Applied Economic Research, Montana State University-Billings, December 2004.

⁶² Average hourly wage for Montana from U.S. Bureau of Labor Statistics.

- Utilize the LIHTC program to construct or preserve an estimated 250 units of rental housing per year. Annual authority is estimated at \$2,125,000 plus any inflation factor the IRS may calculate, which provides an equity infusion of approximately \$15 million per year for production of affordable housing.
- Continue to support the Section 8 housing choice voucher program, which provides essential rental subsidy to very low and low-income Montanans.
- The MBOH will continue to offer permanent mortgage financing for affordable rental housing in partnership with HUD's Risk Sharing Program, which provides mortgage loan insurance.
- The MBOH will continue to offer permanent mortgage financing through its General Obligation Program, which issues tax-exempt bonds to finance projects that do not have mortgage insurance.
- The MDOC will continue support the Mountain Plains Equity Group, Inc. (MPEG). The MBOH joined with the North Dakota Housing Finance Agency and the Wyoming Community Development Authority to form the MPEG. The purpose of the investment group is to support the development of affordable multi-family housing in communities throughout the tri-state area. Smaller projects, particularly in rural communities, can be expensive and difficult for housing authorities, nonprofit entities, and other developers to put together. MPEG is expected to ease the development of multi-family housing. MPEG is structured as a nonprofit corporation to make investments in LIHTC projects and potentially historic tax credit projects.

➤ **Objective: Provide Housing Options for the Elderly and Special Needs Populations⁶³**

▪ **Analysis:**

- Fifty percent of Montana's elderly households are in the low-income categories.
- Montana's elderly homeownership rate is 78.9 percent (overall homeownership rate is 69.1 percent statewide).
- Statewide cost burdens for elderly homeowners:
 - Elderly owner households at 30% or less of AMI: 70.5 percent pay more than 30 percent of income for housing costs and 44.4 percent pay more than 50 percent of income for housing costs;
 - Elderly owner households at 30% - 50% of AMI: 37.1 percent pay more than 30 percent of income for housing costs and 15.8 percent pay more than 50 percent of income for housing costs;

⁶³ HUD defines special needs households as a household where one or more persons have mobility impairments or disabilities, i.e., mental, physical, developmental, persons with HIV/AIDS; or with alcohol or other drug addiction that may require housing with supportive services

- Elderly owner households at 50% - 80% of AMI: 21.2 percent pay more than 30 percent of income for housing costs and 7.5 percent pay more than 50 percent of income for housing costs;
- Elderly owner households at 80% or more of AMI: 7.3 percent pay more than 30 percent of income for housing costs and 1.4 percent pay more than 50 percent of income for housing costs;
- Statewide cost burdens for elderly renters:
 - Elderly renter households at 30% or less of AMI: 57.1 percent pay more than 30 percent of income for housing costs and 54.4 percent pay more than 50 percent of income for housing costs;
 - Elderly renter households statewide at 30% - 50% of AMI: 50.4 percent pay more than 30 percent of income for housing costs and 15.8 percent pay more than 50 percent of income for housing costs;
 - Elderly renter households statewide at 50% - 80% of AMI: 33.1 percent pay more than 30 percent of income for housing costs and 8.0 percent pay more than 50 percent of income for housing costs;
 - Elderly renter households statewide at 80% or more of AMI: 9.0 percent pay more than 30 percent of income for housing costs and 4.8 percent pay more than 50 percent of income for housing costs;
- While 42 percent of all Montana's households are in the low-income categories, 57.5 percent of the special needs households are in the low-income categories.
- By 2010, 52 percent of elderly households and 57.5 percent of special needs households are estimated to be in the low-income categories
- Accessibility continues to be a significant issue for elderly and special needs households, in addition to affordability and supply.
- The elderly and special needs populations are forecasted to rise at an average of 1.74 percent per year, reaching over 98,000 elderly households and over 70,000 special needs households by 2010. This growth reflects Montana's aging population, and the increase in mobility and self-care limitations as the population ages.
- While the overall homeownership rate is 69.1 percent, Montana's special needs homeownership rate is slightly lower at 68.4 percent.
- **Actions/Resources/Strategy:**
 - Continue to market and support the Reverse Annuity Mortgage Loan Program, which enables Montana homeowners over 68 years old to provide for their own in-home support by utilizing cash from a Reverse Annuity Mortgage.

- Address the perceived need for assisted living housing for the elderly by commissioning a study on elderly housing issues in rural areas.
- Continue to utilize HOME and CDBG funds to develop projects targeted to physically, developmentally, and mentally disabled households.
- Increase group living and homeownership opportunities for persons with severe and disabling mental illness (SDMI) and other disabilities, especially through cooperation with the Montana Home Choice Coalition.
- The MBOH anticipates that it will continue to make funds available through the Disabled Accessible Affordable Home Ownership Program to provide architecturally accessible homes for persons with permanent disabilities and mobility impairments. The MBOH expects to finance 156 homes with nearly \$10 million in recycled mortgage funds over the five-year period.
- Continue to offer education regarding universal design and accessibility requirements in order to increase the number of accessible multi- and single-family units available.

➤ **Objective: Affirmatively further fair housing and implement objectives and actions identified in the *Analysis of Impediments to Fair Housing*⁶⁴.**

▪ **Actions/Resources/Strategy:**

- Continue to require all HOME and CDBG grantees to abide by fair housing laws and take actions to provide housing services and programs free of discrimination;
- Continue to maintain records reflecting the analysis and actions taken;
- Work to improve the understanding of fair housing law and proper construction practices by:
 - Improving the general public's understanding of fair housing law through further outreach and education.
 - Exploring the feasibility of incorporating homebuyer training at the secondary education level. Communicate how credit markets work, how to avoid credit problems, and what predatory lending practices are to an audience entering the rental or homebuyer market.
 - Designing educational training sessions for specific subgroups, including consumers and providers of housing to improve the fair housing educational experience.
 - Continuing to publish and distribute fair housing educational materials and guides.
- Enhance coordination among member of Montana's affordable housing community by:

⁶⁴ *Analysis of Impediments to Fair Housing and Housing Choice*, Western Economic Services, LLC, November 2004.

- Establishing a network with landlords, bankers, attorneys, and others for setting and coordinating a fair housing agenda. MDOC will oversee this effort. It will establish a Fair Housing Working Group with regular meetings to assess and review progress associated with the fair housing agenda.
- Encouraging partnerships among the disabled community, housing developers, builders, and other housing providers. This action may include:
 - Identifying and defining sources of information to which questions about 504 design and construction standards and 504 compliance can be referred; and
 - Urging developers and builders to contact the disabled community directly.
- Coordinating with Montana Fair Housing to further fair housing education throughout the state.
- Increasing the MDOC's role as an information clearinghouse by including additional information on the Housing Division website, including:
 - Montana Landlord/Tenant Law;
 - Federal and Montana fair housing laws; and
 - ADA and 504 design and construction standards.

➤ **Objective: Decrease housing environmental hazards, such as lead-based paint, asbestos.**

▪ **Actions/Resources/Strategy:**

- Enforce all applicable federal and state environmental laws;
- Present information on the LBP regulations and lead-safe work practices at its application and grant administration workshops;
- Continue to require the appropriate notification, inspection, testing, interim controls or abatement, and clearance activities are followed;
- Continue to promote lead-based paint training whenever it is aware of it being offered in the state; and
- Partner with the MSU Extension Service to expand LBP training opportunities by providing financial support for MSU staff to become accredited to provide EPA training for Inspectors and Risk Assessors. MDOC anticipates that underserved areas of the state will take advantage of this new, local resource to become EPA certified and/or to remain current in existing certifications.

➤ **Objective: Continually Improve the Efficiency of the MDOC Housing Programs.**

▪ **Actions/Resources/Strategy:**

- Market the resources available to acquire, build, preserve, or rehabilitate affordable housing units by continuing the participation of the HOME and CDBG program staff in joint affordable housing application workshops each year. Other participating programs include the MBOH Low Income Housing Tax Credit Program and USDA Rural Development Housing Programs. At least three workshops a year will be held.
- HOME, CDBG, MBOH, and USDA Rural Development staffs expect ongoing, active participation in the efforts to simplify and standardize housing program delivery in Montana. The Uniform Application is in use, and efforts during the coming five-year period will focus on standardizing environmental review processes and contents of grant administration manuals.
- Examine the allocation procedure in order to simplify and maximize the efficiency with which HOME funds are allocated and to ensure that they are being leveraged to the greatest extent possible.
- Continue to encourage CDBG housing funds be used as part of an overall neighborhood or community renewal effort.
- Continue to utilize technical assistance providers to the fullest extent possible. Emphasis will continue to be on community needs assessment and project development. Staff members of each MDOC program continue to market the programs and educate potential participants in the programs. The CDBG program proposes to continue to provide capacity building training and other technical assistance to local governments. This training relates to general community planning, capital improvement planning, provision of affordable housing, fair housing education, and environmental compliance.
- Increase training opportunities in housing construction as part of an overall economic development strategy that specifically targets training to at-risk populations, such as participants in the Job Corps, inmates in the prison system and residents of Indian Reservations.

III. HOMELESS

A. HOMELESS NEEDS

The Montana Continuum of Care (MT CoC) for the Homeless Coalition is a statewide collaboration of diverse homeless service providers, nonprofit organizations, and local and state governments. The coalition was formed to address homelessness with very few resources to cover Montana's vast geographical area. The system is predicated upon community and regionally based continuum of care systems, which form the statewide coalition and continuum of care process.

1. Survey of Montana's Homeless⁶⁵

The annual point-in-time survey of Montana's homeless, sponsored by the Intergovernmental Human Services Bureau of the MDPHHS, was administered statewide April 28-30, 2003. Volunteers and non-profit workers in each of seven major population centers reached as many of Montana's homeless people as possible during that time. There was no duplication among those surveyed. The questions and survey dates were consistent statewide, but the survey cannot be considered definitive or scientifically valid because methodology was left to the discretion of the agencies administering it. Those who conducted it on the streets elicited different snapshots of the homeless than those working through the homeless shelters. Even so, the composite results provide a valuable snapshot of what it means to be homeless in Montana.

Respondents were considered either "individuals" or "families," which was defined as being alone or with family. There were 516 families with 1,426 members, for an average family size of 2.76 people. There were also 1,397 homeless individuals surveyed. All told, 2,823 homeless people were identified.⁶⁶

Age: Among identified families and individuals:

- | | | | |
|----------------------|-----|------------------|-----|
| • Under age 14 | 19% | • 35 – 44 | 20% |
| • 14 – 17 | 8% | • 45 – 60 | 22% |
| • 18 – 21 | 7% | • 61 – 72 | 24% |
| • 22 – 34 | 20% | • Aged 72+ | 1% |

Gender: Overall, 61 percent of those surveyed were male, though more women than men were the heads of homeless families.

Race: Minority representation was extremely disproportionate, with Native Americans represented at rates 2.2 to 3.6 times higher than would be expected based on 2000 Census data.

Educational Attainment: The majority, 70.1 percent of individuals and 64.9 percent of family representatives, had a GED, diploma or degree.

Tenure in the Community: Most of the homeless people surveyed were not strangers to the community. Approximately 60 percent of the homeless people surveyed had lived in the area for at least two years. More than one in five had been there for a minimum of six years. Eighteen (18) percent of individuals and 20 percent of families had been there for three months or less.

⁶⁵ *Homeless in Montana: a report*, MT Dept of Public Health & Human Services, Intergovernmental Human Services Bureau, 2004.

⁶⁶ Through the *Annual Survey of the Homeless*, the attempt is made to reach as many homeless individuals and homeless families as possible. This is done largely through volunteer efforts. The data describes only those who were reached during the point-in-time survey taken in the seven urban centers of Montana over the course of three days in April 2003. It is impossible to conduct an exhaustive count, but the attempt is made to provide a reasonable indication of the extent of the problem and to profile who the homeless in Montana are. Survey approaches are a legitimate, valuable tool for understanding the prevalence of a condition such as chronic homelessness, and for understanding the characteristics of those experiencing that condition.

- ☑ Time Homeless: Nearly one-third, 32.9 percent, of the homeless individuals interviewed and 22.3 percent of those representing families had been homeless for more than a year.
- ☑ Where did you sleep last night? The top two options were staying with friends or relatives and emergency shelters. Comparatively few reported coming from detoxification facilities, hospitals, or correctional facilities.
- ☑ Factors: Respondents were given a choice of 15 factors and asked to choose all that applied to them. There were marked differences in the responses of the two groups. The top 5 responses for each group were:

Families

1. Lost job/no skills24.2%
2. Moving costs.....22.3%
3. Domestic abuse.....21.5%
4. Mental health 18.0%
5. Evicted.....17.4%

Individuals

1. Mental health..... 33.7%
2. Drugs/alcohol 27.2%
3. Lost job 21.9%
4. Lifestyle choice..... 20.4%
5. Moving costs 6.3%

Chronic homelessness is defined as, “An unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or has had at least four (4) episodes of homelessness in the past three (3) years.”⁶⁷

According to *Ending Chronic Homelessness: Strategies for Action* by the U.S. Department of Health and Human Services (2003), longitudinal analyses of homeless service users create distinctions among homeless persons. The group is not homogeneous, but comprised of three subgroups:

1. Temporarily homeless: persons who experience only one spell of homelessness (usually short) and who are not seen again by the homeless assistance system;
2. Episodically homeless: those who use the system with intermittent frequency, but usually for short periods; and
3. Chronically homeless: those with a protracted homeless experience, often a year or longer, or whose spells in the homeless assistance system are both frequent and long.⁶⁸

This is consistent with federal Homeless Policy Academy materials, which indicate that 80 percent of those who experience homelessness each year exit within three to four weeks, 10 percent are episodically homeless, and 10 percent experience chronic homelessness. The chronically homeless as a group face numerous barriers. They exhibit high levels of disability, are not engaged with conventional community life, have multiple service needs, and yet still must navigate largely fragmented systems.⁶⁹

⁶⁷ U.S. Departments of Housing & Urban Development and Health & Human Services, and Veterans Administration

⁶⁸ *Ending Chronic Homelessness*: <http://aspe.hhs.gov/hsp/homelessness/strategies03/ch.htm#ch2>

⁶⁹ *Ibid.*

According to Montana's 2003 Survey of the Homeless⁷⁰:

- 444 (33 percent) of individuals and 109 (22.3 percent) families had been homeless for longer than a year.
- 51 percent of individuals and 46 percent of families had been without safe, permanent housing for more than six months.

Montana's 2003 Survey of the Homeless			
Time Homeless	Individuals	Families	
Less than 1 month	157 11.6%	62 12.7%	
More than 1 month	186 13.8%	82 16.8%	
More than 3 months	218 16.2%	103 21.1%	
More than 6 months	247 18.3%	116 23.8%	
More than 1 year	444 32.9%	109 22.3%	
Unsure	96 7.1%	16 3.3%	

Montana's 2003 Survey of the Homeless ⁷¹				
	Individuals		Families	
	#	%	#	%
Drugs/Alcohol	380	27.2%	86	16.7%
Mental Health	471	33.7%	93	18.0%
Co-occurring Mental Health & Substance Abuse Disorders	177	12.7%	29	5.6%
HIV/AIDS	5	0.4%	1	0.2%
Physical Disability	185	13.2%	48	9.3%

- Per the table at left, significant numbers cite one or more disabling conditions as factors in their homelessness.

Minorities are overrepresented among Montana's homeless population. This is particularly true in relation to Native Americans, who are represented at rates 2.2 to 3.6 times higher than Census data would dictate. The table below compares the percentage of minority people represented in the *2003 Survey of the Homeless* with Montana Census data. This overrepresentation is consistent with what is happening nationally. Little is known about what homelessness looks like on Montana's reservations, which encompass approximately 13,084 highly rural square miles. Per the table, American Indian people are represented among the homeless at highly disproportionate rates, in total accounting for 180 individuals and 111 families. Poverty and lack of living wage jobs are pivotal precursors to homelessness among all Montanans. These factors are particularly evident among the tribes:

Race/Ethnicity ⁷²	2003 Survey of the Homeless		2000 Census
	Individuals	Families	Overall
White	78.5%	67.7%	90.6%
African American	2.2%	1.6%	0.3%
Native American	13.5%	22.6%	6.2%
Hispanic	2.5%	3.3%	2.0%
Asian	0.4%	0.8%	0.5%
Multi-racial	2.2%	3.7%	1.7%
Other	0.7%	0.4%	0.6%

- ❑ Poverty on the reservations ranged from a low of 34 percent on the Blackfeet Reservation to 50 percent on the Northern Cheyenne Reservation at the time of the 2000 Census;

⁷⁰ *Homeless in Montana: a report*, MT Dept of Public Health & Human Services, Intergovernmental Human Services Bureau, 2004.

⁷¹ *Ibid.*

⁷² *Ibid.*

- ❑ Tribal calculations for 1999⁷³ revealed extremely high unemployment rates, ranging from 36 to 76 percent of the labor force on the reservations.
- ❑ Among those who are employed, 12 to 40 percent had incomes below poverty.

