

MONTANA

CONSOLIDATED PLAN PLAN YEAR 2006 ANNUAL PERFORMANCE REPORT APRIL 1, 2006 TO MARCH 31, 2007

Investing in Montana's Communities

MONTANA DEPARTMENT OF COMMERCE

**Community Development Block Grant Program
Home Investment Partnerships Program**

MONTANA DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

Emergency Shelter Grant Program

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



Montana's Official State Website



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PART I - ANNUAL PERFORMANCE REPORT

PART I - ANNUAL PERFORMANCE REPORT

SECTION A - RESOURCES MADE AVAILABLE TO THE STATE

The following discussion separates federal and state funding sources and addresses components pertinent to individual program activities. This discussion does not include all programs that may be available around the state. Information on additional programs is contained in the *Montana Housing Resource Directory*¹.

I.A.1 FEDERAL SOURCE - STATE ADMINISTRATION

Montana Department of Commerce

Community Development Block Grant (CDBG) Program

The Community Development Block Grant program is a federally funded grant program designed to help communities with their greatest community development needs. The program was established by the Federal Housing and Community Development Act of 1974 (42 USC 5301) and is administered nationally by the U.S. Department of Housing and Urban Development (HUD). All projects must principally benefit low- and moderate-income households. The Business Resources and Community Development Divisions within the Montana Department of Commerce (MDOC) administer the CDBG program in Montana. For the plan year ended March 31, 2007, the state received \$6,886,683 in federal CDBG funds.

The CDBG Economic Development (CDBG-ED) Program functions within the Commerce Loan Fund, which is located in the Business Resources Division (BRD). The Commerce Loan Fund also operates an EDA Revolving Loan Fund (RLF), funded in 1990 with an \$880,000 grant from the federal Economic Development Administration (EDA). The EDA grant plus \$300,000 of matching CDBG-ED funds initially targeted a project under the EDA Sudden and Severe Economic Deterioration Area program. All payments from loans made through the EDA RLF are required to be made to the MDOC and cannot be retained by the local government. The total loan repayments to the MDOC capitalize a state EDA revolving loan fund. Once loan repayments reach \$100,000, funds are available for loans.

Home Investment Partnerships (HOME) Program

Also funded by HUD, the HOME program provides grant funds to units of local government and community housing development organizations to own, sponsor, or develop affordable housing for low-income persons. The MDOC Housing Division administers the statewide HOME program. The purposes of this program include expanding the supply of affordable housing for low- and very low-income persons,

¹ *Montana Housing Resource Directory*, Montana Department of Commerce, January 2007; available online at http://housing.mt.gov/Hous_CP_HsgResDir.asp

improving the means for state and local governments to implement strategies to achieve adequate supplies of decent, affordable housing, and providing both financial and technical assistance to participants to develop model programs for affordable housing. Funds available in the plan year ended March 31, 2007 totaled \$4,340,864. Recaptured and carryover funds of \$16,309 were also available. In addition, \$82,255 of HOME's American Dream Downpayment Initiative (ADDI) funds were available, and all were distributed. HOME grantees, which are allowed to keep and expend program income on HOME-eligible activities, distributed \$464,754 in program income during the plan year.

Low Income Housing Tax Credit (LIHTC) Program

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 meeting certain low-income occupancy and rent limitation requirements. The amount of tax credit that may be allocated annually for housing is \$2.275 million per year, including a cost of living increase for Montana. The Montana Board of Housing (MBOH), administratively attached to the MDOC, is the state agency that administers the program and allocates tax credits for housing located in Montana.

Section 8 Housing Assistance Programs

Financed by HUD and administered by the MDOC Housing Division, Tenant Based Section 8 Housing (TBS8) Assistance Programs allow very low-income families to pay a set amount for rent and utilities, based on their gross adjusted income (currently 30%). Very low-income families have incomes of 50% or less of the HUD median family income for the county in which the family resides. HUD establishes income limits annually. The programs provide subsidy payments to property owners on behalf of program participants.

The TBS8 program, using 39 local field agents in eleven locations throughout the state, provides field services: issuing assistance documents, performing inspections, and examining annual income. The wait list to obtain a voucher is roughly 18 months with approximately 5,560 applicants. The Housing Choice Vouchers is the main program in TBS8, with a HUD baseline of 3,750 units, and an annual budget of \$15 million.

The Moderate Rehabilitation (Mod Rehab) program is a project-based program containing 322 rental units. TBS8 subsidizes the rental units, provides a list of prospective tenants to owners, and inspects the rental units annually to insure continued compliance with HQS. Owners of substandard property in Montana rehabilitate the property to meet HUD housing quality standards (HQS) and receive subsidized rent for 15 years at a rate high enough to cover the debt service on rehabilitation loans. The annual budget for the program is \$2,158,806; however, the HUD approved and funded amount for FFY 2007 is \$1,092,377.

The Montana Project Based Section 8 (PBS8) program performs as a HUD contractor for management and oversight activities for 101 contracts involving 4,308 affordable

rental units. PBS8 conducts on-site management reviews annually for the entire contract portfolio. In addition, PBS8 approves and processes payment vouchers to property owners and agents.

Workforce Investment Act (WIA) Program

At the direction of the Governor, the discretionary component of the federally funded Workforce Investment Act program was used to continue an MDOC program that provides grants to Montana businesses for incumbent worker training for existing and new employees. The Montana Department of Labor and Industry (MDOLI) provides federal grant funds to the MDOC, of which \$380,000 was available for business applications. Montana businesses apply directly to the MDOC to request WIA funds.

Montana Department of Public Health and Human Services

Emergency Shelter Grant (ESG) Program

The Intergovernmental Human Services Bureau (IHSB) of the Montana Department of Public Health and Human Services (MDPHHS) administers the HUD-funded Emergency Shelter Grant program. The program received \$393,738 for the plan year ended 2007.

Created in 1986, ESG funds a broad range of eligible activities, including converting, renovating and rehabilitating facilities, operating facilities, delivering essential services, and preventing homelessness. ESG funding enables service providers to expand available emergency shelter capacity to broaden the range of services available to clients. ESG-funded entities may be either shelter or non-shelter providers.

The IHSB distributes the funds to the state's ten Human Resource Development Councils (HRDCs), which together cover virtually all of Montana (see map on page 55). The HRDCs use the funds to meet the needs of the homeless or those at risk of homelessness at the local level.

Housing Opportunities for Persons With AIDS (HOPWA)

HOPWA funds are used to support HUD's national goal of increasing the availability of decent, safe, and affordable housing "for meeting the housing needs of persons" with HIV/AIDS and their families. Grantees are encouraged to develop community-wide comprehensive strategies and to form partnerships with area nonprofit organizations to provide housing assistance and related services for eligible persons.

The MDPHHS administers competitively-funded HOPWA grants for a three-state region that includes Montana, North Dakota, and South Dakota. Tri-state Housing Environments for Living Positively (TS HELP) is a partnership between MDPHHS and four private agencies: the Sioux Falls Housing and Redevelopment Commission in South Dakota, Region VII Community Action Program in North Dakota, and Missoula AIDS Council and Yellowstone AIDS Project in Montana (see map on page 55). The

HOPWA grant allows TS HELP to operate its programs providing a continuum of housing and related supportive service opportunities for people living with HIV/AIDS and their families serving these three states.

U.S. Department of Energy (DOE) Energy Programs

The U.S. Department of Energy funds available for weatherization assistance totaled \$3,992,702 for the year ending in March 2007. These funds leveraged additional funds from the U.S. Department of Health and Human Services for the Low Income Energy Assistance Program (LIEAP), Northwestern Energy, Bonneville Power Administration, and Universal System Benefits/Montana Dakota Utilities (USB/MDU) funds. The total leveraged funds available for the year ending in 2007 were \$7,869,100. The MDPHHS Intergovernmental Human Services Bureau administers the program.

The weatherization program provides cost effective energy conservation measures for low-income households, and typically include heating system tune-ups, air infiltration reduction, and attic, wall and floor insulation. During the year ending in 2007, the program weatherized an estimated 1,263 homes in Montana, for a total energy savings of more than 46,115 BTUs.

Montana Departments of Environmental Quality and Natural Resources and Conservation

Technical and Financial Assistance Program

The Montana Departments of Natural Resources and Conservation (MDNRC) and Environmental Quality co-administer Montana's Water Pollution Control State Revolving Fund (WPCSRF) and Drinking Water State Revolving Fund (DWSRF) Loan programs.

- The WPCSRF program is designed to combine federal grant money with state matching money to create a low interest loan program that funds community wastewater treatment projects. The U.S. Environmental Protection Agency (EPA) makes a grant of federal funds to the state. The state must match 20% of that grant. The state's share is derived from the sale of state general obligation bonds. MDNRC makes loans to public entities at an interest rate of 4% for up to 20 years.

Since the WPCSRF program started, the state of Montana has issued \$23,090,000 in general obligation bonds, and EPA has contributed more than \$114 million in grants. These state bonds and federal grants, together with nearly \$51 million in "recycled" (unpaid) loan funds, account for the \$187,958,747 program level. Twelve (12) loans were closed in fiscal year 2006 for a total of \$12,491,000. MDNRC projects that nearly \$10,088,000 million in Water Pollution Control loans will be made to communities in Montana in fiscal year 2007.

- The DWSRF program provides funds for training, technical assistance, and issuing low interest loans to local governmental entities to finance drinking water facilities

and implement the Safe Drinking Water Act. State enabling legislation was passed in 1995 and amended in 1997 after the U.S. Congress passed federal enabling legislation in August 1996. The MDNRC and MDEQ applied for the federal funds in January 1998.

The state has issued nearly \$14.8 million in general obligation bonds, EPA has obligated more than \$77 million, and \$12.5 million in recycled funds have been used to fund loans, for a program level of more than \$64,225,226. Loans totaling nearly \$5,519,622 were closed in the 2006 construction season and the borrowing community increased one existing loan. No loans are made over the 4% interest rate. MDNRC projects that nearly \$ 3,266,000 million in drinking water loans will be made to communities in Montana in fiscal year 2007.

I.A.2 FEDERAL SOURCE - LOCAL ADMINISTRATION

U.S. Department of Housing & Urban Development

The following programs are available to local groups on a competitive basis (national or regional competition) by applying to HUD.

Shelter Plus Care (SPC)

The Shelter Plus Care program is a source of permanent housing with supportive services to homeless people with serious disabilities. HUD began awarding SPC funds in 1992 to state and local governments and public housing agencies as a way to assist a population that has been traditionally hard to reach. The program targets homeless people with disabilities such as severe mental illness, chronic substance abuse, dual diagnoses (co-occurring mental illness and substance abuse), and/or HIV/AIDS. The program allows for a variety of housing choices, and a range of supportive services funded by other sources, in response to the needs of the hard-to-reach homeless population with disabilities. Funds for SPC are available on a competitive basis through the state's Continuum of Care process.

Supportive Housing Program (SHP)

The Supportive Housing Program was authorized by the McKinney-Vento Homeless Assistance Act of 1987. It is designed to promote, as part of a local Continuum of Care strategy, the development of supportive housing and supportive services to assist homeless persons in the transition from homelessness and to enable them to live as independently as possible. SHP assistance is provided to help homeless persons meet three overall goals: achieve residential stability, increase skill levels and/or incomes, and obtain greater self-determination. Eligible applicants are states, units of local government, other governmental entities such as public housing authorities (PHAs), private nonprofits, and community mental health centers. Funds for supportive housing are available on a competitive basis through the state's Continuum of Care process.

U.S. Department of Agriculture Rural Development Program

The U.S. Department of Agriculture Rural Development (USDA RD) program funds several different housing programs for very low-, low-, and median-income borrowers, including Single Family Housing Direct Loans (502), Repair and Rehab Loans and Grants (504), Guaranteed Rural Housing Loans. Additionally, RD funds Multi-Family Housing Direct Loans and Guarantees, Rural Rental Assistance, Mutual Self-Help Grants, and Housing Preservation Grants.

I.A.3 STATE SOURCE - STATE ADMINISTRATION

Montana Department of Public Health and Human Services Energy Funds

In House Bill 2, the 2005 Legislature provided the MDPHHS with an additional \$500,000 per year of state general funds to be used for the LIEAP and weatherization programs to help offset the high cost of energy in 2006 and 2007. In 2006, \$177,246 was spent for heating assistance for low income Montanans including those on the Crow reservation, \$235,000 was spent for weatherization under the Warm Hearts, Warm Homes program, and \$87,404 was contracted to six remaining tribes for heating assistance. In 2007, \$500,000 was spent for heating assistance; \$87,406 with the tribes and \$412,594 for heating assistance provided through the 10 Human Resource Development Councils.

Montana Department of Natural Resources and Conservation Renewable Resource Grant and Loan Program (RRGL)

The MDNRC administers the Renewable Resource Grant and Loan program. Financial assistance is available to local governments in the form of grants or loans. Funds are used for grants up to \$100,000 and for securing loans for water and sewer projects. The level of funding for the RRGL program is projected to be \$4 million for each biennium.

Montana Board of Investments (MBOI) INTERCAP Revolving Loan Program

The INTERCAP Revolving Loan Program, offered by the Montana Board of Investments, provides loans to Montana local governments for a wide variety of purposes. Local governments may use the program to provide short- and long-term loans and bridge financing. During the plan year ended March 31, 2007, INTERCAP made \$13.1 million in loans to communities. Loans from program inception in 1987 to fiscal year ending June 30, 2006 total \$232.99 million. To date, \$11.09 million of INTERCAP loans financed heating, lighting, and cooling projects meant to reduce energy costs.

Montana Department of Commerce Treasure State Endowment Program (TSEP)

The Treasure State Endowment Program is a state funded grant program administered by the MDOC. The program was created to assist local governments with financing infrastructure projects in order to help solve serious health and safety problems and

keep the cost of the projects at an affordable level. TSEP funds can be used for constructing or repairing drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges. Any incorporated city or town, county, or consolidated local government; county or multi-county water, sewer or solid waste district; or tribal government is eligible to apply to the TSEP program.

Montana Department of Commerce Business Resources Division

Indian Country Economic Development (ICED)

Indian Country Economic Development funds from the MDOC have been available to tribal governments since October 1, 2005. The 59th Montana Legislature made funds available to support tribal business development projects, workforce training projects, entrepreneurial training, feasibility studies, and other types of economic development projects. A total of \$400,000 was available annually from the program. A total of \$800,000 will be available annually from the program in fiscal years 2008 and 2009.

Primary Sector Workforce Training Grant (WTG)

HB 270 transferred the administration of the WTG program, established during the 2003 legislative session, from the Governor's Office of Economic Opportunity to the MDOC. A total of \$1.4 million was available annually from the program. The program is designed to encourage the creation of good-paying jobs in primary sector businesses.

The 2007 State Legislature made a total of \$3.9 million available annually for the WTG program for the creation of good-paying jobs in primary sector businesses paying the lower of the state's average annual wage or the county's average annual wage and adding and training at least one new worker in fiscal years 2008 and 2009.

Big Sky Trust Fund

The Big Sky Economic Development Trust Fund, created by the 2005 Montana Legislature, was one of the major components of the governor's 2005 legislative agenda. The trust fund was created to aide in the development of good-paying jobs for Montana residents and to promote long-term, stable economic growth in Montana. Earnings (interest only, not principal) from the trust fund are available for financial assistance to local governments and economic development organizations through application to the MDOC. Seventy-five percent of trust fund earnings are awarded annually to local governments in the form of grants and loans for economic development projects that create new qualifying jobs for Montana residents.

Montana Board of Housing (MBOH) Programs

The mission of MBOH is to alleviate the high cost of housing for low-income persons and families. The funds to operate the programs administered under the Housing Act of

1975 are generated through either the sale of tax-exempt bonds or administrative fees. MBOH programs fall primarily into two categories: homeownership programs and multifamily programs. An additional program assists the elderly. MBOH programs are often used in combination with HOME and CDBG funds, where the MBOH provides permanent financing or equity financing.

Homeownership Programs

- *Homeownership Mortgage Revenue Bond Program*: The Homeownership Mortgage Revenue Bond Program (formerly known as the Single Family Bond Program) began in 1977. Its purpose is to assist low- and moderate-income Montanans in purchasing homes in the state. The MBOH issues tax-exempt mortgage revenue bonds to provide below market rate funds either to purchase existing housing or to construct new housing. Primarily, this program is intended to be utilized by first-time homebuyers, however, in certain "targeted" areas, the borrowers do not need to be first-time buyers. Certain income requirements and house price restrictions must be met. Loan fund availability and mortgage rates vary with each new bond issue.
- *Mortgage Credit Certificate (MCC) Program*: The MCC Program, which began operation in April 2003, allows a qualified homebuyer to claim up to 20% of annual mortgage interest paid as a federal income tax credit. The remaining mortgage interest (80%) continues to qualify as an itemized deduction. The MCC may be used in conjunction with any conventional fixed or adjustable rate loan, FHA, VA or RD loans, or privately insured mortgage loans statewide including loans made in Indian Country, except a loan made through the MBOH bond program.
- *Set-aside Homeownership Mortgage Program*: The MBOH makes mortgage funds available through the recycling of mortgage prepayments and other funds held under prior bond issues of the Homeownership Mortgage Revenue Bond Program. The MBOH works in partnership with local nonprofit housing providers and local governments to develop programs to target specific housing needs within the local community. The MBOH provides the permanent, below market rate, 30-year mortgage financing. This is often coupled with federal grants or local funds to assist in making homeownership more affordable for lower income individuals and families. Applications are submitted monthly through the MBOH's "Request for Proposal" process.
- *Disabled Accessible Affordable Homeownership Program*: In 1993, the MBOH initiated the Disabled Accessible Affordable Homeownership Program for persons with disabilities to acquire affordable, architecturally accessible homes. Qualifying for this program requires that an eligible homebuyer, spouse, child, or parent have a permanent physical disability with a mobility impairment, meet income and family asset limits, and be a first-time homebuyer or have a home purchased prior to the disability that is no longer accessible to their needs. Interest rates vary depending on the buyer's annual income.

- *MyMontanaMortgage (MMM)*: This pilot program expands the range of borrowers that MBOH can serve by combining the MBOH lower set-aside mortgage interest rate with expanded underwriting available through Fannie Mae. The qualifications are similar to the Homeownership Mortgage Revenue Bond Program and is targeted to four special groups: Native Americans; housing subsidy clients working with an authorized Section 8 homeownership program; households which have one or more household members with an ADA-defined disability (not limited to access disabilities as in the Disabled Accessible Affordable Homeownership Program); and borrowers who work full-time in essential services that include employees (custodial and administrative staff and teachers) in public or private schools (from kindergarten through college level), police and firefighters, and certified, accredited or licensed health care workers (nurses, pharmacists, technicians, etc.).
- *Teachers' Program*: This pilot program in Ravalli County with Farmers' State Bank links lower interest first mortgages using recycled bond funds with special down payment assistance second mortgages to help provide homeownership for first-time homebuyers who are teachers in Ravalli County schools. Borrowers who meet MBOH eligibility criteria and have incomes at or below 80% of median qualify for a first mortgage through the MBOH. The second mortgage fills the gap between the first mortgage and the cost of an eligible home. No payments are made on the second mortgage until the house is sold or refinanced, at which time the borrower pays off the second mortgage and a portion of the gain in equity in the home. This program is designed to help bridge the gap between incomes for teachers, and the high cost of housing in Ravalli County.
- *Montana House™*. MBOH is working in partnership with the Anaconda Job Corps and Blackfeet Community College to construct homes: a 960 square foot, one-story, two-bedroom, one-bath home; or a 1,200 square foot, one-story, three-bedroom, two-bath home. The homes feature 2x6 exterior walls with R-19 insulation, quality vinyl windows, oak kitchen and bath cabinets, and energy efficient gas forced air furnaces. Homes are completely assembled at the Job Corps and college, then moved and installed on a permanent foundation. These homes are available for purchase by individuals or families who meet the Homeownership Mortgage Program criteria, but whose incomes do not exceed 80% of area median income for the county in which the house will be located.

These homes are sold at cost, producing an affordable home. The homes come complete except for appliances and flooring, which the homebuyer provides. The homebuyer is also responsible for the lot, foundation, moving from the building site, placement on the foundation, and utility hook-ups and fees. Technical assistance is available for these functions.

Multifamily Programs

MBOH issues tax-exempt bonds to finance the construction of new, and rehabilitation of existing, low-income, multi-family housing. The MBOH anticipates issuing bonds to

finance projects that meet its requirements through the Multi-Family Risk Sharing program and General Obligation Bond program.

- *Risk Share Loan Program*: The Risk Sharing program provides FHA mortgage insurance for the permanent financing of multi-family rental property through a partnership between MBOH and HUD. Through this program, the MBOH provides mortgage underwriting, loan management, and financing, and the two entities share the risk of loss from default. The MBOH received final approval to participate in the Risk Sharing Program with HUD in June 1994.
- *General Obligation (G.O.) Program*: The G.O. bond program provides permanent mortgage financing for multi-family rental property. The program requires that the rental property owner agree to restrict the rents to a specific amount and to rent only to tenants below a maximum income level (generally 60% of median income). Currently this program is financing the permanent loans for projects receiving multiple sources of funding where rents on the projects are affordable to very low-income state residents.

Affordable Housing Revolving Loan Fund

The Montana Legislature passed the Affordable Housing Revolving Loan Fund into law during the 1999 legislative session; however, funding was not provided at that time. The 2001 Legislature appropriated \$500,000 in Section 8 reserves and \$700,000 of Temporary Assistance to Needy Families (TANF) funds for the loan fund. A third source of funding is direct donations. The MBOH administers the fund, which can be used to provide financial assistance in the form of direct loans for the following purposes:

- Matching funds for public or private money available from other resources for the development of low-income and moderate-income housing;
- Bridge financing necessary to make a low-income or a moderate-income housing development feasible;
- Acquisition of existing housing for the purpose of preservation of or conversion to low-income or moderate-income housing; or
- Pre-construction technical assistance to eligible recipients in rural areas and small cities and towns.

Organizations eligible for loans from the revolving loan fund are local governments, tribal governments, local housing authorities, nonprofit community or neighborhood-based organizations, regional or statewide nonprofit housing assistance organizations, or for-profit housing developers. All interest and principal on loans from the funds must be repaid to the loan fund. The loans have a 30-year term.

Conduit Bond Program

This newly started program offers applicants the ability to issue bonds through other qualified entities and receive 4% tax credits similar to the Low Income Housing Tax Credits (page 2) but is not subject to an annual allocation. One project was closed in 2005 and two others were given the go-ahead by the MBOH. The projects are subject to all LIHTC program compliance requirements.

Reverse Annuity Mortgage (RAM) Loan Program

The RAM program enables senior Montanans to benefit from an additional monthly income source by borrowing against the equity in their home. Eligibility is subject to certain age and income requirements. Currently a participant must be 68 years of age or older (some exceptions may apply). Loans of \$15,000 to \$150,000 are available at a 5% interest rate, based on 80% of the FHA determined property value. The loans do not require repayment as long as the homeowner remains in the home.

I.A.4 METHOD OF FUND DISTRIBUTION TO LOCAL GOVERNMENTS AND OTHER ENTITIES

Community Development Block Grant

Fund distribution for the CDBG **Housing** and **Public Facilities** categories is based on annual competitions for each category. Eligible applicants are limited to general-purpose local governments: counties and incorporated towns and cities under 50,000 in population. The maximum grant request for each category was \$450,000. Grantees with open grants must significantly draw down their existing funds before they are eligible to apply for additional program funds from CDBG. Each local government may apply for one housing project and one public facility project each program year.

Of the \$6,886,683 the state received for **FFY 2006**, \$2,193,361 was allocated to the Business Resources Division (BRD) for economic development projects (see page 27). The Community Development Division (CDD) was allocated \$2,580,267 for public facility projects (see page 22) and \$1,581,454 for housing projects (see page 27). During the plan year, the CDBG programs also set aside a combined \$450,000 (\$225,000 each for CDBG Housing and Public Facilities and for CDBG-ED) for technical assistance grants to local governments for planning related to housing, public facilities, and community development activities.

CDBG Housing and Public Facilities allocated its **FFY 2007** funds during plan year 2006. Out of the \$6,935,714 the CDBG programs will receive for **FFY 2007**, the Community Development Division allocated \$2,746,736 for public facility projects and \$1,414,985 for housing projects.

The **FFY 2007 CDBG Public Facilities** category application deadline was May 26, 2006 (see page 17 for projects **awarded**). The **FFY 2007 CDBG Housing** application

deadline was December 8, 2006 for FFY 2007 funds. (See page 24 for applications accepted. Note: Grants were not awarded prior to March 31, 2007, the date of this report.)

For **FFY 2006** the applications for CDBG funding for **technical assistance** matching grants to prepare community plans and studies related to future housing and public facilities projects were due on April 21, 2006. Twenty-one (21) technical assistance grants totaling \$287,000 were awarded (see page 122).

The CDBG **Economic Development** program accepts applications on a continuous basis as long as funding is available for the current program year. Like CDBG Housing and Public Facilities, eligible applicants for CDBG-ED funds are limited to local governments (counties and incorporated towns and cities) except for the cities of Billings, Great Falls, and Missoula, which receive entitlement funds. The maximum grant request per local government could make was \$400,000. Local governments typically used CDBG-ED funds to make loans to area businesses. The local government may manage loan repayments if the local government can demonstrate to the MDOC that it has the capacity to administer a local revolving loan fund (RLF) or that it will contract with a qualified local development organization for RLF management.

The Business Resources Division funded nine contracts for economic development loans and grants totaling \$2,402,000 during the program year (see page 27).

In addition, for FFY 2006, \$225,000 was set aside for technical assistance activities. The CDBG-ED program entered into a Memorandum of Agreement with the Small Business Development Center Bureau (SBDC) for its Montana Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Outreach Program. Of the CDBG-ED technical assistance funds, \$35,000 was set aside for this activity. The SBIR and STTR programs provide outreach, counseling, training, and technical assistance to small businesses.

Of the remaining technical assistance funds set aside, \$190,000 was made available for planning grant applications. Nine planning grant activities were funded in FFY 2006, with awards totaling \$141,000 (see page 124).

HOME Program

HOME Program funds available from HUD in the plan year ended March 31, 2007 totaled \$4,340,864, not including \$82,255 of ADDI funds. The funds were distributed through a noncompetitive process and through a competitive grant application process with a deadline of March 3, 2006. A second competitive application round was also held, with applications due August 1, 2006.

Eligible applicants include general-purpose local governments (counties, incorporated cities and towns, and consolidated city-county governments), community housing development organizations (CHDOs) certified by the MDOC, and public housing

authorities. The maximum request for a HOME project under the competitive application process was \$500,000. CHDOs receive a minimum of 15% set-aside of each fiscal year's allocation. Three CHDOs were allocated \$915,126 in CHDO Set Aside funds, more than the required 15% (\$651,130) of the HOME allocation, but not sufficient to meet both the 2006 CHDO obligation and the previously unmet CHDO obligation (\$652,913). The remaining unmet CHDO obligation (\$388,917) will be met in the 2007 program year.

Existing grantees are eligible to reapply for a HOME grant if they are in compliance with the current project implementation schedule, have no unresolved audit, monitoring or performance findings on any previous grants, and are 75% spent down on their prior grant awards.

A portion of the ADDI funds, \$30,434, was allocated noncompetitively to the cities of Billings: \$11,516; Missoula: \$10,693; and Great Falls: \$8,226.

In addition, the HOME Program instituted a three-year Single Family Allocation Pilot Program (SFAPP), beginning June 1, 2006, for homebuyer assistance (HBA) and homeowner rehabilitation (HOR) programs. The HOME Program allocated half of its 2006 allocation (\$1,987,454) to the SFAPP, distributed among eleven regions of the state according to a formula.

