



MONTANA

CONSOLIDATED PLAN

ANNUAL ACTION PLAN EXECUTIVE SUMMARY

PLAN YEAR 2006

April 1, 2006 -- March 31, 2007

http://housing.mt.gov/Hous_CP.asp



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EXECUTIVE SUMMARY

Each year Montana submits an Action Plan illustrating how the U.S. Department of Housing and Urban Development (HUD) Community Planning and Development (CPD) resources will be utilized to improve communities throughout the state. The state's goals include:

- Increasing the supply of decent, safe, affordable housing, especially for low- and very low-income families, individuals, and special needs populations such as the elderly, disabled and homeless;
- Expanding economic opportunities in order to improve the living conditions for low- and moderate-income groups; and
- Expanding and improving community facilities and services, principally for low- and moderate-income persons, which are essential for sound community development and for development of viable communities.

The Action Plan is for the 12-month period beginning April 1, 2006 (federal fiscal year 2006). The plan, developed with the input of citizens and community groups, serves four major functions:

- It is the state's application for funds available through the three HUD formula grant programs that are administered by the state of Montana: the Community Development Block Grant (CDBG), the HOME Investment Partnerships (HOME), and the Emergency Shelter Grant (ESG) programs;
- It is the annual planning document, built through public input and participation, for CDBG, HOME, ESG, and other related programs;
- It lays out the funding resources expected, the method of fund distribution, and the actions the state will follow in administering HUD programs; and
- It provides accountability to citizens for the use of the funds and allows HUD to measure program performance.

The Montana Department of Commerce (MDOC) administers the Community Development Block Grant program, the HOME Investment Partnerships program, and the Consolidated Plan. The Montana Department of Public Health and Human Services (MDPHHS) administers the Emergency Shelter Grant program.

Community Development Block Grant (CDBG) Program

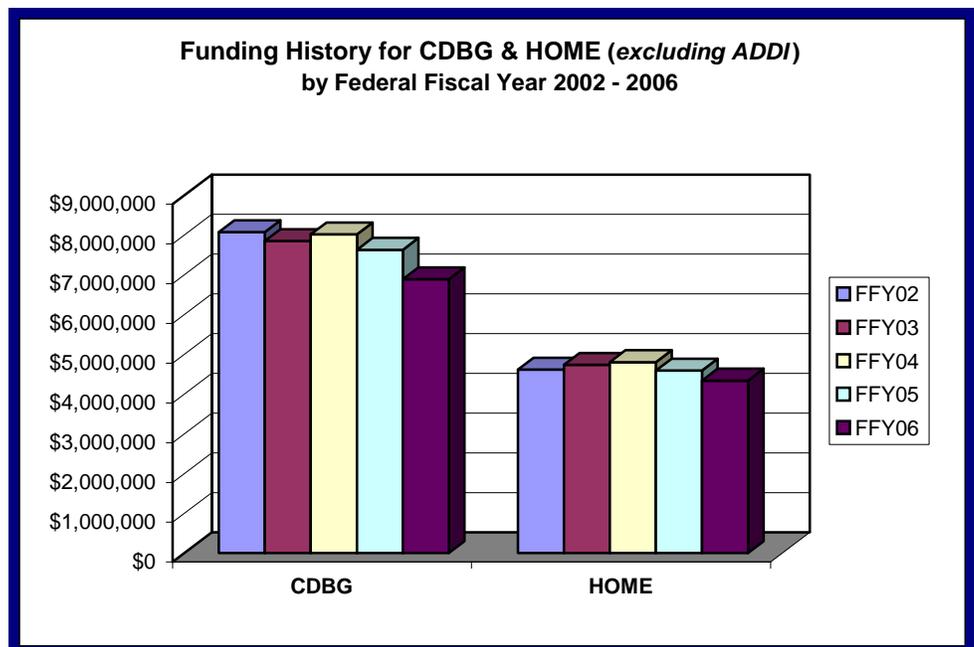
The Community Development Division (CDD) and the Business Resources Division (BRD) of the MDOC administer the CDBG program. For the plan year beginning April 1, 2006, the state will receive \$6,886,683 in federal CDBG funds, a decrease of nearly \$740,000 from FFY 2005. Of these dollars, one-third, or approximately \$2.2 million, would be allocated for economic development projects, administered by the BRD. Nearly \$4.4 million would be split between public facility projects (\$2.6 million), housing

and neighborhood renewal projects (\$1.6 million), and planning grants (\$225,000), administered by the CDD.