B. PRIORITY HOMELESS NEEDS

During the 2003 survey, participants were asked, “Do you or anyone in your family need any of the following?” Respondents were encouraged to select as many of 15 different items as were applicable. There were 5,220 positive “hits” from individuals and 1,979 from families, indicating an array of needs for each respondent. The top three ranking items were the same for both groups. The needs can be broken down into broad categories, including: (1) basic needs (food, shelter and/or clothing); (2) health needs, including medical, prenatal, substance abuse and/or mental health treatment; (3) skills/training or education; and (4) access to mainstream services, including childcare, transportation, and Veterans’ and/or legal assistance. Overwhelmingly, the category receiving the most positive responses was basic needs: 41 percent of all individual responses and 36 percent of all family responses fell there. Perhaps the most compelling fact revealed is the multiplicity of needs and variety of local, state, and federal programs required to address those needs. Coordinated multi-agency strategies will be a key to combating homelessness in Montana.

Montana’s 2003 Survey of the Homeless		
<i>What do you need?</i>	Individuals	Families
1. Help finding a place to live	57.4%	57.9%
2. Food or clothing	51.0%	47.1%
3. Medical care	45.8%	47.1%
A regular place to sleep	45.2%	31.4%
Job training, skills or counseling	39.9%	42.1%
Mental health care or medication	38.9%	31.8%
Drug/alcohol treatment	27.4%	20.7%
Child care	1.5%	26.2%
School	14.9%	22.5%
Transportation to work	17.0%	19.0%
Legal assistance	16.5%	18.4%
Transportation to relocate	6.0%	7.2%
Prenatal care	0.6%	4.8%
Veterans’ assistance	5.0%	3.7%
Other	6.5%	3.7%
These values are based on the <i>number of respondents</i> stating that they needed help in these areas		

More than half, 55.3 percent of individuals, and 76 percent of the families surveyed had income and 21 percent of individuals and 27.1 percent of families were working either part- or full-time. A very small minority stated that they resorted to asking strangers for money.

Montana’s 2003 Survey of the Homeless		
Income Source	Individuals	Families
Had some income	55.3%	76.0%
SSI	15.5%	11.2%
Part-time job	14.3%	12.8%
Food stamps	11.4%	21.7%
Other	6.9%	7.2%
Full-time job	6.7%	14.3%
Social Security	6.0%	4.1%
Selling personal belongings	4.9%	5.4%
Asking strangers for money	4.7%	1.6%
Family/friends	3.0%	8.7%
Veterans benefits	2.7%	1.0%
TANF or FAIM	1.1%	23.3%
Savings	1.1%	0.4%

⁷³ Northwest Area Foundation indicators: <http://indicators.nwaf.org/>

1. Homeless Population and Subpopulations⁷⁴

The 2003 Statewide Homeless Survey, which provides “unsheltered” data, and the Subpopulations Served Survey, the source for “sheltered” data, were both conducted at the same time as the Housing Inventory, on April 30, 2003. “Unsheltered” Chronic Homeless were determined by identifying “individuals” responding in the survey that they needed mental health assistance and were homeless due to mental health reasons or other serious disability. This subset was cross-matched with responses on the duration and frequency of homelessness to identify those who were homeless for more than a year or four times in the past three years. This subset was further reduced to identify only those who indicated on the survey that they spent the previous night either on the streets, at a camp, or in a car. This data is completely reliant upon responses from the homeless persons themselves and the level of confidence is still to be determined, yet is our most direct and consistent source of data.

There are two potential sources for “Sheltered” Chronic Homeless data. The first uses the same final “subset” as above and is extracted from the Homeless Survey but then identifies respondents (171) stating they stayed the previous evening in a shelter, motel, jail, hospital, or with friends. The second source comes from the Subpopulations Served Survey conducted in facilities, which asks shelter and housing facilities to identify how many chronically homeless residents (91) they had on the night of the survey. However, respondents often indicated they did not have the needed information to identify the chronically homeless. For consistency, the MT CoC used the homeless survey data of 171 sheltered.

All three of the data sources are “point-in-time” enumerations. The lead agency sponsoring all three surveys is the Montana CoC Coalition. Co-sponsors include the MDPHHS and the HRDC Directors’ Association. For more information on the survey, contact Robert Buzzas, 321 E. Main, Suite 316, Bozeman, MT 59715; 406-586-1572; e-mail: civicconsulting@msn.com.

⁷⁴ The 2005 Survey of the Homeless was conducted in seven communities statewide in late January 2005. As many unduplicated homeless persons as possible were identified and surveyed. While the survey cannot provide a census of Montana’s homeless, it can offer a valuable point-in-time snapshot of what it looks like to be homeless in Montana.

2004 Continuum of Care Homeless Population and Subpopulations Chart⁷⁵

		Current Inventory in 2004	Under Development in 2004	Unmet Need/ Gap
Individuals				
Example:	Emergency Shelter	100	40	26
Beds	Emergency Shelter	450	0	87
	Transitional Housing	177	73	314
	Permanent Supportive Housing	128	15	598
	Total	755	88	1,087
Persons in Families with Children				
Beds	Emergency Shelter	275	0	89
	Transitional Housing	230	0	574
	Permanent Supportive Housing	24	0	550
	Total	529	0	1,213

2004 Housing Gaps Analysis Chart

Part 1: Homeless Population	Sheltered	Unsheltered	Total	
	Emergency	Transitional		
Example:	75 (A)	125 (A)	105 (N)	305
1. Homeless Individuals	295 (N)	233 (N)	869 (N)	1,397 (N)
2. Homeless Families with Children	48 (N)	42 (N)	417 (N)	507 (N)
2a. Persons in Homeless Families with Children	133 (N)	118 (N)	1,166 (N)	1,417 (N)
Total (lines 1 + 2a)	428 (N)	351 (N)	2,035 (N)	2,814 (N)
Part 2: Homeless Subpopulations	Sheltered	Unsheltered	Total	
1. Chronically Homeless	171 (N)	117 (N)	288	
2. Severely Mentally Ill	106 (N)	<i>Optional for Unsheltered</i>		
3. Chronic Substance Abuse	127 (N)			
4. Veterans	67 (N)			
5. Persons with HIV/AIDS	47 [46 HOPWA] (N)			
6. Victims of Domestic Violence	129 (N)			
7. Youth (Under 18 years of age)	147 (N)			

2. Housing Gaps Analysis

For Emergency Shelter beds, both individual and family, the gap is calculated by multiplying “total need” (i.e., total number of homeless counted in the survey minus inventory of existing beds) by 10 percent to produce “unmet need.” In other words, the MT CoC’s goal is to fill only 10 percent of the simple “total need.” While somewhat arbitrary, many factors went into arriving at this percentage, including the level of confidence in the actual data, the high level of transience in shelter usage, and the fact that there is a low frequency of “filled rates” in many of the larger city shelters. This percentage also reflects that the MT CoC’s priority is not on shelters.

⁷⁵ Montana Continuum of Care 2004 Application to HUD, July 2004 (See Appendix E for a complete copy)

Determining the “unmet need” or gap for transitional beds is more complicated. The MT CoC’s priority over the past year has clearly moved toward “housing first,” but it also recognizes there are still subpopulations in need of transitional housing. Those groups were identified as homeless due to: (1) serious mental illness; (2) substance abuse; (3) dual diagnoses; (4) domestic violence; and (5) homeless teen mothers or pregnant teens. These subpopulations were added together to produce “total need.” Only half of total domestic violence count was used as the best estimate of those who actually needed transitional housing as opposed to permanent housing. The inventoried number of beds for individuals and family beds, including beds under development, were then subtracted from this “total need” to produce “unmet need.”

These same “total need” numbers were used to determine the gap in permanent supportive housing by subtracting the number of inventoried beds for both individual and families from “total need” to produce the “unmet need.”

C. HOMELESS INVENTORY

See Appendix E, the 2004 Continuum of Care application, for the *Service Activity Chart* (form HUD 40076 CoC-F) and *Housing Activity Chart* (form HUD 40076 CoC-G). The *Service Activity Chart* (Form HUD 40076 CoC-G) begins on page 28 in Appendix E (Prevention Component: page 28; Outreach Component: page 30; Supportive Services Component: page 32). The *Housing Activity Chart* begins on page 35 in Appendix E (Emergency Shelter: page 35; Transitional Housing: page 36; and Permanent Supportive Housing Service: page 38).

D. HOMELESS STRATEGIC PLAN [91.315(c)]

Breaking the long-term cycle of homelessness, tempered by short-term shelter, cannot be accomplished by building more shelters or facilities alone. Besides a lack of shelter, homelessness involves a variety of unmet physical, economic, and social needs. A comprehensive, coordinated system of homeless assistance is comprised of a wide array of services, tools, and opportunities for the homeless. Homeless services will include a prevention strategy and will help the homeless in stages—to take them from an emergency shelter to permanent housing.

1. Institutional Structure

The lead entity is the Montana Continuum of Care Coalition, a seven-year-old statewide collaboration of individuals and organizations representing a wide variety of communities and homeless services. The MT CoC has no "official" designation, and is not a 501(c)(3) organization nor is it housed within any governmental entity. It has been, however, the state’s only homeless planning entity and has successfully brought together many key players to achieve a long list of accomplishments. It was started by collaboration between the MDPHHS and the Montana HRDC Association (community action agencies). The MDPHHS continues to provide staffing through a contract for services and the HRDC Association continues to help underwrite the costs of the annual

statewide homeless survey, but governance issues and other decisions are left completely to the MT CoC membership.

An Executive Committee of 10 members from seven communities provides the core leadership to oversee and assess the need for change, the development of committees, and to give directions to the consultant/staff. Membership on the Executive Committee is open to anyone interested in serving. Other committees for the 2004 program year included: Process, Strategy, Renewal Reviews, Policy Academy, HMIS Development, and MT Council on Homeless committees.

Although the MT CoC Coalition has been the only planning body in the state addressing homelessness, that is changing. In May 2004, then-Governor Martz established of the Montana Council on Homelessness. The MT CoC is committed to having a single, integrated and inclusive planning body and looks forward to working with the MCH and deferring planning and leadership to it as the principal homeless planning body. Of the 16 appointees to the MCH (see MCH membership, Appendix A, page A-3.), five active MT CoC members are included to help ensure close coordination and integration between these two organizations. While the precise role of the MT CoC will be revised this coming year to best complement the efforts of the MCH, it is envisioned that it will become a partner in planning and just one of many organizations being coordinated by the MCH in implementing a far broader agenda of action items.

The MT CoC reviews its mission and strategy, structure, process, and progress annually. At least five other meetings throughout the year are needed to continue ongoing planning efforts, develop projects, organize the homeless survey and housing activity survey, refine the MT CoC's process, ensure project ranking occurs, and facilitate the submission of a consolidated MT CoC application.

MT CoC membership or participation is completely open and operates on the principles of shared-leadership and decision-by-consensus. Membership averages 50 to 55 individuals representing every district as well as the 10 largest cities in the state with about half of those being consistently active throughout the year and from year-to-year. While the executive provides some core leadership and planning, everything is subject to review and change during the statewide MT CoC meetings. Agendas include time for open discussion and draft agendas are sent prior to each meeting requesting changes or additions.

Linkages and coordination with other statewide groups, such as the NAHRO⁷⁶ MT Association, the Montana Home Choice Coalition, the HRDC Association, Mental Health Network, Montana Veterans Association and others, is accomplished through cross membership in the MT CoC and these organizations.

Collaboration with state agencies, such as the Addictive and Mental Disorders Division of the MDPHHS, state Veterans Affairs, state housing programs, the Consolidated Plan,

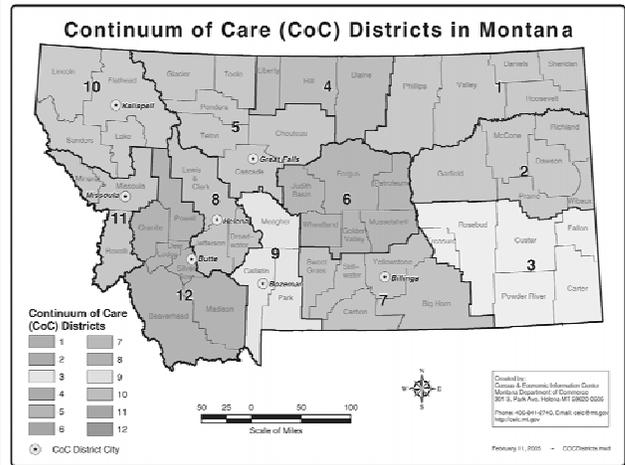
⁷⁶ National Association of Housing and Redevelopment Officials

and the state PATH Coordinator, are all achieved through having representatives from these offices in the MT CoC.

Given that most of Montana is very rural and sparsely populated (half of the 56 counties meet the “Frontier” designation of fewer than seven people per square mile), the districts are used as the organizational structure to ensure both geographical participation in the continuum and the delivery of services throughout the state. These are the same districts used by the HRDCs since 1964. The following map shows the districts and the table illustrates the extent to which Montana is challenged to provide services by vast geography and sparse population. Note the comparison of size and population size to the sample states showing districts larger than some states yet only a fraction of the population.

Montana Continuum of Care for the Homeless Coalition

District	Population	%	Size (Sq. Mi.)	Density (people per sq mi)
1,2,3	81,262	9%	48,499	1.7
4	31,810	4%	12,599	2.5
5	111,740	12%	11,627	9.6
6	22,513	2%	12,371	1.8
7	163,379	18%	13,393	12.2
8	88,063	10%	6,395	13.8
9	85,457	9%	7,840	10.9
10	130,042	14%	13,375	9.7
11	135,756	15%	6,242	21.7
12	70,086	8%	14,701	4.8
Connecticut			5,554	592
New Hampshire			8,215	1,065
Rhode Island			1,214	906.3
Vermont			9,615	62.7
Massachusetts			9,241	770.7
West Virginia			12,232	75.6



Within these districts are a total of 10 community-based or regional continuum of care networks that send representatives to the statewide MT CoC meetings. The seven largest cities in the state provide the major hubs of service that extend to outlying rural areas and encompass approximately two-thirds of the entire state’s population.

Starting on page 4 of the 2004 MT CoC application⁷⁷ is a list of 54 individuals and their organizations that participated in the last year’s coalition. Seven represent key programs in state agencies, three from local governments, 39 from community and statewide nonprofit organizations or advocacy groups, five from PHAs, and even two from the Social Security Administration. Representatives from the HUD state office also participate, but are not included in the list, since they attend meetings only during the summer and fall to preclude involvement with any application activity

⁷⁷ Montana Continuum of Care 2004 Application to HUD, July 2004 (See Appendix E for a complete copy)

2. Homelessness Prevention

A fundamental component of the MT CoC is homeless prevention. Services already in place in assistance with basic needs, eviction and domestic abuse prevention, and job training and employment security. Planned services to prevent homelessness include developing a uniform state discharge policy, encouraging individual development accounts and earned income tax credits, promoting greater integration of intensive case management

a. Services in Place

Basic Needs

- Emergency financial assistance is available through county welfare offices in varying degrees throughout the state's 56 counties for food, medical care, and transportation.
- Food banks are active participants in the local continuums and provide free groceries that often times free up cash resources for rent, transportation, and other essential needs. The providers are community food banks.
- Food stamps are also accessed to do the same. The providers are the 12 local Public Assistance Offices and their outlying satellite offices.
- Affordable housing programs including HOPWA, Shelter Plus Care, Section 8, CDBG, HOME, Montana Preservation Project, and federal and state tax credits are used by the ten HRDCs (which operate over 15 housing projects in the state). Public housing authorities and several other nonprofit housing organizations (e.g., WORD in Missoula, Neighborhood Housing Services in Great Falls) continue to build the state's affordable housing stock as well as to preserve existing affordable units. Montana now also has a Housing Trust Fund.
- The Salvation Army, St. Vincent DePauls', and other faith-based organizations or churches throughout the state offers emergency assistance. The diversity and levels of services are too numerous to document, but include everything from a cot in the basement of the church to family counseling and childcare provided by the Salvation Army.

Eviction Prevention

- Credit counseling. Credit counseling to assist clients in negotiating delinquent rents or mortgage payments and reaching agreements with landlords to avoid evictions is available through HUD-approved credit counseling programs throughout the state. The primary providers of this service are the HRDCs, WORD, Neighborhood Housing Services, and the public housing authorities.
- Emergency rent assistance. In cases of impending eviction, the ten HRDCs use funds from Emergency Services Grant for emergency rent.