District	Geographic Area	2006 Funds Allocated
1	Montana (funds available statewide)	
2	Daniels, Garfield, McCone, Roosevelt, Sheridan, Valley	\$ 92,842
3	Carter, Custer, Dawson, Fallon, Powder River, Prairie, Richland, Rosebud, Treasure, Wibaux	\$ 158,532
4	Blaine, Hill, Liberty, Phillips	\$ 91,808
5	Cascade, Choteau, Glacier, Pondera, Teton, Toole	\$ 167,068
6	Fergus, Golden Valley, Judith Basin, Musselshell, Petroleum, Wheatland	\$ 94,381
7	Big Horn, Carbon, Stillwater, Sweet Grass, Yellowstone	\$ 185,772
8	Broadwater, Jefferson, Lewis and Clark	\$ 197,087
9	Gallatin, Meagher, Park	\$ 235,608
10	Flathead, Lake, Lincoln, Sanders	\$ 311,254
11	Mineral, Missoula, Ravalli	\$ 163,232
12	Beaverhead, Deer Lodge, Granite, Madison, Powell, Silver Bow	\$ 289,870
TOTALS		\$1,987,454

To access the funds, eligible entities (cities, towns, counties, PHAs, and CHDOs) submit a qualification package. There is no deadline, no application, and no scoring. Once an entity is qualified, it enters into a two-year contract with the MDOC and begins conducting its single-family program. An abbreviated recertification process is required every two years.

For program year 2006, funds were reserved for each district for 18 months from the time MDOC received its HOME allocation from HUD to allow for program start-up. After 18 months (December 1, 2007), unused funds will be made available to other qualified entities on a statewide, first-come first-serve basis. Beginning in program year 2007, the reservation period for each district will change to 12 months.

Emergency Shelter Grant Program

The 10 regional HRDCs (see map on page 55) receive 95% of the funds allocated under this program. Funds are distributed based on a formula allocation contained in ARM 53-10-502 pertaining to the federal Community Services Block Grant. This allocation reflects areas of poverty and general population.

Housing Opportunities for Persons With AIDS

The MDPHHS, in partnership with the states of South Dakota and North Dakota (see map on page 55), was initially awarded funds in March 2002 for a three-year project to create the TS HELP partnership. In July 2005, the MDPHHS was awarded a HOPWA renewal grant of \$1,450,800 to continue operating the TS HELP program. This program is a continuum of housing and related supportive service opportunities for people living with HIV/AIDS and their families in Montana and North and South Dakota, which do not qualify for direct HOPWA formula grant funding.

The MDPHHS also applied for and received additional HOPWA competitive funding of \$1,429,307 in November 2005. The funds, for a three-year period beginning February 2006, will be used to provide 49 tenant-based rental assistance vouchers, emergency assistance for 30 households, and housing case management services for 158 persons each year. According to HUD, the funds are designed to prevent homelessness for 545 families in 15 states, including Montana and North and South Dakota.

Treasure State Endowment Program

The TSEP program provides grants for construction projects, preliminary engineering studies, and emergency projects. Matching grants for construction projects were limited to \$750,000 for the 2006 competition. Typically, a dollar for dollar match is required, but other grants can be used for match. Funding for construction projects is awarded through a competitive process held every other year, with applications due in May of the year preceding the legislative session. The 2007 Legislature reviewed 57 applications and authorized \$33,381,715 in grants to local governments to fund 56 construction projects (see map on page 54). In order to be eligible to receive the grant, local governments will be required to obtain a complete funding package for the project before June 30, 2009.

The program was appropriated \$600,000 for state fiscal years (SFY) 2006 and 2007 for grants for preliminary engineering studies. These grants are non-competitive and are awarded by the MDOC on a first-come first-served basis. All of the funds were awarded

immediately after the appropriation was approved by the Legislature in 2005, and the MDOC funded 43 studies. The 2007 Legislature once again appropriated \$600,000 for SFY 2008 and 2009 for grants for preliminary engineering studies, which will be awarded in May 2007.

The 2005 Legislature also appropriated \$100,000 to the MDOC for state fiscal years 2006 and 2007 to provide grants for emergency projects that cannot wait for legislative approval. The entire amount was utilized to fund five projects: bridge projects in Powell and Sweet Grass counties, wastewater projects in the towns of Hot Springs and Sheridan, and a water project in the town of Richey.

Montana Department of Commerce, Business Resources Division

Indian Country Economic Development

Governor Brian Schweitzer prepared and the Legislature approved an appropriation of \$500,000 for Indian economic development. The MDOC consulted the State Tribal Economic Development Commission (STEDC) to obtain its recommendation on how the funds should be invested in Indian Country. The MDOC then prepared a draft proposal, which the STEDC reviewed. The draft proposal included two initiatives:

- ◆ Applications would be invited from each reservation and the landless Little Shell Chippewa Tribe for economic development projects. The maximum grant award would be set at \$50,000. Spread among the seven reservations and the Little Shell Chippewa Tribe, the total cost of this initiative would be \$400,000.
- ◆ The STEDC would provide recommendations to the MDOC for the remaining \$100,000 for statewide Indian economic development activities.

The STEDC approved the proposal with minor modifications. In October 2005, Governor Schweitzer mailed a letter and application guidelines to each tribal chair and members of the STEDC. After July 1, 2006, another \$50,000 was made available to all the reservations and the Little Shell Chippewa Tribe.

Primary Sector Workforce Training Grant

The Workforce Training Grant program is target toward primary sector businesses that create at least 10 net, new jobs that pay the lower of the current county average wage or the current statewide average wage. Employees must work a minimum of 35 hours per week year round. The program is designed for businesses, including for-profit and nonprofit hospitals and medical centers, that are expanding and adding workers and provides the opportunity to train new workers in specific skill sets. The business' financial statements must support the business expansion. The MDOLI must approve the training curricula.

A total of \$1.3 million is available annually from the WTG program. The WTG grant application review committee adopted rules and guidelines for the program and

approves applications for job training funds. The WTG program can fund up to \$5,000 in eligible training expenses for new workers, with a match of \$1 for \$3 of state funds. The MDOC is currently accepting applications for WTG funds from eligible businesses. The program's guidelines are available on the Web at:

www.mtfinanceonline.com/WorkForceGrnts.asp

Workforce Investment Act Program

The governor's discretionary component of the federally funded Workforce Investment Act program supports the WIA grant program for incumbent worker training for new and existing employees. The WIA program is targeted to business applicants and for-profit and nonprofit hospitals and medical centers. Private match of \$1 per each dollar of state funds is required. Projects require at least 20 new and existing eligible fulltime (at least 35 hours per week) positions. Financial statements and business plans must support the training. A phase-in training timetable is required, with required minimum compensation that includes wages and fringe benefits, when training is completed. An MDOC committee reviews and approves the applications.

The Montana Department of Commerce did not allocate any WIA funds during this period. For SFY 2008, the MDOC may receive a small allocation from WIA for business awards.

Montana Board of Housing

The Homeownership program is ongoing based on availability and market interest rates. The Multifamily Risk Sharing program accepts applications on a monthly basis. The Reverse Annuity Mortgage Loan Program for elderly persons is ongoing.

The MBOH allocates Low Income Tax Credits through its qualified allocation plan at two set deadlines per year. For-profit and nonprofit entities are eligible. Selection criteria include projects serving low-income tenants, projects located in distressed or hard-to-develop areas, projects meeting the areas housing needs and priorities, projects servicing tenant populations with special housing needs, and projects in areas with long waiting lists for assisted housing.

SECTION B – INVESTMENT OF AVAILABLE RESOURCES

I.B.1 FEDERAL SOURCE – STATE ADMINISTRATION

CDBG FFY 2007 Public Facilities Grant Awards

(Application Deadline: May 26, 2006)

Applicant:	LEWIS & CLARK COUNTY (for Fairgrounds / Dunbar area - Helena)	
Type of Project:	Water Improvements	
CDBG Amount:	\$ 254,097	
Other Funds:	\$ 375,909	SRF - Loan
	\$ 596,420	TSEP – Grant
	\$ 100,000	RRGL – Grant
	\$ 79,077	Mill Levy Election
	\$ 44,134	AGC Laborer’s Training Private Funds
Project Total:	<u>\$ 1,449,637</u>	

SUMMARY: The Fairgrounds/Dunbar project area includes the Lewis and Clark County Fairgrounds, Woodlawn Park Addition, and Associated General Contractors (AGC) and Laborer’s Training Facility. The fairgrounds is served by city water and by two wells; 52 properties in the Woodlawn Park Addition rely on individual water wells. Major problems identified include: the fairgrounds water supply has inadequate fire flows; the fairgrounds wells have high nitrates, as do nine wells in Woodlawn Park; Woodlawn Park and the training facility lack hydrants for adequate fire protection. The proposed project is phase two of a two-phase project involving both the water and the wastewater systems for this area. Phase I connected the Fairgrounds/Dunbar area to Helena’s wastewater system. In the second phase, the area would be connected to the city’s water system, including the following improvements: construct a 12-inch water line to connect the existing system to the Northgate Meadows development water main; construct an 8-inch main for the fairgrounds campground, north barn, and rodeo grounds; install 85 feet of 12-inch water main and 8-inch water mains within Woodlawn Park, connecting these mains to the city mains along Green Meadow Drive and Custer Avenue; and add a new service line for the training facility. CDBG funds would be split between general water system improvements for the area, payment of system development fees, service line hook-up costs, and payment of RSID assessments for approximately 26 LMI households.

Community Information

Population Served:.....	120
Number of Households:	40
Benefit to LMI Households:.....	65%
Number of Hookups:	87
Projected Combined Water & Wastewater Monthly Rate with CDBG:	\$62.20/mo.
Variance from Target Rate:.....	101%

Applicant:	TOWN OF BAINVILLE	
Type of Project:	Wastewater System Improvements	
CDBG Amount:	\$ 450,000	
Other Funds:	\$ 715,000	TSEP – Grant
	\$ 100,000	MDNRC
	\$ 153,608	MDEQ – State Revolving Loan Fund (SRF)
	\$ 20,000	Town – Cash
	\$ 15,000	TSEP – Planning Grant
	\$ 15,000	CDBG – Planning Grant
Project Total:	<u>\$ 1,468,608</u>	

Summary: The town’s wastewater collection system, constructed in the 1950s, consists predominately of 8” clay tile. In 1999, 15-20% of the pipe was replaced, along with the lift station. The lagoons were constructed in 1975, but no lining was installed. In 2004, the MDEQ visited the lagoons and noted concerns about leakage, severe erosion of the lagoon dikes, and possible imminent failure of the dikes and outflow of 30 years of sludge. The clay tile pipe leaks excessively. Inspections in October 2005 and April 2006 demonstrated a high groundwater table and high infiltration at the northeastern parts of town. The project proposes clearing and videotaping all sewer lines, replacing an estimated 2,400 feet of sewer lines, constructing a new three-cell facultative system, providing a liner for all cells, land disposal of sludge, and providing for final wastewater disposal through irrigation.

Community Information

Population Served:.....	153
Number of Households:	72
Benefit to LMI Households:.....	62%
Number of Hookups:	78
Projected Combined Water & Wastewater Monthly Rate with CDBG:	\$81.87/mo.
Variance from Target Rate:.....	176%

Applicant:	CITY OF HARLEM
Type of Project:	Water System Improvements
CDBG Amount:	\$ 450,000
Other Funds:	\$ 750,000 TSEP – Grant
	<u>\$ 1,030,000</u> MDEQ – SRF Loan
Project Total:	<u>\$ 2,230,000</u>

Summary: Harlem's water treatment plant treats raw water from the Milk River, and the city has been making needed improvements over the years: In 1988, surface washers, pumps, and chemical feed systems were added. In 1997, a 400,000-gallon storage tank was constructed. From 1986 to 1998, the city added and replaced sections of water main. The water system currently has multiple problems that need to be addressed: The Montana Department of Environmental Quality Circular 1 requires two raw water pumps and two clarifiers, but the city only has one. There is no backup for the raw water pump, which must be replaced or rebuilt every 4-5 years. Piping for the settling ponds creates water stagnation because only one of two cells can be used. The clarifier tank’s exterior wall and both filter tanks are rusting badly; the filter media and gravel need replacing; filters are backwashed manually; the shallow burial of 1,250 feet of yard piping promotes freezing; there is no chlorine leak detection and no standby generator in case of an outage. The motor control centers are obsolete. The proposed project will solve these problems and includes expanding the wet well, raising the pump station above the floodplain, treating the water pipeline for pump lubrication, adding piping for settling ponds, replacing the motor control centers, replacing the telephone alarm dialer, purchasing a new radio telemetry system, replacing 1,250 feet of 10-inch diameter yard piping with over six feet of cover, and installing microfiltration, two new pumps, chlorine detector, and lighting and venting the treatment plant.

Community Information

Population Served:.....	848
Number of Households:	332
Benefit to LMI Households:.....	60%
Number of Hookups:	450
Projected Combined Water & Wastewater Monthly Rate with CDBG:	\$54.12/mo.
Variance from Target Rate:.....	110%

Applicant:	CASCADE COUNTY (on behalf of Upper/Lower River Road Water & Sewer District)
Type of Project:	Water Distribution / Wastewater Collection
CDBG Amount:	\$ 450,000
Other Funds:	\$ 500,000 TSEP – Grant
	\$ 100,000 MDNRC – Renewable Resource Grant and Loan Program
	\$ 619,400 MDEQ – SRF Loan
	<u>\$ 332,000</u> City CDBG
Project Total:	<u>\$ 2,001,400</u>

Summary: Cascade County's Upper/Lower River Road Water & Sewer District began developing in 1917 with the first subdivision plat. There are now eight different subdivisions and five mobile home parks in the district with on-site water and wastewater systems. A study sponsored by the MDEQ and the City-County Health Department (CCHD) in 1997-98 found high levels of nitrate and ammonia in drinking water wells. There have been numerous drinking water quality complaints from small public system users, and several boil orders issued over the years. On-site wastewater systems are degrading area wells and groundwater quality. MDEQ and CCHD require this situation to be corrected as soon as possible. This project (Phase 2 of a longer-term project) proposes installation of 25,700 feet of 8" PVC sewer lines, 23,200 feet of 8" PVC water mains, installation of water meters, and connection to the Great Falls-owned water transmission and sewer trunk lines that already exist within the district boundary.

Community Information

Population Served:.....	327
Number of Households:	121
Benefit to LMI Households:.....	100%
Number of Hookups:	121
Projected Combined Water & Wastewater Monthly Rate with CDBG:	\$63.58/mo.
Variance from Target Rate:.....	102%

Applicant:	TOWN OF PINESDALE
Type of Project:	Water System Improvements
CDBG Amount:	\$ 450,000
Other Funds:	\$ 750,000 TSEP Grant
	\$ 100,000 MDNRC
	\$ 115,000 USDA/RD – Grant
	<u>\$ 345,000</u> USDA/RD - Loan
Project Total:	<u>\$ 1,760,000</u>

Summary: In October 1966, the town of Pinesdale built a water storage tank in Cow Creek Canyon. In 1973, an additional tank was built for more storage. The current water, filtration, and chlorination system was developed in 1996-1998. Serious problems have surfaced since the town's water system was constructed with little planning and no consideration for fire protection. During the 2000 fire season, fires burned to the edge of town, destroyed 4 structures, and required evacuations. The treatment plant was shut down so that raw water could be diverted to the irrigation system for fire fighting needs. Because of inadequate water and fire protection storage, under-sized mains, and limited hydrants, the town has no residential fire protection. The water system also has dead end water mains. The proposed would occur in two phases. Phase 1 improvements, focusing on the water distribution system, would include removal of the southwest tank; installation of a new tank adjacent to the water treatment plant, pressure-reducing valves throughout the distribution system, and a water line from the new tank to the location of the southwest tank; and the addition of several hydrants. Phase 2 corrections, focusing on the water system, would include replacing 4" mains with 6" or larger mains; adding blow offs to dead end water mains; and installing a water metering system.

Community Information

Population Served:.....	829
Number of Households:	140
Benefit to LMI Households:.....	76.2%
Number of Hookups:	154
Projected Combined Water & Wastewater Monthly Rate with CDBG:	\$60.00/mo.
Variance from Target Rate:.....	128%

Applicant:	TOWN OF EKALAKA	
Type of Project:	Water and Wastewater Improvements	
CDBG Amount:	\$ 450,000	
Other Funds:	\$ 706,369	TSEP – Grant
	\$ 100,000	MDNRC – Grant
	\$ 156,369	USDA/RD or MDEQ SRF - Loan
Project Total:	<u>\$ 1,412,738</u>	

Summary: The town of Ekalaka has proactively addressed its water and wastewater systems improvements needs by securing grants and loans to drill a well, replacing hydrants, aerating and disinfecting the lagoon, replacing sewer lines, and video-inspecting and cleaning the entire wastewater system. However, many sewer system lift station problems remain and include: malfunctions of the main lift station (which have caused sewage backup into homes,) electrical and float system problems with the single pump lift station, and a failed single pump lift station which overflowed sewage into Russell Creek. In addition, the system video inspection report revealed the following deficiencies: a sewer main corridor is below the minimum grade of 0.4%, a manhole is needed, 200 feet of the sewer main are peeling, the aging cast iron water main is prone to breaks, and one cast iron hydrant must be replaced. The proposed solution includes replacing the Main Street water main from Park Street to Mormon Avenue, replacing the Main Street sewer main from Speelmon Street to Chicago Street and tying into the existing sewer main south of Main Street and Mormon Avenue, updating the main lift station’s controls, replacing the single pump lift station, and replacing water main from Mormon Avenue to the town’s water storage reservoirs.

Community Information

Population Served:.....	410
Number of Households:	195
Benefit to LMI Households:.....	65%
Number of Hookups:	239
Projected Combined Water & Wastewater Monthly Rate with CDBG:	\$51.72/mo.
Variance from Target Rate:.....	151%

Applicant:	TOWN OF JORDAN	
Type of Project:	Sewer Project	
CDBG Amount Requested:	\$ 450,000	
CDBG Amount Awarded:	\$ 121,320	
Other Funds:	\$ 700,000	TSEP – Grant
	\$ 100,000	MDNRC – Grant
	\$ 142,953	MDEQ - SRF Loan
	\$ 15,000	Town of Jordan
	\$ 15,000	TSEP – PER Grant
Project Total:	<u>\$ 1,094,273</u>	

Summary: The town’s sewer system was constructed in 1951 and the lift station, force main and lagoons in 1968. The lagoons discharge treated wastewater to Big Dry Creek. Several major problems exist: The existing system cannot comply with permitting standards for effluent limits by April 1, 2009, as required.

The lagoon embankments are eroded and the control structures for routing wastewater are deteriorated or inoperable. During outages, the wet well discharges sewage to Big Dry Creek in violation of the Montana Water Quality Act, which requires the removal of the overflow and the installation of emergency power. The confined space of the dry well design is a health and safety hazard. The lift station is nearing the end of its useful life, the corroded steel shell of the dry well may be structurally unsound, the de-humidifier does not work, and the bubbler control system operates erratically. Large sections of the collection system were constructed with slopes and pipe diameters less than the minimums now required by regulation. The proposed project will make the following recommended improvements: changing the existing lagoon system into a three-cell facultative lagoon properly sized to enhance treatment and the continued discharge of treated wastewater to Big Dry Creek; the construction of a new lift station with submersible pumps and an aboveground control building; and the replacement of a damaged section of the town's collection system

Community Information

Population Served:.....	364
Number of Households:	275
Benefit to LMI Households:.....	56.3%
Number of Hookups:	272
Projected Combined Water & Wastewater Monthly Rate with CDBG:	\$46.48/mo.
Variance from Target Rate:.....	100%

Applicant: **GALLATIN COUNTY** (on behalf of Rae Water & Sewer Dist)

Type of Project: Sewer Project

CDBG Amount Requested: \$ 450,000

CDBG Amount Awarded: **\$ 121,320**

Other Funds:

\$ 750,000	TSEP – Grant
\$ 100,000	MDNRC - Grant
\$ 167,750	District Reserve/Developer Fees
\$ 140,301	DWSRF (State Revolving Loan Fund)

Project Total: **\$ 1,279,371**

Summary: The Rae Water and Sewer District was incorporated on October 3, 1977. The original water system consisted of two wells and the distribution system piping. The existing distribution system consists of 4", 6", and 8" PVC pipe. The King Arthur Trailer Court is served entirely by 4-inch lines, which leak considerably. As the District expanded, four wells were developed to meet the capacity for additional water usage. However, the District's water system has several major problems, including: a complete lack of water storage, lack of a centralized control system, lack of fire protection, and insufficient water supply to meet peak hour demand when the largest well is out of service. Major pipe network improvements are needed within the trailer court to deliver fire flow and to reduce leakage. The proposed project's improvements would include constructing a new 380,000-gallon water storage tank, upgrading the existing computer monitoring system to include the water system, installing a new 8" water main through the trailer court, and installing a new 6" raw water line from the main wells to the tank

Community Information

Population Served:.....	772
Number of Households:	314
Benefit to LMI Households:.....	57.5%
Number of Hookups:	348
Projected Combined Water & Wastewater Monthly Rate with CDBG:	\$51.01/mo.
Variance from Target Rate:.....	131

CDBG FFY 2006 Public Facilities Grant Awards

(Application Deadline: May 27, 2005)

Applicant: CITY OF DILLON

Type of Project: Sewer Extension Project to Thomsen Addition Area

CDBG Amount: \$ 500,000

Other Funds: \$ 35,000 City of Dillon Sewer Reserve
 \$ 147,332 USDA RD: Rural Utilities Services (RUS) Grant & Loan Program

Project Total: \$ 682,332

Community Information

Population Served:..... 136
 Number of Households: 70
 Benefit to LMI Households:..... 86%
 Number of Hookups: 70
 Projected Combined Water & Wastewater Monthly Rate with CDBG: \$43.28/mo.
 Variance from Target Rate:..... 131%

Applicant: TOWN OF SHERIDAN

Type of Project: Water System Improvements

CDBG Amount: \$ 500,000

Other Funds: \$ 500,000 Treasure State Endowment Program (TSEP)
 \$ 100,000 DNRC/RRGL – grant
\$ 461,400 State Revolving Fund (SRF) - loan

Project Total: \$ 1,561,400

Community Information:

Population Served:..... 659
 Number of Households: 385
 Benefit to LMI Households:..... 60.4%
 Number of Hookups: 397
 Projected Combined Water & Wastewater Monthly Rate with CDBG: \$46.86/mo.
 Variance from Target Rate:..... 129%

Applicant: FLATHEAD COUNTY (on behalf of Ranch Water District)

Type of Project: Water System Improvements

CDBG Amount: \$ 120,500

Other Funds: \$ 500,000 Treasure State Endowment Program (TSEP) - Grant
 \$ 100,000 Renewable Resource Grant & Loan (RRGL) - Grant
 \$ 650,000 USDA Rural Development – Loan
 \$ 10,000 Flathead County – Cash
\$ 9,000 INTERCAP - Loan

Project Total: \$ 1,389,500

Community Information:

Population Served:..... 30
 Number of Households: 48
 Benefit to LMI Households:..... 80.49%
 Number of Hookups: 48
 Projected Combined Water & Wastewater Monthly Rate with CDBG: \$100.71/mo.
 Variance from Target Rate:..... 208%

Applicant: LAKE COUNTY (on behalf of Pablo/Lake County Water & Sewer District)

Type of Project: Wastewater Treatment Facility Expansion

CDBG Amount: \$ 500,000

Other Funds: \$ 100,000 Department of Natural Resources – RRGL
 \$ 500,000 TSEP Grant
 \$ 1,193,300 USDA Rural Development – Grant
\$ 887,200 USDA Rural Development - Loan

Project Total: \$ 3,180,564

Community Information:

Population Served:..... 1,262
 Number of Households: 352
 Benefit to LMI Households:..... 82.4%
 Number of Hookups: 651
 Projected Combined Water & Wastewater Monthly Rate with CDBG: \$59.16/mo.
 Variance from Target Rate:..... 128%

Applicant: CITY OF CHINOOK (on behalf of the Sweet Memorial Nursing Home)

Type of Project: Nursing Home Improvements

CDBG Amount: \$ 394,337

Other Funds: \$ 131,446 Local Funds - Sweet Memorial Nursing Home

Project Total: \$ 525,783

Community Information:

Population Served:..... 1,386
 Number of Households: 657
 Benefit to LMI Households:..... 83%

Applicant: TOWN OF SACO

Type of Project: Water System Improvements

CDBG Amount: \$ 375,000

Other Funds: \$ 230,000 USDA Rural Development - loan
 \$ 210,750 USDA Rural Development – grant
\$ 125,000 Local funds

Project Total: \$ 940,750

Community Information:

Population Served:..... 224
 Number of Households: 109
 Benefit to LMI Households:..... 57.2%
 Number of Hookups: 161
 Projected Combined Water & Wastewater Monthly Rate with CDBG: \$40.76/mo.
 Variance from Target Rate:..... 102%

Applicant:	MEAGHER COUNTY (on behalf of Martinsdale Water & Sewer District)		
Type of Project:	Water System Improvements		
CDBG Request:	\$	500,000	
CDBG Amount:	\$	378,430	
Other Funds:	\$	75,000	Charles M. Bair Family Trust (award notification received 4/28/05)
	\$	75,000	Charles M. Bair Family Trust (application to be submitted 3/1/06)
	\$	121,310	USDA/RD – Loan
	\$	148,000	USDA/RD– Grant
	\$	24,800	District – Local Cash
Project Total:	\$	944,110	

Community Information:

Population Served:.....	160
Number of Households:	66
Benefit to LMI Households:.....	71%
Number of Hookups:	76
Projected Combined Water & Wastewater Monthly Rate with CDBG:	\$30.41/mo.
Variance from Target Rate:.....	107%

CDBG FFY 2007 Housing Project Applications

(Application Deadline: December 8, 2006)

Applicant:	BUTTE-SILVER BOW COUNTY		
Type of Project:	Gilder House Crisis Facility		
CDBG Amount Requested:	\$	450,000	
Other Funds:	\$	220,000	Montana Board of Housing Loan
	\$	150,000	URA Grant
	\$	50,000	Butte-Silver Bow Land Donation
Project Total:	\$	870,000	

Summary: The proposed project is to construct “Gilder House”, which will provide three distinct types of care for psychiatric crisis stabilization: 1) secure beds; 2) voluntary beds; and 3) social detox. Gilder House will provide community-based care for persons whose mental illness has risen to an acute psychiatric crisis, and who may be suicidal. Gilder House will provide 24/7 care by experienced Mental Health Professionals trained specifically to treat persons in crisis. Currently in Butte-Silver Bow, if someone in crisis needs a secure bed to guarantee their safety, there is nowhere to go except a 25-mile drive to the Montana State Hospital at Warm Springs. This gap of secure crisis intervention in the continuum of care for the mentally ill has tremendous ramifications: to the individual seeking treatment and recovery; the county who is responsible for all pre-commitment costs; and the Montana State Hospital at Warm Springs, which chronically struggles with over-crowding. Gilder House will also address another well recognized but unmet need and provide a safe and secure place for non-medical or “social” detox, as nearly 2 out of 3 of the mentally ill are co-occurring. The treatment requires knowledge of mental health and the complexities of co-occurring disorder. Mental illness and substance abuse trigger an exponential rise in the incidence of suicide. The prevalence of alcohol use and abuse in Butte-Silver Bow is well above the norm, as well as the incidence of suicide while intoxicated. Suicide prevention is but one goal of social detoxification. It also provides a safe haven for those most in need of complex care. The new Gilder House will provide that outreach to the untreated mentally ill with a co-occurring addiction.

Applicant:	TOWN OF CIRCLE
Type of Project:	Housing Revitalization
CDBG Amount Requested:	\$ 450,000
Other Funds:	\$ 10,000 NeighborWorks - grant
	\$ 45,720 HOME Program - grant
	\$ 5,000 Great Northern Development Corporation (GNDC) - grant
	\$ 8,292 Town of Circle Program Income
	\$ 15,000 Rural Development – Direct Loans
	\$ 30,000 Local Lenders
Project Total:	<u>\$ 564,012</u>

Summary: The highest priority for the town of Circle is housing revitalization, with inadequate housing being the result of long-term deterioration and a lagging economy. The typical house in Circle was built prior to 1959, is 2,000 sq. ft., of sub-standard condition, built of low quality and low cost materials and workmanship, with a concrete foundation or full basement of an old or ranch style, and frame construction with an asphalt-shingled roof. Of the 311 units, 218 were built 1959 or earlier; 174 are in fair to unsound condition with only three in good condition and none in very good or excellent condition. According to the Housing Summary, there are approximately 124 owner-occupied units requiring some form of rehabilitation. The proposed project would include conducting a historic inventory of the town; demolishing 6 vacant, severely substandard properties; addressing basic housing code deficiencies; providing energy conservation assistance and housing rehabilitation assistance to 16 housing units occupied by low or moderate income residents; and providing down payment assistance to two first-time homebuyers. The town has a high percentage of elderly and disabled residents - census reports that 20.4% of the residents have some form of disability; the State of Montana average is 17.5%. As the population ages, housing rehabilitation will become increasingly important to sustain the current population, bring others into the community, encourage growth and a growing economy, and greatly improve the aesthetics of the community.