The CDBG program also anticipates that an undeterminable amount of program income will be generated. Grantee communities that have an approved CDBG program income plan are allowed to retain the funds for further CDBG-eligible activities. Each year, local governments receiving CDBG program income are requested to file a report showing the status of program revenues and expenditures.

CDBG		
FFY 2006		
	<u>Minimum Amount</u>	<u>Maximum Amount</u>
Competitive Formula Retained for State Projects Non-Competitive		\$ 6,580,082
State Admin of Program		\$ 306,601

Since the MDOC began administering the state CDBG Program in 1982, the annual budget for the CDBG program set by Congress has seldom varied, up or down, by more than about five percent. Last year, the President's administration proposed terminating the CDBG program. After major review and discussion throughout the year, in December 2005, Congress approved a HUD budget that reduced funding overall for the CDBG program by approximately 10 percent. This action resulted in a reduction for Montana from the FFY 2005 level of \$7,626,300 to \$6,886,683 for FFY 2006, a reduction of 9.7 percent. The President's FFY 2007 budget again proposes further cuts in CDBG.



HOME Investment Partnerships (HOME) Program

The HOME program, administered by the MDOC Housing Division, will receive an estimated \$4.34 million for the plan year beginning April 1, 2006. Funds will be used to develop affordable housing for low- and very low-income persons.

Additionally, the MDOC will receive \$82,255 in American Dream Downpayment Initiative (ADDI) funds for FFY 2006, down from \$164,842 in FFY 2005 and \$289,084 for FFY 2004. ADDI, which was signed into law in December 2003, originally provided for \$200 million each year from 2003 until 2007 to be allocated to HOME participating jurisdictions based on the percent of low-income renters in the jurisdiction relative to the percent of low-income renters in the United States.

The HOME program expects that an undetermined amount of program income will be generated from previously awarded grants. HOME grantees with an approved program income plan are allowed to retain any program income generated and use the funds for HOME-eligible activities:

- If program income is earned by a grantee before closeout of a project, it must be added to funds committed to the project and used to support eligible activities before the grantee can request an additional drawdown of funds.
- If a grantee previously received a HOME award for a project that has not been closed out and they receive an additional HOME award at a later date, the program income from the earlier project must be expended on eligible activities under the new project before the grantee can request funds from its new grant allocation.
- If a grantee receives any program income after project completion and grant closeout, these funds must be reported on a quarterly basis to the HOME program and may be used for additional HOME eligible activities, according to the terms of the grant closeout agreement and approved program income plan.

HOME		
FFY 2006		
	<u>Minimum Amount</u>	<u>Maximum Amount</u>
Competitive		\$ 1,987,454 *
Formula		\$ 30,434 *
Retained for State Project		
Non-Competitive		\$ 1,987,454
State Admin of Program		\$ 434,086
* Includes \$82,255 of ADDI06 funds.		

Emergency Shelter Grant (ESG) Program

The Intergovernmental Human Services Bureau (IHSB) of the Montana Department of Public Health and Human Services (MDPHHS) anticipates that \$393,710 will be available through the ESG program.

	FFY 2006	
	<u>Minimum Amount</u>	<u>Maximum Amount</u>
Competitive Formula		\$ 374,051
Retained for State Project		
Non-Competitive		
State Admin of Program		\$ 19,687

PERFORMANCE MEASUREMENT

In September 2003, HUD issued *CPD Notice 03-09* regarding performance measurement. In the notice, HUD strongly encouraged each CPD formula grantee, which includes Montana's HOME, CDBG, and ESG programs, to develop and use a performance measurement system. In addition, it described the need for HUD to begin to show the results of the federal dollars spent on the activities funded by the CDBG, HOME, and ESG programs. On June 10, 2005 HUD published the *Notice of Draft Outcome Performance Measurement System for Community Planning and Development Formula Grant Programs* in the Federal Register. As described in the Federal Register, the proposed outcome performance measurement system should enable HUD to collect information on the outcomes of activities funded with CPD formula grant assistance and to aggregate that information at the national, state, and local level.