- Emergency Utility Assistance. The state's ten HRDCs also administer Montana Energy Share (a consumer and utility company funded heating assistance program), Low Income Energy Assistance Program (LIEAP), and weatherization program for emergency utility assistance throughout the state.
- ☑ Domestic Abuse Prevention: Most communities are now providing parenting and conflict management classes, domestic intervention and partner counseling services as part of affordable housing programs that are designed to build skills in adults that strengthen marriages and partnerships. The primary providers of this service are churches or collaborations between churches, HRDCs, and domestic abuse organizations that vary from community to community.
- ☑ Job Training and Employment Security: The HRDCs, Workforce Investment Act (WIA) Workforce Centers, and other job training providers are coordinating under WIA One-Stop to provide training, education and employment programs that target individuals most at-risk of homelessness.

b. Planned Services

- ☑ Uniform State Discharge Policy: The MDPHHS has initiated a study of discharge practices for state correctional facilities, hospitals, foster care programs, and other facilities as the first step in creating a new policy that will prevent a discharged person from becoming homeless. As part of the Policy Academy Action Plan, we anticipate having a new policy recommended to the Governor for executive action by early spring 2005.
- ☑ Individual Development Accounts and Earned Income Tax Credits: Montana continues to be one of only a few states not taking advantage of federal assistance to implement Individual Development Accounts (IDA) that can build valuable assets for at-risk individuals and families while participating in other job training, affordable housing, and other related programs used to prevent homelessness and support transitional housing programs. Montana also has a fairly low rate of low-income taxpayers utilizing the Earned Income Tax Credit that can save some families up to \$2,000. The state's HRDCs are beginning to initiate activities in both of these areas and the MT CoC has offered to help.
- ☑ Greater integration of intensive case management is gaining prominence not only among the local and state continuum of care network, but has also been featured or adopted as a goal within the state's mental health services and in the state's job training offices. This effort will be bolstered in the coming year by the Policy Academy's commitment to develop curriculum for "cultural sensitivity" (issues unique to various homeless subpopulations) and "accessing mainstream resources" that can be incorporated into annual training sessions conducted by mental health and job training offices as well as through the state's Profession Development Center, which provides training to state employees.

3. Chronic Homelessness

According to the Montana Continuum of Care 2004 Application⁷⁸, the 2003-04 MT CoC Plan (September 2003 through August 2004) included 12 goals and 30 action steps designed to address the Chronic Homeless Action Plan jointly developed and adopted by the MT CoC and the Montana Chronic Homeless Policy Academy Team. Twenty-one action steps were successfully implemented, progress continues in seven others, and two were dropped after considerable effort. Specific actions included:

- ☑ The Montana Council on Homelessness was established on May 7, 2004 by Executive Order of the Governor. The MCH met in May with the Governor and is engaging in a series of planning sessions to map out its goals and action steps.
- ☑ State discharge policies, including state prison, youth corrections facility, state mental hospital, foster care program, nursing care center, and the state chemical dependency center were inventoried. As a result, the MT CoC is initiating two pilot programs specific to the State Prison and the State Mental Hospital for creating better community mobilization of housing and other services for discharges.
- ☑ In collaboration with the regional Social Security Administration office in Denver, a pilot project was designed to increase SSI acceptance rates by “red flagging” disability determination applications for four months for special scrutiny and developed joint training for community mental health center case managers and supervisors to improve the quality of SSI applications. Workshops were held in Great Falls and Helena in April 2004 (30 attendees each), and at the State Mental Hospital for social work staff in May 2004. Other training is planned and next steps include training for hospital psychologists conducting diagnoses.
- ☑ A Memorandum of Understanding was signed with the Montana State Mental Hospital to cooperatively work together to prevent the discharge of any patients into homelessness. The hospital initiates discharge planning within 10 days of admitting a patient and makes every effort to include a contact from a community mental health center in preparing an After Care Plan for each patient.
- ☑ Efforts promoting VA grants to MT CoC participants resulted in Montana going from no funding to the award of five different grants to MT CoC participants for per diem and service center grants that will provide 73 new transitional housing beds and fund contacts with 725 homeless veterans in two communities including a grant for acquisition and renovation of a service site and an outreach van.
- ☑ Funds were raised from Fannie Mae, MBOH, MDPHHS, and the State Community Action Partners Association to sponsor a statewide “Housing First” Workshop conducted by Tanya Tull of Beyond Shelter, Inc.
- ☑ A statewide Cultural Sensitivity in Case Management workshop was conducted. The workshop was designed to help case managers deal more effectively with chronically homeless individuals.

⁷⁸ Montana Continuum of Care 2004 Application to HUD, July 2004 (See Appendix E, starting with page 15)

- ☑ A statewide “pre-release” workshop on HUD’s “First Step” Case Management software was conducted and informational disks and other materials are being distributed statewide.
- ☑ The Montana Department of Veterans Affairs office developed a model for community “Stand Downs” and is providing some financial and other support to promote more stand downs throughout the state. Two stand downs occurred in Billings, September 11, 2004, and in Libby, October 2, 2004. In 2003, Libby was the site of the nation’s largest Veterans Stand Down.
- ☑ An agreement was reached with the MDPHHS to administer the homeless management information system (HMIS), currently in the final implementation phase.
- ☑ The statewide homeless survey was revamped to better capture chronic homeless numbers. The survey date was changed from the spring to January due to NOFA requirements.

While some of the actions above are easily quantified, it is important to note that other immeasurable actions are considered the most important accomplishments of the MT CoC. Chief among them is the creation of the MCH, very likely the single most critical step toward eradicating chronic homelessness by 2010. While no quantifiable impact is available, the state level leadership from policy makers and agency directors that has been scarce until now is building.

The pilot project developed jointly between the MT CoC and the regional Social Security Administration office in Denver is targeted to increase the state’s SSI acceptance rate from 32 percent to 80 percent, which will result in the number of chronically homeless individuals receiving immediate Medicaid and SSI benefits, an increase from about 30 to 80 individuals.

The VA grants are providing 63 new transitional housing beds in two communities with high rates of homelessness. A conservative estimate of a two-month average stay means 378 total individuals will be housed and about 25 percent, or about 95, will be chronically homeless. It is anticipated that about 25 percent, or 24 individuals, will be referred successfully to substance abuse or mental health treatment. The service centers will contact about 8,700 homeless veterans a year, of which, about 2,175 are estimated to be chronically homeless, and of that, 10 percent, or 217, will be successfully referred to treatment or other services leading to stability and permanent housing. The MT CoC estimates these grants will lead to 240 chronically homeless individuals moving out of homelessness.

The January 2005 homeless and facilities survey is designed to provide some measurable data on whether MT CoC efforts, such as the workshops, are effectively increasing outreach and improving case management, particularly to the chronically homeless. Until then, the MT CoC’s annual performance report comparisons provide some anecdotal impacts. Most obvious is the sheer increase in the number of clients. In 2003, 10 renewal projects exited 348 clients compared to 1,167 for 13 renewal projects

in 2004. While the percent change in enrollment in various mainstream programs improved only slightly, the dramatic increase in the number of clients indicates case managers were exiting more clients into mainstream services than before (SSI: from 64 to 241; TANF: from 51 to 165; employment income: from 159 to 852; Medicaid: from 113 to 284, food stamps: from 233 to 819). While the chronically homeless cannot be distinguished from other homeless in these numbers, the MT CoC are confident that the SSI and Medicaid numbers reflect significant increases in the chronically homeless population.

The impacts from the 2004 “Stand Downs” were expected to reach well over 2,000 veterans in Billings and Libby. While the MT CoC cannot estimate or quantify the impact at this time, both stand downs have enrollment or intake and referral services to many programs. Anecdotal evidence and stories indicate that a number of veterans find their road out of homelessness through processes that start with the stand downs.

MT CoC partner, the Montana Home Choice Coalition, was successful in moving projects that have or will (in the next couple of months) create 38 new units of permanent housing in five communities for seriously disabled individuals with long-term histories of institutionalization. While not specifically set aside for homeless, some of the residents were homeless at the time of entering the State Mental Hospital and others are at high-risk of homelessness without these units.

The largest obstacle continues to be the need for state policy leadership and state agency commitment that will bring more resources and coordination to bear on the problem. The structure created through the MCH and the commitment from former Governor Martz and the former director of the MDPHHS are leading to even broader engagement, a significant achievement. One potential obstacle now, however, is that the new administration is bringing new leadership, department directors, and to some extent, shakeups in management positions. The MT CoC will address this potential obstacle by working closely with the new MCH to ensure momentum gained over the past year is not lost.

The shortage of beds/slots for both substance abuse treatment and mental health treatment and the availability of permanent housing when it is needed continue to be major obstacles. While the MT CoC is making inroads through programs such as Shelter Plus Care (SPC), the state is losing ground in the Section 8 voucher program. This problem is being presented to the MCH as one of its most serious challenges in the hope that state housing resources will be made available for the chronically homeless population.

The number one priority jointly developed by the recent Montana Chronic Homeless Policy Academy team and the MT CoC continues to be: “To establish both the leadership and statewide structure necessary to provide the coordinated effort necessary to end chronic homelessness by 2010”. The next three priorities are:

- To improve effective case management.

- To access new resources that can make a difference
- To create new outreach efforts to hard-to-reach the chronically homeless.

The MT CoC's strategy for addressing these priorities include the following:

- ☑ Creating the Montana Council on Homeless: This is the primary means for creating the leadership, statewide structure, and coordinated effort called for in the first strategy and priority. Foremost among the attributes of the MCH is that it includes high-ranking state officials and policy makers and service providers who are new and critical participants in the homeless planning effort. With their involvement, the MT CoC will be much more effective in coordinating the delivery of services, programs and case management, prioritizing outreach through all programs under state purview, and marshalling more and new resources.

The MT CoC supports the MCH becoming the primary homeless planning body and is committed to not having two separate or disconnected planning efforts. The MCH will be the critical vehicle for moving forward in all of the strategy areas.

Because the MCH and the emerging leadership are still in the early stages, resources and attention will continue to be on the successful "activation" of the MCH. To fully engage all members, particularly the newer ones, and for the MCH to become an effective leader of change, it will be necessary for the MCH to undertake yet another homeless planning process. The MT CoC's role will be to provide support and to work through the MCH to produce a new plan.

At the first MCH meeting in May 2004, MT CoC members suggested that the MCH adopt both short- and long-term goals so that action steps already developed by the Policy Academy Team could continue to be implemented and not lost, while longer-term goals could still be adopted during the MCH planning sessions later. Some critical goals were deferred to the MCH, the MT CoC prioritized seven short-term goals with 20 action items that either complement some of the MCH's short-term goals, boost the MCH's planning process, or continue to achieve results in already initiated efforts. (Goals and Actions are provided in the Strategy/Goals table in Appendix E, beginning on page 19.)

- ☑ Establishing the HMIS system and tracking institutional discharges to provide reliable data, tracking systems and outcome measuring capabilities will continue to be a major task for the MT CoC in collaboration with the system manager, the MDPHHS. While MDPHHS is responsible for providing the system, the MT CoC is primarily responsible for recruiting participation. This data will drive the development of actions under the strategies, including increased leadership and coordination of resources, more effective case management and outreach efforts, and mobilization of new state resources.

The MT CoC is also adding a pilot project that will include information not provided in HMIS in an attempt to account for and track the chronically homeless admitted to

and discharged from four major hospitals, four city or county jails, the Montana State Hospital, and the Montana State Prison. The statewide homeless survey indicated that 11 percent of the chronically homeless spent the previous evening in one of these institutions. While other action items directly curtail these incidences, this pilot project will help in the design of further actions by providing better data on frequency and better understanding of the conditions.

- ☑ Preventing Institutional Discharge into Homelessness. While not directly a result of a specific priority or strategy, the MT CoC is addressing the prevention of institutional discharge into homelessness. This effort directly contributes to the strategies of building greater leadership and coordination as well as improving case management. For example, discussions leading to a memorandum of understanding with the director of the State Hospital were one factor in his increased commitment to homelessness as a state administrator as well as his participation with local program case managers to find additional ways to decrease the incidence of homeless from discharges.
- ☑ Increasing & Improving Chronically Homeless Outreach. The statewide homeless survey enumerated 97 sheltered and 117 unsheltered chronically homeless. The MT CoC will be proposing that measures to increase and improve outreach to chronically homeless become a major goal of the MCH. To further this strategy, the MT CoC will document and model two pilot projects in two communities providing “one-stop” and “co-location” of services. While there are other similar community programs doing the same thing, two specific initiatives have been selected to demonstrate to the MCH the need for state policy level support for even broader efforts.
- ☑ Increased Use of Mainstream Resources. As a means of continuing to improve case management and better utilize mainstream resources, the MT CoC intends to undertake efforts to prioritize increased enrollments in SSI, food stamps, and VA benefits. The statewide homeless survey indicates that only 18 percent of the chronically homeless are enrolled in SSI and only 14.5 percent in food stamps. Similarly, the 2003-2004 annual performance report comparisons show enrollments have increased only 2 percent for SSI and 3.3 percent for food stamps. The survey also indicates that 10 percent of the chronically homeless need assistance with making Veterans claims and only 3.5 percent are receiving any Veterans benefits.
- ☑ Mobilizing new resources will also be achieved through a proposal being developed for an innovative use of a state-bridge fund that will make SPC vouchers more available across the state in less-served rural areas or for harder to serve clients. The MT CoC will also be asking the MCH to adopt the need for more permanent supportive housing as a high priority and to consider a MT CoC proposal to set aside or prioritize a portion of the MBOH funds for the creation of new permanent supportive housing. The MT CoC is also working with Fannie Mae to co-develop a project or series of activities intended to utilize the \$100 million Tax Credit Partnership Fund to spur supportive housing development.

- ☑ Increasing Role of Municipalities. Last, but not least, a new strategy for the MT CoC is increasing the commitment of local governments, particularly mayors, council members, and chief executives, in playing a greater partnership role in addressing chronic homelessness. This strategy was adopted in response to the homeless survey indicating that 70 percent of the chronically homeless have been in the community for two years or more. Montana's chronically homeless population is not a highly transient population, rather they are residents of our communities. The activities will include distributing information packets detailing homeless data and efforts in their own community and modeling innovative ways other local governments are partnering with state, federal, and nonprofits to eradicate homelessness. A model resolution is also being promoted that includes a pledge to join with other municipalities across the country to eradicate chronically homeless by 2010 and agreeing to direct their relevant municipal services (e.g., police, housing or community development and planning departments) to participate in their local continuums to develop outreach, referral and permanent supportive housing programs.

4. Discharge Coordination Policy⁷⁹

The Montana Council on Homeless. The MT CoC considers the creation of the MCH in May 2004 to be a significant achievement that will have major influence on future discharge planning. Among the Governor's appointees are key state policy and administrative leaders, including those from the institutions in question. The first planning session was September 15, 2004 and work groups are in the process of being formed, including one on Discharge Planning, which will very like include members of the MT CoC.

Discharge Policies Inventoried. At the MT CoC's request, while waiting for the executive order for the creation of the MCH to be issued, MCH staff inventoried the discharge policies of the Department of Corrections, Pine Hills Youth Correctional Facility, Foster Care, State Mental Hospital, Montana Mental Health Nursing Care Center, and the Montana Chemical Dependency Center. The inventory and staff memo has provided the basis for some initial assessment and led to some interim action steps by the MT CoC.

Interviews and discussions with both discharging institutions and local service providers, however, reflect varying interpretations of the extent to which institutional discharges are a problem. One of the critical challenges in the very near future will be to assemble the available data and identify the gaps in the information to determine the extent to which discharge into homelessness does occur, under what conditions, and what can be done to help.

To begin this process, the MT CoC has implemented three initiatives:

⁷⁹ Montana Continuum of Care 2004 Application to HUD, July 2004 (See Appendix E for a complete copy)

- A pilot project between the Poverello Center (Missoula) and the State Prison will provide one of the first community organization/prison working relationships designed to increase collaboration and the opportunity to identify additional steps that can be taken.
- A Memorandum of Understanding between the MT CoC and the State Hospital commits both parties to working collaboratively to prevent homeless discharges and to bring to bear more community resources, particularly housing.
- A demonstration between the State Mental Hospital and two community mental health centers (Helena and one other) is being developed that will increase the level of attention given to discharges in the communities to better understand what occurs and to ensure that suitable housing, transitional supportive services, case management, and more are brought to bear on a dischargee.

The current State Hospital Discharge Policy states that: (1) each patient will have an initial discharge plan no later than 10 days following admission and the plan development will include family as well as related community agencies, and (2) each plan will identify a community mental health contact person and a state hospital discharge coordinator. In addition, each patient will have an Aftercare Plan also developed with the participation of a community mental health care person.

E. EMERGENCY SHELTER GRANTS

The **Emergency Shelter Grant program** will use HUD funds to improve the quality of existing emergency shelters for the homeless, meet the costs of operating shelters and provide essential social services to help prevent homelessness. Ninety-five percent of the funds received will be allocated to the 10 regional Human Resource Development Councils in Montana. Funds are distributed based on a formula allocation contained in Administrative Rules of Montana, ARM 53-10-502, pertaining to the Community Services Block Grant. This allocation reflects areas of poverty and general population.

Contact the Montana Department of Public Health and Human Services to obtain more information on and guidelines for the ESG program.

IV. NON-HOUSING COMMUNITY DEVELOPMENT

General-purpose local governments, towns and cities under 50,000 in population and counties, are eligible applicants for CDBG funds. Montana's three entitlement cities (Billings, Great Falls, and Missoula) are not eligible to apply for state CDBG funding since these cities receive their own allocations directly from HUD.

Funds distribution for the CDBG **Housing and Neighborhood Renewal** category and the **Public Facilities** category is based on annual grant competitions. Each local government may apply for one housing and neighborhood renewal project and one public facility project each program year. The program publishes application guidelines for each category each year.