Applicant:	LEWIS & CLARK COUNTY (in partnership with Rocky Mountain Development Council)
Type of Project:	Rehabilitation of Eagles Manor II
CDBG Amount Requested:	\$ 450,000
Other:	\$ 272,000 Mountain West Bank
	\$ 500,000 HOME Program – Grant
	\$ 4,725,000 MBOH Low Income Housing Tax Credit
	\$ 115,140 Developer Note RDC – Loan
	\$ 271,360 HUD - Mortgage Restructuring Loan
	\$ 56,140 HUD Contingent Repayment Mortgage Note - Loan
Project Total:	<u>\$ 6,369,640</u>

Summary: The proposed project will provide needed repairs on the Eagle Manor II building, which was built in 1976. The building has been rated “substantially sub-standard” and does not meet fire code and accessibility standards. The roof, heating and cooling system have exceeded their life expectancy and are energy inefficient and proving costly to repair and maintain. In addition, plumbing does not meet current building codes. Renovation of this building is necessary to meet the growing demand for safe elderly/disabled housing in this area. Rehabilitation will also solve cash flow problems currently experienced by this property by reducing the number of efficiency units that are no longer in demand and increasing the number of one-bedrooms for which great need exists in the Helena area, as evidenced by waiting lists at comparable low income properties. As proposed, this project will retain all Section 8 Project Vouchers on the Eagle Manor campus to continue the commitment to provide safe, affordable housing for elderly/disable citizens of Helena.

Applicant:	PARK COUNTY , on behalf of the Park County Senior Citizen Center
Type of Project:	Rehabilitation of the Park County Senior Center
CDBG Amount Requested:	\$ 450,000
Other Funds:	\$ 500,000 Montana Department of Commerce \$ 398,332 USDA Rural Development <u>\$ 124,400</u> Park County Senior Center - Cash
Project Total:	<u>\$ 1,472,732</u>

Summary: The Park County Senior Center operates in downtown Livingston in a historic building, formerly the Yellowstone Hotel that was constructed in 1910. In 1976, the senior center purchased the building, which features 24 apartments leased to individuals 55 years and older. The senior center is the hub of services for senior citizens in Park County; Livingston Meals on Wheels, and the Angel Line van service out of the senior center. In March 2006, the senior center learned that it was in violation of a building code, which states that the facility must have a fire suppression system. At that time, Park County secured an architect to prepare a preliminary architectural report (PAR) that would ascertain all of the buildings deficiencies, especially those related to public health and safety. The completed PAR identified serious public health and safety issues. The rehabilitation of the senior center involves the correction of several building life-safety, structural life-safety, ADA accessibility, mechanical, electrical, and asbestos removal activities. It is essential that the facility be rehabilitated as the city of Livingston has determined that a sprinkler system must be installed or the city will force closure of the facility.

Applicant:	RICHLAND COUNTY (on behalf of the Big Sky Lincoln Project)
Type of Project:	Rehabilitation of the Big Sky and Lincoln Apartment Buildings
CDBG Amount Requested:	\$ 450,000
Other Funds:	\$ 555,000 USDA/RD 515 Program (5 Loans) \$ 500,000 MDOC HOME Program – Grant <u>\$ 25,000</u> Richland County Housing Authority
Project Total:	<u>\$ 1,530,000</u>

Summary: The proposed Big Sky Lincoln Project, consisting of six apartment buildings (Big Sky and Lincoln 1, 2, and 3) constructed in the 1970s, would provide affordable housing to persons with low to moderate incomes. Thirty-one (31) out of the 48 rental units would be eligible for subsidized rental assistance. These apartments have not received any major improvements in 30 years; therefore, rehabilitation is a necessity. The proposed project would eliminate conditions that are detrimental to health, safety and public welfare by designing and providing handicap accessibility, as well as addressing energy conservation (e.g., window replacement, roofing), and other-related rehabilitation activities, such as sidewalk replacement. Currently, the four rental units have 12 elderly and 8 people with disabilities as residents. The senior population is growing in Richland County; therefore, an adequate number of potential clients eligible will also continually increase. In Montana, 13.4% of the population is over 65. The proportion of persons over age 65 in Richland County is significantly higher than that of the state or the nation and is particularly concentrated in the municipalities.

CDBG FFY 2006 Housing Project Awards*(Application Deadline: November 4, 2005)*

Applicant: CITY OF SHELBY

Type of Project: New Construction, Demolition, and Homebuyer's Assistance Program

CDBG Amount: \$ 480,000

Other Funds: \$ 61,250 Neighborhood Housing Services – Grant
\$ 750,000 Neighborhood Housing Services – Equity
\$ 33,900 City of Shelby

Project Total: **\$ 1,325,150**

Applicant: MEAGHER COUNTY (on behalf of the Meagher County Senior Center)

Type of Project: Senior Citizens' Rental Housing – Castle Mountain Apartments

CDBG Amount: \$ 500,000

Other Funds: \$ 500,000 HOME Grant
\$ 290,000 USDA Rural Rental Housing 515 Program
\$ 22,160 Local Fundraising Efforts
\$ 12,990 In-kind Donated Time

Project Total: **\$ 1,325,150**

Applicant: CITY OF MILES CITY

Type of Project: Old Holy Rosary Hospital Housing Project

CDBG Amount: \$ 500,000

Other Funds: \$ 1,192,113 MBOH - LIHTC
\$ 1,056,846 USDA/Rural Development
\$ 500,000 HOME Grant
\$ 25,000 FHLB
\$ 10,000 CDBG Planning Grant
\$ 26,000 Miles City Housing Authority

Project Total: **\$ 3,309,959**

CDBG FFY 2006 Economic Development Project Awards*(Open cycle)*

Locality: STILLWATER COUNTY

Name of Company: Stillwater Community Healthcare

Project Location: Columbus, Montana

Financing Date: 6/15/2006

CDBG Funds:

Grant Admin. \$ 5,000

Activity Grant \$ 295,000

Other Funds: \$ 595,000 Community Donations
\$ 850,000 Bonds

Total Project **\$ 1,745,000**

Job Creation: 2 New FTEs
86 Retained FTEs

LMI Jobs: 45 New FTEs

Use of CDBG Funds: Stillwater County was awarded \$300,000 in economic development funds to assist Stillwater Community Healthcare expand the county's only hospital and to keep it open under the Medicare Critical Access Facility requirements. The county, through Beartooth RC&D, will make a grant of \$295,000 for hospital improvements, and use up to \$5,000 of economic development funds for county administrative expenses. Stillwater Community Healthcare will retain 86 existing jobs, 45 of which are held by LMI persons, and create two new jobs. This is a business retention project.

Locality:	LAKE COUNTY	
Name of Company:	S&K Electronics	
Project Location:	Pablo	
Financing Date:	6/15/2006	
CDBG Funds:		
Grant Admin.	\$	15,000
Training Grant	\$	75,000
Activity Grant	\$	203,000
Other Funds:	\$	200,000 Community Bank
	\$	78,000 Equity
Total Project	\$	<u>571,000</u>
Job Creation:	55 Retained FTEs	
LMI Jobs:	50 Retained FTEs	

Use of CDBG Funds: Lake County Community Development Corporation will make a loan to S&K Electronics, a technology, development manufacturing service provider, for \$203,000 in CDBG-ED funds for working capital. Up to \$75,000 in CDBG-ED funds will be used for employee training, and up to \$15,000 will be used by the county for administration of the MDOC contract. The Lake County Community Development Corporation/Western Rural Development Region Economic Development Revolving Loan Fund will manage payments from the CDBG-ED loan and will make new loans on a regional basis. S&K electronics promises to retain 55 full time equivalent jobs, 50 of which are held by LMI persons. This is a business retention project.

Locality:	LAKE COUNTY	
Name of Company:	Kimir Seatpost, LLC	
Project Location:	Lake County	
Financing Date:	6/15/2006	
CDBG Funds:		
Grant Admin.	\$	5,000
Activity Grant	\$	90,000
Other Funds:	\$	45,000 Lake County Community Development Corporation IRP
	\$	45,000 Whitefish Credit Union
Total Project	\$	<u>185,000</u>
Job Creation:	5 New FTEs	
LMI Jobs:	3 New FTEs	

Use of CDBG Funds: The Lake County Community Development Corporation will loan \$90,000 of CDBG-ED economic development funds to Kimir Seatpost, LLC, a business that designs, markets and manufactures specialty seat post units for mountain bikes. Grant funds of \$5,000 are budgeted for administrative activities. Kimir Seatpost has projected that five full time equivalent jobs will be created, of which three positions will be made available to or filled by low and moderate-income persons. The Lake County Community Development Corporation Revolving Loan Fund will manage payments from the loan. This is a business expansion project.

Locality: CITY OF LEWISTOWN
Name of Company: Community, Counseling & Correctional Services, Inc. (CCCS)
Project Location: Lewistown, Montana
Financing Date: 6/15/2006

CDBG Funds:
Grant Admin. \$ 24,000
Training Grant \$ 50,000
Activity Grant \$ 300,000
Other Funds: \$ 9,200,000 Montana Board of Investments
\$ 50,000 CCCS
Total Project **\$ 9,624,000**

Job Creation: 44 New FTEs

LMI Jobs: 28 New FTEs

Use of CDBG Funds: Snowy Mountain Development Corporation will grant \$300,000 of CDBG-ED economic development funds through the City of Lewistown, to Community, Counseling and Correctional Services, Inc., a methamphetamine treatment facility, for extension of water and sewer infrastructure to the site. Up to \$50,000 in CDBG-ED funds will be granted for employee training. Community, Counseling and Correctional Services, Inc. has projected 44 full time equivalent jobs will be created, 28 of which will be made available to or filled by low and moderate-income persons. Up to \$24,000 will be used for administrative expenses. This is a business start-up project.

Locality: CITY OF COLUMBIA FALLS
Name of Company: Creative Sales Company
Project Location: Columbia Falls, Montana
Financing Date: 6/15/2006

CDBG Funds:
Grant Admin. \$ 15,000
Activity Grant \$ 210,000
Other Funds: \$ 558,000 Freedom Bank
Total Project **\$ 783,000**

Job Creation: 15 New FTEs

LMI Jobs: 8 New FTEs

Use of CDBG Funds: The City, through Montana West Economic Development, will loan up to \$210,000 of CDBG-ED economic development funds to Creative Sales Company, an injection molding manufacturing company. The business has projected 15 full time equivalent jobs will be created, eight of which will be made available to or filled by low and moderate-income persons. This is a business expansion project.

Locality: CITY OF KALISPELL
Name of Company: Distinctive Countertops
Project Location: Kalispell, Montana
Financing Date: 6/15/2006

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CDBG Funds:

Grant Admin. \$ 24,000
 Activity \$ 291,000

EDA/CDBG RLF Funds

Loan \$ 85,000

Other Funds:

\$ 175,000 City of Kalispell, RLF
 \$ 910,000 West One Bank - Kalispell
\$ 134,000 Equity

Total Project

\$ 1,619,000

Job Creation:

16 New FTEs

LMI Jobs:

9 New FTEs

Use of CDBG Funds: City of Kalispell, will loan \$291,000 of CDBG-ED economic development funds and \$85,000 of EDA RLF funds to Distinctive Countertops, a fabricator and installer of surfacing and cabinet products for working capital. The Borrower has projected 16 full time equivalent jobs will be created, and at least nine of the positions will be filled by LMI persons.

Locality:

RAVALLI COUNTY

Name of Company:

GlaxoSmith-Kline (GSK)

Project Location:

Hamilton, Montana

Financing Date:

6/15/2006

CDBG Funds:

Grant Admin. \$ 32,000
 Activity Grant \$ 368,000

Other Funds:

\$37,000,000 GSK

Total Project

\$37,400,000

Job Creation:

53 New FTEs

LMI Jobs:

27 New FTEs

Use of CDBG Funds: Ravalli County, through Ravalli County Economic Development Authority, will grant \$368,000 of CDBG-ED economic development funds to GSK, a pharmaceutical company that manufactures immunotherapeutics, for employee training. The GSK has projected 53 full time equivalent jobs will be created, of which at least 27 will be made available to or filled by LMI persons.

Locality:

MISSOULA COUNTY

Name of Company:

DirecTV

Project Location:

Missoula, Montana

Financing Date:

6/15/2006

CDBG Funds:

Activity Grant \$ 400,000

Other Funds:

\$ 9,600,000 Montana Board of Investments
 \$ 1,500,000 U.S. EDA
 \$ 510,000 Big Sky Economic Development Trust Fund
 \$ 1,955,000 Workforce Training Grant
 \$ 2,097,000 Missoula County TIF Bond
\$ 5,000,000 DirecTV

Total Project

\$ 21,062,000

Job Creation:

755 New FTEs

LMI Jobs:

408 New FTEs

Use of CDBG Funds: Missoula Area Economic Development through Missoula County will use \$400,000 of CDBG-ED economic development funds to purchase a building that DirecTV, a subscription television satellite service company, will build in Missoula County. The borrower has projected 755 full time equivalent jobs will be created, of which at least 408 will be made available to or filled by LMI persons.

Locality:	RICHLAND COUNTY	
Name of Company:	Greenway Dairy	
Project Location:	Savage, Montana	
Financing Date:	7/26/2006	
CDBG Funds:		
Grant Admin.	\$	5,000
EDA/CDBG RLF Funds		
Loan	\$	100,000
Other Funds:	\$	689,057 First Bank
	\$	50,000 GTA
Total Project	\$	<u>839,057</u>
Job Creation:	6	Retained FTEs
LMI Jobs:	6	Retained FTEs

Use of CDBG Funds: Use of CDBG and EDA Funds: Richland County will loan \$100,000 to Greenway Dairy for debt refinancing. Up to \$5,000 will be used for administrative expenses. Greenway Dairy will retain 6 FTE's as a result of funding assistance. This is a business retention project.

EDA/RLF Awards

In program year 2006, \$185,000 in EDA/RLF awards were made to two projects, as noted above.

HOME Program FFY 2006 Project Awards

(Application Deadline: March 3, 2006)

Applicant:	CITY OF HELENA	
HOME Request/Award:	\$	500,000
Total Project Budget:	\$	5,521,500

Summary: The City of Helena submitted an application on behalf of Rocky Mountain Development Council for Eagles Manor III Residences. The new three-story facility, to be built adjacent to the recently renovated PenKay Eagles Manor in Helena, will provide 30 1-bedroom apartments for low-income seniors 62 years of age and older. All residents will have income at or below 50% of the area median income (AMI). All the units will be handicap adaptable and 15 units will be fully handicap accessible. Each unit will have washer/dryer hook-ups and full kitchen facilities, but congregate meal services will be available through the kitchen operations located in PenKay. Transportation services and a nursing station will be available onsite.

Applicant:	NORTHWEST MONTANA HUMAN RESOURCES (NMHR)	
HOME Request/Award:	\$	320,126
Total Project Budget:	\$	3,712,402

Summary: NMHR proposed a Mutual Self-Help program in Flathead County. The 24 Mutual Self-Help families will provide a minimum of 1,200 hours of labor under qualified supervision during the construction phase, accounting for approximately 65% of labor needed for construction. The program will target ten families with 31-50% of the area median income, seven families with 51-60% of AMI, and seven families with 60-80% of AMI. Their “sweat equity” generates their down payment, and no family moves in until all homes are completed. HOME funds will provide gap financing to these low- and very-low income families who require additional assistance to afford a home in this high-cost housing area.

Applicant: MISSOULA COUNTY
HOME Request/Award: \$ 215,205
Total Project Budget: \$ 909,980

Summary: Missoula County submitted an application on behalf of District XI Human Resource Council (HRC) for a lease-purchase program that will target five low-income (61-80% of AMI) American Indian families living in the greater Missoula area. HOME funds would be used to purchase five homes at varied locations in Missoula County, but outside Missoula’s city limits. HRC will enter into a lease-purchase agreement with each family, and during the 3-year (max) lease period, HRC will provide homebuyer and credit counseling to assist each family in purchasing the home. The project is intended as a pilot, designed to establish an expandable model lease/purchase approach to homebuyer assistance, which could be replicated in other areas of the state.

Applicant: MINERAL COUNTY
HOME Request/Award: \$ 250,910
Total Project Budget: \$ 953,642

Summary: Mineral County sponsored a grant application on behalf of District XI HRC to assist in financing a manufactured home cooperative for six low-income families in St. Regis. The program will target three families with 51-60% of AMI and three with 61-80% of AMI. The project will involve the development of six manufactured home sites, including carports and storage shed, to be owned by a nonprofit cooperative organization. The nonprofit would provide the home sites to the six families through a long-term affordable rate ground lease. Participants must be first-time homebuyers, and all manufactured homes must be on permanent foundations and meet current FHA building standards for newer manufactured housing. Participants also will be eligible for homebuyer assistance loans through HRC.

Applicant: MEAGHER COUNTY
HOME Request/Award: \$ 500,000
Total Project Budget: \$ 1,325,150

Summary: Meagher County sponsored a grant application on behalf of the Meagher County Senior Center for Phase 1 of the Castle Mountain Apartments in White Sulphur Springs. Phase 1 consists of 10 accessible apartment units to serve low-income seniors. The facility will have 20 accessible senior units once the second and final phase of the project is completed (18 units will serve persons with 31-50% of AMI and two units will serve persons with 61-80% of AMI). Castle Mountain Apartments is structured to provide an independent living arrangement for seniors not requiring assistance with daily living. Each unit will be equipped with full kitchen and laundry hook-ups. A community room and community outdoor area will provide public space for residents to gather.

Applicant: GARDEN CITY CHDO
HOME Request/Award: \$ 395,000
Total Project Budget: \$ 627,000

Summary: Garden City CHDO submitted an application for HOME funds to acquire a property in Hamilton, and develop an 8-bedroom residential treatment program for very low-income persons (0 to 30% AMI) with serious mental illness. Five of the eight units will be SRO transitional supportive housing, and three additional (non-HOME) units will be residential crisis units for crisis/suicide stabilization. One HOME unit will meet Section 504 Accessibility standards. Mental health counseling, the local hospital, and a Hamilton city park are nearby.

Applicant: NORTH MISSOULA COMMUNITY DEVELOPMENT CORPORATION
HOME Request/Award: \$ 200,000
Total Project Budget: \$ 3,172,801

Summary: North Missoula Community Development Corp. will use HOME funds to construct 16 new single-family homes in a “planned neighborhood cluster” in North Missoula for first-time homebuyers earning less than 61-80% of the area median income. Thirteen homes will incorporate universal design for accessibility and visitability and 3 additional units will meet Section 504 Accessibility standards. All homes will have an attached 1-car garage, but additional outdoor parking will be provided. The homes will use a community land trust model wherein a homebuyer will purchase a newly constructed home, but the land trust retains ownership of the land. The cost of the land is then separated from the cost of the home, making the total price of the home more affordable.

HOME Program Single Family Pilot Program

The HOME Program instituted the three-year Single Family Allocation Pilot Program, beginning June 1, 2006, for homebuyer assistance and homeowner rehabilitation programs. The HOME Program allocated half of its 2006 allocation (\$1,987,454) to the SFAPP, distributed among eleven regions of the state according to a formula. As of March 31, 2007, HOME had committed \$253,867 (13%) of the pilot program allocation to individual activities, and expended \$190,618 (10%). Seven entities were qualified to access the SFAPP funds:

Entities Qualified for the Single-Family Allocation Pilot Program as of March 31, 2007

District / Qualified Entity	Contact Information			Program Boundaries	Eligible Activities
	Administrator	Phone	Address		
District 2					
Great Northern Development Corp.	Audrey Pipal, Great Northern Development Corp.	406-653-2590	233 Cascade St. Wolf Point, MT 59201	Daniels, Garfield, McCone, Roosevelt, Sheridan, Valley Counties	<ul style="list-style-type: none"> ▪ Homeowner rehabilitation
District 3					
Town of Ekalaka	Julie Jones, Single-Tree Consulting	406-662-3438	P.O. Box 147 Bridger, MT 59014	Within Ekalaka city limits	<ul style="list-style-type: none"> ▪ Homeowner rehabilitation
District 4					
City of Malta	Kathleen Lumsden, Black Coulee Co.	406-654-2051	P.O. Box 591 Malta, MT 59538	With in Malta city limits	<ul style="list-style-type: none"> ▪ Homebuyer down payment & closing cost assistance ▪ Homeowner rehabilitation

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District / Qualified Entity	Contact Information			Program Boundaries	Eligible Activities
	Administrator	Phone	Address		
District 5					
City of Shelby	Lorette Carter, City of Shelby	406-424-8799	112 1st St. S. Shelby, MT 59474	Within Shelby city limits	<ul style="list-style-type: none"> ▪ Homebuyer down payment & closing cost assistance ▪ Homeowner rehabilitation
District 6					
District VI HRDC	Shelene Reno, District VI HRDC	406-535-7488	300 1 st Ave N Suite 203 Lewistown, MT 59457	Fergus, Golden Valley, Judith Basin, Musselshell, Petroleum, Wheatland Counties	<ul style="list-style-type: none"> ▪ Homebuyer down payment & closing cost assistance ▪ Homeowner rehabilitation
District 7					
Town of Bridger	Julie Jones, Single-Tree Consulting	406-662-3438	P.O. Box 147 Bridger, MT 59014	Within Bridger city limits	<ul style="list-style-type: none"> ▪ Homebuyer down payment & closing cost assistance ▪ Homeowner rehabilitation
District 9					
District IX HRDC	Tracy Menez, HRDC IX	406-587-4486	32 S. Tracy Ave. Bozeman, MT 59715	Gallatin, Meagher, Park Counties	<ul style="list-style-type: none"> ▪ Homebuyer down payment & closing cost assistance

Emergency Shelter Grant Program

ESG funds are distributed to HRDCs throughout Montana for supported shelters across the state as well as for direct services from HRDCs to ESG recipients. Actual funding received and funding used matched the funds anticipated.

The HRDCs utilize the funds to meet the needs of the homeless or those at risk of homelessness at the local level. Activities include: prevention of homelessness; assistance to shelters for the homeless and victims of domestic and sexual violence, youth homes, and food banks; support for essential services; financial assistance for case management; support for toll free telephone referral hotlines for domestic abuse and other homeless individuals and families; and referral to mainstream resources.

Agencies participate in essential service activities by working with other state, faith- and community-based organizations and through direct assistance for individuals and families. This is a limited amount of flexible funds that can be used to support direct service providers who together meet the locally defined needs of the homeless.

The following table presents the distribution of funds for each HRDC for May 1, 2006 through April 30, 2007²:

² The ESG contract year with its subgrantees runs from May 1 to April 30.

PART I SECTION B: INVESTMENT OF AVAILABLE RESOURCES

EMERGENCY SHELTER GRANTS 05/01/2006 – 04/30/2007		
AGENCY	HUD FUNDING	SERVICES
Action for Eastern Montana – Glendive	\$ 37,638	<p><u>Essential Services:</u> Housing program staff advocates for, makes referrals for, and acts as liaison between homeless individuals and social services agencies by coordinating Emergency Services efforts with local groups.</p> <p><u>Shelter Maintenance:</u> Provide shelter rent, furnishings, utilities, insurance & maintenance for Matthew House, Sidney, and New Life Mission, Poplar.</p> <p><u>Homeless Prevention Activities:</u> Provide one time payment for utilities, rent or deposits for families facing eviction/shut-off. Security deposits to enable families to move into a dwelling of their own. Assistance must be required as the result of a sudden reduction in income, to avoid termination of utilities or eviction and the family must be able to resume payments within a reasonable time. Additionally the assistance will not supplant funding for pre-existing homeless prevention activities from any other sources.</p>
District IV HRDC – Havre	\$ 13,184	<p><u>Essential Services:</u> Provide services including support groups, individual support, referral and advocacy, and transport.</p> <p><u>Shelter Maintenance:</u> Provide maintenance, operation, administration, repairs, security, insurance, utilities, telephone, and furnishing of the Haven, a shelter for women and children homeless due to domestic abuse.</p> <p><u>Homeless Prevention Activities:</u> Provide rent, deposits or utility services to facilitate homeless families' transition to permanent shelter, temporary or emergency shelter costs for transient homeless.</p>
Opportunities, Inc. - Great Falls	\$ 50,976	<p><u>Essential Services:</u> Provide advocacy and mentoring to prevent eviction and/or obtain permanent housing for 15 households; refer 10 to job service/training; refer to life skill training such as budgeting, self-esteem, stress management for 12 individuals.</p> <p><u>Shelter Maintenance:</u> Provide maintenance to Marge Kennedy Center, Medicine Bear Shelter, and training equipment (computer and vocational) to Mercy home.</p> <p><u>Homeless Prevention Activities:</u> Provide Shelter and/or prevent eviction for 43 households.</p>
District VI HRDC – Lewistown	\$ 10,409	<p><u>Homeless Prevention Activities:</u> Provide homeless prevention activities in the form of rent or mortgage assistance and utility termination prevention services.</p>
District VII HRDC – Billings	\$ 62,933	<p><u>Essential Services:</u> Work with other community groups to coordinate housing activities and projects. Assist homeless grant in moving people out of Women & Family Shelter into permanent housing.</p> <p><u>Shelter Maintenance:</u> Support the operation of shelters that provide temporary housing and emergency shelter</p> <p><u>Homeless Prevention Activities:</u> Direct service dollars used as a last resort to maintain/retain housing for low-income families program support costs.</p>
Rocky Mountain Development Council – Helena	\$ 25,191	<p><u>Essential Services:</u> Contract with Helena Indian Alliance (Leo Pocha Clinic) for provision of medical and medically related services to homeless individuals and families.</p> <p><u>Shelter Maintenance:</u> Contract with three emergency shelters (Friendship Center, God's Love, Montana Youth Homes) to provide shelter and related services to homeless individuals and families.</p>

EMERGENCY SHELTER GRANTS 05/01/2006 – 04/30/2007		
AGENCY	HUD FUNDING	SERVICES
District IX HRDC – Bozeman	\$ 32,954	<p><u>Essential Services:</u> Teach <u>E</u>ncourage <u>A</u>ssist & <u>M</u>odel (TEAM Mentoring) will assist 5-8 individuals being released from prison to obtain employment, permanent housing and address barriers to building positive relationships. Funds will also be used by HRDC Housing Advocates to provide assistance in securing permanent housing and obtaining other federal, state or local support services for persons living on the street, in emergency shelter or in transitional housing.</p> <p><u>Shelter Maintenance:</u> Funds will be used to reimburse allowable shelter operational costs for the Network Against Violence, TEAM Mentoring, and HRDC Transitional Housing for homeless persons. Family Promise will use funds for shelter maintenance, repairs, operation, security, fuel equipment, utilities and furnishings for their homeless shelter activities.</p> <p><u>Homeless Prevention Activities:</u> Funds will be used to stop foreclosure, eviction or utility disconnects per the ESGP guidelines.</p>
Northwest Montana Human Resources - Kalispell	\$ 55,584	<p><u>Essential Services:</u> Case management services to homeless and transitional families provided by NMHR and area providers</p> <p><u>Shelter Maintenance:</u> Funds subgranted to area homeless shelters.</p> <p><u>Homeless Prevention Activities:</u> Funds provided by NMHR and/or subgranted to area providers of short term subsidies for emergency shelter</p>
District XI HRC – Missoula	\$ 56,142	<p><u>Essential Services:</u> Salvation Army Ravalli County and HRC Mineral County Emergency Shelter receive funds.</p> <p><u>Shelter Maintenance:</u> Poverello Center, YWCA Pathways, Youth Homes-Missoula & Ravalli Counties, Supporters of Abuse Free Environments, Stephens House receive funds.</p> <p><u>Homeless Prevention Activities:</u> 2-1-1/First Call for Help Information and Referral Telephone Line are funded.</p>
District XII HRDC – Butte	\$ 29,040	<p><u>Shelter Maintenance:</u> Funds will be used to support Homeward Bound – a transitional housing program for homeless families and individuals that provides food and shelter along with supportive services to help them achieve self-sufficiency. Uses will include maintenance, repair, utilities and furnishings.</p>
TOTAL	\$377,051	

Housing Opportunities for Persons With AIDS (HOPWA)

Although the tri-state HOPWA reports to HUD, a summary of its results is presented here as requested by HUD and for informational purposes. The Tri-State HELP programs for the two regions of Montana, Billings in the east and Missoula in the west, were awarded a combined total of approximately \$532,500 over the three-year period. This includes supportive services and sponsor administration and \$373,000 for rental assistance and short-term emergency assistance. The grant provides tenant based rental assistance, emergency assistance, and housing coordination services to individuals living with HIV/AIDS in Montana through the management of the Yellowstone AIDS Project (YAP) in Billings and the Missoula AIDS Council (MAC).