In preparation for the new system, MDOC staff attended HUD's web cast on the proposed performance measurement system in June 2005. HOME staff attended HUD's feedback session in San Francisco in July 2005, provided comments on the proposed rule in September 2005, and attended training sessions sponsored by the National Council of State Housing Agencies (NCSHA) and the Council of State Community Development Agencies (COSDA) in January 2006. The three covered programs, CDBG, ESG and HOME, will begin working with the entities it funds to ensure that adequate information is collected at the local level so that the it can be entered into IDIS.

The MDOC and MDPHHS anticipates that each project or activity funded by the HOME, CDBG, and ESG programs will fall under one of the three objectives, which relate back to the statutory purposes of the programs:

- 1. Creating a Suitable Living Environment:** In general, this objective relates to activities that are designed to benefit communities, families or individuals by addressing issue in their living environment. It relates to activities that are intended to address a wide range of issues faced by LMI persons from physical problems with their environment, such as poor quality infrastructure, to social issues such as crime prevention, literacy, or elderly health services.
- 2. Providing Decent Housing:** The activities that typically would be found under this objective are designed to cover the wide range of housing possible under CDBG, HOME or ESG. This objective focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of a larger effort, since they would be more appropriately reported under “Creating a Suitable Living Environment”.
- 3. Creating Economic Opportunities:** This objective applies to types of activities related to economic development, commercial revitalization, or job creation.

For each objective selected for a specific project, one of three outcome categories that best reflects what is expected to be achieved by funding that activity will be chosen. The three outcome categories are:

- 1. Improving Availability or Accessibility:** This out come category applies to activities that make services, infrastructure, public services, housing, or shelter available or accessible to low- and moderate-income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the affordable basics of daily living available and accessible (i.e., increased access to various services, housing units, or facilities) to low- and moderate-income people where they live. Note: Where a service or facility did not exist, the assistance provided results in “new” access to that service or facility. Where a service or facility was limited in size or capacity, and the assistance expanded the existing service or facility, the result would be improved access.
- 2. Improving Affordability:** This outcome category applies to activities that provide affordability in a variety of ways in the lives of low- and moderate-income people. It can include creating or maintaining affordable housing, basic infrastructure hookups, or services such as transportation or daycare.
- 3. Improving Sustainability:** This outcome applies to projects where the activity or activities are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low- and moderate-income or by removing or eliminating slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods. (Note: HUD does not have a common definition for neighborhood, other than Neighborhood Revitalization Strategy Areas (NRSA) or Community Revitalization Strategy Areas (CRSA), which must be approved by HUD. The state CDBG program can locally define specific areas, such as census tracts, block groups, or target areas, as neighborhoods.)

In the context of HUD’s framework, *sustainability* is specifically tied to activities that are meant to ensure that a particular geographic area as a whole (neighborhood, downtown, etc) remains viable. It is targeted at supporting a specific physical location. *Availability* is related to making services, infrastructure, housing, or shelter available or accessible to individual residents/beneficiaries.

The three objectives are combined with the three outcome categories to come up with a matrix of nine outcome statements (see the Outcome Statement Matrix, following).

OUTCOME STATEMENT MATRIX			
	Outcome 1: Availability or Accessibility	Outcome 2: Affordability	Outcome 3: Sustainability
Objective 1: Suitable Living Environment	Enhance Suitable Living Environment through Improved Accessibility	Enhance Suitable Living Environment through Improved or New Affordability	Enhance Suitable Living Environment through Improved or New Sustainability
Objective 2: Decent Housing	Create Decent Housing with Improved or New Availability	Create Decent Housing with Improved or New Affordability	Create Decent Housing With Improved or New Sustainability
Objective 3: Economic Opportunities	Provide Economic Opportunity through Improved or New Accessibility	Provide Economic Opportunity through Improved or New Affordability	Provide Economic Opportunity through Improved or New Sustainability