The CDBG program sets aside funds for **Planning Grants** related to housing and neighborhood renewal and public facilities. The planning grants category is also based on an annual competition. Eligible applicants are the same as for the housing and neighborhood renewal and public facilities categories. Planning grants can be used for a variety of planning activities including the initial planning necessary to get a project under way; conducting other community planning activities such as preparing or updating a comprehensive plan or growth policy; or preparing a neighborhood redevelopment plan, a housing study, preliminary engineering or architectural report capital improvement plan or similar planning processes needed to help a community address critical needs.

The state does not elect at this time to set forth community revitalization activities as a principal grant activity. Local government grantees are urged to consider community revitalization activities as a complimentary activity to one of the basic eligible housing and neighborhood renewal or public facilities activities, such as doing neighborhood revitalization (demolition, clean-up, park development) in conjunction with a traditional housing rehabilitation project. In addition, planning for community revitalization is an eligible activity for a planning grant.

The **Economic Development** component of the CDBG program (CDBG-ED) receives one-third of the annual HUD allocation to the state. Currently, applications are received and funds are awarded on a continuous cycle until all funds are committed. Once all funding is obligated, project development and funding awards may occur in anticipation of the next year's funding allocation.

Eligible applicants are general-purpose local governments: towns and cities under 50,000 in population and counties. Montana's three entitlement cities are not eligible to apply. The local governments usually contract with local development organization to loan funds to for-profit businesses that agree to create jobs for low- and moderate-income persons.

Communities can continue to apply for funding throughout the program year until they have reached the maximum amount per local government per year. The applicant business must prepare a business plan and meet certain thresholds, including providing a 1:1 dollar match. Each application is reviewed by MDOC staff and a loan review committee that makes recommendations to the MDOC Director. The Director makes a final funding decision.

Project development and technical assistance are provided by the CDBG-ED staff and the MDOC Regional Development Officers (RDOs). The RDOs, assigned specific territories within the state, work one-on-one with local officials, local development organizations, and CDBG-ED staff from the project idea stage through the CDBG-ED application process. (See Appendix D, page D-17, for a map of the RDO areas.)

The Business Resources Division (BRD) normally sets aside CDBG-ED funds for economic development planning, capacity building, and technical assistance grants. The BRD establishes specific application policies each year that specify funding priorities, application procedures, and amounts available at that time for each subcategory.

HUD Section 108 Loan Guarantees will be available under exceptional circumstances. These loans will be available subject to the analysis and discretion of the MDOC Loan Review Committee and contingent upon the local government applicant and financing packager receiving assistance from an organization or individual consultant experienced with structuring Section 108 projects.

A. PRIORITY NEEDS

Non-housing community development needs include those activities, in addition to providing safe and decent housing, that will improve and develop viable communities. The Montana Community Development Block Grant Program strives to achieve the goal of providing suitable living environments through improvements in community infrastructure and expansion of economic opportunities. Below is the HUD-required Non-Housing Community Development Priority Needs Summary table, followed by information on many types of local government infrastructure needs and economic development needs, which were used to determine the priority need level.

NON-HOUSING COMMUNITY DEVELOPMENT PRIORITY NEEDS SUMMARY STATE OF MONTANA - FIVE YEAR PLAN 2005 – 2010			
PRIORITY COMMUNITY DEVELOPMENT NEEDS	PRIORITY NEED LEVEL High, Medium, Low, No Such Need	ESTIMATED DOLLARS NEEDED TO ADDRESS (in millions)	ANTICIPATED DOLLARS AVAILABLE TO ADDRESS (FISCAL 1996) (in millions)
INFRASTRUCTURE IMPROVEMENT	H	\$1,612	
Solid Waste Disposal Improvements	H		
Waste Water Needs	H		
Water System Improvements	H		
Other Infrastructure	M		
PUBLIC SERVICE NEEDS	M		
PLANNING	M		
OTHER COMMUNITY DEVELOPMENT NEEDS	M	\$1,045	
Lead-based Paint/Hazards	M		
ECONOMIC DEVELOPMENT NEEDS	H	\$2,619	
TOTAL PRIORITY NON-HOUSING COMMUNITY DEVELOPMENT NEEDS	M	\$5,276	\$6.5

Note that the state has determined these priorities at the statewide level for non-housing community development. It is up to each locality to determine its own area(s) of highest need. The state reserves the right to make a determination of local need based on local analyses, studies and needs assessments, which may override the state's priority level.

B. SPECIFIC INFRASTRUCTURE AND PUBLIC FACILITY OBJECTIVES

Infrastructure is defined as the collective, long-term investment by citizens in facilities and installations necessary to their safety and convenience. Examples include transportation facilities (roads and bridges), utilities (water, wastewater and solid waste disposal), and public protection (fire stations and jails). All elements of infrastructure require periodic maintenance, expansion, and/or replacement.

Maintaining infrastructure in Montana presents a particularly great challenge because of the state's vast size and small population. There are not enough people to affordably share all the costs of infrastructure needs in the state. It is therefore crucial to identify specific needs and costs, so that priorities can be established and funding sought.

Not only vast size and a small population affect the effort to provide adequate infrastructure for the state's communities. In some communities, major improvements have not been undertaken since the public works projects of the 1930's. In these towns and counties, this infrastructure (water, sewer lines, roads, bridges, etc.) is now 60 years old or older, has reached the limit of its life span, and must now be replaced. Many Montana communities have simply lacked the cash resources to replace and upgrade outmoded public facilities to modern day standards.

The problem is further exacerbated by the significant population growth and development activity now occurring in many parts of Montana, especially the unincorporated areas (see map in Appendix D, page D-15). Additionally, in some rural areas, individual septic systems installed in the 1950's and 1960's are now failing and need to be replaced with central wastewater treatment facilities.

Not only is public health and environmental quality threatened, failing family septic systems and substandard water treatment and sewage facilities affect a community's economic and employment growth capacity or even stability. Over time, this causes an incremental shrinking of a community's economic base. The cumulative impact of decline in many communities is an overall decline in the state's economy and potential for economic growth.

Two surveys were conducted in past years: one of local government public facility infrastructure needs⁸⁰, specifically addressing needs within the direct management responsibility of Montana local governments and a second to address water and wastewater needs for unincorporated areas⁸¹ in the state that do not presently lie within an organized water or sewer district. Clearly, updated studies need to be undertaken by the state. However, until the studies are updated, the older studies contain the best information available for prioritizing infrastructure needs within the state.

⁸⁰ *Inventory of Infrastructure Needs*, Montana Department of Commerce, 1995

⁸¹ *Inventory of Water and Wastewater Needs for Unincorporated and Non-District Areas in the State of Montana*, Montana Department of Commerce, 1996

1. Challenges, Barriers and Obstacles

a. Analysis of Local Government Infrastructure Needs⁸²

- **Water and Wastewater Systems:** Public water systems are established in order that communities may be provided with dependable, safe, and convenient supplies of water for drinking, domestic uses, fire protection, and irrigation uses. Major components of water systems include supply (source), treatment, storage, pumping, and distribution facilities. Operating authorities typically consist of cities, towns, and districts (counties).

Wastewater systems, also known as sanitary sewer or sewage systems, convey and dispose of human and industrial waste, thus protecting the public from health hazards and nuisances. The primary components of wastewater systems are collection, pumping and treatment facilities. Local operating authorities typically consist of cities, towns, and districts (counties).

In 1999, the Montana Department of Environmental Quality (MDEQ) surveyed communities throughout Montana and determined that there is an immediate need of \$872 million dollars to build or rehabilitate community drinking water systems. In 2000, the MDEQ did another survey and determined that there is an immediate need of \$517 million dollars to build or rehabilitate community wastewater systems.

- **Solid Waste Facilities:** Solid waste facilities provide protection to human health and the environment by maintaining adequate management and disposal services for waste created by the general population. Components of solid waste facilities include collection, transfer, and disposal. Cities, counties, or private entities typically conduct solid waste management. Only needs of public entities such as towns, cities, and districts (counties) were covered by the report. Based on information provided by the MDEQ, 105 public solid waste facilities were in operation. In 1995, solid waste needs totaling \$13 million were quantified for Montana.
- **Roads/Streets:** Roads and streets built to federal, state and local standards provide a safe and convenient method of travel essential to basic industry, business, recreation, and emergency transportation as well as many other uses. Local governments are responsible for construction, reconstruction, or rehabilitation of all public roads and streets not under the jurisdiction of the state or federal government. There are an estimated 2,780 miles of city streets and 60,813 miles of county roads in Montana. In 1995, improvements of \$1.0 billion were identified to address the needs of these roads.
- **Bridges:** The Montana Department of Transportation (MDOT) identified 2,300 bridges in Montana greater than 20 feet in length, of which 583 needed repairs or replacement at an estimated cost of \$142 million in 1955. No estimate was prepared for county bridges 20 feet or less in length. However, total needs were likely in the tens of millions of dollars.

⁸² *Inventory of Infrastructure Needs*, Montana Department of Commerce, 1995

- Storm Sewers: Storm sewer treatment is needed for communities with populations over 50,000. However, minimal treatment is already achieved in many facilities via detention ponds. Storm drainage for most small communities typically centers along the highway corridor that passes through town. This often includes some curb and gutter, with a few catch basins and collection piping. Storm drainage improvements are not considered high priorities in most small communities. Six storm drainage projects were documented at an estimated cost of \$31 million. It was likely that the actual needs for storm drainage facilities in 1995 exceed \$100 million.
- Fire Stations: Fire stations provide not only a center for emergency vehicle and equipment storage but also a center for emergency personnel to gather and train. In 1995, there were 344 fire departments in Montana with approximately 9,600 fire fighters. Of these, only about 400 were full-time, paid fire fighters. Montana is experiencing a crisis with its fire protection facilities due to rapid growth in the western part of the state, particularly in remote, wooded areas that are difficult to service. The situation is currently compounded by a multi-year drought throughout much of the state. The estimated cost in 1995 of addressing Montana's fire station needs was \$35 million, not including fire-fighting equipment.
- Police Stations/Law Enforcement Centers: Police stations and law enforcement centers are integral to the public's protection. Centrally located structures are needed to dispatch emergency personnel and provide for working and training environments. Needs for these facilities were estimated at \$42 million in 1995.
- Jails: Jails exist to protect the general public from real and perceived dangerous persons who pose a threat to society. Jails are used as holding facilities for persons awaiting hearings or trials and for prisoners sentenced to limited terms. Jail construction and operation standards are designed to protect society and afford constitutional rights to prisoners. These restrictions, along with increasing operation and maintenance costs, are tending to drive local governments toward plans for regional facilities rather than construction of new jails. In 1995, an estimated \$23 million was needed to address the identified needs for jails in Montana.
- Handicapped Accessibility for Public Facilities or Buildings: In 1990, federal legislation was enacted which has become known as the Americans with Disabilities Act (ADA). The ADA requires that all facilities or buildings be accessible to the physically impaired. Examples of areas requiring modifications for accessibility are building entrances and exits, different floor levels, and restrooms. ADA requirements are enforced on a federal level with no jurisdiction available to state and local entities. Thus, if a violation is noted, a complaint must be filed with the U.S. Department of Justice. At present, the dollars required to meet the needs for this infrastructure component cannot be quantified. Although the ADA has been in effect for a number of years now and some local governments have made strides toward complying with the ADA, the requirements are still not well understood by some public entities. Public awareness and enforcement will likely be required before actual needs are fully realized and estimated.

b. Analysis of Water and Wastewater Needs for Unincorporated Areas⁸³

The focus on funding for water and wastewater system improvements in Montana has traditionally been at the municipal and county district level. The problems and needs of the unincorporated, rural areas of the state not served by county water or sewer districts have often been overlooked. Small subdivisions, mobile home parks, and clusters of homes are essentially small communities that commonly have individual wells, on-site wastewater treatment (septic) systems, or both. Numerous factors have contributed to these areas experiencing problems with their water and wastewater systems.

In Montana, Implementing, operating, and maintaining rural water and wastewater systems is a big challenge due to the state’s vast expanse and relatively small population. Often there is insufficient population in areas to affordably share all the costs of infrastructure needs. It is, therefore, crucial to quantify needs and costs in order to establish priorities and seek funding assistance. In 1996, all 56 counties in Montana were asked to respond to a mail survey related to water and sewer needs in non-incorporated areas in the state. Forty counties responded, and based on that information, it was estimated that more than \$265 million would be required to address the water and wastewater needs of the non-incorporated, non-districted areas of the state. However, it was likely that the estimate was significantly understated since the information was obtained from only 40 counties. Assuming the 16 non-responding counties were similar in terms of need to the 40 that responded, the projected infrastructure requirements could have been understated \$110 million. Thus, in 1996, the actual water and wastewater needs of unincorporated or non-district areas of Montana could have ranged from a low of \$265 million to a high of \$375 million, as seen in the following table.

WATER & WASTEWATER COST ESTIMATE SUMMARY - 1996 NEEDS FOR UNINCORPORATED AREAS OF MONTANA	
Water Systems Needs	
81 Water Systems Identified	\$ 80,000,000
30% Engineering/Legal/Acquisition/Contingencies/Etc.	<u>\$ 25,000,000</u>
Subtotal	<u>\$ 105,000,000</u>
Wastewater System Needs	
92 Wastewater Systems Identified	\$ 122,000,000
30% Engineering/Legal/Acquisition/Contingencies/Etc.	<u>\$ 38,000,000</u>
Subtotal	<u>\$ 160,000,000</u>
TOTAL FOR 40 COUNTIES	\$ 265,000,000
ESTIMATES FOR 16 ADDITIONAL COUNTIES	<u>\$ 110,000,000</u>
TOTAL RURAL MONTANA NEEDS	<u>\$ 375,000,000</u>

Only water and wastewater needs for areas with potential projects were identified. Projects already under way or funded, but not yet under construction, were not included. The questionnaire requested information on areas that may need a central water and/or

⁸³ *Inventory of Water and Wastewater Needs for Unincorporated and Non-District Areas in the State of Montana*, Montana Department of Commerce, 1996

sewer system within 10 years. Compliance with federal, state, and local design standards was considered. Unless a response indicated that water or wastewater systems were currently acceptable, cost estimates were prepared for implementation of new central systems for both.

While some of these water and wastewater needs have been addressed in the intervening years, it is important to note the effect that increasing population, new federal, state, and local design standards, and the steadily increasing cost of construction have had on the cost of implementing, operating, and maintaining rural water and wastewater systems.

c. Location, Growth and Provision of Infrastructure to Serve Affordable Housing

Decisions as to where new housing growth will occur, whether occurring within the boundaries of our incorporated cities and towns or in outlying areas, have a great influence on the ability of Montana's local governments to provide infrastructure for and related services to new developments. One of the goals of the Montana Consolidated Plan is to analyze this aspect of housing affordability. MDOC staff conducted a study to evaluate where new growth is taking place and to determine what effect the location of growth has on Montana's' goals to provide affordable housing.⁸⁴ (See the map on page D-15 in Appendix D.)

The availability of an adequate infrastructure system is crucial to the success of efforts to provide affordable housing and livable communities for all Montanans. Local governments must have the capacity to provide safe drinking water, to treat wastewater, to accommodate storm water runoff, to construct streets and sidewalks, and to provide necessary public facilities in order to make a community livable, as well as affordable. The extent to which the cost of this infrastructure must be borne, either directly or indirectly, by a homebuyer rather than by the community at large plays a significant role in determining the sale price of a home.

State law provides encouragement for Montana local governments to develop policies to guide community growth. The 1999 Montana Legislature updated an old tool for community development and land use planning – the comprehensive plan or master plan. Counties, cities, and towns have been authorized to adopt master plans, but under the new law, these plans (now termed “growth policies”) must meet certain minimum requirements. The specific requirements for the content of community growth policies are set forth in section 76-1-601 of the Montana Code Annotated. One of the key elements is the preparation of a strategy for development, maintenance, and replacement of public infrastructure.

⁸⁴ Contact the CDBG Program at (406) 841-2770 to obtain a complete copy of the study.

LOCATION OF GROWTH MONTANA POPULATION U.S. Census Bureau						
AREA	1970	1980	1990	2000	30-year growth rate 1970-2000	10-year growth rate 1990-2000
Incorporated Cities & Towns	427,850	437,273	453,884	484,384	13.2%	6.7%
Unincorporated Areas	266,559	349,417	345,181	417,811	56.7%	21.0%
TOTAL MONTANA	694,409	786,690	799,065	902,195	29.9%	12.9%

The provision of infrastructure is complicated by many Montanans choosing to build homes outside of the boundaries of incorporated cities and towns, which have historically supplied the infrastructure and accompanying services for new homes built within the state. Increasingly, for a variety of reasons, in many counties, most new housing is located in unincorporated areas outside city limits and towns. In many cases, the only vacant, developable lots available at an affordable price for low- and moderate-income families are located in outlying, unincorporated areas. County governments and special districts have now been thrust into a new role of providing infrastructure and services for residential development, with all the accompanying financial and management challenges that go along with paying for and maintaining the necessary public works.

How will this trend of new residential growth in unincorporated areas affect the ability to provide a wide variety of housing at an affordable price for all Montanans? The cost of infrastructure can often represent up to one-third of the purchase price of a home's building site or lot. In some cases, when development occurs in outlying areas where land is initially cheaper and limited community infrastructure is provided, homebuyers end up paying much higher transportation and commuting costs that represent hidden long-term housing costs, in addition to the on-going, monthly mortgage payment.