Data collected by the YAP and the MAC housing coordinators is presented in the following table.

Montana Progress Report, through March 2007		
Total Clients Receiving Services:		153
Gender:	Male: 110	Female: 43
Ethnicity:	Non-Hispanic: 148	Hispanic: 8
Race:	African/American: 5	Native American: 11
Recent Living Situation:	Homeless: 11	Rental Housing 32
	Incarcerated n/a	
Assistance Provided:		
Total # Receiving Short-Term/Emergency Assistance, including security deposits:		50
Total funds spent on Short-Term/Emergency Assistance		\$ 51,697
Total # Receiving Long-Term (<i>began with LT or moved to LT after being assisted with ST</i>):		84
Total funds spent on Long-Term Assistance		\$ 189,711
Total Funds Spent on Housing Assistance (<i>rental assistance & short-term emergency assistance</i>):		\$ 241,408

U.S. Department of Energy (DOE) and Other Energy Programs

In the plan year ended 2007, DOE and other funds were used for residential weatherization programs. The funding utilized for residential weatherization came from the following sources:

U.S. Department of Energy	\$ 2,623,349
U.S. Department of Health and Human Services (LIHEAP)	\$ 2,646,891
NorthWestern Energy	\$ 1,325,243
Bonneville Power Administration	\$ 393,287
USB/MDU ³	\$ 301,422
Total	<u>\$ 7,290,192</u>

Weatherization activities consist primarily of attic, wall and floor insulation; furnace repairs and replacements; and infiltration reduction measures. Only measures demonstrating a savings to investment ratio of at least 1.8 (based on the use of a computerized energy audit) may be installed on eligible dwellings.

Additional funds used to directly assist eligible households with their fuel bills were as follows:

U.S. Department of Health and Human Services (LIHEAP)	\$ 12,678,616
Utility Company Low-Income Discount	\$ 4,099,115
House Bill 2	\$ 500,000
House Bill 332	\$ 0
Total	<u>\$ 17,277,731</u>

³ Universal System Benefits/Montana Dakota Utilities

Low Income Housing Tax Credit (LIHTC) Program

Since the program's inception in Montana, nearly \$25 million in federal tax credits has been allocated for 4,694 units of rental housing. For the plan year ended March 31, 2007, the MBOH allocated \$2,355,524 in federal tax credits (on April 4, 2007) for 183 units of rental housing in six projects with total project costs of more than \$29,917,046.

City/Town	Project(s)	Total Project Costs
Polson	Polson Meadows (senior housing)	\$ 5,956,533
Poplar	Fort Peck Single Family Homes	\$ 3,170,691
Missoula	Liberty Lanes (multi-family housing)	\$ 8,489,538
Lewistown	Ouellette Place (multi-family housing)	\$ 3,652,599
Glendive	Makoshika Estates (senior housing)	\$ 2,278,045
Helena	Eagles Manor II (senior housing-rehab)	\$ 6,369,640
TOTAL COSTS		\$29,917,046

I.B.2 FEDERAL SOURCE - LOCAL ADMINISTRATION

Supportive Housing Program and Shelter Plus Care

Funds for Supportive Housing and Shelter Plus Care are available on a competitive basis through the state's Continuum of Care process. During the last plan year, several proposals for new or renewed supportive housing were approved as outlined in the following table:

MONTANA'S STATEWIDE CONTINUUM OF CARE HOMELESS ASSISTANCE GRANT REQUESTS FEDERAL FISCAL YEAR 2006			
Applicant / Project Sponsor	Project Name	Grant Amount	
		Requested	FUNDED
Housing Authority of Billings	Shelter Plus Care TRA for Chronic Homeless/ TRA / New SPC Project	\$ 268,200	\$ 0
Poverello Center, Missoula	Joseph Center - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 74,934	\$ 74,934
Northwest MT Human Resources, Inc, Kalispell	Courtyard Apts - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 71,538	\$ 71,538
Human Resources Council District XII, Butte	Homeward Bound - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 90,958	\$ 90,958
Mountain Home Montana, Inc.	B. Hamilton Project - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 76,798	\$ 76,798
Samaritan House, Inc.	Samaritan House Case Management Project - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 63,000	\$ 63,000
YWCA of Missoula	Ada's Place Transitional Housing - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 101,001	\$ 101,001

MONTANA'S STATEWIDE CONTINUUM OF CARE HOMELESS ASSISTANCE GRANT REQUESTS FEDERAL FISCAL YEAR 2006			
Supporters of Abuse Free Environment (S.A.F.E.), Inc, Hamilton	S.A.F.E. Transitional Housing - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 35,700	\$ 35,700
Missoula County / Salvation Army	Gateway Center - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 61,579	\$ 61,579
Missoula County / Western MT Mental Hlth Cntr, Turning Point	Share House - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 196,665	\$ 196,665
Sanders County Coalition for Families, Thompson Falls	LaVonne Kennedy Transitional Housing Prog - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 56,964	\$ 56,964
God's Love, Helena	God's Love Family Transitional Center - Supportive Housing Prog / Transitional Housing / SHPR Project	\$ 150,470	\$ 150,470
MT Dept of Health & Human Services, Helena	Homeless Management Information System (HMIS) - Supportive Housing Prog / HMIS / SHPR Project	\$ 66,980	\$ 66,980
Missoula County/YWCA of Missoula	Ada's Place II - Supportive Housing Prog/Transitional Housing/New SHP Project	\$ 14,965	\$ 14,965
Missoula Housing Authority	MHA Shelter Plus Care - Shelter Plus Care / Tenant Based Rental Assistance / SHPR Project	\$ 445,320	\$ 461,040
Helena Housing Authority	Helena Housing Authority SPC - Shelter Plus Care / Tenant Based Rental Assistance / SHPR Project	\$ 160,944	\$ 160,944
Public Housing Authority of Butte	Shelter Plus Care / Tenant Based Rental Assistance / SHPR Project	\$ 72,696	\$ 72,696
Housing Authority of Billings	Shelter Plus Care / Tenant Based Rental Assistance / SHPR Project	\$ 80,460	\$ 83,160
	Total	\$2,089,172	\$ 1,839,392
SPC – Shelter Plus Care; SPCR - Shelter Plus Care Renewal; SHPR – Supportive Housing Program Renewal; SHP – Supportive Housing Program; TRA – Tenant-based Rental Assistance			

HUD Housing Counseling Program

The Housing Counseling Program supports the delivery of a wide variety of housing counseling services to homebuyers, homeowners, low- to moderate-income renters, and the homeless to expand homeownership opportunities and improve access to affordable housing. HUD awards annual grants under this program through a competitive process. Organizations that apply for grants must be HUD-approved and are subject to biannual performance reviews to maintain their HUD-approved status.

- **District 7 Human Resources Development Council**, based in Billings, received \$35,763 for Comprehensive Counseling. The HRDC reaches out to disadvantaged community members, addressing multiple needs through a comprehensive approach, developing partnerships with other community institutions, involving disadvantaged clients in operations, and administering a range of coordinated programs aimed at having a measurable impact on poverty. The HRDC operates programs and provides services promoting and support self-sufficiency. The HRDC

works with individuals in need of affordable housing options. Ongoing support in areas of education and maintenance is built into all housing activities. Individuals are assisted with improving housing conditions and meeting responsibilities of home ownership and tenancy. Informational workshops on the home buying process, renting versus owning, post-purchase considerations, and other topics are provided.

- **Human Resource Development Council of District IX**, located in Bozeman, was awarded \$60,000 for Comprehensive Counseling. The HRDC provides services to low- and moderate-income households in three southwest Montana counties, Gallatin, Park and Meagher, home to approximately 100,000 people and one of Montana's most rapidly growing areas. The proposed project will provide rental, emergency housing and homeownership assistance to the HRDC's customers through individual and group counseling and education. Services to be provided include: pre-purchase homeownership education and counseling, mortgage delinquency prevention, post-purchase counseling, and counseling to locate or maintain affordable rental housing services for homeless persons.
- The **Lake County Community Housing Organization** (Lake County CHDO) was designated as a Housing Counseling Agency in 2002. Based in Ronan, Lake County CHDO received \$24,460 for Comprehensive Counseling. Services for low-income families include: development, ownership and management of rental properties; unit- and tenant-based rental assistance; development and sale of single family homes; down payment and closing cost assistance; housing rehabilitation; and a variety of counseling services. Counseling services include assisting clients to locate decent and affordable rental housing; renter responsibility courses; homebuyer workshops to prepare low-income families for homeownership, one-on-one and group counseling on rights, responsibilities and access to homeownership opportunities, one-on-one and group counseling to assist homebuyers to access programs including Home\$tart savings plans, down payment assistance and credit; one-on-one homeowner counseling on rehabilitating homes to achieve energy efficiency and/or accessibility; and referrals to other agencies/services for emergency or transitional housing and fair housing issues.
- The **Montana Board of Housing**, serving the housing needs of Montana's low- and moderate-income population as the tax-exempt bond and tax credit financing agency for the state, received \$96,795 for Comprehensive Counseling. The MBOH is one of 31 housing organization partners, including nonprofits, state and federal agencies, and private sector lenders, which joined in 2000 to form the Montana Homeownership Network (MHN). The MBOH contracts with MHN to provide an effective delivery system offering rental counseling, homebuyer counseling and education, down payment assistance, housing rehabilitation and foreclosure prevention counseling statewide.

HUD Rural Housing and Economic Development (RHED) Program

Rural nonprofit organizations, federally recognized Native American tribes, community development corporations, and state agencies are the eligible applicants for HUD's Rural Housing and Economic Development Program grants. The funding helps rural communities to build and improve affordable housing, create jobs, and generate community and economic development.

Rural communities use this funding as seed money to pay the start-up costs for activities undertaken by new organizations or for specific housing or economic development projects undertaken by new or existing groups. The grants also help organizations hire and train staff, develop strategic plans, and acquire office space and other needed facilities.

RHED grants also help pay for acquiring land, constructing new housing, demolishing housing, improving infrastructure, and training construction workers. Other possible uses include providing homeownership and financial counseling and financial assistance to homeowners, businesses and developers; creating microenterprises and small business incubators; and establishing lines of credit or revolving loan pools to benefit the local business community.

- **The Fort Peck Assiniboine and Sioux Tribes** in Poplar received an RHED Innovative Support Grant award for \$300,000. This Innovative Grant award will assist in starting the Fort Peck Energy Office Project, which will benefit low- and very low-income families residing on the Fort Peck Reservation by creating new jobs and lowering energy costs.
- **The Heritage Institute** in Glasgow also received an RHED Innovative Support Grant award for \$300,000. The funds will be used to benefit the Fort Peck Innovative Housing Project by utilizing "green" building technologies to improve energy efficiency and lower energy cost burdens on homeowners.

HUD Public Housing Neighborhood Networks (NN) and Resident Opportunities and Self Sufficiency (ROSS) Programs

The Public Housing Neighborhood Networks funding program provides grants to public housing authorities to establish, expand and/or update community technology centers. Neighborhood Networks centers provide access to computers, computer training and the Internet and can provide a wide range of services to help residents achieve long-term economic self-sufficiency. PHAs may use grant funds for:

- Hiring a project coordinator to manage and oversee center activities
- Internet connections
- Computer training
- Job training
- Purchasing computer equipment
- Physical improvements
- College preparatory classes
- Literacy training

The ROSS grant program provides funds for job training and supportive services to help residents of public housing transition from welfare to work. ROSS also provides funding to link elderly/disabled residents to critical services, which can help them continue to live independently.

- The **Public Housing Authority of Butte** received \$98,500 from the ROSS Elderly/Persons with Disabilities Program to provide a comprehensive wellness program for the elderly and disabled clients who reside in public housing. There will be transportation services for residents, an on-site Health Fair to be held one time per year, and nutrition programs at least one time per month. A program coordinator and wellness program manager will be hired and will work with the local YMCA and Waterford Health and Fitness Center to schedule classes such as aerobics, weight training, and water exercises. The program coordinator will assess all elderly and disabled residents annually to determine their needs and to coordinate community services for them.

Fair Housing Initiative Program (FHIP) Grants

HUD's Fair Housing Initiatives Program grants go to public and private fair housing groups and state and local agencies across the country. The groups use the funds to investigate allegations of housing discrimination, educate the housing industry and public about housing discrimination laws, and work to promote fair housing.

Under the Private Enforcement Initiative, 12- to 18-month grants of up to \$220,000 assist private, tax-exempt fair housing enforcement organizations in investigating and enforcing alleged violations of the Fair Housing Act and substantially equivalent state and local fair housing laws.

Education and Outreach Initiative grants of up to \$100,000 are allocated for one year to inform and educate the public about the rights and obligations under federal, state, and local fair housing laws. Some funds are specifically awarded to programs that have a special focus on the fair housing needs of persons with disabilities, so that housing providers, the general public, and persons with disabilities themselves better understand their rights and obligations.

Fair Housing Organizations Initiative grants are awarded for three years for projects that serve rural and immigrant populations in areas where there currently is no existing fair housing organization or are otherwise underserved.

- The **City of Billings** was awarded an Education and Outreach Initiative grant of \$99,987. The city and 47 other organizations have committed to working together to address housing discrimination in the greater Billings area. The collaborative effort will focus on informing the American Indian population of their fair housing rights and educating builders, architects, and others on fair housing accessibility requirements and universal design.

U.S. Department of Agriculture Rural Development Programs

In federal fiscal year 2006, USDA RD housing programs provided nearly \$70 million in loans, grants, and guarantees to assist Montanans in obtaining various forms of housing. The following table outlines the types of RHS loans and grants available.

MONTANA RHS OBLIGATIONS 9/30/2006 (FFY 2006)			
Program	Program Description	Number	\$ Amount
Rural Housing (RH)- Guarantee	Federal loan guarantees provided to lenders for single-family housing.	401	\$ 48,201,036
Section 502 Direct	Single family housing direct loan for very low- and low-income borrowers	147	\$ 15,305,582
Section 504 Loans and Grants	Repair loans and grants for very low-income borrowers	53	\$ 339,520
Housing Preservation Grants	Housing preservation grants made to entities for rehabilitation and repair	4	\$ 86,400
523 Mutual Self-Help Grants	Technical and management assistance oversight grant	8	\$ 1,560,314
515 Rural Rental Housing	Multi-family housing loans for low- and very low-income affordable housing projects	3	\$ 469,280
521 Rental Assistance	Rent subsidies for tenants	232	\$ 3,724,606
538 Multi-Family Housing (MFH) Guarantee	Federal Guarantee to lender for low- and moderate-income tenants	0	\$ 0
525 TMA Grant	Grant for an oversight organization to promote homebuyer education	0	\$ 0
509 Application Packing Grant	Grant for loan packaging services	8	\$ 12,500
TOTAL		856	\$ 69,699,238

I.B.3 STATE SOURCE - STATE ADMINISTRATION

Montana Department of Natural Resources and Conservation Renewable Resource Grant and Loan Program

The Renewable Resource Grant and Loan Program, administered by the MDNRC, provides financial assistance to local governments in the form of grants up to \$100,000 or loans to secure loans for water and sewer projects. The levels of funding for RRGL programs are \$4 million for each biennium. The following table illustrates the Renewable Resource Grants monies approved in past legislative sessions.

RENEWABLE RESOURCE GRANT FUNDS BY LEGISLATIVE SESSION				
	Authorized Amt	Contracted Amt	Amt Disbursed	Amt Released
2007 Legislature	<i>Not available at time of report release</i>			
2005 Legislature	\$ 4,600,000	\$ 3,834,034	\$ 1,655,175	\$ 76
2003 Legislature	\$ 3,700,000	\$ 3,700,000	\$ 2,982,383	\$ 10,996
2001 Legislature	\$ 4,300,741	\$ 4,200,744	\$ 4,187,350	\$ 108,390
1999 Legislature	\$ 4,237,972	\$ 3,591,726	\$ 3,588,708	\$ 6,617
1997 Legislature	\$ 2,200,000	\$ 1,999,899	\$ 1,950,564	\$ 249,435
1995 Legislature	\$ 1,686,204	\$ 1,575,278	\$ 1,410,802	\$ 275,401

Montana Department of Commerce Treasure State Endowment Program

The following TSEP construction projects were awarded by the 2007 Legislature:

Name of Grant Recipient	Type of Project	TSEP Grant Amount
Bainville, Town of	Wastewater	\$ 715,000
Big Sandy, Town of	Wastewater	\$ 750,000
Bigfork County Water & Sewer District	Wastewater	\$ 750,000
Black Eagle Water & Sewer District	Water	\$ 365,000
Blaine County	Bridge	\$ 617,017
Brady County Water & Sewer District	Wastewater	\$ 750,000
Butte-Silver Bow	Water	\$ 750,000
Carter-Chouteau County Water & Sewer District	Water	\$ 750,000
Circle, Town of	Wastewater	\$ 750,000
Columbia Falls, City of	Wastewater	\$ 750,000
Crow Tribe (Crow Agency)	Wastewater	\$ 750,000
Custer County	Bridge	\$ 63,750
Cut Bank, City of	Water	\$ 550,000
Darby, Town of	Water	\$ 750,000
Dayton-Lake County Water & Sewer District	Wastewater	\$ 750,000
Ekalaka, Town of	Water/Wastewater	\$ 706,369
Elk Meadows Ranchettes County Water District	Water	\$ 410,000
Fairfield, Town of	Wastewater	\$ 750,000
Fergus County	Bridge	\$ 238,362
Fort Benton, City of	Storm Water	\$ 750,000
Hamilton, City of	Wastewater	\$ 750,000
Harlem, City of	Water	\$ 750,000
Gallatin County (Hebgen Lake Estates)	Wastewater	\$ 750,000
Goodan-Keil County Water District	Water	\$ 532,250
Jefferson County	Bridge	\$ 295,800
Jordan, Town of	Wastewater	\$ 700,000
Judith Basin County	Bridge	\$ 192,215
Laurel, City of	Wastewater	\$ 750,000
Lewis & Clark County (Woodlawn Park Addition)	Water	\$ 596,420
Loma County Water & Sewer District	Water	\$ 750,000
Madison County	Bridge	\$ 370,100
Manhattan, Town of	Water	\$ 600,000
Mineral County Saltese Water & Sewer District	Wastewater	\$ 390,000
Neihart, Town of	Water	\$ 223,000
North Valley County Water & Sewer District	Water	\$ 750,000
Panoramic Mountain River Heights County Water District	Water	\$ 191,500
Pinesdale, Town of	Water	\$ 750,000
Polson, City of	Water	\$ 750,000
Powell County	Bridge	\$ 263,074
Power-Teton County Water & Sewer District	Water	\$ 604,286
RAE Subdivision County Water & Sewer District	Water	\$ 750,000

PART I SECTION B: INVESTMENT OF AVAILABLE RESOURCES

Name of Grant Recipient	Type of Project	TSEP Grant Amount
Red Lodge, City of	Water	\$ 750,000
Seeley Lake - Missoula County Water District	Water	\$ 750,000
Shelby, City of	Water	\$ 750,000
Sheridan, Town of	Wastewater	\$ 750,000
Stillwater County	Bridge	\$ 407,500
Sunny Meadows Missoula County Water & Sewer District	Water	\$ 325,000
Superior, Town of	Water	\$ 600,000
Sweet Grass County	Bridge	\$ 151,493
Thompson Falls, City of	Water	\$ 363,000
Three Forks, City of	Wastewater	\$ 750,000
Tri County Water District	Water	\$ 313,500
Twin Bridges, Town of	Wastewater	\$ 750,000
Whitefish, City of	Water	\$ 750,000
Whitehall, Town of	Wastewater	\$ 750,000
Yellowstone County	Bridge	\$ 97,079

The following TSEP grants for Preliminary Engineering Studies were awarded for SFY 2006 and 2007 by the program:

Name of Grant Recipient	Project Type	TSEP Grant Amount
Alberton, Town of	Water	\$ 5,000
Bainville, Town of	Wastewater	\$ 15,000
Bigfork Water & Sewer District	Wastewater	\$ 15,000
Colstrip, Town of	Wastewater	\$ 15,000
Custer County	Bridge	\$ 9,250
Cut Bank, City of	Water	\$ 15,000
Darby, Town of	Water	\$ 15,000
Dutton, Town of	Wastewater	\$ 15,000
Elk Meadows Ranchettes	Water	\$ 15,000
Ennis, Town of	Storm water	\$ 15,000
Essex, Water & Sewer District	Water	\$ 15,000
Forsyth	Water	\$ 15,000
Fort Benton, City of	Storm water	\$ 15,000
Gallatin County	Wastewater	\$ 15,000
Goodan-Keil County Water District	Water	\$ 15,000
Granite County	Solid Waste	\$ 6,000
Harlem, City of	Water	\$ 15,000
Jefferson County	Bridge	\$ 15,000
Jordan, Town of	Wastewater	\$ 15,000
Judith Basin County	Bridge	\$ 12,000
Lewis & Clark County - Craig	Wastewater	\$ 15,000
Lake County East Shore	Wastewater	\$ 15,000
Laurel, City of	Storm water	\$ 15,000
Lewistown, City of	Wastewater	\$ 15,000
Lockwood Water & Sewer District	Water	\$ 15,000
Loma County Water & Sewer District	Water	\$ 15,000

Name of Grant Recipient	Project Type	TSEP Grant Amount
Madison County	Bridge	\$ 15,000
Manhattan, Town of	Water	\$ 10,000
Miles City, City of	Wastewater	\$ 15,000
Mineral County Saltese Water & Sewer District	Wastewater	\$ 13,500
North Valley County Water & Sewer District, Inc	Water	\$ 11,000
Park County-Gardiner	Wastewater	\$ 15,000
Powell County	Bridge	\$ 15,000
Red Lodge, City of	Water	\$ 15,000
Saco, Town of	Wastewater	\$ 15,000
Seeley Lake Water District	Water	\$ 10,000
Sheridan, Town of	Wastewater	\$ 14,735
Stillwater County	Bridge	\$ 15,000
Sweet Grass County	Bridge	\$ 15,000
Three Forks, Town of	Wastewater	\$ 15,000
Tri-County Water District	Water	\$ 13,500
Whitehall, Town of	Wastewater	\$ 15,000
Wood's Bay, Water & Sewer District	Wastewater	\$ 15,000
Total Amount Awarded		\$ 599,985

Montana Department of Commerce Indian Country Economic Development

ICED grants, which are leveraged one to one with tribal funds, are usually a small part of a larger tribal project that may have a significant impact on a tribe's economic growth and development. In SFY 2007, the following projects were awarded:

- The **Chippewa Cree Tribe** was awarded \$50,000 to support a design/build contract for an ethanol (and its by-products) plant on the Rocky Boy's Reservation. The project has the potential to create approximately 43 full-time jobs, as well as several hundred additional positions during construction. The project will offer wheat producers across Montana the opportunity to sell wheat to a local facility, adding value to a Montana-produced commodity and dramatically cutting shipping costs.
- The **Blackfeet Indian Nation** was awarded \$50,000 to support the start-up of a tribally owned communications utility with SIYEH Corporation (wholly owned by the Blackfeet Tribe). The utility will provide Internet and wireless communication service to the Blackfeet Indian reservation. Eventually, the utility will also provide digital microwave communication services for the 911 system on the reservation. Initially, two jobs will be created. The potential to create many employment opportunities for tribal members in sales, marketing, installation, maintenance and radio support also exists.
- The **Northern Cheyenne Tribe** was awarded \$50,000 and continues to pursue the development and ownership of a wireless telecommunications company to provide improved telecommunications services to the reservation. A telecommunications study of the Northern Cheyenne Reservation was completed with FY 2006 funds.

This grant will help support the tribe's regulatory requirement filing, incorporating federal regulatory requirements into tribal codes, completing a business plan, and preparing ten year pro forma.

- The **Fort Peck Tribes** were awarded \$50,000 to develop a financial and economic review of the tribes' North Spole Irrigation project that will become a formal business plan for the project. Contract funds will also support skills training for tribal members transitioning from welfare to work through the Fort Peck Native American Artisan Guild. The training will enhance tribal cottage industries and preserve cultural traditions and integrity. Contract funds will also support the purchase of raw materials and training materials.
- The **Crow (Apsaalooke) Tribe** was awarded \$50,000 and continues to develop the Crow Reservation Revolving Loan Fund (CRRLF). Tribal constitutional laws have been created, modified and/or amended to support the fund's autonomy. This revolving loan fund targets start-up businesses on the reservation. Loans will be used as down payments; financing will be 4% of the total amount, not to exceed \$5,000. Loan payments will be made to the CRRLF to support the fund in perpetuity.
- The **Little Shell Chippewa Tribe** was awarded \$50,000 to inventory 58 forested and tribally owned acres along the Flathead River in Flathead County. A timber resources assessment will be included in the inventory. Forest thinning may be part of this project, which has the potential to provide income for the tribe. A feasibility study for the Morony Dam project's recreational and tourism potential will also be a part of the project. Morony Dam is located in Cascade County and is currently managed by the Department of Fish, Wildlife and Parks. The 2007 Legislature gave a Morony Dam building and adjoining acreage to the tribe for ten years.
- The **Confederated Salish and Kootenai Tribes** was awarded \$50,000 to expand and continue development of a wholly owned tribal enterprise, Flathead Lath and Dowell Mill. Grant funds will support mill improvements that include a concrete slab with hydronic heat, a fabric covered shelter, a heat source unit and mechanical in/out feed sorting with storage capability and the actual cost of conversion. This project will help retain six jobs and will offer tribal welfare recipients training opportunities. The project will also help support the tribe's raw product harvest from tribally owned lands.

Montana Department of Commerce Primary Sector Workforce Training Grant

In state fiscal year 2007, the Workforce Training Grant Application Review Committee awarded WTG funds to the following Montana businesses:

- **AvMax Group, Inc.** opened a new heavy maintenance and repair facility for regional aircraft (30 – 90 seats) at Great Falls International Airport in April, 2006 and was awarded \$205,000 to hire and train 41 new workers. AvMax has hired and trained almost 100 new employees over the course of its first year in business in Great

Falls. Aviation Services Company of Calgary, Alberta owns AvMax. Regional airlines, primarily in North America, are AvMax's potential customers. AvMax has already partnered with the Great Falls Workforce Services Center for recruitment. Training curricula is based upon aviation regulatory requirement standards.

- **DirectTV** was awarded \$1,845,000 to hire and train 369 employees at its new facility in Missoula County. This facility is its first call center in Montana. Ground was broken in December 2005. DirecTV provides digital television via satellite. New employees receive a new hire orientation, on-the-job training, handling "main bank volume" calls training, and advanced technical training. Team leaders and support staff are also trained in the same curriculum.
- **Elkhorn Treatment Center**, a division of Boyd Andrew Community Services (BACS), Helena, was awarded \$75,000 to hire and train 15 new employees. Ground was broken for the new methamphetamine treatment facility for female offenders in June 2006. Elkhorn accepted its first offenders for treatment on April 10, 2007. BACS also operates the Helena Prerelease Center for male offenders. Treatment will be based upon the Therapeutic Community Model, which is a structured curriculum and living environment that promotes life changes and the skills to support a drug-free environment in outside society.
- **Summit** was awarded \$200,000 to hire and train 40 new employees at its Helena Regional Airport facility. Summit added 30,000 square feet to its 75,000-foot facility. Summit has had numerous manufacturing contracts with Boeing, Lockheed Martin, Bell Helicopter, Sikorsky, Vought Aircraft Systems, and Kawasaki Heavy Industries. Summit produces a number of machined parts and/or tools for high-end use in the aeronautics industry. Primary products have been aluminum and titanium tools and parts for F22 fighter jets.