Communities that attempt to provide the infrastructure for new residences contiguous to existing development or that seek to encourage the "in-fill" of existing, vacant lots, in many cases are faced with the financial challenge of replacing aging infrastructure or sharing in the costs with developers to attempt to keep housing prices affordable.

2. Priority Public Facility Needs Objectives

➤ **Objective: Provide Community and Development Opportunities to Low- and Moderate-Income Residents and Strengthen Communities within the State**

▪ **Analysis**

Infrastructure needs across Montana vary widely. Many of Montana's rural communities simply do not have facilities such as community buildings, fire halls, medical clinics, and hospitals, or the facilities they do have are inadequate. Because it may be lacking in one or more of these facilities, a community can be in jeopardy of losing its economic base to other communities that can provide the facilities and the services.

At the same time, many communities have either outgrown the water and wastewater systems available within the community or the current systems are deteriorated to the point where they must be replaced or updated. Some systems may not longer meet state and federal standards set for them.

Obstacles to addressing community development needs within the state include:

- An out-of-date statewide public facility and infrastructure needs survey;
- Vast geographic distances;
- Vast differences in needs around the state and the overall range in population density, which complicate assessments of degree and type of need;
- Rapid rates of growth in some parts of the state in unincorporated areas, with limited or no services available, versus incorporated areas;
- The lack of sufficient resources to address all the needs; and
- Federal requirements tied to CDBG funding. Some communities in need are not willing to fulfill the paperwork and compliance requirements and will try to find other means to avoid the “red tape”, including simply not pursuing a given project, depriving the community and its low- and moderate-income residents of the benefits of the project.

As a state agency administering non-housing community development programs, the MDOC does not prescribe to local governments the priority needs within their communities because the needs identified and prioritized at the state level may not retain a similar priority rating for implementation at local levels. All needs in Montana are great. The statewide priority need levels described in the Non-Housing Community Development Priority Needs Summary table represent only a general indication of needs throughout Montana.

Faced with the overwhelming demand for non-housing community development, the state will implement programs and deliver resources to in-need populations around Montana, in an attempt to continually minimize the state’s non-housing community development needs. No single action can meet the specific non-housing community development objectives of any given community. Nevertheless, the MDOC is committed to moving forward with the following non-housing community development objectives and actions.

▪ **Actions:**

- Update the statewide public facility and infrastructure needs survey or determine another acceptable method of quantifying the enormous need.
- Provide annual planning grants to identify overall community development and housing and neighborhood renewal needs necessary to get a project under way or to conduct other important community planning activities such as preparing or

updating a comprehensive plan or growth policy; preparing a neighborhood redevelopment plan; preparing a preliminary engineering or architectural report, capital improvement plan, or similar planning studies needed to help a community address critical needs.

- Continue to provide technical assistance to communities to encourage them to access CDBG funding and to ease compliance with the federal regulations tied to CDBG funding.
- Continue to market the resources available to build affordable infrastructure/public facilities by continuing to participate in the W₂ASACT public facility workshops. The workshops are designed to familiarize local governments with federal and state low interest loan and grant programs that are available to assist local government and water and sewer districts with financing for water, sewer, and solid waste improvement projects. At least two workshops per year will be held in different parts of the state.
- Continue to support the other programs administered by the Community Development Division of the MDOC, which are critical to assisting local governments in meeting their infrastructure needs.
 - In May 2004, the Treasure State Endowment Program (TSEP) received 47 applications from counties, cities and towns, tribal governments, and water and sewer districts for construction project grants. Over \$58 million in matching construction grants has been awarded to 155 local governments since 1993.
 - The Montana Coal Board has been an active participant with local governments in coal-impacted areas. During 2004 and 2005, 19 grants were awarded to local governments, totaling over \$1.4 million.
 - The Hard Rock Mining Impact Board has been active assisting local governments to mitigate the fiscal impacts on local government services and facilities due to new large-scale hard rock mining development.
- Continue to actively participate in other W₂ASACT activities, including:
 - Periodically updating the *Uniform Application for Montana Public Facility Projects*, the streamlined, common application form in developed in 1997 that is used by six state and federal public facility funding programs in Montana;
 - Making the on-line version of the *Uniform Application* more “user friendly”;
 - Developing a uniform method of tracking project expenditures for infrastructure projects funded by multiple agencies;
 - Developing a listing of infrastructure projects throughout Montana and the funding sources and amounts involved in the projects;
 - Creating a 12-minute video to explain the basics of funding a public facilities project and a second short video to describe the process of the completing an infrastructure project from beginning to end;

- Working on a standard supplemental conditions section to be used in bid documents that will be acceptable to all federal and state programs;
- Working on a common environmental review process that would be acceptable to all programs;
- Conducting out-reach to tribes.
- Continue to fully award all CDBG public facility and planning grant funds.

C. SPECIFIC ECONOMIC DEVELOPMENT OBJECTIVES

1. Challenges, Barriers, and Obstacles

Volume I of the *Economic and Demographic Analysis of Montana*⁸⁵ presents and analyzes Montana economic data by county including income and poverty data from the U.S. Census Bureau, employment, earnings and income data from the U.S. Bureau of Economic Analysis (BEA), and labor force statistics from the Montana Department of Labor and Industry (MDOLI) and the U.S. Bureau of Labor Statistics.

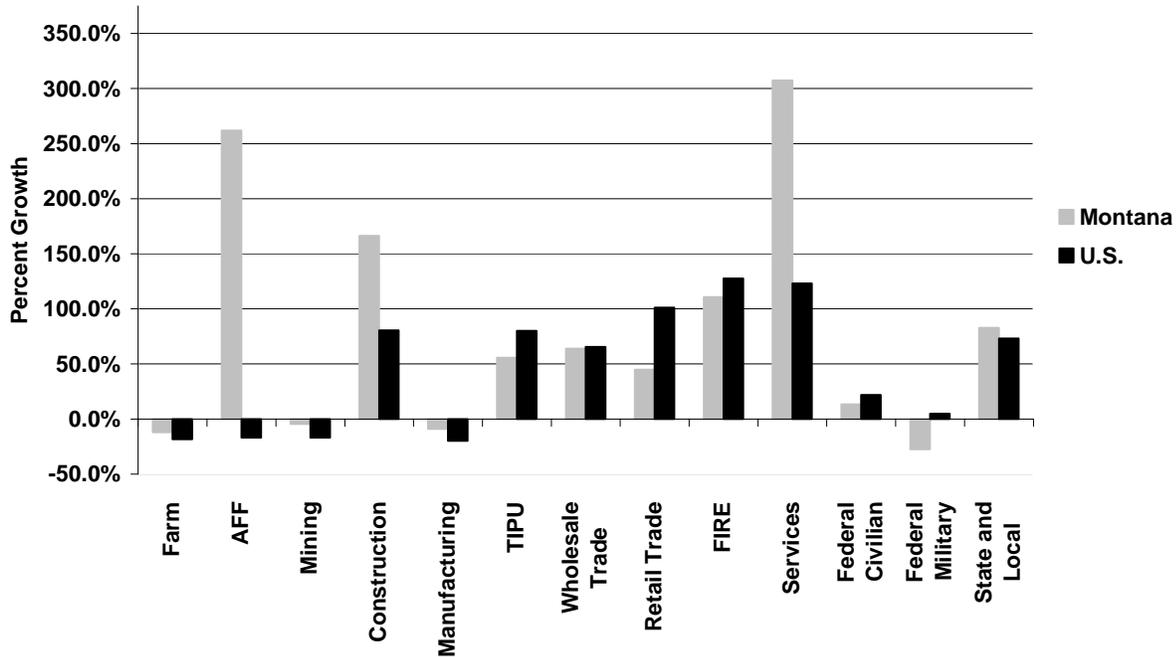
In 2003, Montana's per capita personal income (PCPI)⁸⁶ was \$25,775, was ranked 45th in the U.S., and was 82 percent of the national average of \$31,459. The 2003 PCPI reflected an increase of 4.2 percent from 2002, compared to the national increase of 2.2 percent. Since 2000, Montana's PCPI has increased an average of 4.2 percent annually. In 1993, Montana's PCPI ranked 41st in the U.S.; it has been below 40th since 1984.

Overall, the Montana economy has become more diversified over the past decade, shifting toward the agriculture, forestry and fishery, construction, retail trade, and service industries and away from mining. These shifts in the economy may cause Montana to respond more rapidly in the future to the changing economic conditions nationwide. The chart below shows the rate of growth of the different industry sectors in Montana versus nationwide. The chart was prepared using BEA data.

⁸⁵ *Economic and Demographic Analysis of Montana*, Volume II, Demographic Analysis, Center for Applied Economic Research, Montana State University-Billings, December 2004.

⁸⁶ Per capita personal income (PCPI) is total income divided by total population.

**Montana vs. United States
Growth by Industry Sector
1969-2002**



AFF = agriculture, forestry and fishery TIPU = transportation, information and public utilities
FIRE = finance, insurance and real estate

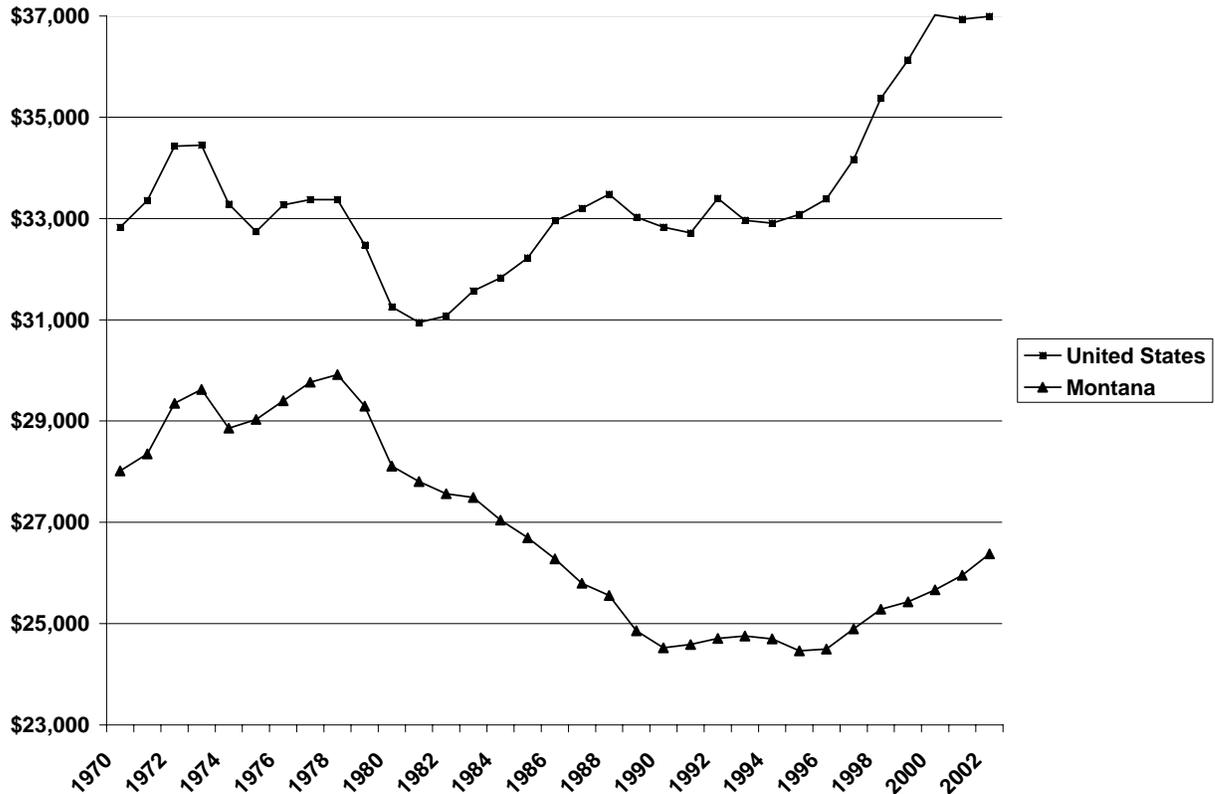
Montana’s unemployment rate has dropped 20 percent over the past eight years; much of the job growth and available jobs continue to be in low-paying industries such as agriculture, forestry, and fishery, retail trade, and services. However, the finance, insurance, and real estate industry has shown significant job and earnings growth. Some counties have enjoyed solid employment growth while some counties have continued to languish. Montana has an educated workforce, but many workers continue to be “underemployed”. While the MDOLI estimates that the majority of Montana’s jobs require a two-year degree or less, 87.2 percent of all Montanans are high school graduates, 55.9 percent have at least some college, and 30.2 percent have an associate degree or higher. Many Montanans are overqualified for their job, taking into consideration their level of education versus that required for the job. When experience and work-related skills are considered, more people become overqualified for their job.

The state’s per capita personal income growth has outpaced the national average; however, it is still among the lowest levels in the nation. Unearned income sources continue to grow for Montana’s families, and have grown twice as fast as wage income. Much of the disparity in per capita income between Montana and the United States can be attributed to low wages and low-paying industries in the state.

The following chart, using BEA data, compares the weighted average real (adjusted for inflation) wage rate for industries in Montana compared to the U.S. While Montana’s

wages were only 11 percent lower than the U.S. during the period from 1979 to 1981 (which corresponds to the period that mining employment was at an all-time high in Montana), they were 40 percent lower than the U.S. in 2003.

AVERAGE ANNUAL REAL WAGES PER JOB
Montana vs. the United States
 2003 Dollars



Although Montana's overall poverty rate has dropped 0.5 percentage points over the past 13 years (128,355 persons in Montana were under the poverty level in 2000), in part due to the growth in unearned income and in part due to the growth in personal per capita income, the number of Montana's families in poverty has increased since 1990; from 19,833 families under the poverty level in 1990 to 25,004 families under the poverty level in 2000. The largest increases were seen in the married couple with children and the female householder with children categories. Based on Census 2000 data, higher poverty rates are concentrated along the northern Hi-line and in the eastern part of the state.

In the 2001 Legislative Session, former Governor Judy Martz proposed the formation of a statewide office to coordinate economic development. With legislative endorsement, the Office of Economic Opportunity was created within the Governor's office. Its mission is to guide the state's economic development efforts to create a stronger, more diversified economy in Montana.

Governor Martz formed an economic advisory group comprised of a small number of leaders from throughout the state. This advisory group provided oversight for further development and implementation of Montana's plan.

The Governor's Office worked with citizens, Montana businesses, federal, state and local entities, and legislators to develop a strategic economic plan that represents the best ideas to move forward. The plan is called the **Governor's Office of Economic Opportunity Roadmap for a New Economy**⁸⁷, excerpted below.

For the past 60 years Montana's prosperity, relative to the other states in the union, has been steadily declining. Certainly there have been periods of short-term improvement, but those instances have proved fleeting and the long-term trend has been unmistakably downward. So why has this occurred?

Growth by itself has not been the problem. In the past 20 years, Montana's Gross State Product has increased more than 300%. At the same time, our per capita income has declined from a rank of 33 to 47 among the other states. It is the type of growth that has fueled our decline. Montana continues to grow fastest in jobs requiring lower worker skill levels that have correspondingly lower wages. This shift to lower paying jobs has had an unmistakable effect on our ability to provide good paying jobs for Montanans.

To affect long-term improvements in our economy, we will have to make some fundamental changes in the way we attract and retain businesses and create jobs. We must also be realistic about the time it will take to affect these changes. In the ten-year period between 1990 and 2000, the three states that most improved their per capita income did so by increasing their rank an average of 9 spots among the states. These are "best in class" results. For Montana to have achieved this level of performance, we would have to have seen our per capita income increase an additional \$2,000 in the previous decade – about 8.5% higher than what Montana actually did achieve.

In fact, it would have taken about 50,000 new jobs, each paying at least \$40,000 per year, to have the necessary impact.

To accomplish this magnitude of improvement in the next decade we will have to focus on objectives that go beyond just trying to create jobs directly. We need to identify the types of companies and jobs that, when created, reverberate through the economy and have a dramatic, synergistic effect on creating other companies and jobs. Beyond the important work of directly trying to attract and grow the right type of "high leverage" jobs, we must also identify those factors such as research and education that indirectly fuel significant wage growth over time. This takes a focused, coordinated strategy. Without such a strategy to focus all our

⁸⁷ Available at: <http://www.discoveringmontana.com/gov2/content/econdev/Roadmap.pdf>

efforts, we cannot hope to reach the level of economic prosperity our citizens deserve.

The plan focuses on the following major strategies:

- *In order to focus our scarce resources, we must develop a strategy centered on Montana's existing and emerging industry clusters. We must first clearly identify these economic clusters and then concentrate on growing these interrelated groups of companies. This will require that we begin to focus our other supporting programs (financial, workforce, regulatory, technical support, etc.) on growing these clusters.*
- *The availability of a skilled workforce has become one of the most important issues for attracting and retaining businesses that provide higher paying jobs. Workforce skill level is a key driver of innovation and productivity improvement across all industries. The success of Montana's economy depends on our ability to continuously raise the skill level of our workers. If our education and workforce training programs are not fully responsive to the rapidly changing needs of Montana businesses, we cannot hope to retain our citizens or grow our average income levels.*
- *In an economy that continues to globalize, Montana firms (and all other economies in the United States) will have to compete with lower wage economies around the world. Our businesses must offset this global wage differential by utilizing better technology and higher skilled workers with higher wages. The way to compete is to have even higher productivity.*
- *It is imperative that partnerships and active collaboration exist between higher education, state government, economic development groups and the private sector to accomplish this. One of the critical areas of collaboration includes research and commercialization of that research. Technology will fuel higher productivity and higher wages in all industries.*
- *In highly innovative regions the private sector plays an active role in identifying challenges and working collectively with government to address them. We must make sure Montana's government has an organizational structure to achieve this collaboration and proactively support business growth across all industries over the long-term.*
- *Montana must create and maintain a competitive business environment where companies that utilize Montana worker skills and technology can prosper—or they will simply exit the state. In Montana, most businesses are small businesses and a better business climate with a competitive tax and regulatory structure will insure these companies remain in the state as they grow.*

- *Montana must have a comprehensive and long-term attraction strategy to target and attract industries that support our industry clusters. This strategy will serve to highlight Montana's competitive advantages to businesses and individuals outside the state of Montana and attract new companies that support our existing businesses.*

2. Priority Economic Development Objectives

Based on years of public comment, enforcement of federal program objectives, various studies conducted for the program and on economic development, the program's objectives for assisting business development in Montana are:

- Increase viable economic development projects that promote investment of private capital, expansion of local tax bases, and creation of permanent year-round jobs principally for low- and moderate-income Montanans;
- Increase economic activity that adds value to a product through manufacturing, refining, processing or packaging, especially those activities that involve Montana's natural resources;
- Increase economic activity that creates new wealth in Montana by selling the majority of its products outside of Montana, by effectively substituting goods previously produced outside of Montana with goods produced in Montana, or by distributing Montana-made goods;
- Increase service companies such as consulting, engineering, or other companies that sell their services predominantly (greater than 50 percent) outside of Montana;
- Allow local communities to identify their own needs and develop their own initiatives;
- Assist businesses and communities in achieving prosperity by using program resources to leverage other private and public resources;
- Assist new and expanding businesses with employee training needs;
- Assist micro-enterprise development through technical assistance funding;
- Assist communities and small businesses in gaining access to federal funding for research and development (R&D) through the state of Montana Small Business Innovation Research (SBIR) program;
- Place a priority on projects that create higher paying jobs;
- Fund more high-technology businesses and manufacturing operations, including value-added agricultural products, based on current demand;
- Help create over 200 jobs per year, of which more than 51 percent will be held by or made available to low – and moderate-income persons; and
- Leverage \$12 to \$13 of other funds for each \$1 of program funds.

▪ **Actions/Resources**

- Community Resource Team Assessments: The CDBG programs contracted with the Montana Economic Developers Association (MEDA) to provide technical assistance to Montana communities by conducting community resource team assessments. Using a community-based planning and assessment process, resource teams are comprised of professionals in the areas of economic and community development, health, housing, workforce development, education, land use planning, grant writing, financing, telecommunications, emergency management services, and strategic planning. They assist communities in identifying their greatest community development needs.

At the request of a local government, a Resource Team will go to the community and conduct one to two days of questioning and information gathering that includes interviewing a large number of people representing various community groups and recording their responses. The Team compiles its results and categorizes responses, holds a community meeting to share the information that was gathered, and later provides the community with a written report (within four to six weeks). The final, written report includes recommendations from each team member based on the needs of the community. The report includes suggestions for accomplishing the goals of the community, possible sources of income and contacts, and implementation plans for community use.

The community is responsible for providing a community leader, logistical services (tour of the community, meals and lodging for the team, and a meeting room), and soliciting community participants. Community participants include political and religious leaders, members of the agricultural community, bankers, educators, major employers, REALTORS[®], health care and social service providers, senior citizens, civic groups, students, and anyone with an interest in their community. The participants are asked about the major problems and challenges they see in their community, the major strengths and assets, and community projects they would like to see implemented in the next 2, 5, 10, or 20 years.

More than 12 community assessments are expected to be completed in 2004, with another 12 scheduled for 2005. For more information on Community Resource Team Assessments, go to:

<http://www.medamembers.org/resourceteams.php>

- The Montana Finance Center: The Business Resources Division maintains a database accessible on the Internet called *The Montana Finance Center*, which provides summary information for the most significant financing resources available from state, federal, and local institutions. The Montana Finance Information Center website is organized by source and point of application. Preference for organizational purposes is given to the actual level that provides funding to business and local governments. Direct web links are provided

wherever possible for direct connection to funding sources. The site has been constructed by the BRD to assist the businesses and communities of Montana in achieving economic prosperity, keeping in mind that the vision of prosperity to be achieved must be defined by the businesses and communities that are served. Access the *Montana Finance Center* is online at:

<http://www.mtfinanceonline.com/>

- **Certified Regional Development Corporations:** The 2003 Montana Legislature created the Certified Regional Development Corporations (CRDC) program. The legislative intent of the CRDC program is to encourage a regional approach to economic development that facilitates the efficient delivery of economic development programs by supporting regional capacity building.

CRDCs are responsible for helping local officials, communities and businesses “assess, plan, and facilitate action” within their regions. CRDCs are required to have the support of all counties and a majority of the incorporated cities and towns in their region to obtain and maintain certification. CRDCs receive regional capacity building grants from the MDOC on an annual basis. In 2004, 12 CRDCs were formed and placed under contract to provide technical assistance within their respective regions. See Appendix D, page D-16, for a map of the CRDC regions.

D. ANTI-POVERTY STRATEGY [91.315(h)]

In Montana, the state’s plan for the Temporary Assistance for Needy Families (TANF) serves as the primary mechanism for reducing the number of poverty level families. The state of Montana operates Families Achieving Independence in Montana (FAIM) to provide temporary assistance for needy families. The FAIM Project serves all political subdivisions in the state. In Montana, three tribes, the Confederated Salish and Kootenai on the Flathead Reservation, the Fort Belknap Indian Community, and the Chippewa Cree at Rocky Boy’s, have chosen to implement a tribal TANF plan. The TANF cash assistance program provides job readiness preparation, supportive services, and case management; vigorously pursues child support; and assists in the development of community resources as a means to help families reach self-support.

TANF cash assistance program participants are considered eligible for Medicaid coverage if they meet Medicaid eligibility requirements. Adults have Basic Medicaid coverage; minor children, pregnant women, and disabled individuals receive full Medicaid coverage as stated in the Montana Medicaid State Plan. Participants are also considered categorically eligible for Food Stamp Program benefits.

Services funded with TANF funds include:

- Cash assistance for the purchase of basic needs such as food, clothing, housing and personal care items

- Work supports such as transportation, vehicle repair, and items that assist individuals in continuing employment or becoming employed
- Education and training, excluding tuition

For more information about the TANF/FAIM program, contact the Montana Department of Public Health and Human Services:

Hank Hudson, Administrator
Human and Community Services Division
1400 Broadway, Helena, MT 59620
PO Box 202952, Helena, MT 59620-2952
Phone: (406) 444-5901; Fax: (406) 444-2547
e-mail: hhudson@mt.gov

or go to the website at:

<http://www.dphhs.mt.gov/aboutus/divisions/humancommunityservices/relatedtopics/index.shtml>

E. LOW INCOME HOUSING TAX CREDIT COORDINATION [91.315(k)]

The low income housing tax credit is available under Section 42 of the Internal Revenue Code of 1986. The credit is a federal income tax credit for owners of qualifying rental housing, which meets certain low income occupancy and rent limitation requirements.

Except for certain buildings substantially financed with tax-exempt bonds, an owner must first obtain a credit allocation from the appropriate state agency before claiming the tax credit. The Montana Board of Housing (MBOH) is the state agency that allocates the tax credits for housing located in Montana. The 2004 per state resident amount of tax credit allocated annually for housing was limited to \$1.75, with a minimum cap. In 2005, Montana, which receives the minimum cap because of its low population, will receive an estimated \$2,125,000 plus any inflation factor the IRS may calculate.

Low Income Housing Tax Credits (LIHTC) are normally allocated by the MBOH to applicants with the highest point scores. This is based on the information submitted within their application, market study, other information obtained by MBOH staff, and justification with support documentation. At or before the allocation is made, the applicant solicits an investor who would purchase these tax credits.

The Section 42 Low Income Housing Tax Credit program has been used in conjunction with HOME and CDBG in several projects in Montana. These sources of funding have provided gap financing to allow for rents to be kept at respectable levels. In past years and going forward, staff from all three sources of financing have traveled around the state to provide information on their respective programs and discussed how they can be fitted together. Each program has specific rules and regulations and developers are taught what those differences are and how those differences will affect on-going compliance monitoring. LIHTC, HOME, and CDBG staffs have been working on a plan to determine how compliance monitoring can be coordinated and combined.

A number of the tribal housing authorities in Montana have applied for and received tax credits to use in conjunction with their Native American Housing Assistance and Self-Determination Act (NAHASDA) funds. The combination of the private dollars received for the use of the credits and the NAHASDA funds have proven very successful in building much needed housing on the reservations.

LIHTC has also been successfully combined with USDA Rural Development 515 and 538 funding on several projects. Again, the influx of private dollars into a project has substantially benefited the tenants by allowing rents to be kept at a more livable level. Staff of the Montana Board of Housing will continue to strive to work with the various other programs to insure that Montanans have safe, decent, and affordable housing.

For more information about Montana's LIHTC program, contact the program at:

Montana Board of Housing
Multi-Family Programs
PO Box 200528
Helena, MT 59620-0528
Phone: (406) 841-2840; FAX: (406) 841-2841

or go to the Montana Board of Housing's website at:

http://housing.state.mt.us/Hous_BOH_MF_Apps.asp

V. NON-HOMELESS SPECIAL NEEDS

A. NON-HOMELESS SPECIAL NEEDS ANALYSIS

1. Elderly and Frail Elderly

As the Baby Boom generation (those born between 1946 and 1964) reaches retirement age, the growth of the elderly population (65 and over) is expected to accelerate rapidly. The proportion of Montana's population classified as elderly is expected to increase from 13.4 percent in 1995 to 24.4 percent in 2025⁸⁸. In Montana, the elderly demographic transformation over the next several years raises concerns about future implications for state and federal governments. The increase in Montana's aging population will have significant impact on the state. According to the 2000 Census, 13.4 percent of Montanans are over age 65, higher than the national average of 12.4 percent. At 9.4 percent of Montana's total population, the 55 to 64 age group is also higher than the national average, 8.6 percent. The 55 to 64 years and the 65 and over age categories also showed increases from 1990 to 2000 that were higher than the national average, with the 65 and older age group increasing by 13.6 percent and those aged 55 to 64 increasing by 24.6 percent. In comparison, the national increase in these age groups was only 12.0 percent and 14.8 percent, respectively.

- At 13.4 percent, Montana has the 14th highest percentage amongst states for people 65 years of age or older.
- Montana is 17th in percentage of people 85 and over.
- The 2000 census showed Montana had 162 people who were 100 years old or older. There were over 50,000 people in the U.S. who were 100 years old or older.⁸⁹
- By 2025, the percentage of Montanan's people 65 years of age or older is expected to rise to 24.4 percent, ranking it third in the nation. The percent of the population 85 and older is expected to be 3.1 percent, moving the state's ranking to fourth.⁹⁰ (See table on page 101.)

The lack of affordable housing is a problem for many of Montana's senior citizens. The housing industry has not grown along with the past rise in population. In fact, the gap between Montana's lower income citizens and access to affordable housing is widening. Poverty continues to grow. Montana's poverty rate was estimated to be 14.1 percent in 2000, 13.3 percent in 2001, and 13.5 percent in 2002. This translates into more than 128,355 Montana citizens at or below the poverty lines, as defined by the federal

⁸⁸ *Measuring the Years: State Aging Trends & Indicators Data Book*, Center on an Aging, Society Health Policy Institute, Georgetown University for the National Governors Association Center for Best Practices, August 2004; <http://www.nga.org/center/databook04/>

⁸⁹ *The State of Aging in Montana 2001*, MT Department of Public Health & Human Services

⁹⁰ *Measuring the Years: State Aging Trends & Indicators Data Book*, Center on an Aging, Society Health Policy Institute, Georgetown University for the National Governors Association Center for Best Practices, August 2004; <http://www.nga.org/center/databook04/>

government.⁹¹ Housing prices continue to rise making it more difficult for individuals to afford their own homes. The increasing pressures on the rental markets, in turn, drive up housing prices.

The demand for assisted living facilities is determined by the size of the elderly population in need of services offered in the residences, the level of income (or family resources) available to the senior, and other types of senior living available to the person. In Montana, the demand is substantial. Unfortunately, Montana's low-income elderly population has the greatest need and has the least capability for purchasing the assisted living service. The cost to live in an assisted living facility is extremely high.

In the next 30 to 40 years, the state will experience a dramatic increase in the number of elderly persons in our population, as well as an increase in the proportion of elderly persons. While this growth can be seen as great achievement in the effort to extend human life, it also presents challenges as well as opportunities for Montana government in planning to meet the needs of an aging society, especially in terms of critical services like health care, social service, and transportation.

⁹¹ *Economic and Demographic Analysis of Montana*, Volume I-Economic Profile, enter for Applied Economic Research, Montana State University-Billings, January 2005.

Ranking of the Proportion of the Population, by State, 2000 and 2025⁹²

Age 65 and Older					Age 85 and Older				
State	Rank		Proportion		State	Rank		Proportion	
	2000	2025	2000	2025		2000	2025	2000	2025
Florida	1	1	17.6	26.3	North Dakota	1	2	2.3	3.6
Pennsylvania	2	17	15.6	21.0	Iowa	2	3	2.2	3.1
West Virginia	3	2	15.3	24.9	South Dakota	3	6	2.1	2.9
Iowa	4	7	14.9	22.6	Florida	4	5	2.1	3.0
North Dakota	5	6	14.7	22.8	Rhode Island	5	14	2.0	2.5
Rhode Island	6	34	14.5	18.8	Nebraska	6	8	2.0	2.8
Maine	7	12	14.4	21.4	Pennsylvania	7	16	1.9	2.4
South Dakota	8	9	14.3	21.7	Kansas	8	21	1.9	2.3
Arkansas	9	5	14.0	23.9	Connecticut	9	13	1.9	2.5
Connecticut	10	38	13.8	17.9	Massachusetts	10	19	1.8	2.4
Nebraska	11	16	13.6	21.0	Maine	11	39	1.8	2.0
Massachusetts	12	36	13.5	18.1	Wisconsin	12	11	1.8	2.5
Missouri	13	25	13.5	20.1	Missouri	13	25	1.8	2.2
Montana	14	3	13.4	24.4	West Virginia	14	12	1.8	2.5
Ohio	15	28	13.3	19.6	Minnesota	15	10	1.7	2.5
Hawaii	16	48	13.3	15.9	Arkansas	16	22	1.7	2.3
Kansas	17	30	13.3	19.5	Montana	17	4	1.7	3.1
New Jersey	18	40	13.2	17.3	Oregon	18	7	1.7	2.9
Oklahoma	19	8	13.2	21.9	Oklahoma	19	9	1.7	2.7
Wisconsin	20	21	13.1	20.5	Vermont	20	34	1.6	2.1
Alabama	21	20	13.0	20.5	New York	21	42	1.6	2.0
Arizona	22	13	13.0	21.3	New Jersey	22	36	1.6	2.0
Delaware	23	32	13.0	19.2	District of Columbia	23	47	1.6	1.7
New York	24	45	12.9	16.5	Ohio	24	20	1.6	2.4
Oregon	25	4	12.8	24.2	Illinois	25	38	1.5	2.0
Vermont	26	22	12.7	20.4	Alabama	26	37	1.5	2.0
Kentucky	27	14	12.5	21.3	Mississippi	27	43	1.5	1.9
Indiana	28	31	12.4	19.2	Indiana	28	26	1.5	2.2
Tennessee	29	23	12.4	20.3	New Hampshire	29	30	1.5	2.1
Michigan	30	37	12.3	18.1	Hawaii	30	15	1.4	2.5
District of Columbia	31	49	12.2	14.0	Kentucky	31	40	1.4	2.0
South Carolina	32	19	12.1	20.7	Michigan	32	33	1.4	2.1
Minnesota	33	27	12.1	19.9	Tennessee	33	32	1.4	2.1
Illinois	34	44	12.1	16.6	Washington	34	23	1.4	2.3
Mississippi	35	29	12.1	19.6	Idaho	35	1	1.4	5.8
North Carolina	36	11	12.0	21.4	Wyoming	36	17	1.4	2.4
New Hampshire	37	33	12.0	19.0	Delaware	37	29	1.3	2.1
Wyoming	38	18	11.7	20.9	Arizona	38	27	1.3	2.2
New Mexico	39	43	11.7	16.9	Louisiana	39	35	1.3	2.0
Louisiana	40	35	11.6	18.4	North Carolina	40	24	1.3	2.3
Maryland	41	46	11.3	16.4	New Mexico	41	48	1.3	1.7
Idaho	42	10	11.3	21.5	Maryland	42	45	1.3	1.8
Washington	43	24	11.2	20.2	California	43	50	1.3	1.5
Virginia	44	39	11.2	17.9	South Carolina	44	28	1.3	2.1
Nevada	45	15	11.0	21.0	Virginia	45	41	1.2	2.0
California	46	50	10.6	13.0	Texas	46	46	1.1	1.7
Texas	47	47	9.9	16.1	Colorado	47	18	1.1	2.4
Colorado	48	26	9.7	20.1	Georgia	48	49	1.1	1.6
Georgia	49	42	9.6	16.9	Utah	49	31	1.0	2.1
Utah	50	41	8.5	17.2	Nevada	50	44	0.9	1.8
Alaska	51	51	5.7	10.4	Alaska	51	51	0.4	0.9

⁹² *Measuring the Years: State Aging Trends & Indicators Data Book*, Center on an Aging, Society Health Policy Institute, Georgetown University for the National Governors Association Center for Best Practices, August 2004

2. Veterans

Montana has a relatively large veteran population. As of 2000, veterans represented 16.2 percent of the Montana civilian population 18 years and over, compared to 12.6 percent for the nation. Montana has more veterans per capita than any other state except Alaska. Five counties had veteran populations in excess of 20 percent: Cascade, Lincoln, Mineral, Powell, and Sanders. Veterans were 12 percent of Montana's total population in 2000, comprising about 108,476 people.⁹³

Montana's 2003 Survey of the Homeless⁹⁴ revealed lower numbers of veterans among the homeless persons surveyed than national Department of Veterans Affairs (VA) estimates would indicate. National VA data indicates that nearly 25 percent of homeless adults are veterans, but in Montana, 17.8 percent (248 individuals) identified themselves as veterans.