Montana Board of Housing

Homeownership Mortgage Revenue Bond Program

During the period April 1, 2006 through March 31, 2007, the MBOH provided 1,725 loans totaling more than \$199 million to homeowners, with an average loan amount of \$115,459. The average income of the homeowners was \$39,314.

Mortgage Credit Certificate Program

For the year ended March 31, 2007, the MBOH provided Mortgage Credit Certificates to nine homebuyers. The loans totaled nearly \$1.1 million for families with an average household income of \$42,766. The tax credits totaled \$219,738, averaging \$24,415 per homeowner.

Set-aside Homeownership Mortgage Program

During the period April 1, 2006 through March 31, 2007, the MBOH provided 290 loans totaling \$25,575,123 to lower income homeowners, with an average loan amount of \$88,192. The average income of the homeowners was \$29,396.

Disabled Accessible Affordable Homeownership Program

For the year ended March 31, 2007, the MBOH financed nine homes for \$733,808 to provide affordable, architecturally accessible homes for people with disabilities so they can live independently. The average income of program participants was \$22,467, and the average purchase price was \$81,534.

MyMontanaMortgage (MMM)

The MyMontanaMortgage pilot program was initiated in the fall of 2005. For the year ended March 31, 2007, 19 loans had been purchased, for a total of \$1,745,577. Average income of the households was \$31,195, and the average loan amount was \$91,872.

Teachers' Program

The pilot program in Ravalli for first-time homebuyer teachers has assisted two households with the purchase of homes.

Montana House™

Four Montana House™ homes have been completed since April 2005. Three of the homes have been located in Great Falls, two of which have been sold to qualified first-time homebuyers. The fourth house was moved onto the Blackfeet Reservation during the summer of 2006. The MBOH and the Blackfeet Tribal College have signed an agreement that allows the college to produce Montana House™ units for use on the Blackfeet Reservation, providing needed housing units and training college students in construction skills. The Job Corps program in Darby, located in the southwest corner of the state, is also interested in participating in the Montana House™ program.

Risk Sharing Program and General Obligation (GO) Bond Program

No new projects were funded during the plan year through the Multifamily Risk Sharing Program or the General Obligation Program. However, the MBOH voted on a resolution to participate in a conduit bond deal where the MBOH would issue 4% tax credits in conjunction with the bond financing. The MBOH's responsibility would be to monitor the project as it does any other tax credit project.

Reverse Annuity Mortgage (RAM) Loan Program

Seventeen reverse annuity mortgage loans closed during the plan year ended March 31, 2007 and four loans were in process. Through March 31, 2007, the program had assisted 142 senior households since it began taking applications. As of March 31, 2007, 62 loans were paid off.

Affordable Housing Revolving Loan Fund

During the period April 1, 2006 through March 31, 2007, eight revolving loans, totaling \$101,000, were closed for the single-family assistance program. These loans, done in partnership with Neighborhood Housing Services and homeWORD, provide soft second and third mortgages to lower income households purchasing a home. The households must qualify under Temporary Assistance to Needy Families rules and must complete a first-time homebuyer training course.

Bond Conduit Loan Program

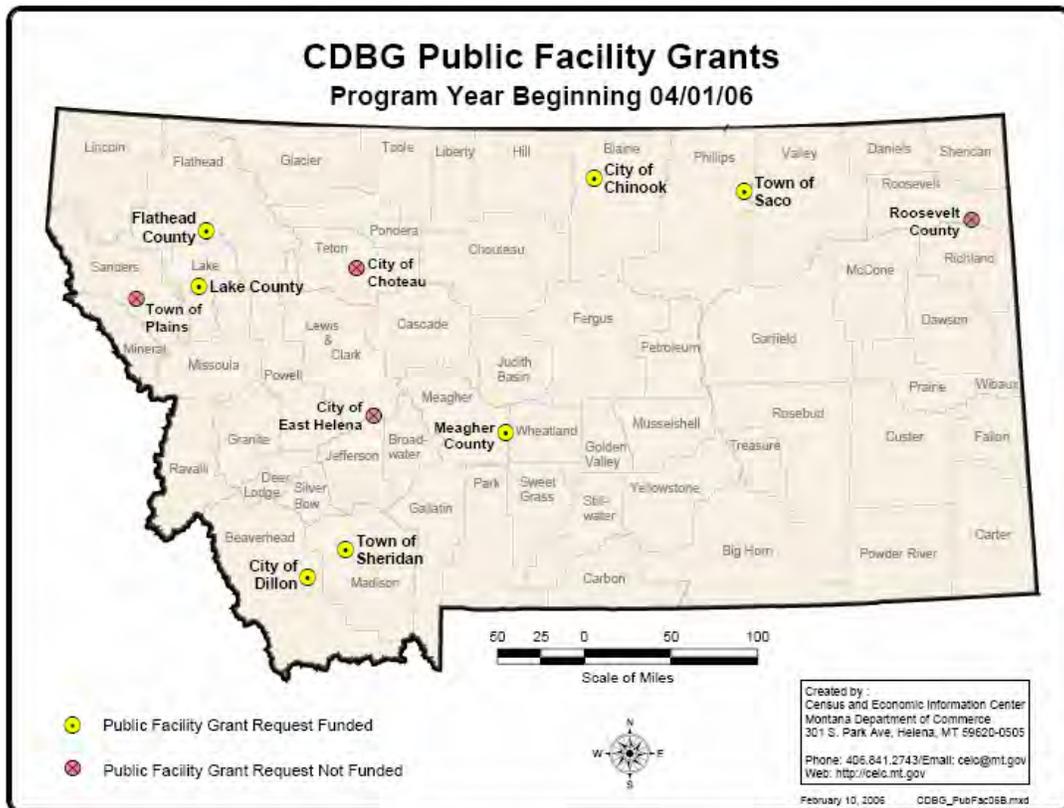
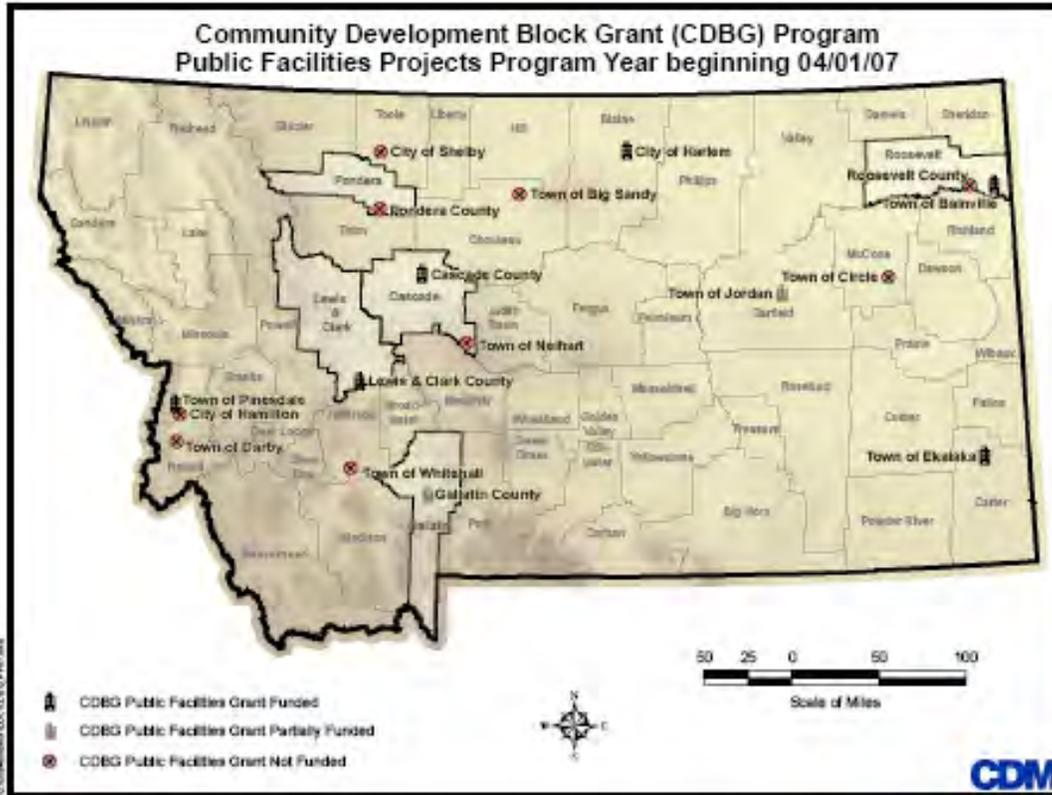
In January 2006, just prior to the beginning of the plan year, one Conduit Bond Resolution was passed. The project consists of rehabilitating 64 elderly units at Fraser Tower in Billings.

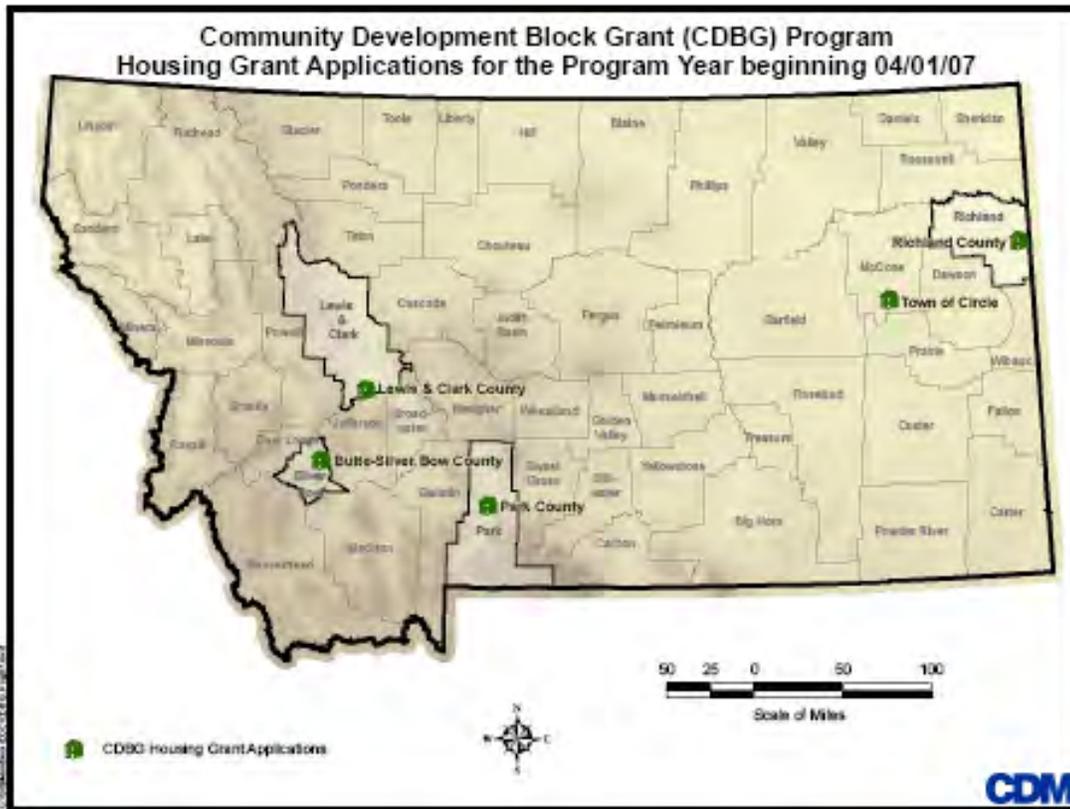
I.B.4 GEOGRAPHIC DISTRIBUTION AND LOCATION OF INVESTMENTS

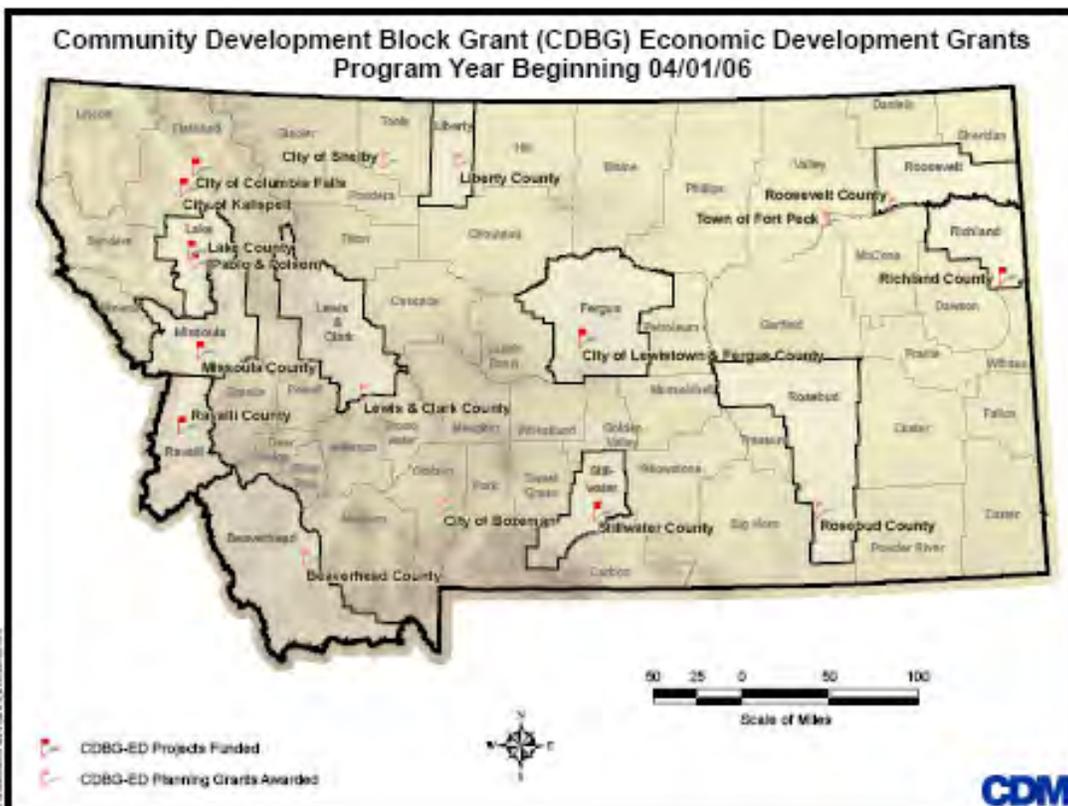
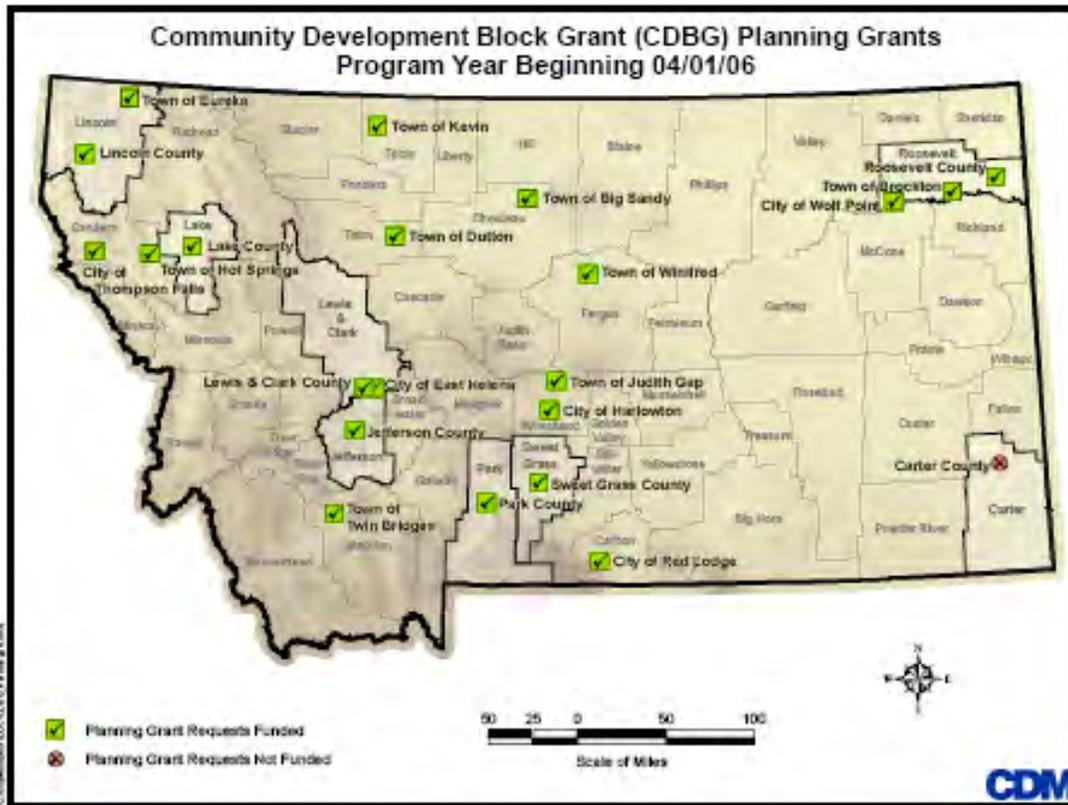
Housing and community development needs vary widely across Montana. The extreme diversity in available housing, age of housing stock, and overall range in population density complicate the assessment of the type and degree of housing and community development needs. MDOC programs are generally implemented on a statewide competitive basis. Entities receiving CDBG and HOME funds must have previous allocations substantially drawn down before they are eligible to apply for additional funds from these programs. This method has shown to disburse funds equitably throughout the state, allowing all groups an equal chance to apply for funds. Together, all funding methods, whether through a formula, as in the ESG grants, or competitive, as in CDBG and HOME grants, tend to be widely distributed throughout the state.

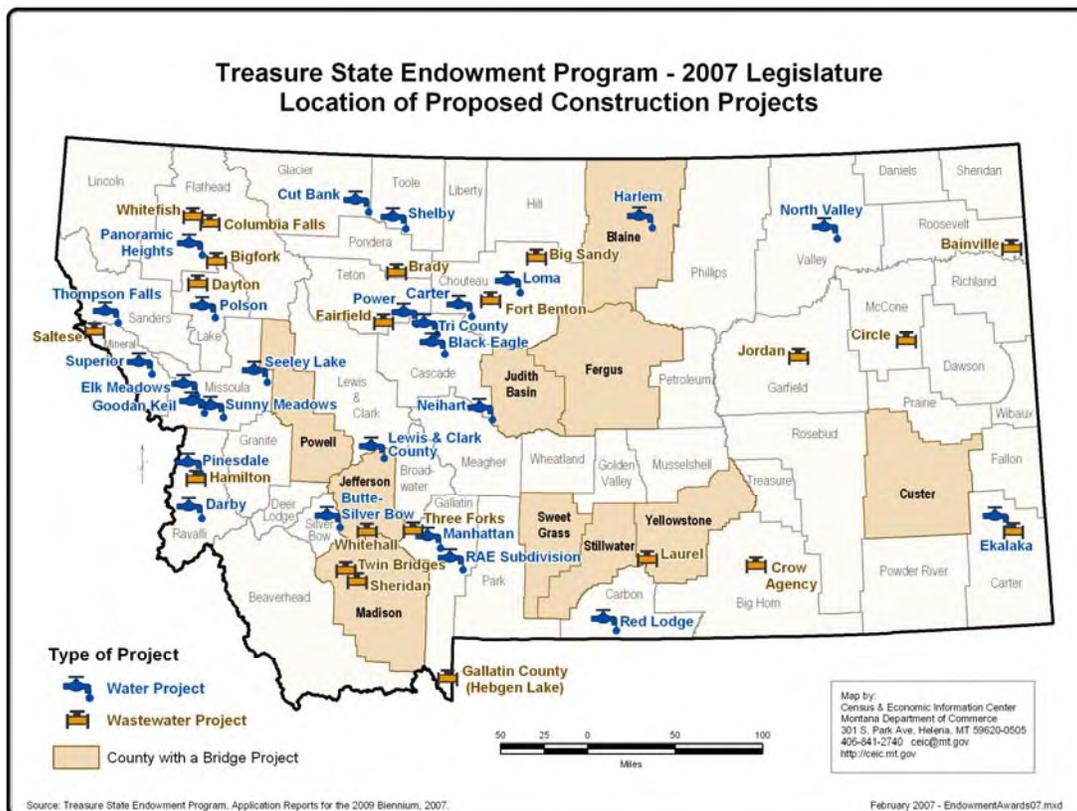
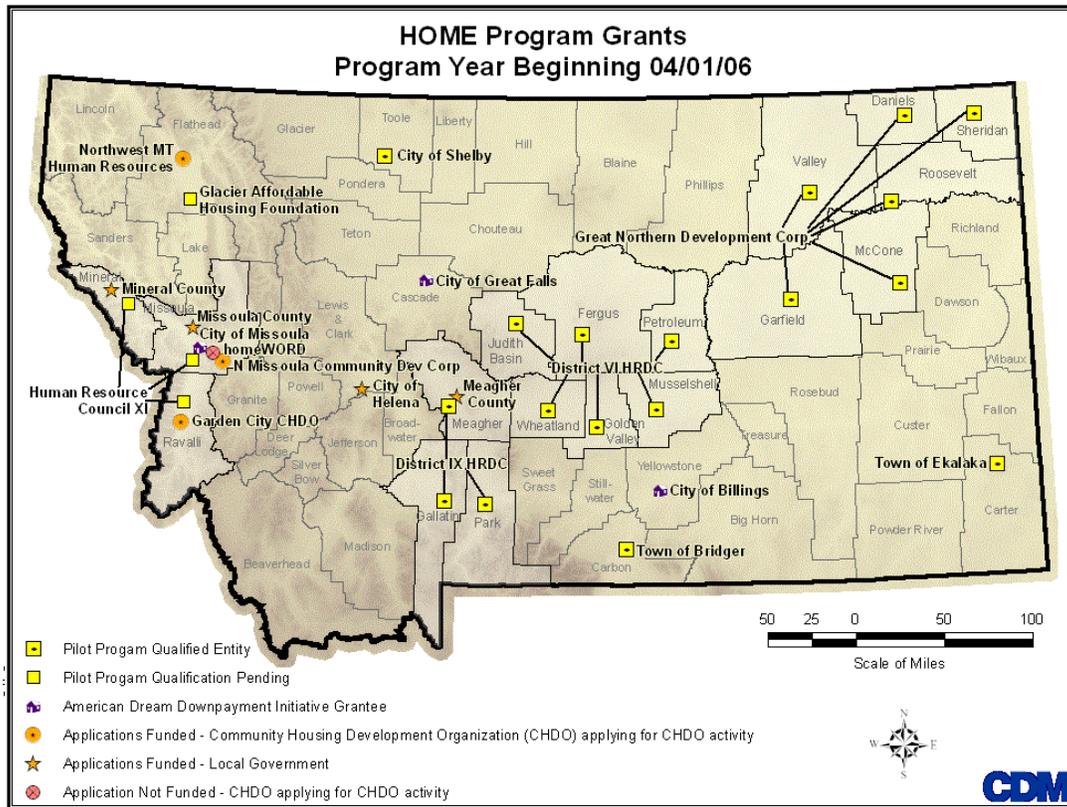
In order to view the geographic dispersion of the past year's funding activities for CDBG, HOME and TSEP, several geographic maps have been prepared. In addition, maps showing the service areas for other programs have been included.

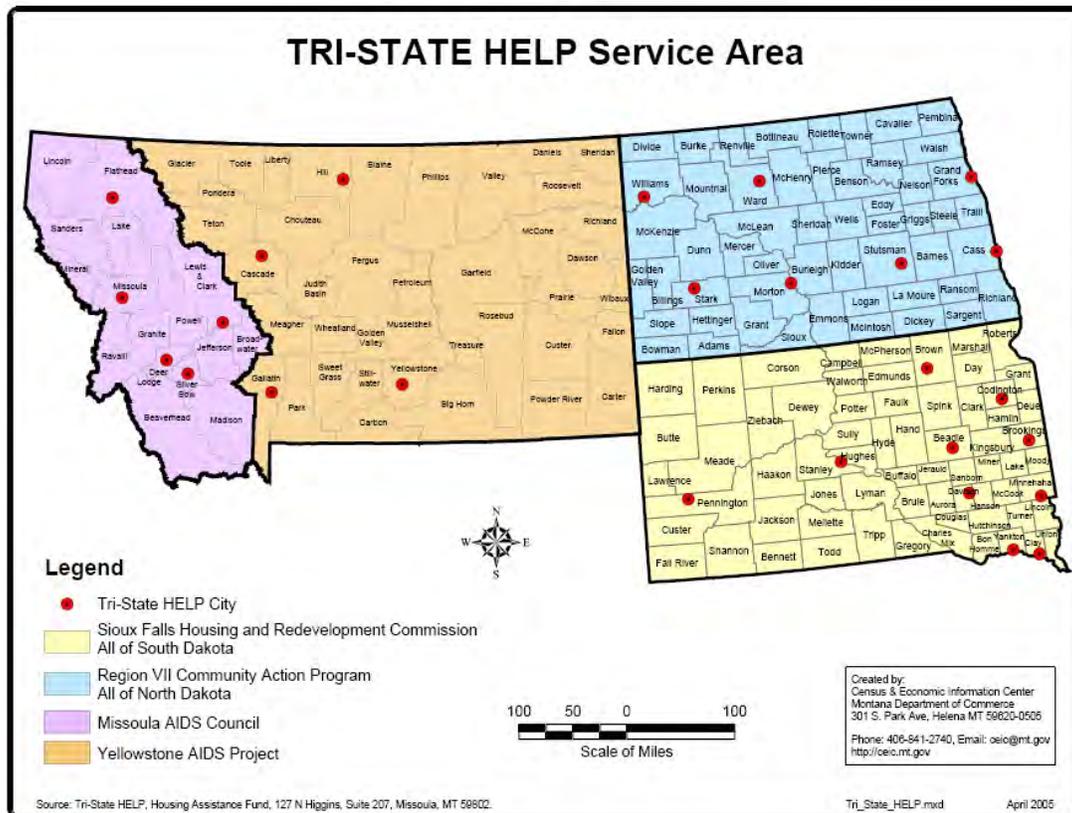
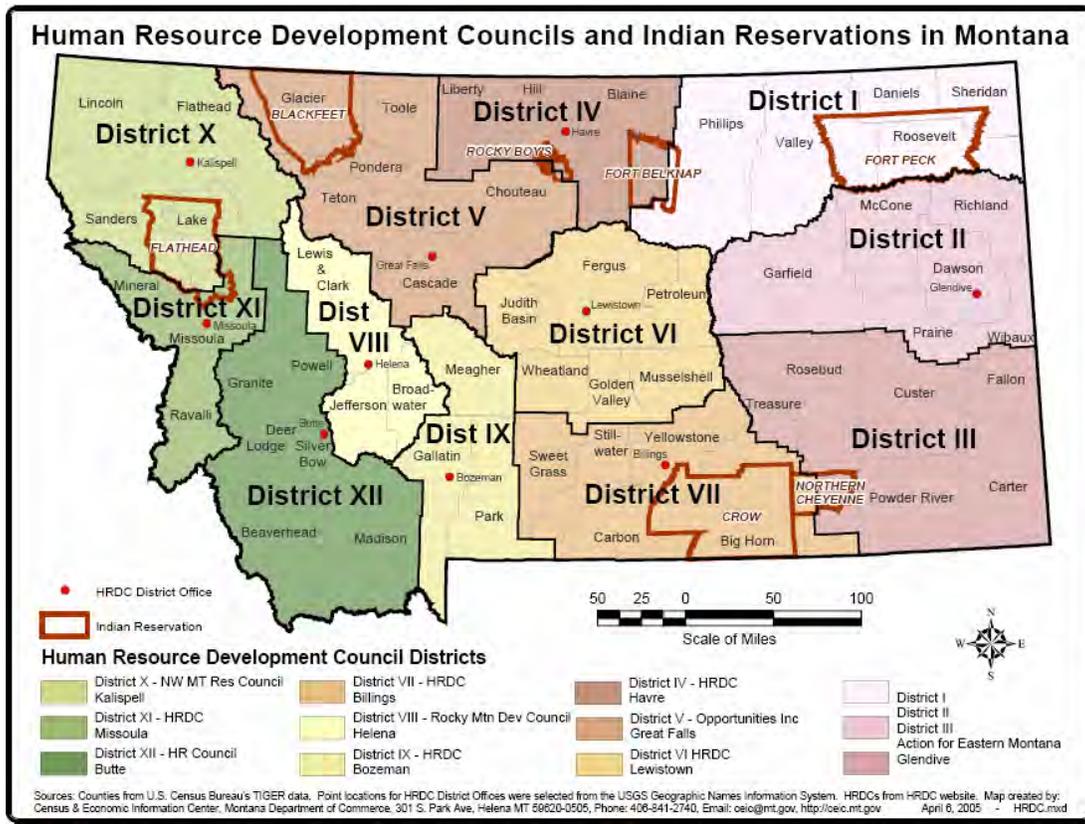
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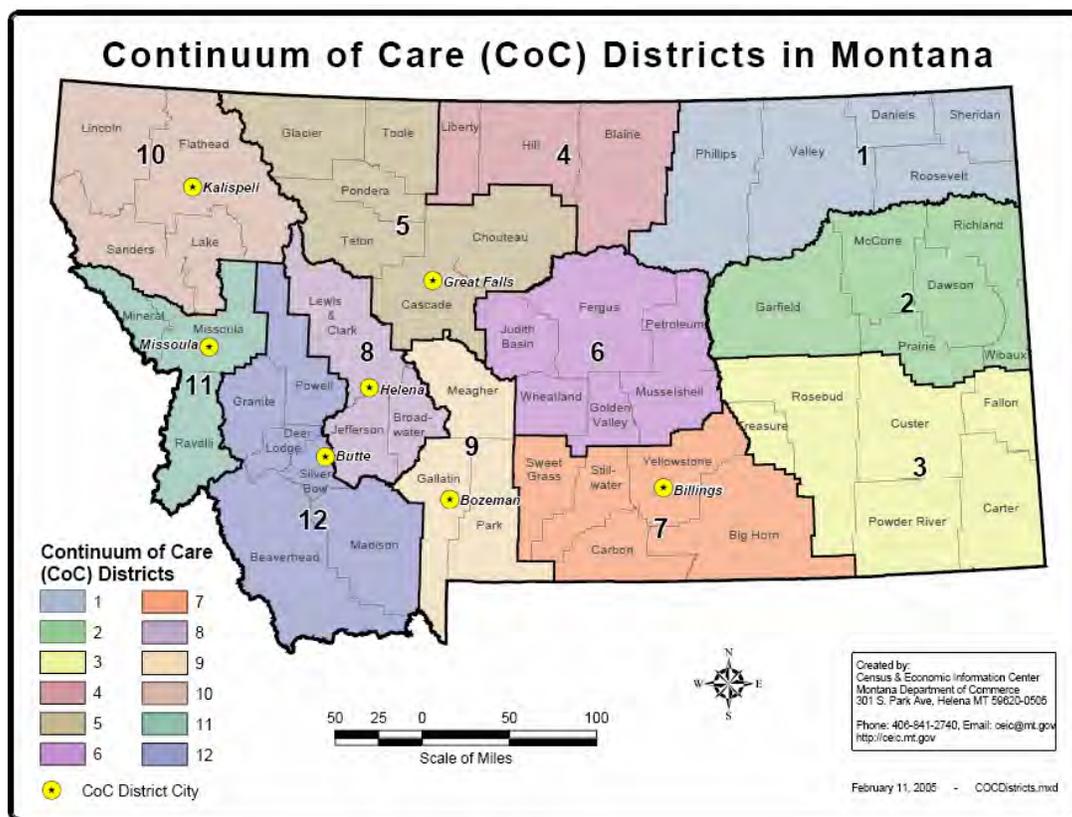












I.B.5 PATTERN OF PLANNED VERSUS ACTUAL INVESTMENT

The CDBG-ED Program received applications on an open-cycle basis. The applications were reviewed and approved by a loan review committee. Local governments that received grant assistance and assisted businesses followed contractual requirements as agreed upon by the MDOC.