- 65 of them were carrying a VA enrollment card or their discharge papers.
- 53 percent had served in Vietnam, Korea, or World War II.
 - 122 were in Vietnam between 1961 and 1975;
 - 9 were in Korea between 1950 and 1955; and
 - 1 was in World War II.

Among those surveyed, just 38 (2.7 percent) of homeless individuals and five (one percent) of homeless families surveyed were receiving VA benefits. Even so, just 70 (five percent) of the homeless individuals and 19 (3.7 percent) of the homeless families surveyed stated they needed help accessing VA benefits.

The VA is the only federal agency providing substantial hands-on assistance to the homeless. It has the largest network of homeless assistance programs in the country. VA provides outreach, conducts clinical assessments, offers medical treatment, and provides long-term shelters and job training. Homeless veterans in Montana receive outreach services including primary health care, mental health and substance abuse counseling and case management services at the Fort Harrison medical center outside Helena. Primary care is available to homeless veterans in community outpatient clinics with referrals to the medical center for specialized care. Partnerships with shelters, community-based outpatient clinics, and others were established and a referral network developed. Homeless veteran program coordinators from the medical center and the VA Regional Office routinely visit homeless shelters. From this referral network, homeless veteran program coordinators act as access points for homeless veterans seeking services.

⁹³ *Census 2000 Veteran Population in the U.S. and Puerto Rico By State*, available at: http://www.va.gov/vetdata/Census2000/CenData/states_vets.xls

⁹⁴ *Homeless in Montana: a report*, Montana Department of Public Health & Human Services, Intergovernmental Human Services Bureau, 2004, available at: http://www.dphhs.state.mt.us/homeless_in_montana.pdf

In federal fiscal year (FFY) 2003, the VA spent more than \$275 million serving Montana veterans. In FFY 2003, approximately 26,000 people received health care in Montana's VA facilities.⁹⁵

3. Persons with Disabilities (Mental, Physical, Developmental)

The U.S. Census Bureau provides numerous statistics on the disabled population. The data on disability status were derived from answers to long-form questionnaire items 16 and 17. Item 16 was a two-part question that asked about the existence of the following long-lasting conditions:

- (1) Blindness, deafness, or a severe vision or hearing impairment (sensory disability), and
- (2) A condition that substantially limits one or more basic physical activities such as walking, climbing stairs, reaching, lifting, or carrying (physical disability).

Item 16 was asked of a sample of the population five years old and over. Item 17 was a four-part question that asked if the individual had a physical, mental, or emotional condition lasting 6 months or more that made it difficult to perform certain activities. The four activity categories were:

- (1) Learning, remembering, or concentrating (mental disability);
- (2) Dressing, bathing, or getting around inside the home (self-care disability);
- (3) Going outside the home alone to shop or visit a doctor's office (going outside the home disability); and
- (4) Working at a job or business (employment disability).

Categories 17a and 17b were asked of a sample of the population five years old and over; 17c and 17d were asked of a sample of the population 16 years old and over.

For data which use a disability status indicator, individuals were classified as having a disability if any of the following three conditions was true:

- (1) They were five years old and over and had a response of "yes" to a sensory, physical, mental or self-care disability;
- (2) They were 16 years old and over and had a response of "yes" to going outside the home disability; or
- (3) They were 16 to 64 years old and had a response of "yes" to employment disability.⁹⁶

⁹⁵ Department of Veterans Affairs, Veteran Data and Information, Expenditure Data by Locality, available at: <http://www.va.gov/vetdata/GeographicInformation/>

⁹⁶ Census 2000 disability definition.

Census 2000 counted 49.7 million people or 17.7 percent of the total population as having some type of disability, per the definition above. Of Montana's population, 145,732 people or 16.2 percent of the total population had a disability in 2000. (See map of percent of disabled population age 5 and over by county in Appendix D, page D-14.) Rates by county range from a low of 15.5 percent in Sweet Grass to a high of 26.1 percent in Wibaux.

Overall, 19.7 percent of the disabled population was below the poverty level. This is higher than Montana's overall poverty rate of 14.1 percent. It is reasonable that the poverty rate is lower for those under 21, as many are cared for by parents or other adults. Nor is it surprising that the poverty rate is lower for those 65 years and older, as they are eligible for social security. The poverty rate is highest for those ages 21 to 64 years; typically this age group would be in the workforce although it is reasonable to assume that many disabled persons in this age group are unemployed or employed in very low paying jobs.

Poverty Status for Disabled Population by Sex and Age⁹⁷									
2000 Census									
	Male			Female			Total Disabled Population		
	Total Disabled	Below Poverty Level	% of Disabled Population	Total Disabled	Below Poverty Level	% of Disabled Population	Total Disabled	Below Poverty Level	% of Disabled Population
5 to 15 years	5,139	1,387	1.8%	2,563	715	1.0%	7,702	2,102	1.5%
16 to 20 years	3,590	926	1.2%	2,812	903	1.3%	6,402	1,829	1.3%
21 to 64 years	46,649	9,138	12.1%	38,421	9,843	14.3%	85,070	18,981	13.1%
65 years & older	20,303	1,735	2.3%	24,981	3,857	5.6%	45,284	5,592	3.9%
Total Disabled Population	75,681	13,186	17.4%	68,777	15,318	22.3%	144,458	28,504	19.7%

Note: Total persons with disabilities of 144,458 reported with poverty statistics differs by 1,274 from total disabilities reported of 145,732 because poverty status was not determined for 1,274 disabled people.

Economic and Demographic Analysis of Montana, Volume II, Montana Department of Commerce, December 2004

While education enrollment was similar for disabled males and disabled females, education attainment was not. Other than an associate degree, males had higher attainment rates for all levels of education. The disabled population's attainment of a bachelors degree or higher was 7.2 percent, compared to 24.4 percent in the general population.

Persons with disabilities require supportive services in conjunction with the provision of affordable housing. Those persons with non-mobility related disabilities often require extensive special services, particularly those who are chronically homeless, chemically dependent, or mentally disabled. These individuals experience ongoing daily functioning difficulties because of their illness and many are unable to work due to their profound disabling illness.

⁹⁷ *Economic and Demographic Analysis of Montana, Volume II, Demographic Analysis, Center for Applied Economic Research, Montana State University-Billings, December 2004.*

The vast majority Montanans living in the community who are severely disabled rely upon Social Security Income (SSI) or Social Security Disability Income (SSDI) and other public entitlement programs to pay for their living expenses. Effective January 2005, SSI income in Montana increased from \$564 per month to \$579, or \$6,948 annually, for an eligible individual and from \$846 a month to \$869, \$10,428 annually, for an eligible couple⁹⁸.

The disabled population has a higher poverty rate and lower employment status than the general population. This, coupled with this population's special needs, makes it a challenge to provide safe, affordable housing for the disabled throughout the state.

According to the national study *Priced Out in 2002*⁹⁹, in 2002, SSI of \$545 per month, or \$6,540 per year, represented only 22 percent of the one-person average median income for the state of Montana. People with disabilities receiving SSI benefits are among the lowest income households in Montana. On average, the *Priced Out in 2002* study documents that people with disabilities living on SSI income (in 2002) would pay 73 percent of their income for the Montana average HUD Fair Market Rent levels for a one-bedroom unit. When the percentage of income spent on housing costs exceeds 50 percent, the household is considered to be "severely" rent burdened and have "worst" case needs for housing assistance. On a national level, it is estimated that 25 percent of the households in the United States with "worst case" housing needs are people with disabilities.

2002 HOUSING AFFORDABILITY IN MONTANA ¹⁰⁰						
State Statistical Area	SSI Monthly Pmt ^A	% SSI for 1-Bdrm	% SSI for Efficiency Apt. ^B	SSI as % Median Income	SSI as an Hourly Rate ^C	Housing Wage
Montana						
Billings	\$545.00	76.1%	65.5%	19.2%	\$3.14	\$7.98
Great Falls	\$545.00	75.8%	65.5%	22.3%	\$3.14	\$7.94
Missoula	\$545.00	76.9%	65.5%	20.7%	\$3.14	\$8.06
Non-Metropolitan Areas	\$545.00	71.5%	62.2%	23.6%	\$3.14	\$7.50
State Average	\$545.00	73.3%	63.4%	22.4%	\$3.14	\$7.69
^A Federal SSI benefit in 2002 for people with disabilities living independently in the community						
^B Percent of monthly SSI benefit needed to rent a modest studio apartment at HUD's Fair Market Rent in 2002						
^C SSI benefit expressed as an hourly wage for a full-time job						

In the absence of housing assistance, people with disabilities who rely on SSI income are likely to have few resources left over for food, medicine, and other necessary living expenses after housing expenses are paid. The result is that many will live in substandard housing, live in danger of becoming homeless, or in fact become homeless.

⁹⁸ Social Security Administration, available at: <http://www.ssa.gov/>

⁹⁹ *Technical Assistance Collaborative and Consortium for Citizens with Disabilities Housing Task Force*, May 2003, available at <http://www.tacinc.org/index/viewPage.cfm?pageId=37>

¹⁰⁰ *Ibid.*

Disability Services Division (DSD) of the MDPHHS assists Montanans with disabilities in living, working, and participating in their communities. The Disability Services Division may be summarized into four major functions: (1) vocational rehabilitation services, (2) institutional developmental disability services, (3) community developmental disability services, and (4) disability determination services.

The division provides or contracts for institutional care, residential services, home-based services to families, case management, and a variety of employment outcome-related services. These services include counseling and guidance, career training, transportation, adaptive equipment, orientation and mobility services to the blind, vocational rehabilitation training, independent living services, medical services, job placement, and supported employment. Developmentally disabled includes individuals with mental retardation, epilepsy, autism, or other neurological conditions that require treatment similar to those required by someone with mental retardation. In order to be considered a developmental disability, the disability must have originated before age 18 and have resulted in a substantial handicap of indefinite duration.

Vocational rehabilitation (VR) serves individuals with orthopedic, mental, visual, hearing, brain injury, and other disabilities. VR's mission is to promote work and independence for Montanans with disabilities. Vocational rehabilitation provides a broad range of services to assist, find, or maintain employment eligible for individuals with disabilities. The types of services provided are based on what an individual needs to get and keep a job. Services may include some of the following:

- Medical, psychological, and vocational evaluation services;
- Career counseling and guidance services;
- Medical or psychological services;
- On-the-job training, job coaching, business/trade school, college or other vocational programs;
- Job development and placement services;
- Rehabilitation technology (adaptive aids or equipment);
- Post employment services; and/or
- Referrals to other programs and services

Institutional developmental disability services: DSD is responsible for one state institution, the Montana Developmental Center (MDC) in Boulder, Montana. MDC is a residential facility providing 24 hour care for some individuals with either severe behaviors or severe self-help deficits. MDC provides habilitation services that include vocational training, self-help skills training, sex offender treatment, social skills development, recreation, nursing services, occupational and physical therapy and access to medical care.

Community developmental disability services include residential services. The Developmental Disabilities Program (DDP) contracts with private, non-profit corporations to provide services to individuals with developmental disabilities. These service programs are located in communities throughout Montana and provide an array of residential and work opportunities for adults, and family education and support services for children and their families, based upon individual preferences, needs and abilities. Programs include:¹⁰¹

- Children's Community Homes: These homes serve only children who cannot remain in their natural, foster, or adoptive homes. Five homes in the state serve 33 children who have serious physical and medical disabilities; many have extremely challenging behaviors. In addition to having a place to live, children residing in these homes receive assistance with activities of daily living and individualized skill acquisition training designed to assist the child to move toward greater independence and to become a participating member of the community.
- Adult Community Homes: A total of 293 adults who receive residential services are living in one of 46 community homes. As few as three and as many as eight persons may live in one of these homes. Supervision and training are provided to help these individuals become more independent in skills such as cooking, housekeeping, and the use of leisure time. In addition to having a place to live, individuals residing in these homes receive assistance with activities of daily living and individualized skill acquisition training designed to assist them to move toward greater independence and to become a participating member of the community.
- Intensive Community Homes: These homes serve adults who have few self-help skills or have challenging behaviors. These homes provide an intensive level of training and supervision with few residents (generally six) and a higher staff ratio. There are 316 individuals receiving intensive community home services in 43 homes statewide. In addition to having a place to live, individuals residing in these homes receive assistance with activities of daily living and individualized skill acquisition training designed to assist them to move toward greater independence and to become a participating member of the community.
- Senior Community Homes: These homes serve 35 elderly people. Training and assistance are provided with the primary purpose of maintaining adaptive skill levels. There are five senior community homes, each serving seven to eight individuals. In addition to having a place to live, individuals residing in these homes receive assistance with activities of daily living and individualized skill acquisition training. Emphasis is placed on socialization skills, leisure skills, community activities, and maintenance of self-help skills. Programs are designed to meet the need for a more relaxed and flexible schedule for older folks with emphasis on maintaining independence and participation as senior members of the community.
- Supported Living: Supported living services are individually tailored arrangements of resources and supports that enable people to live in more integrated and normal

¹⁰¹ Montana Department of Public Health and Human Services, Disability Services Division webpage: <http://www.dphhs.mt.gov/dsd/>, January 2005.

ways. Supported living might address the need for residential services, work services, transportation services or whatever combination of services an individual may require as identified through individualized assessment and the combination of resources available to meet identified needs. Currently, 553 Montanans receive supported living services. One example of a supported living arrangement might be a person who lives in an apartment with another person with a disability; they pool their service dollars in order to fund the supervision and assistance that they both need. In another example, staff visits individuals living in their own apartments as needed on evenings and weekends to provide assistance in living skills such as menu planning and money management. The key feature of supported living is the fact that the type of service provided is based on the individual's strengths, needs, and preferences, not on a preconceived model of service.

Disability determination services: DSD is also responsible for medical adjudication of all claims for Social Security Disability (SSDI) and Supplemental Security Income (SSI). The Disability Determination Services (DDS) works with the Social Security Administration (SSA) in administering the two disability programs. They use the same medical/vocational criteria for both programs for determining eligibility for benefits. SSDI is a monthly benefit paid to eligible individuals who cannot work due to serious physical or mental disability. SSI is a needs-based program that provides coverage for adults and children whose income and resources are below a specified level.

4. Addictive and Mental Disorders

The Addictive and Mental Disorders Division (AMDD) of the Montana Department of Public Health and Human Services provides chemical dependency and mental health services through three in-patient facilities and numerous behavioral health providers.¹⁰²

The Chemical Dependency (CD) Bureau provides a full range of in- and out-patient treatment and prevention services. The CD Bureau organizes and funds prevention activities and assesses Montana's need for chemical dependency treatment and prevention services. The Bureau also oversees chemical dependency treatment services, which are available through contracts with 23 state-approved programs. The CD Bureau provides a range of quality, effective services in the least restrictive, most appropriate community-based settings possible.

The Mental Health Services Bureau is responsible for all aspects of publicly-funded mental health services, including development, implementation, operation, oversight, evaluation, and modification of systems and programs. This bureau creates the policies, procedures, and systems necessary to ensure the efficient delivery of mental health services, as well as monitors, oversees, and evaluates implementation and operation.

¹⁰² Addictive and Mental Disorders Division 2003 Annual Report, Montana Department of Public Health & Human Services, available at:
<http://www.dphhs.mt.gov/aboutus/divisions/addictivementaldisorders/relatedtopics/2003annualreport.pdf>

In SFY 2003, AMDD administered mental health services for 24,600 Montanans:

- ✓ Medicaid mental health services for 8,673 children and adolescents and 10,779 adults; and
- ✓ Mental health services plan services for 231 children and adolescents and 5,005 adults.