The HOME and CDBG programs were carried out in accordance with each program's respective competitive application processes.

The HOME Single Family Allocation Pilot Program is a change from previous years in the method of HOME funding distribution. The HOME Program allocated one-half of its FFY 2006 HUD allocation to the SFAPP, and divided the funding among eleven districts of the state according to a formula that considers population and relative age of housing in relation to the state as a whole. For FFY 2006, the allocation was \$1,987,454. The rationale for using half of the annual HOME allocation for single-family programs is based on the history of grants made from the HOME Program. It is believed this system of funding delivery for single-family activities will result in a more equitable distribution across the state.

HUD allocates ADDI funds to HOME participating jurisdictions (PJs) based on the percent of low-income renters relative to the nation as a whole. Small PJs (such as the

three Montana cities: Billings, Great Falls, and Missoula), do not receive ADDI funds directly from HUD. Instead, those cities' statistics factor into a state's allocation. Therefore, MDOC distributed a portion of ADDI funds to Billings, Great Falls, and Missoula based on the number of low-income renters relative to the rest of the state. This distribution was done outside of the normal, competitive allocation process, as outlined in the *Montana HOME Investment Partnerships Program (HOME) Application Guidelines Fiscal Year 2006*. The remaining ADDI funds were distributed throughout the state as part of the normal allocation process.

ESG funds were allocated to the 10 regional HRDCs according to the formula allocation contained in ARM 53-10-502 pertaining to the federal Community Services Block Grant. This allocation reflects areas of poverty and general population. HRDCs receive 95% of the ESG funds received by the state.

I.B.6 LIHTC ALLOCATION AND THE PROVISION OF HOUSING

The LIHTC program was carried out in accordance with the 2007 MBOH Qualified Allocation Plan (QAP), approved by the MBOH on July 12, 2006 and by Governor Brian Schweitzer on July 28, 2006.

I.B.7 LEVERAGING AND MATCHING FUNDS

The **CDBG Economic Development** program is a major player in economic development financing in Montana. The measures of success for the program are the number of jobs created, the leveraging of other funding to complete project financing, and amounts repaid to local revolving loan funds. Economic development projects have leveraged U.S. Small Business Administration (SBA) programs, Economic Development Administration local revolving loan funds, and the USDA Rural Development Intermediary Relending Program (IRP). Economic development projects have also leveraged state programs such as the Montana Board of Investments and the Montana Department of Agriculture's Growth through Agriculture program. Most of the economic development projects leverage private funding from local banking institutions, and/or provide owner equity to match CDBG funds.

The CDBG-ED program requires a minimum 1:1 match; i.e., one non-CDBG dollar for each dollar of non-administrative CDBG funds requested. During the past year, CDBG-ED funds were matched with \$74,435,654 of other funding; i.e., each CDBG-ED dollar was leveraged by over \$29 in public and private funding. Based on the past five years, CDBG-ED funds have leveraged over 16 times the amount available for awards. On average, over the last five years \$13,808,155 of CDBG-ED funds were leveraged with \$221,156,917 in other funds from public and private sources.

The **CDBG Public Facilities** and **Housing** categories leverage funds from other entities. In the Public Facilities category of the CDBG program, local governments must provide at least a 25% match of total CDBG funds requested. Match is not required for CDBG Housing projects. During the past year, for FFY 2006 funding awards, CDBG

public facility funds leveraged \$7,087,214 of other funds, and CDBG housing funds leveraged other funds totaling \$4,480,259.

HOME funds used for project activities must be matched at 25%. During plan year, the HOME program incurred a match liability of \$516,886, with a total match provided of \$1,140,289. Montana has excess match from prior federal fiscal years totaling \$7,077,503. The total cost of all projects funded in the plan year, including \$2,381,241 of HOME funds, was \$16,222,475, providing nearly a 1:7 leverage of HOME funds.

The **ESG** program verifies that required match is reported annually by contracted agencies. The ESG match is only required above the first \$100,000; however, the MDPHHS requires all funds to be matched, with the exception of grantee administration. A total match of \$374,051 is required to meet the ESG objectives, although the actual amount of leveraging reported was \$404,713 or 108%. The ESG program has identified the following match requirements for May 1, 2006 through April 30, 2007⁴:

FFY 2006 HUD EMERGENCY SHELTER GRANTS PROGRAM MATCH BY HRDC										
Eligible Activities	AEM	DIST IV	Opp., Inc.	DIST VI	DIST VII	RMDC	DIST IX	NWMT	DIST XI	DIST XII
Essential Services	11,185	3,955	15,293	0	18,880	4,719	8,038	16,675	2,622	0
Shelter Maintenance	19,520	9,229	20,390	0	25,173	20,472	13,180	23,032	38,142	29,040
Homeless Prevention	6,933	0	15,293	10,409	18,880	0	11,736	15,877	15,378	0
	37,638	13,184	50,976	10,409	62,933	25,191	32,954	55,584	56,142	29,040

FFY 2006 (May 1, 2006 – April 30, 2007) matching resources by subgrantee are:

- Action for Eastern Montana (AEM): Private donations, resident volunteers, and board volunteers.
- District IV HRDC: Volunteer hours, domestic abuse funding, and United Way funds.
- Opportunities, Inc. (Opp, Inc.): Funds from the Blackfeet tribe and United Way.
- District VI HRDC: Funds from client/tenant match and Community Assistance.
- District VII HRDC: Funds from the United Way.
- Rocky Mountain Development Council (RMDC): Funds from rental income, private donations, and non-federal program revenue.
- District IX HRDC: Funds are from donated labor, United Way funds, private donations, rental receipts, and Emergency Food & Shelter Program Funds.
- Northwest Montana Human Resources (NWMT): Subgrantee match.
- District XI HRC: FEMA and United Way funds and private donations.
- District XII HRDC: County assistance.

⁴ The ESG contract year with its subgrantees runs from May 1 to April 30.

I.B.8 PROJECT MONITORING

HOME Program

Near the end of each HOME project, a HOME staff member conducts a monitoring visit to each project to determine compliance with housing codes and applicable HUD regulations and MDOC policies. Project monitoring is based on a guide found in the HOME Administration Manual. Key issues include assessment of affirmative marketing actions, outreach to minority and women owned businesses, data on the amount and use of program income, number of projects, and eligibility of tenants and homebuyers, rent levels, purchase prices, and compliance with subsidy limits. No findings were issued as monitored projects were found to be in compliance.

The HOME program conducted seven monitoring reviews during the plan year:

- Town of Terry (2003)
- Town of Plentywood (2002)
- City of Kalispell (2005)
- Ravalli County 2004
- Missoula County (2004)
- Bridger (2004)
- City of Laurel (2003)

Each year, all homebuyer and rental grantees provide annual certifications to HOME Program staff. These certifications require homebuyer grantees to verify either that homes are continuing to be used as the principle residences of participants, or if transfer of the property has occurred, that program income has been recaptured and accounted for. All rental projects must certify that housing quality standards (HQS) inspections have been completed and that affordability requirements regarding income and rent limits have been met.

In addition, 29 projects received on-site visits. On-site visits are conducted for rental projects every year for projects with 26 or more units, every 2 years for projects with 5 to 25 units, and every 3 years for projects with 1 to 4 units. These on-site visits allow HOME staff to verify that tenant income certifications, rental agreements, rent limits, and inspection results meet HUD and MDOC requirements. Staff also reviews the facility's condition to ensure that it remains safe, decent, and sanitary. Projects were found to be in compliance with property standards and rent and income requirements. Visits were made to the following projects:

- Sheridan County (1998)
- City of Ronan (1993)
- Human Resource Dev Council IX (2001)
- City of Ronan (1995)
- Ronan Housing Authority (1999)
- Richland County Housing Authority (1999)
- Human Resource Dev Council XII (1997)
- Human Resource Dev Council IX (1992)
- City of Great Falls (1993)
- City of Helena (1995)
- Regional Services (1998)
- City of Kalispell (2001)
- Flathead County (1994)
- City of Choteau (2002)
- City of Miles City (1994)
- Ravalli Services (1995)
- City of Harlem (1996)
- Human Resource Dev Council IV (1998)

- Bozeman Interfaith Housing (1993)
- Garden City CHDO (1996)
- Custer County (1998)
- S.A.F.E (1996)
- NW Montana Human Resources (1993)
- Yellowstone County (1993)
- City of Poplar (1998)
- City of Miles City (1998)
- Human Resource Dev Council IX (1999)
- Missoula County (2001)
- City of Helena (1995)

CDBG Program

CDBG projects received an on-site monitoring visit during the plan year. A basic requirement of the Montana CDBG programs—Housing, Public Facilities, and Economic Development—is for state program staff to monitor at least some element of each project at least once. CDBG operates under a comprehensive monitoring system, meaning that elements of the local CDBG project are reviewed in sixteen different areas. Within each of these areas, staff completes an extensive checklist, reviewing each project element 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, and asking the local government to respond promptly regarding any questions of performance or findings.

Over the years, the method of project monitoring for CDBG-ED projects has changed in response to the nonprofit organizations that administer CDBG projects and manage funds for multiple counties. More emphasis is placed on loan documentation and financial evaluation procedures for new loans, all of which require additional technical assistance. To this end, the CDBG-ED Program uses a comprehensive monitoring checklist to help ensure important areas of program compliance are reviewed during the monitoring process.

ESG Program

The HRDCs prepare an annual work plan for the use of ESG grant funds. The process ensures they review the needs of their service area and establish funding for specific activities, including the required matching funds. The MDPHHS provides on-site monitoring of the ESG program via regularly scheduled monitoring visits by program staff, using a monitoring tool. Staff reviews the matching requirements, budget, and performance (both financial and operational) against contacted activities in the approved ESG work plans. Staff reviews fiscal accountability and timeliness of report submission. This monitoring is part of a comprehensive annual review of all programs funded by the Intergovernmental Human Services Bureau. The ESG program itself is reviewed periodically by HUD.

HOPWA Program

The Montana HOPWA programs, through the MDPHHS, work with Montana State University in providing technical assistance and gathering data to support the progress

of the programs. Both locations are monitored annually. Both the Montana sites have begun using the Homeless Management Information System (HMIS) for their annual progress reports. This is a vital step in efficiently collecting data and facilitates effective reporting.

MBOH Multifamily Program

Low Income Housing Tax Credit projects are required to submit annually:

- (1) an owner's statement certifying that the project is in compliance with tax credit regulations, and
- (2) tenant certifications for all tenants that lived in the project during the year.

Each project is inspected every three years to determine if it is decent, safe, and sanitary. A tenant file review is also conducted on 20% of the tenant files. Compliance issues, if found, are communicated to the IRS via form 8823. The IRS will then determine the penalty, if any.

Annually, each multifamily bond or risk-sharing project is required to submit:

- (1) an owner's statement certifying that the project is in compliance with bond regulations,
- (2) tenant certifications for all tenants that lived in the project during the year, and
- (3) financial statements and projected budgets.

Projects will have either: (1) an inspection every year, or (2) an inspection every three years to determine if it is decent, safe, and sanitary.

SECTION C - AFFIRMATIVELY FURTHERING FAIR HOUSING

I.C.1 SUMMARY OF IMPEDIMENTS TO FAIR HOUSING CHOICE

In the Fair Housing Act, it is a policy of the United States to prohibit any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap, or familial status. Montana law (Section 49, parts 2 and 4, MCA) also defines illegal housing discrimination and includes age and marital status as protected classes.

According to HUD, impediments to fair housing choice include actions or omissions in the state that constitute violations of the Fair Housing Act. Further, impediments mean actions or omissions that are counter-productive to fair housing choice or that have the effect of restricting housing opportunities based on protected classes.

The MDOC is responsible for:

- conducting the Analysis of Impediments (AI);
- taking actions to address the impediments within its jurisdiction, and monitoring the results;
- certifying HOME and CDBG grantees affirmatively further fair housing;
- taking actions to address the impediments within its jurisdiction and monitoring the results of those actions.

However, MDOC lacks the authority to solve these problems alone. The task of eliminating the impediments to fair housing rests on the shoulders of all Montanans.

In 2004, the MDOC updated the *Analysis of Impediments to Fair Housing and Housing Choice*⁵, in support of Montana's Five-Year Consolidated Plan for the period April 1, 2005 through March 31, 2010. A review and analysis of the data contained in the AI revealed six impediments to fair housing in the state of Montana:

1. Minorities face significantly higher mortgage denial rates, which may impede their entry into homeownership. Analysis of Home Mortgage Disclosure Act (HMDA) data from 1993 through 2002 revealed significantly higher denial rates for Montana's minorities, particularly Native Americans. Although higher loan denial rates for particular groups do not provide enough information to conclude that discriminatory lending practices exist, the data reveal persistent trends that suggest minorities, particularly Native Americans, face greater challenges than non-minorities in moving into homeownership.

⁵ *Analysis of Impediments to Fair Housing and Housing Choice*, Western Economic Services, LLC, November 2004.

2. Subprime lenders in the state provide large home improvement loans to extremely low-income homeowners, which places them at risk for foreclosure and impedes long-term homeownership. Analysis of HMDA data showed that between 1993 and 2002, 1,038 Montana households with yearly incomes below \$15,000 received home improvement loans. The average home improvement loan issued by subprime lenders to this income group was \$12,167.
3. HUD complaint data show violations to fair housing law continue in Montana, limiting housing choice for selected populations. The greatest number of fair housing complaints between 1993 and 2003 related to disability, followed by familial status and race. During the same period, HUD data reveal 502 total complaints, 159 related to disability, 142 to familial status, and 110 to race as a basis for complaint.
4. Access to the fair housing system is limited, impeding fair housing enforcement in the state. HUD is the enforcement agency for Montana. It operates its enforcement efforts from Denver, Colorado. Montana Fair Housing (MFH) is the only agency in the state that tests for fair housing and investigates allegations of discrimination statewide. Despite nationwide reports detailing persistent violations of fair housing law, just 32 complaints from Montana were filed with HUD in 2003, less than half the number of complaints filed in the state a decade earlier.
5. MFH is the only agency that provides statewide fair housing education. The telephone survey conducted for the AI revealed a lack of understanding of fair housing law, particularly in rural areas and eastern Montana. The survey also revealed limited knowledge about primary resources for filing fair housing complaints, resulting in a possible impediment to the complaint process.
6. A telephone survey of 100 Montanans involved in housing-related services revealed the following:
 - a. Rental discrimination, particularly by unregulated landlords, is directed toward Native Americans and, to a lesser extent, against other members of protected classes.
 - b. Many residences, both new and old, do not comply with fair housing design and construction standards and accessibility regulations.
 - c. Enhanced fair housing instruction and training is needed in rural areas of the state, along with tailoring of the education to meet the interests and needs specific to rural areas. Respondents also favored additional education for inspectors, contractors, and others in the building industry.
 - d. Violations of fair housing law often are not reported because, among other reasons, the victims do not know the law, fear repercussions, or lack the time and resources necessary to pursue claims.

Again, the study concluded that impediments to fair housing still exist in Montana and members of the state's protected classes are affected with varying degrees of frequency and severity. The MDOC hopes to eliminate discriminatory actions and overcome an apparent lack of knowledge about fair housing law through two fair housing objectives:

1. Improve the understanding of fair housing law and proper construction practices;
and
2. Enhance coordination among members of Montana's affordable housing community.

These objectives, termed the "Education Objective" and the "Coordination Objective," represent strategies the MDOC is considering for the next five-year period. The two objectives each are organized into four types of action, described on the following pages.

1. Education Objective

- Improve the general public's understanding of fair housing law through further outreach and education.
- Explore 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.
- Design educational training sessions for specific subgroups, including consumers and providers of housing to improve the fair housing educational experience. These subgroups will be comprised of at least the following:
 - Native Americans, with curriculum and presentation designed with understanding of cultural differences.
 - Building codes inspectors, builders, and architects, with material designed specifically to better explain 504 building requirements.
 - Unregulated property managers, who may be reached by one or more of the following methods:
 - Contacting landlord associations;
 - Communicating with county tax assessors; and
 - Contacting the Montana Department of Revenue, Property Assessment and Taxation Department to obtain a list of property owners of commercial property used for residential purposes.
 - People in rural areas of the state, especially eastern Montana, who may have unique or different fair housing concerns than the more urbanized areas of the state.
- Continue publishing and distributing fair housing educational materials and guides.

2. Coordination Objective

- Establish 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.
- Encourage 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.
- Coordinate with Montana Fair Housing to further fair housing education throughout the state.
- Increase the MDOC's role as an information clearinghouse by including additional information on the Housing Division website, <http://housing.mt.gov>, including:
 - Montana Landlord/Tenant Law;
 - Federal and Montana fair housing laws; and
 - ADA and 504 design and construction standards.

I.C.2 ACTIONS TAKEN

The MDOC has been involved in various educational efforts and outreach activities to affirmatively further fair housing during the plan year. These efforts and activities are summarized below.

- MBOH and Housing Division staff attended Montana Fair Housing's annual conference held at Fairmont Hot Springs on April 20-21, 2006.
- MDOC hosts the Montana Financial Education Coalition's (MFEC) web site and the MBOH's executive director sits on the MFEC board.
- The MBOH provides a list of "housing rights, fair housing advocates, legal assistance, and other resources" available in the state as a "featured resource on its web page:

<http://housing.mt.gov/index.asp>.

Originally developed as a component of the *Montana Housing Resource Directory*⁶, the listing provides basic information on where citizens can find assistance for issues relating to housing rights, fair housing, legal issues, etc.⁷

⁶ *Montana Housing Resource Directory*, Montana Department of Commerce, January 2007; http://housing.mt.gov/Hous_CP_HsgResDir.asp

- The MDOC provides copies of the “Analysis of Impediments” at the housing application workshops and Consolidated Plan meetings and supplies copies to individuals and organizations requesting them. The AI is also available on the Housing Division web site:

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

- The MDOC provides brochures and posters distributed by the Montana Department of Labor and Industry Human Rights Bureau to successful grantees and as requested by individuals and organizations. The MDOC also makes the brochures and posters available at workshops and other events. The brochures are also available on the Human Rights Bureau’s web site:

<http://erd.dli.mt.gov/humanright/housediscrim.asp>

- The MDOC passes out Montana Fair Housing posters and landlord/tenant packets to successful grantees and at workshops and other events.
- The HOME and CDBG Housing and Neighborhood Renewal, Public Facilities, and Economic Development programs provide fair housing information and program requirements in its application guidelines and administration manual. Grant recipients are required to show efforts to further fair housing, and each of the programs’ staffs monitors recipients for compliance.

Within the constraints of our budget and staff resources, as well as our obligation to document compliance with numerous other federal laws and regulations, we believe the MDOC has demonstrated strong and sincere efforts in regard to furthering fair housing through the HUD-funded programs.

⁷ The material included in the directory is not intended as legal advice or as a promotion or guarantee of the reliability or appropriateness of programs, businesses and individuals listed or linked. In certain instances, readers of the directory may want to consult with legal counsel. The Montana Department of Commerce assumes no liability for the content of information provided in the directory or the content of links listed in the directory.

SECTION D – AFFORDABLE HOUSING

The state made progress toward the objective of providing affordable housing to low- and moderate-income households during the plan year.

LIHTC: The 2007 Qualified Allocation Plan for the Low Income Housing Tax Credit Program included points for projects that targeted 40% AMI units. Of the six projects receiving allocation credits in 2007, there were 33 units targeted for 40% AMI. A total of 183 units are being built. More points may be awarded in the future to promote targeting lower income families and seniors.

HOME Program⁸: Of the renters assisted with HOME funds, nearly 88% are very low-income beneficiaries, i.e., their incomes are below 50% of AMI. More impressive is the percentage of renters who fall into the extremely low-income category: 54.3% of the renters assisted with HOME funds in Montana have incomes below 30% of AMI (compared to the national average of 36.4%). These numbers rank Montana third among the 51 state Participating Jurisdictions. Minority households occupy approximately 11.4% of rental units and 22.4% of those receiving HOME tenant-based rental assistance are minority households, with the largest percentage, 16.1%, representing American Indian households. Census data shows that Montana's total minority population is 9%.

CDBG: The Montana CDBG program reported serving approximately 345 households, including 18 minority households, with some type of housing assistance, including rental housing, homebuyer assistance, and homeowner rehabilitation for the period April 1, 2006 through March 31, 2007⁹. All of the persons and households assisted during the plan year had incomes at or below 80% of area median, as required by regulation.

Disabled Accessible Affordable Homeownership Program: During the period April 1, 2006 through March 31, 2007, the MBOH financed nine homes for \$733,808 to provide affordable, architecturally accessible homes for people with disabilities so they can live independently. The average income of program participants was \$22,467, and the average purchase price was \$81,534. During the history of the program, the MBOH has financed 166 homes with \$10,944,821 in recycled mortgage funds. The average household income was \$17,026 with an average loan amount of \$65,933.

First-time Homebuyer Savings Account Program: The MBOH established this program in 1997 for permanent mortgages for homebuyers who have established a qualified savings account for down payment and closing costs. The MBOH has committed financing for 240 homebuyers, whose incomes averaged \$30,277. In SFY 2006, the board purchased loans totaling \$5,786,634 in the program, which assisted 50 first-time homebuyers.

⁸ HUD SNAPSHOT of HOME Program Performance--As of 03/31/07 (State Participating Jurisdictions): <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/snapshot/>

⁹ IDIS report CO4PR23, Program Year 2006 Summary of Accomplishments

Habitat for Humanity Mortgage Reinvestment Program: In SFY 2007, the MBOH provided \$251,974 in financing for permanent mortgages for six Habitat for Humanity affiliate member families. This financing allowed the local Habitat for Humanity affiliate to recover its construction cost from the homes constructed and start construction on additional homes. As of June 30, 2006, 49 homes valued at \$2,716,735 have been financed. The average income of the member families helped by this program was \$22,624.

Lot Refinance Program: In July 2002, the MBOH set aside \$1 million in recycled mortgage funds for the permanent financing of homes built on land purchased by Montana families more than two years prior to construction. Under the regular bond program, these families had been precluded from using MBOH financing due to refinance restrictions. Through June 2006, the MBOH had provided a total of \$1,130,748 in financing for 11 Montana families through this program.

Rural Housing Loan Leveraging Program: The MBOH provided \$200,620 of recycled funds for eight homebuyers in SFY 2006 with this program. Funds from USDA Rural Development are leveraged with interest rates that range from 1% for borrowers whose income does not exceed 50% of the area median income; 2% for borrowers whose income does not exceed 55% of the area median income; to 3% for borrowers whose income does not exceed 60% of the area median income. In this program, the MBOH purchases a first mortgage (30 year, FHA insured, VA guaranteed) for no more than half of the purchase. RD will make a loan secured by a second mortgage at a 1%, 2%, or 3% rate for the rest of the purchase.

Due to the success of the program and at the request of RD, the MBOH expanded the program to include families whose income does not exceed 80% of the area median. The MBOH financed loan amounts now range from 10% to 50%, which keeps the monthly payment rate from 27% to 29% of homebuyers' income.

Teachers Housing Loan Program: In some areas of Montana, housing costs have outpaced the salary levels of essential community employees, like teachers. In Ravalli County, Farmers State Bank chose to address this issue by forming a partnership with the MBOH. This alliance will provide low-interest home loans and creative financing for teachers serving Ravalli County.

At least one applicant must be a teacher employed in one of seven Ravalli County school districts. The household's income must be at or below 80% of area median household income for the county. The property must be located within the county, must be the purchaser's primary residence, and the purchase price must not exceed \$172,000 (existing) or \$204,000 (new construction). Manufactured homes are not eligible for financing. Additionally, the homebuyer must complete a full homebuyer education course and be approved for a first mortgage from Farmers State Bank based on USDA Rural Development guidelines.

Montana House™: The Montana House™ program is a collaboration between the Anaconda Job Corps and Blackfeet Community College and the MBOH, the United Brotherhood of Carpenters and Joiners of America, and the Painters & Allied Trades International Union. Believed to be the first program of its kind in the nation, the program was created by the MBOH as a way to provide an affordable, energy-efficient, reasonably sized home for low- and moderate-income families in Montana. The Job Corps program in Darby, located in the southwest corner of the state, is also interested in participating in the Montana House™ program.

The MBOH provides the money for materials and pre-apprenticeship carpentry and vo-tech students build the house under the guidance of the carpentry instructors. The students get first-hand experience in residential construction, building the entire house from the ground up, from the trusses to the shingles to the sheetrock to the painting, which makes them much more marketable and employable when they look for jobs.

The homes, with oak cabinets in the kitchen and bathroom, and oak trimming throughout are either a 960 square foot, one-story, two-bedroom, one-bath home; or a 1,200 square foot, one-story, three-bedroom, two-bath home. The walls are insulated, taped, painted, and textured. Siding is hung on the exterior, and the vinyl windows are insulated, making the homes energy efficient. The price includes everything except the appliances and flooring, which the homebuyer provides. The homebuyer is also responsible for the lot and foundation and moving the home.