Admissions to State Approved Programs by Region State Fiscal Year 2003						
Region	Number of Admissions			Percent Change from SFY02		
	Youth^a	Adults	Totals	Youth	Adults	Totals
Western ^b	286	2,061	2,347	4.0%	7.2%	6.8%
Central ^c	190	2,118	2,308	-14.4%	14.1%	11.1%
Eastern ^d	169	1,447	1,616	-16.7%	12.4%	8.5%
Out of State / Unknown Residence	128	341	469	7.6%	1.5%	3.1%
State Totals	773	5,967	6,740	-5.6%	10.5%	8.3%

Note: Totals do not include admission to the Montana Chemical Dependency Center

^a Ages 0-17.

^b The Western Region includes Beaverhead, Deer Lodge, Flathead, Granite, Lake, Lincoln, Madison, Mineral, Missoula, Powell, Ravalli, Sanders & Silver Bow Counties.

^c The Central Region includes Broadwater, Blaine, Cascade, Chouteau, Gallatin, Glacier, Hill, Jefferson, Lewis & Clark, Liberty, Meagher, Park, Pondera, Teton & Toole Counties.

^d The Eastern Region includes Big Horn, Carbon, Carter, Custer, Daniels, Dawson, Fallon, Fergus, Garfield, Golden Valley, Judith Basin, McCone, Musselshell, Petroleum, Phillips, Powder River, Prairie, Richland, Roosevelt, Rosebud, Sheridan, Stillwater, Sweet Grass, Treasure, Valley, Wheatland, Wibaux & Yellowstone Counties

a. In-Patient Facilities

- The Montana Chemical Dependency Center (MCDC), located in Butte, serves adults requiring in-patient treatment as defined by the American Society of Addiction Medicine. Community-based chemical dependency treatment programs screen for admissions to this facility. MCDC is the only 24-hour residential in-patient chemical dependency treatment facility in Montana. MCDC has 76 licensed beds, which include 70 treatment beds and six detoxification or medical beds. MCDC typically has a waiting list that can run to several weeks, and on average, there are 16 to 20 new admissions weekly. On an annual basis, MCDC serves 800 to 1,000 adults requiring sub-acute in-patient level of care, as defined by American Society of Addiction Medicine criteria. Seventy-four percent of all patients are suffering with co-occurring addiction and psychiatric disorders. Seventy-two percent of all admissions successfully complete treatment: 73 percent of males and 71 percent of females. The average length of stay is approximately 36 days.

SFY 2003 MCDC Statistics	
Who was served:	
Male	59%
Unmarried	75%
Average age for men	32
Average age for women	35
Women with dependent children.....	48%
Patients having some level of legal involvement	40%
Unemployed patients	83%
Males	87%
Females	79%
Patients having co-existing mental illness	74%
Patients homeless prior to admission	13 %
Patients living on incomes below the 2003 Federal Poverty level for one person (\$8,980)72%	
Race/Ethnicity	
Caucasian	79%
African American.....	1%
Native American.....	17%
Hispanic	3%
Primary drug of choice	
Alcohol	56%
Marijuana	11%
Methamphetamines.....	23%
Methamphetamine use:	
Caucasian male.....	33%
Caucasian female.....	38%
Native American patients	10%

- The Montana State Hospital (MSH), Warm Springs, the only public in-patient psychiatric hospital in Montana, serves people from across the state by providing publicly funded in-patient hospital services for adults with serious mental illnesses. The hospital is licensed for 174 hospital beds and 15 transitional care (group home) beds. More than 35 percent of the patient population is comprised of individuals diverted from the criminal justice system as a result of their need for psychiatric evaluation or treatment. The average daily census for SFY 2003 was 178, an increase of two over SFY 2002. Overcrowding has become a significant issue for the hospital and the licensed capacity of 189 patients was exceeded several times during SFY 2003.

By statute, the hospital can admit only those who are 18 years of age or older. In 2003:

- ✓ 70 percent of the patients at the MSH were male;
- ✓ 67 percent were there by civil involuntary commitment;
- ✓ 33 percent were there by forensic commitment; and
- ✓ 80 percent were between the ages of 18 and 49 on 6/30/2003.

MSH Age Breakdown		
As of June 30, 2003		
Age	#	%
18 to 29	54	26%
30 to 39	53	26%
40 to 49	58	28%
50 to 59	23	11%
60 to 69	14	7%
70 to 79	4	2%
80 to 89	1	1%

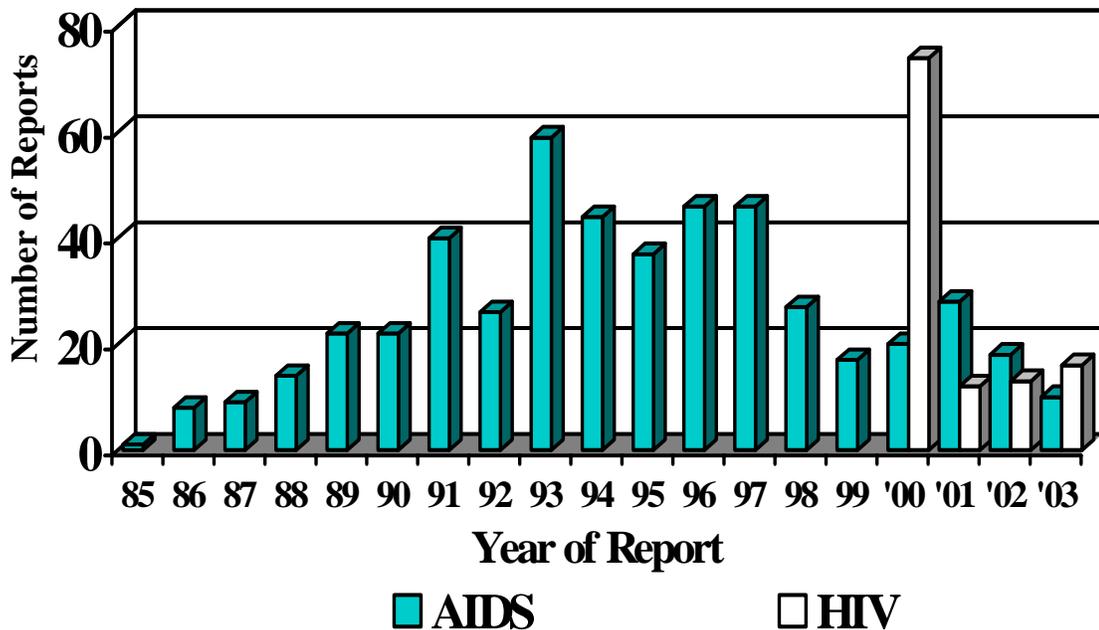
- Montana Mental Health Nursing Care Center, Lewistown, is a licensed, Medicaid-certified residential facility that provides long-term care and treatment unavailable in the community for people with mental disorders. In general, residents of the nursing care center cannot benefit from the services provided by the Montana State Hospital or traditional nursing homes. The population served is generally stable and would

not benefit from the intensive psychiatric treatment available at Montana State Hospital. At the end of SFY 2003, the facility had a 116-bed capacity and an average daily resident census of 95.5 patients.

5. Persons with HIV/AIDS

Prior to 1997, housing needs were different than they are today. At that time, nearly all persons with HIV/AIDS (Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome) were disabled by health reasons and qualified for disability determination, and thus disability income. The need for low-income housing was prevalent for these clients. However, local individuals, working within their communities, were often able to make a hardship case that these individuals should move to the front of the waiting list because of serious health concerns and the probability that they would not live a great deal longer. The advent of effective medical treatment has changed that scenario. People infected with HIV are able to maintain a much healthier status and frequently do not qualify for disability determination. Though they are healthier, they may not be able to work full-time and they continue to need low-income housing. They also need housing in proximity to major healthcare centers to receive the extensive and specific treatment they will require for the remainder of their lives. Because their health status is improved, it is not so possible to make a hardship case to move them in the waiting list, and it is more likely they will need low income housing for a much longer period of time.

Reported HIV/AIDS Cases in Montana by Year of Report, 1985-2003¹⁰³

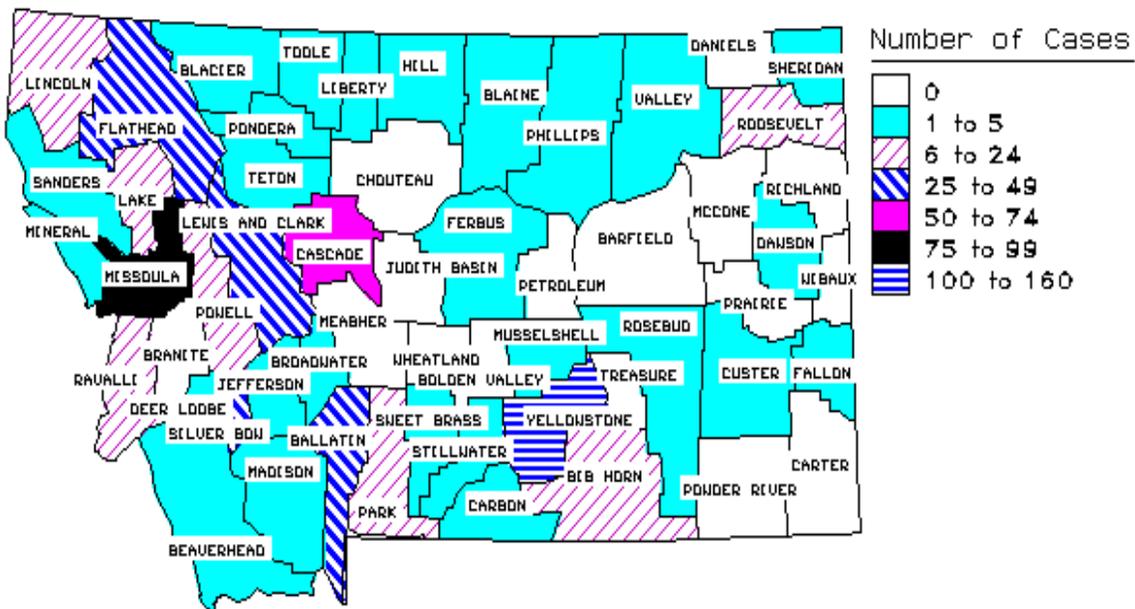


¹⁰³ 2005-2007 Comprehensive HIV Prevention Plan, Community Planning Group for HIV Prevention Project, August 2004

As of December 31, 2003, a cumulative total of 612 cases of HIV and AIDS had been reported to the MDPHHS since 1985. In 2003, HIV/AIDS was the eighth most common reportable disease in Montana with a combined total of 29 (10 AIDS, 19 HIV) cases reported. Approximately 347 individuals aware of their infection are known to be living with HIV/AIDS in Montana. An estimated 66 percent of these individuals have been diagnosed with AIDS. Forty of the state's 56 counties have reported at least one HIV/AIDS case since 1985. Montana remains a "low incidence" state with respect to HIV/AIDS, reporting fewer cases annually than all other states except Wyoming, and North and South Dakota.¹⁰⁴

The geographic distribution of Montana's HIV/AIDS cases closely reflects the state's overall population distribution. Montana's eight largest counties account for approximately 80 percent of all reported HIV/AIDS cases since 1985. Cases reported during the last two years show no significant change. In fact, nearly 90 percent of all cases identified in the last two years resided in the eight largest counties.¹⁰⁵

Distribution of Montana HIV/AIDS Cases by County, 1985-2003¹⁰⁶



HIV/AIDS does not appear to have had a disproportionate impact on Montana's American Indian population at the present time. American Indians represent approximately six percent of the state's population and represent seven percent of the HIV/AIDS cases reported. Fortunately, the state has not experienced the increase in cases among racial/ethnic minority groups experienced by larger urban areas of the

¹⁰⁴ 2005-2007 Comprehensive HIV Prevention Plan, Community Planning Group for HIV Prevention Project, August 2004

¹⁰⁵ *Ibid.*

¹⁰⁶ *Ibid.*

nation. While the number and characteristics of cases among American Indians differs little from those of the general population, other markers of potential HIV risk (teen pregnancies, STD rates) suggest an increased level of risk among American Indians when compared to non-Indian populations.¹⁰⁷

Race/Ethnicity of HIV/AIDS Cases, 1985-2003						
Race/Ethnicity	HIV		AIDS		Total HIV/AIDS	
	No.	(%)	No.	(%)	No.	(%)
Hispanic – All Races	4	4%	13	3%	17	3%
Non Hispanics – American Indian	6	5%	35	7%	41	7%
Black/African American	5	4%	14	3%	19	3%
Native Hawaiian/Pacific Is.	0	0%	1	0%	1	0%
White	97	85%	432	87%	529	86%
Unknown	2	2%	3	1%	5	1%
Totals:	114		498		612	

B. SPECIAL NEEDS OBJECTIVES

The State has determined a “medium” need at the statewide level for the non-homeless special needs populations. It is up to each locality to determine its own area(s) of highest need through more detailed local analyses, studies and needs assessments. The state reserves the right to make a determination of local need based on local analyses, studies and needs assessments, which may override the state’s priority level.

SPECIAL NEEDS/NON-HOMELESS SUMMARY TABLE STATE OF MONTANA – FIVE YEAR PLAN 2005 - 2010	
SUB-POPULATIONS	Priority Need Level High, Medium, Low, No such need
ELDERLY AND FRAIL ELDERLY	M
VETERANS	M
PERSONS WITH DISABILITIES	
SEVERE MENTAL ILLNESS	M
DEVELOPMENTALLY DISABLED	M
PHYSICALLY DISABLED	M
PERSONS WITH ALCOHOL/OTHER DRUG ADDICTION	M
PERSONS WITH HIV/AIDS	M
TOTAL	M

1. U.S. Supreme Court Olmstead Decision

The 1999, the U.S. Supreme Court Olmstead Decision established that States must work to provide people with disabilities who currently reside in institutions or other intensive levels of care, like nursing homes, with appropriate and meaningful opportunities for full access to community life. A fundamental piece of creating appropriate community living options is appropriate housing. The Bush Administration’s *New Freedom Initiative* calls for swift implementation of the *Olmstead* decision and calls on federal agencies, including HUD-funded programs to identify and remove obstacles that prevent people with disabilities from full participation in community life and to work

¹⁰⁷ 2005-2007 Comprehensive HIV Prevention Plan, Community Planning Group for HIV Prevention Project, August 2004

cooperatively to assist the states in creating appropriate *Olmstead* solutions across the country. In Montana, the major institutions serving people with severe disabilities include the Montana State Hospital at Warm Springs, and the state Nursing Care Center at Lewistown, which serve people with mental illness, and the Developmental Center at Boulder serving people with developmental disabilities. *Olmstead* also covers people with disabilities who are inappropriately served levels of restrictive care that are higher than necessary.

In 2003, the Montana State Legislature authorized the closure of the Eastmont Center for Developmental Disabilities in Glendive, Montana. The MDPHHS Developmental Disability Program was authorized to fund community group homes in Glendive to provide an appropriate community living opportunity for many of the former residents of Eastmont. In addition, the MDPHHS Addictive and Mental Disorders Division is downsizing the Lewistown Nursing Care Center for persons with serious disabling mental illness and funding a new level of intensive community living options for current Nursing Care residents.

For more information on Montana's Olmstead Planning Document, go to:

http://www.dphhs.mt.gov/dsd/govt_programs/Olmstead/index.htm

2. Montana Home Choice Coalition

President Bush, in announcing his *New Freedom Initiative*, identified a major discrepancy in the general rate of homeownership of 71 percent and the rate of households headed by people with disabilities, which stands at 10 percent. The Montana Home Choice Coalition believes these national figures are generally applicable to the homeownership gap present in Montana, and is committed to closing this gap for people with disabilities and their families.

Like other citizens, people with disabilities can benefit from homeownership. Efforts to provide homeownership opportunities and choices can be supported through a combination of funding programs and new initiatives. Individuals with disabilities may need access to more financial assistance than the average first-time homebuyer due to limitations on work and related earning power due to their disability. Working in support of homeownership for persons with disabilities, the Montana Home Choice Coalition's homeownership initiative involves four major general strategies:

- Provide community outreach and education to the disability community;
- Provide individual homeownership counseling and referral services;
- Provide access to the Fannie Mae HomeChoice Mortgage for Persons and Families with Disabilities. This mortgage product has flexible features specifically designed to meet the needs of homeowners with disabilities. It provides a flexible mortgage option for potential homeowners with disabilities and adds existing mortgage options available through Montana Board of Housing, HUD, and Rural Development; and

- Educate and advocate with affordable homeownership providers, the housing finance industry, and housing builders. Within the public housing resource needs identification process, identify the interest in and need to include homeownership as an option for people with disabilities, including the development of accessible housing stock incorporating Universal Design.

The Home Choice Coalition is committed to assisting eligible persons with disabilities to become homeowners. The Coalition has set as priorities, Montana counties with the greatest degree of affordability, primarily in the central and eastern parts of the state. The Coalition has begun working with the Montana Homeownership Network, MBOH, MDOC Housing Division, Fannie Mae MTPO, USDA Rural Development, A.W.A.R.E., Inc., Central Montana Medical Center, Opportunities Resources, Inc., Section 8 contractors, lenders, and realtors in an effort to support implementation of the Section 8 Homeownership Voucher program. In partnership with the MDPHHS Developmental Disability Program, the Coalition is also working with persons with developmental disabilities, who desire to become homeowners.