To qualify, a homebuyer must:

- have household income that does not exceed 80% of adjusted median income for the county of residence;
- be sponsored by a nonprofit or governmental entity;
- occupy the Montana House™ as their primary residence;
- complete a full course of homebuyer education;
- secure a lot on which to move the Montana House™;
- submit a purchase budget for moving and installation
- be approved for a first mortgage from a lender.

Since April 2005, four Montana House™ homes have been completed. Three of the homes have been located in Great Falls and the fourth house was moved onto the Blackfeet Reservation.

Native American HUD Section 184 Set-aside: As the HUD Section 184 program becomes more familiar to lenders, more loans are being made on Montana reservations. From April 1, 2006 through March 31, 2007, MBOH made 11 loans totaling \$1,032,463. The average purchase price was \$93,860 and the average income

of the homebuyers was \$37,198. Since inception, the program has provided 43 homeowners with \$3,815,678 in home loans.

Montana American Indian Homeownership Task Force: During the plan year, the MBOH continued its successful partnership with the Montana American Indian Homeownership Task Force in attending housing fairs and planning meetings with tribal representatives. Rocki Davis from the Salish & Kootenai Housing Authority was elected chair of the task force and has arranged for monthly meetings. The taskforce is a coalition of state and federal agencies, nonprofits, lenders, and Indian housing authorities. The taskforce is able to work directly with Native American homebuyers on and off the reservation because of the expansion of the HUD-184 Program to include statewide coverage.

Warm Hearts, Warm Homes: The MDPHHS in concert with the Governor's office and other state agencies initiated a new program entitled Warm Hearts, Warm Homes in November 2005. This program was designed to assist in making information available to all Montanans to help them identify all programs that could benefit them. A new website was developed and published with the Governor's objective of advertising available resources and enlisting "Neighbor to Neighbor" community involvement. This Web site has information about weatherization, saving energy, other resources to find help for families, and how to can help others stay warm. Access the Web site at:

deq.mt.gov/Energy/warmhomes/index.asp

Montana's 10 HRDCs were key contacts for outreach and for making referrals to various programs. This assistance was viewed as important in helping people remain in their own homes.

SECTION E – SPECIAL POPULATIONS

I.E.1 MONTANA HOMELESS CONTINUUM OF CARE COALITION

HUD has initiated an array of policies to address the critical problem of homelessness in the United States. HUD's approach to breaking the cycle of homelessness is known as the Continuum of Care (CoC) and is an element of the consolidated planning process.

The Montana continuum of care strategy is led by a statewide coalition of statewide homeless service providers called the Montana Continuum of Care Coalition (MT CoCC) and is supported with contract services from the MDPHHS. The MT CoCC system is meant to provide a full continuum of care, including emergency shelter, transitional and permanent supportive housing and other supportive services, throughout the state so that every homeless individual or family is given the help needed to regain stability and permanent residency.

The MT CoCC provides a statewide planning process and facilitates the application for McKinney-Vento Act funding. It is open to any interested individual or organization. The MT CoCC also strives to achieve improved coordination and leverage of existing resources and programs the majority of which come through the MDOC Housing Division and various divisions of the MDPHHS. These resources include "Mainstream Resources," such as SSI, TANF, SCHIP¹⁰, Medicaid, Workforce Investment Act and Veterans Health Care, and includes the coordination of programs such as the PATH program and community mental health centers, veterans programs, Montana HOME and other housing programs, and community service block grant supported programs, including LIEAP, Emergency Shelter Grants, Head Start, Runaway and Homeless Youth program and many more.

While the MT CoCC strives to meld and leverage these programs and resources at the state level, it also strives to assure homeless persons access these programs through effective, coordinated case management and service delivery at the local level. It does so by encouraging strong community continuum of care organizations that brings all providers of homeless services together to identify needs, close gaps, coordinate client services across all programs, and to identify new and innovative approaches to eradicating homeless conditions.

The MT CoCC has worked to achieve these goals through such activities as conducting an annual statewide survey of the homeless population, preparing an annual statewide inventory of homeless resources, facilitating an annual planning and priority-setting process and, ultimately, preparing a statewide grant application for homeless funds. In 2003, the MT CoCC was part of a policy academy team's effort that culminated in the creation of the Montana Council on Homelessness (MTCoH) by Executive Order. The

¹⁰ SSI – Supplemental Security Income; TANF – Temporary Assistance to Needy Families; SCHIP – State Children's Health insurance Plan; PATH - Projects for Assistance in Transition from Homelessness

MTCoH has been charged with establishing a plan to eradicate homelessness in Montana by 2014. The MT CoCC participated in the MTCoH's input process throughout 2005 and 2006. The draft plan was released in December 2006 and includes sections on overarching strategies, chronic homelessness and homeless families.

The MT CoCC began in 1998 with grants for two projects totaling \$447,600. Since then, it has secured funding for 93 new or renewed projects totaling over 14,933,381 million dollars. Altogether, these grants have provided 184 units of permanent supportive housing for the seriously disabled, 258 transitional housing beds, and supportive services for more than 16 programs.

I.E.2 HOMELESS NEEDS AND HOMELESS PREVENTION

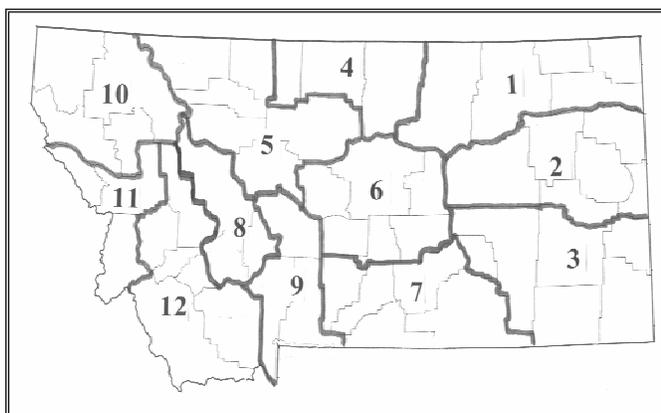
2007 Montana Statewide Homeless Survey Summary

The Montana Continuum of Care Coalition conducted the 2007 annual statewide survey of the homeless on the evening of January 31. The survey is cosponsored by the MDPHHS Intergovernmental Human Services Bureau and the Montana HRDC Association. Beginning in 2005, the MT CoCC changed the survey date from late April to the last week in January to be consistent with national survey data collection efforts led by HUD and reported by various national homeless organizations. With the 2007 survey, the MT CoCC now has three years of baseline data, which it considers a minimum for using “snapshot” survey data with any degree of confidence.

The survey is conducted statewide using the 12 state planning districts, focusing on the major population centers of each district where the homeless tend to congregate around services such as emergency shelters, food banks, etc. Outlying communities are also covered when possible using field offices of service providers—most notably the HRDCs (aka community action agencies) in small communities.

The districts and their anchor cities are:

- District 1 Wolf Point
- District 2 Glendive
- District 3 Miles City
- District 4 Havre
- District 5 Great Falls
- District 6 Lewistown
- District 7 Billings
- District 8 Helena
- District 9 Bozeman
- District 10 Kalispell
- District 11 Missoula
- District 12 Butte



Approximately 139 organizations and 266 volunteers were mobilized in planning and conducting the 2007 survey. All surveys efforts used the MT CoCC survey protocol, questionnaire, and other materials. The protocol was reviewed with coordinators in each district and MT CoCC training sessions were conducted for communities. Instructions and Interviewer Guidelines were provided to all persons involved in the survey.

The survey methodology is designed to reach both the unsheltered and sheltered homeless. To reach the unsheltered, canvassing efforts and personal survey interviews were conducted on the evening of January 31. In many communities, outreach teams visit locations known to be frequented by the homeless. Emergency shelter case managers, PATH outreach workers, and current and former homeless individuals were recruited for these efforts. Surveys were also distributed to all known emergency shelters, primary service providers, and all inventoried transitional housing programs where interviews were conducted or surveys are filled out directly by the homeless person.

In order to accommodate challenges unique to rural areas (where homeless are more likely to be unseen and uncounted), surveys were also conducted by case managers and others at service sites or filled out by a homeless person until February 8, but only of persons who were homeless on the evening of January 31.

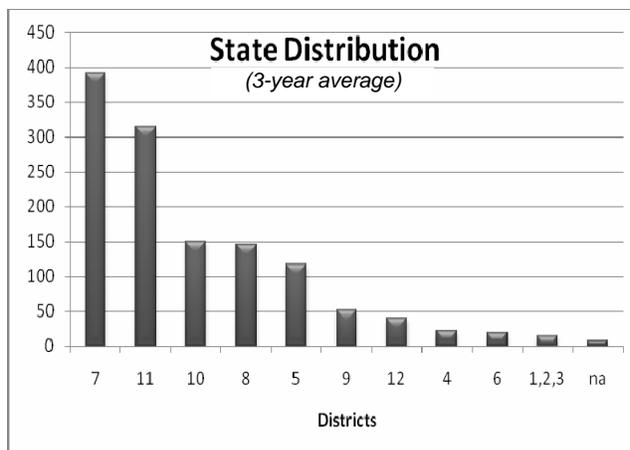
Surveys were collected by local coordinators and sent to the MT CoCC's office where they were logged in and stamped in numerical order. Nth Degree Analytics of Bozeman scanned all surveys into a computer database that retains the complete survey for future reference. Red-flagged answers (e.g., where a respondent might have inappropriately answered twice, not answered at all, or wrote in additional information) were manually checked and conflicts resolved, when possible. Surveys that indicate the respondent filled out a previous survey and duplicate surveys (with the same identifier information substantiated by other consistently entered data) were also eliminated.

Despite these efforts, it is well known that the nature of snapshot surveying in rural and remote areas will produce an undercount of the actual number of homeless, but the extent is still unknown. Nonetheless, the survey provides a useful insight into the nature of homelessness in Montana and a profile of who the homeless are.

Totals: The total count of homeless (using the HUD definition) has ranged between 1,343 in 2005 and 1,150 in 2007, a variation of about 14%. The 3-year average is 1,275. These numbers are consistent with the HUD definition.

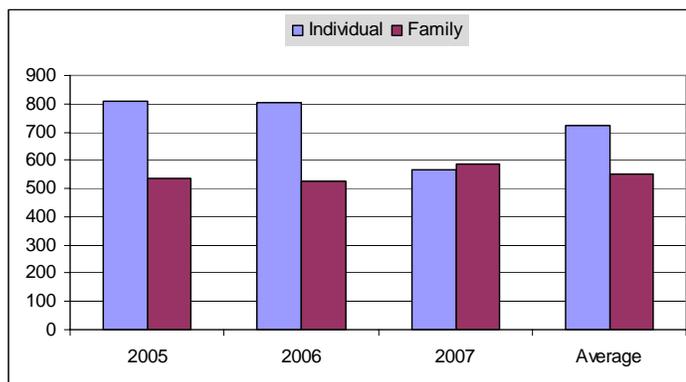
In total, when the definition is extended beyond the HUD definition for homelessness, considering all homeless persons identified, including family members, the total number of unduplicated homeless persons identified jumped to 2,217. This is relatively consistent with the numbers identified during the past three surveys of the homeless.

Distribution: The majority of Montana’s homeless population was counted in the three districts anchored by Billings (District 7), Missoula (11), and Kalispell (12). This distribution is out of proportion to the general population with these areas, accounting for 68% of all homeless but only 47% of the state’s general population. The two most notable instances are Billings with 18% of the state’s population but 31% of the state’s homeless and Kalispell with 15% of the state’s population but 25% of the state’s homeless.



For the most part, numbers have been annually consistent with the exception of District 7, Billings, which shows decreases in each of the three years amounting to a 42% change overall. While both the methodology and “effort” appear to be consistent across the three years, it would be premature to use the snapshot survey results to conclude homelessness is decreasing at this rate in District 7.

Individual and Family Populations: Montana’s breakdown between homeless individuals and homeless family members for 2005 and 2006 was 60% individuals and 40% family. This changed in 2007 to 49% individuals and 51% families.



In 2007, 565 unaccompanied individuals were surveyed with 55 (10%) of them being under the age of 18 and 39 (7%) over the age of 60.

For family members, 166 heads of households were surveyed. Fifteen (9%) of these were 18 years old or younger, 47% being 18-29 years old, and 43% being 30-59 years olds. These respondents also reported being accompanied by an additional 419 family members. Of the family members, 153 (37%) were children 5 years of age or younger. Thirty-four of these respondents or their partners were pregnant.

Chronically Homeless: The number of chronically homeless (unaccompanied individuals with severe disabilities who have been homeless more than 3 years or experienced four episodes of homelessness in the past 3 years) counted in 2007 was 83, a significant difference from the 158 counted in 2006. While no explanation is readily apparent, this could be attributable to many factors including a change in the survey questionnaire clarifying that the disability had to be a “diagnosed” disability as well as an increased

understanding of the definition of chronic homelessness. However, given the limited data, no conclusion is being made yet.

Sheltered: Using the 3-year average, 44% of homeless individuals were found sleeping outside, 34% were in emergency shelters and 23% were in transitional housing facilities. For families, the percentages are roughly reversed: 16% were outside, 32% were in emergency shelters, and 52% were in transitional housing. Actual variation from year to year in these categories, however, can be significant, as seen in the chart. Percentages for transitional housing, both among individuals and families, is steadier with an average for individuals of 23% and 52% for families.

	2005	2006	2007	3-Yr Ave.
Individuals				
-sleeping outside	47%	46%	36%	44%
-emergency shelters	33%	29%	40%	34%
-transitional housing	20%	25%	24%	23%
Families				
-sleeping outside	18%	15%	15%	16%
-emergency shelters	27%	36%	35%	32%
-transitional housing	56%	49%	53%	52%

Homeless Frequency and Duration: One of the more constant data elements across the three years is the frequency and duration of homeless periods among both individuals and families.

On average, 46% of individuals report having been homeless only once in the past 3 years, 16% twice, and 13% three or four times, and 20% more than four times. Slightly less than half had been homeless less than six months while one-third had been homeless for more than one year. More than one-third (38%) of all individuals had been in the community for more than five years with the same number being in the community for less than one year.

For families, 52% have been homeless only once, 25% twice, and 20% three times or more. Well over half (57%) of families had been homeless for less than 6 months while one out of every five had been homeless for more than a year. Over 40% of all families reported having been in the community for more than five years with a third of all families having lived in the community between 5-20 years. About one-third had only been in the community for less than one year.

To access the Homeless Survey Analysis Tool, go to the following website:

www.nth-degree.com/mthomeless

For assistance, call Bob Buzzas, MT CoCC, at 406-586-1572, or by e-mail at:

civicconsulting@msn.com

Montana Council on Homelessness

Governor Brian Schweitzer renewed Montana's commitment to ending homelessness through Executive Order 40-2006, signed in December 2006, which restructures the

Montana Council on Homelessness and extends it until December 2008. The Governor appointed 14 members to the MTCoH with expertise in education, employment and training, emergency housing, chemical dependency treatment, business, economic development, public housing, constituents, the faith community, veteran's affairs, Urban Indian Centers, law enforcement, mental health treatment, Healthcare for the Homeless, and the Continuum of Care Coalition. The Governor appointed Lt. Governor John Bohlinger and Hank Hudson, Administrator of the MDPHHS Human and Community Services Division, as co-chairs. The MTCoH's first charge will be to review, revise, and adopt the 10-year plan created by the 2004-2006 MTCoH. Their next charge will be to begin implementation steps.

Executive Order 40-2006 states that the Montana Council on Homelessness shall work with an Intergovernmental Team on Homelessness (ITH). As requested by the MTCoH, all state agencies who provide services to homeless individuals shall participate on the ITH. Additionally, the MTCoH shall invite representatives of federal, tribal, and local agencies who provide services to the homeless to participate on the Intergovernmental Team on Homelessness. The ITH shall assist the MTCoH in its preparation of the 10-year plan to end homelessness. After the proposed plan is approved, the ITH shall assist the MTCoH in its effort to implement the plan.

With the mission of "To develop and implement strategies to prevent and reduce homelessness in Montana overall and to end chronic homelessness by 2014", the MTCoH is charged with:

- Advising the Governor and state agencies on policy issues related to the problems of the homeless, identifying available resources throughout the state and nation, and providing recommendations for joint and cooperative efforts and policy initiatives for programs to meet the needs of the homeless;
- Recommending to the Governor short- and long-term goals and annual priorities to reduce homelessness. As its first charge, the MTCoH shall review, revise, and finalize a proposed 10-year plan to end homelessness begun by the members of the 2004-06 MTCoH. The MTCoH shall present the 10-year plan to the MDPHHS for its approval and adoption. Once adopted by the MDPHHS, the MTCoH shall take steps to encourage its implementation; and
- Providing an annual report to the Governor that includes:
 - the state of homelessness in Montana;
 - progress that has been made toward ending chronic homelessness and reducing homelessness overall;
 - accomplishments resulting from coordination, integration, and technical assistance; and
 - identification of barriers to coordination among the agencies of the Intergovernmental Coordinating Team.

I.E.3 NON-HOMELESS SPECIAL NEEDS

Persons with Disabilities

Activities occurred during the plan year addressing housing needs and choices of persons with disabilities in communities across Montana. These activities included housing linked to community-based supportive living services, enhanced accessibility rental housing, and homeownership activities.

Housing activities for persons with severe disabilities linked to supportive services funded through the **HOME program** included Garden City CHDO, which will acquire a property in Hamilton and develop an 8-bedroom residential treatment program for very low-income persons (0 to 30% AMI) with serious mental illness. Five of the eight units will be SRO transitional supportive housing, and three additional (non-HOME) units will be residential crisis units for crisis/suicide stabilization. One HOME unit will meet Section 504 Accessibility standards. Mental health counseling, the local hospital, and a Hamilton city park are nearby.

The MDOC was awarded \$463,080 through the 2005 HUD Homeless Continuum of Care funding to provide Shelter Plus Care vouchers providing housing linked to supportive services to 18 chronically homeless persons with severe disabling mental illness, and/or living with HIV. Currently, three vouchers have been issued; one each in the cities of Kalispell, Great Falls, and Billings. Efforts are underway in Bozeman and Butte to issue additional vouchers. This initiative represents an important partnership between MDOC housing capacity and MDPHHS funded support services.

The MDPHHS Developmental Disabilities Program, in a partnership with A.W.A.R.E., Inc. and the Montana Home Choice Coalition, implemented an important Olmstead Initiative creating new community housing and services for persons with significant developmental disabilities who had previously been long-term institutionalized at the Boulder Developmental Center, Montana's state institution for persons with developmental disabilities. The initiative is expected to result in the closing of the A/B unit, considered the most intensive "total care" unit, at the state institution on July 1, 2007. Sixteen Community Living opportunities for persons with severe developmental disabilities and related significant health conditions were created combining fully accessible housing including specialized state of the art adaptive equipment to improve the safety of residents and staff alike, along with specialized individualized intensive community services.

The Montana Home Choice Coalition's New Freedom Homeownership statewide initiative linking individuals and families with disabilities to homeownership opportunities assisted 16 individual families with disabilities to become homeowners. Many of the homebuyers benefited from homebuyer assistance from local community programs funded through either the HOME Program or the CDBG program. The statewide Neighborhood Housing Services/Montana Homeownership Network, utilizing HOME

grant funding during the plan year for its statewide homebuyer assistance program, was also instrumental in assisting low-income individuals or families with disabilities.

Since the inception of the program in 2005, the MDOC Section 8 Homeownership Voucher program has assisted 22 with their mortgage payments. The New Freedom Initiative included a demonstration project with the Montana DPHHS Developmental Disabilities Program, which provided eight persons with developmental disabilities the opportunity to become homeowners. The mortgage products available through MBOH, Rural Development, and Fannie Mae were the primary first mortgage sources for these homebuyers.

The effort to open up more homeownership opportunities for persons with disabilities benefited from a partnership between the MBOH and Fannie Mae. Fannie Mae's My Community Mortgage products were offered through the statewide MBOH lending network at a below market rate (5% during the plan year). The My Community Mortgage Products include the HomeChoice[®] option, specifically targeted to the lending needs of persons with disabilities. This initiative enhanced access of persons with disabilities to home mortgage lending particularly those with disabilities that were not eligible for the Disabled Accessible Affordable MBOH program. The MBOH Disabled Accessible Affordable Mortgage program, targeting homebuyers who have disabilities requiring physical accommodations in their homes for below rate mortgages as low as 2.75% depending upon family income, continued to play a critical role in opening up homeownership to persons with disabilities. MBOH significantly raised income eligibility standards for this program's lowest 2.75% interest rate during the plan year.

Elderly

Activities occurred during the plan year addressing housing needs and choices of elderly persons Montana.

For program year 2006, both the HOME Program and the CDBG Program awarded funds to Meagher County for construction of Phase I of the Castle Mountain Apartments in White Sulphur Springs. Phase I consists of 10 accessible apartment units to serve low-income seniors.

Also for program year 2006, the HOME, CDBG and LIHTC Programs awarded funds for the construction of Eagles Manor III Residences in Helena, consisting of 30 one-bedroom apartments for low-income seniors 62 years of age and older. All the units will be handicap adaptable and 15 units will be fully handicap accessible.

For 2007, the LIHTC program allocated tax credits to Makoshika Estates for an 18-unit elderly apartment building in Glendive; to Polson Meadows for 40 new elderly units located in Polson; and to Eagles Manor II Residences for the rehabilitation of 43 elderly units in Helena.

Victims of Domestic Violence

Helena's Friendship Center, which received FFY 2005 HOME and CDBG funding, completed construction of its new facility during the program year. The Friendship Center, which offers safe emergency and transitional housing and support services for victims of domestic violence and their families, is the only victim service program within the tri-county area of Lewis and Clark, Broadwater, and Jefferson counties.

SECTION F - OTHER ACTIONS UNDERTAKEN

I.F.1 ENHANCE INSTITUTIONAL STRUCTURE AND INTERAGENCY COOPERATION AND COORDINATION

Housing policies and housing program responsibilities are divided among a variety of agencies and organizations throughout both the state and federal governments. To aid in coordination and enhancement of program and agency efforts, the MDOC created the Housing Coordinating Team (HCT), a group of state and federal housing programs and nonprofit organizations that finance, regulate or provide housing related services. (See page 81 for HCT membership.) The group was formed to aid in directing and solving housing problems facing the state. The HCT seeks input from private citizens and local organizations on various housing related topics. The HCT was modeled after the Water, Wastewater, and Solid Waste Action Coordinating Team (W₂ASACT), which coordinates finances among state and federal agencies and provides assistance for community water and wastewater systems.

The goals of the HCT are to:

- increase coordination between the various housing agencies and programs;
- identify areas where there are impediments to affordable housing development;
- improve access to housing programs through education, including multi-agency workshops; and
- improve service delivery to funding recipients.

The MDOC's policy is to continue to refine and enhance application guidelines, forms, and workshops. To make the programs easier to access, the staff looks at streamlining documentation requirements each year. The MDOC also expanded its role in providing and interpreting information to aid localities in determining and quantifying their housing needs and problems and finding alternative solutions to those problems.

The Uniform Application (Uni-App) for Montana Housing Loan, Grant & Tax Credit Programs was completed in 1998 and is used by the housing programs. The Uni-App Team included the environmental review section in the application that was designed to be compatible with all participating agencies. Now that applicants have used it for several years, the team will re-examine the Uni-App in the coming plan year to determine if any revisions are needed.

Housing Coordinating Team Membership
April 1, 2006 – March 31, 2007

	Gerry Watne HCT Chair Multi-Family Program MT Board of Housing Helena, MT	
Mary Lou Affleck MT Partnership Office Fannie Mae Billings, MT	Toby Benson (now retired) Energy Planning & Technical Assistance Section MT Dept of Environmental Quality Helena, MT	Bruce Brensdaal MT Board of Housing Exe. Director Housing Division Administrator MDOC Helena, MT
Kathryn Brenden CDBG Program Specialist Community Development Div. MDOC Helena, MT	Charlie Brown Homeownership Program MT Board of Housing Helena, MT	Gus Byrom CDBG Program Manager Community Development Div. MDOC Helena, MT
Deborah Chorlton Rural Development Housing Director U.S. Dept of Agriculture Bozeman, MT	Dave Cole Community Development Division Administrator MDOC Helena, MT	Cindy Donnell Rural Development U.S. Dept of Agriculture Helena, MT
Leslie Edgcomb CP Coordinator Housing Division MDOC Helena, MT	Tom Friesen MT Field Office Director U.S. Dept of Housing & Urban Dev. Helena, MT	Larry Gallagher MT Field Office U.S. Dept of Housing & Urban Dev. Helena, MT
Hank Hudson Human & Community Services Division Administrator MDPHHS Helena, MT	Frank Kromkowski CDBG Program Community Development Div. MDOC Helena, MT	Gene Leuwer Rocky Mountain Development Council Helena, MT
Nancy Leifer Homeownership Program Manager MT Board of Housing Helena, MT	Maureen Martin Housing Assistance Bureau Chief Housing Division MDOC Helena, MT	Colleen McCarthy Executive Director Helena Housing Authority Helena, MT
Michael O'Neil MT Home Choice Coalition State Director A.W.A.R.E. Inc. Program Officer Helena, MT	Dave Parker Project Based Section 8 Manager Housing Division MDOC Helena, MT	Sheila Rice Neighborhood Housing Services / Montana Homeownership Network Executive Director Great Falls, MT
Mat Rude Multi-Family Program Manager MT Board of Housing Helena, MT	Ethan Stapp HOME Program Manager Housing Division MDOC Helena, MT	

The annual tax credit Qualified Allocation Plan information gathering meeting was held May 18-19, 2006 in Butte, Montana. Nearly 50 participants discussed the QAP and made recommendations to changes for the 2007 QAP. Those recommendations were brought forward at a hearing and presented to the MBOH board members for their consideration when making changes to the QAP for 2007.

MBOH staff from the Low Income Housing Tax Credit Compliance program held compliance training for all interested owners/managers of tax credit projects on September 28-29, 2006 in Fairmont Hot Springs. Annual compliance training is now required and this was the first presented by MBOH staff. Over 90 participants gathered to get updates and changes in the IRS compliance processes.

MDOC and MBOH, along with other organizations, co-sponsored the biennial Montana Housing Partnership statewide affordable housing conference in Polson on the Flathead Indian Reservation September 18-20, 2006. The conference brought together more than 200 housing providers, developers, builders, lenders, realtors, government officials, and concerned citizens to shape new strategies for the affordable housing industry in Montana. The conference included a wide range of educational tracks featuring both national experts and local and state leaders in the housing field sharing their expertise and experience. Topics included housing in hot markets, meth awareness, tax credit deals, foreclosure prevention, homeownership, new markets, Indian Country housing, rental housing innovation, senior housing options, enhanced accessibility design, green building, factory-built housing, and land trusts formation. The conference, the premier gathering of the affordable housing community in Montana, allows for significant networking, collaboration, and sharing ideas.

The MBOH Executive Director/Housing Division Administrator sits on the board of directors for the Montana Financial Education Coalition. The MFEC strives to improve the personal financial knowledge and decision-making ability of Montana citizens by promoting public awareness of the need for personal financial education, and by uniting and building capacity of financial education programs. MFEC's objectives include: (1) build public and private capacity to more efficiently and effectively deliver financial education; (2) promote unity among financial education stakeholders; and (3) raise public awareness of the need for personal financial education. The MBOH also hosts MFEC's Web site: <http://www.mtmfec.org/>

The state continues to expand its coordination with the private sector. Many banks, savings and loans, and other financial organizations involved in housing are interested in taking advantage of federally assisted housing improvement programs to meet their obligations under the federal Community Reinvestment Act (CRA). An ongoing example of CRA activity in Montana is the Glacier Affordable Housing Foundation (GAHF), formed by Glacier Bancorp, Inc. to assist low- and very low-income families in purchasing homes in Lewis and Clark, Flathead, Glacier, Lincoln, Sanders, and Lake counties. GAHF's Home Ownership Assistance Program established a permanent revolving loan fund for continuing homebuyer assistance.

State housing and human service officials are playing an active role in the activities of the Montana Home Choice Coalition. The coalition enhances understanding of the housing needs and desired housing choices of Montana citizens with disabilities. The coalition expects to enhance the housing opportunities of people and families with disabilities through this collaboration.

The Home Choice Coalition advocates for people with disabilities or families that have members with disabilities living with them and forms partnerships with agencies and financial institutions to provide homeownership, integrated community rental housing, supportive living housing, and other housing opportunities to these households. Coalition activities include promoting enhanced accessibility and Universal Design features in housing. The coalition provides a link between the housing and disability service communities to better serve the housing needs of persons with disabilities to open up community living choices. The coalition's website is a tool for the housing and disability communities to better meet the housing needs of person with disabilities:

www.montanahomechoice.org

The Montana HomeOwnership Network (MHN) is a unique collaboration that has developed over the years in Montana to provide homeownership services to lower income families statewide. A network of organizations including Neighborhood Housing Services (NHS) of Great Falls, the RC&Ds (Resource Conservation & Development Areas of NRCS/USDA), the HRDCs, the City of Billings, and homeWORD train potential homebuyers. In September of 2006, MHN became a NeighborWorks chartered organization, becoming a Neighborhood Reinvestment national affiliate. With help from Neighborhood Reinvestment scholarships, MHN "trains the trainers" and the MBOH and USDA Rural Development provide first mortgages. Local lenders package the loans. NHS and the MBOH provide second mortgages for down payments and closing costs.

The HOME program promoted and assisted nonprofit organizations and other entities in applying for and receiving certification as community housing development organizations. Funding for CHDOs allocated in the plan year ended March 31, 2007 grant competition totaled 12% of the grant awards, or \$536,202. The total estimated cost of CHDO projects was \$9,910,943. Current certified CHDOs include:

- Action for Eastern Montana, Glendive
- A.W.A.R.E., Inc., Anaconda
- Bozeman Interfaith Housing II, Inc.
- BSW, Inc., Butte
- District IV Human Resources Development Council, Havre
- District IX Human Resources Development Council, Bozeman
- District VI Human Resources Development Council, Lewistown
- District VII Human Resources Development Council, Billings
- District XI Human Resource Council, Missoula
- District XII Human Resource Council, Butte
- Elkhorn Housing Development Corporation, Helena
- Flathead-Lake CHDO, Kalispell
- Garden City CHDO, Missoula
- Habitat for Humanity of Southwest MT, Butte
- Little Bitterroot Services, Plains
- Missoula YWCA, Missoula
- National Affordable Housing Network, Butte
- Neighborhood Housing Services, Great Falls
- North Missoula Community Development Corp., Missoula
- Northwest Montana Human Resources, Inc., Kalispell
- Opportunities, Inc., Great Falls
- Ravalli Services Corporation, Hamilton
- Regional Services, Billings
- Rocky Mountain Development Council, Inc., Helena
- Samaritan House, Kalispell
- Supporters for Abuse Free Environments, Inc., (SAFE) Hamilton

PART I SECTION F: OTHER ACTIONS UNDERTAKEN

- Glacier Affordable Housing Foundation, Kalispell
- Great Northern Development Corp., Wolf Point
- Lake County Community Housing, Ronan
- Wolf Point Development Corporation., Wolf Point
- Women's Opportunity & Resource Development, Inc. (homeWORD) Missoula

The plan year ending March 31, 2007 represented more of a continuation of local development corporations who function as the subrecipients and administrators of CDBG-ED projects and subsequent revolving loan funds. Local development corporations are able to provide a broad range of business development services, which include financing and technical assistance programs. Recognizing the economies of scale and efficiencies in sharing resources, the state encourages CDBG-ED projects be administered by a community development corporation that is preferably regional in its scope of services, experienced in administering CDBG-ED projects, with a track record of community lending.

Since the inception of the CDBG-ED program as a stand-alone program in 1989, the number of revolving loan funds has proliferated. The number of RLFs created and dollars under management is voluminous. Approximately eight projects per year have been funded over the past 10 years, resulting in 44 RLFs across the state, a secondary result of providing a loan to a business with CDBG-ED funds, which has provided a positive cash flow for regional loan funds.

Business Resources Division staff continues to participate at meetings and workshops with local development corporations, the federal EDA representative, USDA Rural Development personnel, and economic developers across the state through MEDA. The CDBG-ED program also recognizes that housing and infrastructure are key components tied to economic development. CDBG-ED works cooperatively with HOME and the CDBG public facilities and housing programs. CDBG-ED staff attends regularly scheduled W₂ASACT meetings. CDBG-ED staff continues to participate in the public involvement meetings for development of the Consolidated Plan.

The MDOC encourages local governments to contract with a regional development organization that has been qualified as a Certified Regional Development Corporations (CRDCs). 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. CRDCs manage regional revolving loan funds and are subject to all requirements as outlined in the CDBG publication *CDBG Program Income and Revolving Loan Fund Manual*.

The CDBG-ED Program works with many financing and technical assistance programs within the Business Resources Division: the network of Small Business Development

Centers, which are jointly funded by the MDOC and the U.S. Small Business Administration; Business Location and Recruitment; the International Trade Office; Census and Economic Information Center; Regional Development; MicroBusiness Finance; and outside the division, the Montana Board of Investments programs and the Governor's Office of Economic Opportunity.

In addition, state and local program administrators work closely with the Montana Job Service under the MDOLI. The Job Service handles the application process and screening for low- to moderate-income levels. The MDOC continues to work with them to better serve the CDBG-ED program. The Job Service now focuses on serving employers through their statewide network of Business Advocates. The BRD will continue to coordinate with them on training and technical assistance activities.

The MDOC oversees the Big Sky Economic Development Trust Fund that was created to aide in developing good-paying jobs for Montana residents and promoting long-term, stable economic growth in Montana. Interest-only earnings from the trust fund are available for financial assistance to local governments and economic development organizations through application to the MDOC. Seventy-five percent of trust fund earnings are awarded annually to local governments in the form of grants and loans for economic development projects that create new qualifying jobs for Montana residents. The remaining 25% of trust fund earnings are awarded in the form of grants to support economic development planning activities by CRDCs and other local economic development corporations.

The MicroBusiness Finance program supports a statewide network of nonprofit agencies certified by the state to administer revolving loan funds lending directly to businesses in Montana. These loan funds make loans available for economically sound business projects that may be unable to obtain adequate commercial financing. Qualified applicants may borrow up to \$35,000 to start or expand their business. The loan proceeds may be used for working capital and fixed assets. Credit decisions are based on a business plan noting repayment ability, a credit report, and management capability. Because the MBDC works closely with each applicant, criteria such as collateral and credit history are evaluated on an individual basis. Terms and conditions of each loan depend on the applicant's needs, the business plan feasibility, and the useful life of the collateral.

The MDOC is an active member of the Montana Economic Developers Association (MEDA), a statewide association of economic development professionals, including professional "lead" economic developers, business specialists, government employees, and staff members of affiliated nonprofit organizations that promote and foster economic development activities in Montana. MEDA is a private nonprofit organization created to increase the effectiveness of local economic development efforts by acting as a statewide resource for its membership.

MEDA sponsors educational seminars, workshops, and conferences to advance the economic development profession. It coordinates statewide economic development

workshops that provide intense training for economic developers interested in obtaining professional certification. It conducts research to stimulate the interchange of ideas and experiences between individuals with mutual goals and interests. MEDA also develops network and communications systems to disseminate information and acts as a clearinghouse and contact point within Montana for other state, regional, national, and international economic development organizations and agencies.

The Community Development Division continued its participation in W₂ASACT. W₂ASACT 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.

The CDD continued to utilize a Uniform Application for public facility projects mutually developed and shared by W₂ASACT agencies. Additionally, the CDBG program participated in joint public facility application workshops in cooperation with the Treasure State Endowment Program, MDNRC Renewable Resources Program, USDA Rural Development, INTERCAP, and MDEQ State Revolving Fund. These activities were carried out in cooperation with W₂ASACT.

I.F.2 FOSTER AND MAINTAIN AFFORDABLE HOUSING AND ELIMINATE BARRIERS TO AFFORDABLE HOUSING

The Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs was completed in 1998 and is now used by all the programs. The Uni-App Team expanded the application to include the environmental review section to be compatible with all participating agencies, including agencies that fund public facility projects. The team continues to work on developing common compliance monitoring forms and procedures.

As discussed in I.D.1, the MDOC created the HCT to promote interagency cooperation and coordination. The members of the HCT meet several times per year and develop goals and objectives, share program information, identify housing activity, and develop ideas to pursue further coordination with individual housing providers and local organizations. The HCT participated in developing the *Housing Resource Directory*, the Uniform Application for housing programs, and joint workshops.

In 1996, the Housing Division and Montana Board of Housing created a Housing Working Group to review areas where regulations are adding to the cost of housing. Other areas the working group continues to address include the legislative process, comprehensive planning and zoning, and subdivision standards. The working group developed, in conjunction with the MBIA, the MDEQ, and Fannie Mae, an affordable/energy efficient house plan book. The National Council of State Housing Agencies (NCSHA) presented the housing plan book, entitled *Montana Housing Solutions – Designing for Comfort & Quality*, with a top award. The plan book, which is a primer for first-time homebuilders, was well received by Montanans. The process for updating the book is being considered by the development committee.

The Montana Home Choice Coalition, formally convened in the summer of 2002, continues its mission to create better community housing choices for all people with disabilities by working through a coalition of Montana citizens, advocates, providers, local, tribal, state and federal agencies, the housing finance community, realtors, and the home building industry.

The coalition, through its lead agency A.W.A.R.E., Inc., focuses on three general housing development goals: expanding homeownership to people with disabilities; creating Olmstead-related community housing solutions for people with disabilities currently residing in institutions; and creating Universal Design, fully accessible, community-integrated affordable housing. The coalition actively advocates for additional resources targeted at the housing needs of people with disabilities, particularly those with very low incomes. In addition, the coalition is involved in technical assistance and education efforts aimed at building the capacity of the disability community to access mainstream housing resources and to engage directly or in partnership in housing development activity. The coalition assists any individual or organization working to create better housing choices for Montana citizens with disabilities.

I.F.3 PUBLIC HOUSING RESIDENT INITIATIVES

The Housing Division acts as the state PHA administering Section 8 tenant-based assistance. The MDOC does not own or directly manage public housing projects; therefore, the state has not undertaken any specific public housing resident initiatives.

I.F.4 LEAD-BASED PAINT (LBP) HAZARD REDUCTION

Montana, a rural area composed of three CDBG and HOME entitlement communities (Billings, Great Falls, and Missoula) and seven Native American Reservations with sovereign governments. Based on the number of houses in Montana that were built in 1979 or before, it is estimated that there are nearly 285,500 Montana units at risk of containing lead-based paint. Although this is approximately 69% of the housing units in the state, it is important to note that one cannot assume all of these units contain lead-based paint and 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 state has made progress in securing EPA-certified Inspectors, Risk Assessors, Supervisors, and Workers since the lead-based paint regulations for pre-1978 homes, known as Title X, Section 1012/1013, went into effect on September 15, 2000. Participating communities finding creative solutions to address LBP regulations. Even very rural towns have partnered with agencies that are able to conduct LBP risk assessments and clearance tests.

In 2000, Montana partnered with the Montana State University Extension Service to bring EPA-certified trainers from North Dakota to Montana to conduct two training seminars: one for LBP inspector and LBP risk assessor training and one for LBP supervisors and LBP workers. Many people attended the training; however, after careful consideration, over three-fourths opted not to continue the certification process. The reasons for their decision varied, but included travel restrictions, excessively high EPA certification costs, a very cumbersome certification process imposed by EPA and HUD, and the cost of liability insurance.

In 2005, the MDOC paid to have Montana State University Extension Service gain accreditation to train EPA-certified Inspectors and Risk Assessors. The MSU Extension Service is now accredited to provide this certification training in Montana, South Dakota, Wyoming, and all Region 8 Tribal Lands.

The MDOC promotes free training whenever it is offered in the state. However, early on, scheduled training was often cancelled due to perceived low enrollment. The continued cancellation of courses by HUD created a “credibility issue” and people interested in the training were reluctant to sign up for it because of the uncertainty involved. It is difficult to get large numbers of people in one location for training due to the large geographic area and sparse population in Montana. Better results have been achieved with the free training sponsored by the National Paint and Coatings Association (NPCA). This no-cost training program, which meets the HUD-EPA curriculum, is sponsored by the NPCA and is the result of a cooperative agreement between the NPCA and the individual states. For more information, go to <http://www.lead safetraining.org>

The more populated areas of the state have workers trained in lead-safe work practices, qualifying them to work on rehab projects costing less than \$25,000. This covers most of the single-family rehabilitation projects conducted with federal funds. Rural areas of the state, where rehabilitation is often the largest part of housing strategies, remain less prepared to address lead-based paint hazards. A significant portion of rehabilitation program budgets now goes to addressing LBP hazards.

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.

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, and the construction industry and the persons involved in construction are constantly changing.

Lead in Montana

In Montana, some occupations have an increased risk of lead poisoning. Ammunition re-loaders can be exposed to lead dust from lead shot. People remodeling older homes can inhale lead dust when they disturb walls with lead paint. Those making stained glass can inhale the fumes from the hot lead solder. Children often are exposed to dust containing lead in older homes that have lead paint on the walls or when they play in soil contaminated with lead. Some areas of Montana have high lead levels in the soil or water because of a nearby smelter. Lead is also an air pollutant tracked by the EPA.

Butte and East Helena are two areas affected by historical industrial smelting. Both have lead screening programs in place for children and there are soil abatement procedures in areas of high concentrations. There was a coordinated Montana Lead Program from 1994 to 2001. This statewide program has been discontinued due to lack of funding. Active lead screening and abatement programs, however, continue at some local health departments. Lab results of blood lead levels from around the state continue to be reported to the MDPHHS.¹¹

Lead poisoning is a reportable condition, and all blood lead levels over 10 ug/dL, the Centers for Disease Control cutoff for action, must be reported to MDPHHS. Unfortunately, there is no mandate to ensure that lead testing is conducted. Adults who work in lead processing industries and children in low-income households or who live or play in pre-1950 housing should be tested for lead poisoning. In Montana, less than 0.1% of the children under six years of age have been screened for lead poisoning. CDC recommends that children be tested for lead at 12 months and at 24 months of age. Among children less than six years of age who had been screened for lead from 2000 to April 2004, 2% had a high blood lead level (88 children). Among adults screened in 2004, 1% had a high lead level (2 adults).¹²

¹¹ For more information, contact the Montana Department of Public Health and Human Services Web site at <http://www.dphhs.mt.gov/epht/lead.shtml>

¹² **DRAFT** *Measures of Environmental Health in Montana*; Montana Department of Public Health and Human Services Environmental Public Health Tracking Program; March 2005: www.dphhs.mt.gov/epht/measures%207.22.pdf

I.F.5 ANTIPOVERTY STRATEGY

Montana has a high proportion of families who live near the official poverty level. It is the goal of the state to assist these families to improve their standard of living and escape poverty. The state utilizes a number of strategies to accomplish this goal.

Montana is committed to utilizing employment as a primary strategy for poverty reduction. The state has a well-coordinated employment and training system, which ensures that resources for advancement through employment, such as the Workforce Investment Act, Temporary Assistance for Needy Families, and state resources such as higher education and economic development, are available to low-income families. Administrators of these programs meet regularly to ensure coordination and results.

The state of Montana operates Families Achieving Independence in Montana (FAIM) to provide temporary assistance for needy families.¹³ 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.

The state provides a series of work supports to stabilize families as they increase their skills and seek better employment, including TANF, food stamps, energy assistance, health care, childcare, housing assistance, and advocacy.

¹³ For more information, contact the Montana Department of Public Health and Human Services, Human and Community Services Division, or go to the Web site at:
www.dphhs.mt.gov/aboutus/divisions/humancommunityservices/relatedtopics/index.shtml

The Executive Branch is committed to a comprehensive approach to poverty reduction. Agencies serving low-income families have been included in a series of economic development activities. The governor has supported a comprehensive effort to end chronic homelessness in Montana.

Additionally, on May 17, 2006, the governor announced a \$1.5 million demonstration project aimed at improving the economic security of low-income families. The project will be funded with part of a “high-performance bonus” the state received for its success in facilitating employment for people who get cash assistance through the TANF program. The project will be administered by the MDPHHS and will help communities develop innovative services designed to help low-income families who currently receive TANF cash assistance or who have been recipients in the past year. Services will provide tools to improve financial literacy and build personal assets. The MDPHHS issued a request for proposals for services that include, but are not limited to:

- A comprehensive curriculum to increase families’ knowledge of finances, including credit options, tax incentives, savings benefits, and lending issues.
- A strategy for financial asset development for such options as home ownership and individual development accounts.
- A curriculum that trains individuals on starting a new business; and education or training in high-demand employment fields.

SECTION G - HOUSEHOLDS AND PERSONS ASSISTED

The state of Montana, excluding the entitlement areas of Great Falls, Billings, and Missoula, delivered housing services and programs to a significant number of households and individuals from April 1, 2006 through March 31, 2007. However, a comprehensive count of the number and types of households assisted with housing by the HOME and CDBG program during the plan year is difficult to obtain since the two programs have disparate tracking and reporting requirements in IDIS.

The Montana **HOME program** assisted 209 households in the areas of rental assistance and home ownership assistance. In total, 101 households were reported as receiving some type of rental assistance, either tenant based rental assistance (TBRA) or rental housing. Another 108 received homeownership assistance, either rehabilitation for existing homeowners or down payment and closing cost assistance for homebuyers.¹⁴

Existing homeowners received rehabilitation assistance to bring their property up to decent, safe, and sanitary conditions. The HOME program reported 24 households assisted with some type of rehabilitation, with seven (29%) of the households having an income at or below 30% of AMI. Additionally, 84 households, including 18% at 50% or less of AMI, were able to purchase their own homes after receiving down payment or closing cost assistance or both.¹⁵

The Montana **CDBG program** reported serving 211 households¹⁶ with some type of housing assistance including rental housing, homebuyer assistance, and homeowner rehabilitation for the period April 1, 2006 through March 31, 2007. Of the persons and households receiving housing assistance during the plan year, 202 had incomes at or below 80% of area median.

The MDOC **Tenant Based Section 8** Housing Assistance Program reported that of the 3,007¹⁷ households receiving assistance:

- 342 were identified as having an elderly head of household
- 1,165 were single-person households
- 1,276 were small, related, non-elderly households (2-4 people)
- 224 were large, related non-elderly households (5+ people)
- 2,998 households for which the income level was reported had incomes 50% or less of the area median

¹⁴ IDIS CO4PR23 Report, Program Year 2006 Summary of Accomplishments

¹⁵ *Ibid.*

¹⁶ *Ibid.*

¹⁷ The income level for some households was not available because the households came on the Section 8 program before income targeting was implemented.

- 2,400 of those households had incomes at 30% or less of the area median
- 1,159 special needs households, all with income at 50% or less of the area median, received Section 8 rental assistance
 - 939 of the special needs households had incomes at 30% or less of the area median.

An accurate count of homeless households receiving assistance is difficult to obtain. Many shelters only count the number of meals served or the total number of shelter nights. This can result in families and individuals being counted several times based on how long they remain at a shelter. However, for the 2006 Homeless Population and Subpopulations Chart, the **MT CoCC** reported that on the evening of January 31, 2006, 422 unduplicated homeless persons (individuals and members of homeless families) stayed in emergency shelters and another 375 stayed in transitional housing. This included 48 homeless families with 127 children (175 persons) in emergency shelter. An additional 66 families with 130 children (196 persons) stayed in transitional housing.

Through the HRDCs, the **ESG program** provides essential services, shelter maintenance, and homeless prevention services. The program year is 5/1/2006 – 4/30/2007, and the HRDCs have 90 days (until July 30) to complete final reports. Therefore, reporting for the persons assisted was still in progress when this report was prepared. The four HRDCs that had completed reporting served the total 5,976 individuals comprised of:

- 5,243 residents, including 4,034 adults, 379 children and 830 unknown, and 733 non-residents
 - 1,327 were white, of which 14 were Hispanic
 - 21 were Black/African American
 - 7 were Asian
 - 3,997 were American Indian/Alaskan Native
 - 164 were Native Hawaiian/Other Pacific Islander
 - 58 were American Indian/Alaskan Native/White
 - 402 were unknown
 - 307 were chronically homeless; 82 severely mentally ill; 44 chronic substance abuse; 42 other disabilities; 3 with HIV/AIDS; 43 elderly; 117 victims of sexual assault; 63 veterans
- 8,510 nights of shelter lodging and 144 hotel/motel nights were provided

The tri-state **HOPWA program** grant was renewed for an additional three-year period of June 30, 2005 through June 29, 2008. The Yellowstone AIDS Project (YAP) receives \$120,461 per year. In February of 2006, an additional grant was received for three

years in the amount of \$437,293 or \$145,764 annually, which increased tenant-based rental assistance for an additional 15 individuals.

The YAP serves the MT-Billings Eastern Region, which includes 40 counties. The YAP Tri-State HELP reported serving 65 clients accessing the program. The clients received assistance enabling them to live in a stable housing situation and to access caseworkers and medical services consistently, ultimately improving their quality of life.

Male: 42 Female: 23
Average Age: 31 - 50 years
American Indian/Alaska Native: 8
Black/African American: 5
Special Needs Category:
Chronically Homeless.... 10 Veterans.... 2 Domestic Violence Survivor 7

YAP was able to provide TBRA to assist 38 individuals and short-term emergency assistance for 36 individuals, as well case management and referral services.

The Missoula AIDS Council (MAC) receives \$120,461 per year. In February of 2006, an additional grant was received for three years in the amount of \$437,293 or \$145,764 annually, which increased tenant-based rental assistance for an additional 15 individuals.

The MAC serves the MT-Missoula Western Region, which includes 16 counties. The YAP Tri-State HELP reported 88 clients accessing the program. The clients received assistance enabling them to live in a stable housing situation and to access caseworkers and medical services consistently, ultimately improving their quality of life.

Male: 68 Female: 22
Average Age: 31 - 50 years
American Indian/Alaska Native: 8
Special Needs Category:
Veterans..... 3

MAC was able to provide TBRA to assist 29 individuals and short-term emergency assistance for 46 individuals as well as case management and referral services.

The state does not have specific goals for the delivery of housing programs and services to social and ethnic minorities and does not track assistance goals in this manner. However, the incidence of program support for minorities surpasses their respective share of the statewide population.

PART II - ASSESSMENT OF ANNUAL PERFORMANCE

PART II - ASSESSMENT OF ANNUAL PERFORMANCE

SECTION A - EFFECTIVENESS OF STATE'S PERFORMANCE

II.A.1 STATE'S EFFECTIVENESS IN MEETING ONE-YEAR (2006-2007) PROGRAM OBJECTIVES

No single approach or unique priority fits all regions of Montana equally well. Acceptably addressing the range of needs, while allocating resources equitably, makes for a complicated housing and community development policy agenda. Nevertheless, Montana committed to moving forward with a concrete set of objectives to address the needs of its low- and moderate-income families.

Housing

Housing needs across Montana vary widely. 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. 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 implemented programs and delivered 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 committed to moving forward with the following housing objectives and actions during the program year.

- *Provide homeownership opportunities to low- and moderate-income households throughout Montana.*
 - The HOME program made funds available for homeowner rehabilitation and homebuyer programs throughout the state. In program year 2006, the HOME program allocated \$1,987,454 for single family projects through the Single Family Allocation Pilot Program. In addition, the program allocated \$30,435 in ADDI funds to Montana's three entitlement communities, Billings, Great Falls and Missoula, which do not receive ADDI funds from HUD. HOME continued to provide funding for previously awarded rehab and homebuyer grants as well.

- The MBOH continued to make bond funds available to assist approximately 1,700 low- to moderate-income homebuyers each year with \$200 million in low interest rate loans.
- The MBOH continued to operate the Mortgage Credit Certificate (MCC) program, which began operation in April 2003 and was reauthorized in January 2006. During SFY 2006, \$220,000 in credit authority assisted nine eligible homebuyers and the MBOH anticipates this will continue to grow over the next several years.
- The MBOH continued 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. During SFY 2006, the MBOH made approximately \$25,575,693 available for financing to 290 very low-income families.
- The MBOH continued 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. During the past year, the MBOH assisted nine families with \$733,808 in mortgages.
- The HOME and CDBG programs continued to encourage leveraging funds with weatherization programs administered throughout the state.
- The HOME and CDBG programs continued to require projects to conform to federal and state energy efficiency standards. Beginning in the 2007 funding year, the LIHTC and HOME programs will provide bonus points through its competitive application process for projects that include energy efficiency and green building components.
- The HOME program required homebuyer education classes for all homebuyers assisted with HOME funds as a condition of receiving the funds.
- The MDOC collaborated on obtaining funds for organizations that provide homebuyer training and helped to strengthen a statewide partnership for homebuyer education and counseling, including all seven Indian Reservations.
- The MDOC continued to explore creative means to deliver homebuyer training in rural areas, increasing the use of web casts and video conferencing for homebuyer education, especially in remote areas.
- The MDOC continued increase awareness of and monitor the level of predatory lending practices by supporting 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 continued to support the Section 8 Homeownership Voucher program. To date, 11 agencies are authorized to participate in the program and 22 households around the state have been assisted.
- The MBOH coordinated with educational institutions to facilitate technical construction, weatherization and home-improvement courses.

- The MDOC supported private foundations committed to leveraging federal dollars for affordable housing throughout the state.
 - The MDOC continued to support programs such as the Montana House™. The MBOH is working in partnership with the Anaconda and Trapper Creek Job Corps (in the southwest corner of the state) and the Blackfeet Community College to construct one-story homes: a 960 square foot, one-story, two-bedroom, one-bath home; or a 1,200 square foot, one-story, three-bedroom, two-bath home (see page 69). Four Montana House™ homes have been completed. Three of the homes have been located in Great Falls; the fourth house was moved onto the Blackfeet Reservation.
 - The MBOH effort to redesign 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, was not accomplished due to turnover in the publications staff position.
- *Improve the quality and availability of affordable rental housing for low- and moderate-income households.*
- HOME funds were used to rehabilitate existing and construct new rental housing. The program awarded three grants totaling \$1,395,000 to construct or rehabilitate rental housing with a total of 45 HOME-assisted units. HOME continued to distribute funds to previously awarded rental projects as well.
 - LIHTC program funds were used to construct or preserve rental housing around the state.
 - The Section 8 housing choice voucher program provided essential rental subsidy to 3,004 very low- and low-income Montanans.
 - The MBOH offered permanent mortgage financing for affordable rental housing in partnership with HUD's Risk Sharing Program, which provides mortgage loan insurance. Although no loans were made during the program year, the program remains available.
 - The MBOH offered permanent mortgage financing through its General Obligation Program, which issues tax-exempt bonds to finance projects that do not have mortgage insurance. Although no projects were funded during the program year, the program remains available.
 - The MDOC supported 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.

➤ *Provide housing options for the elderly and special needs populations.*¹⁸

- The MBOH marketed and supported 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. Through March 31, 2007, the RAM program had assisted 142 senior households since it began taking applications.
- The MDOC addressed the perceived need for assisted living housing for the elderly by commissioning a study on elderly housing issues in rural areas. The study, *A Guide to Assessing Senior Assisted Living Needs in Your Community*, was completed June 2006 and can be accessed at:

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

- HOME and CDBG funds were used to develop projects targeted to physically, developmentally, mentally disabled, elderly households.
 - For program year 2006, the HOME Program awarded a grant for \$395,000 for a 5-unit transitional supportive housing facility located in Hamilton for adults with severe mental disabilities.
 - For program year 2006, both the HOME Program and the CDBG Program awarded funds to Meagher County for construction of Phase 1 of the Castle Mountain Apartments in White Sulphur Springs. Phase 1 consists of 10 accessible apartment units to serve low-income seniors.
 - For program year 2006, the HOME, CDBG and LIHTC Programs awarded for the construction of Eagles Manor III Residences, consisting of 30 one-bedroom apartments for low-income seniors 62 years of age and older. All the units will be handicap adaptable and 15 units will be fully handicap accessible.
- MDOC funds continue to be used for group living and homeownership opportunities for persons with severe and disabling mental illness (SDMI) and other disabilities. In conjunction with the Montana Home Choice Coalition, funds from the HOME and CDBG programs, the MBOH, and Section 8 homeownership vouchers, 16 individuals and families with disabilities became homeowners.
- The MBOH made 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 financed nine homes for \$733,808. The average income of program participants was \$22,467.

¹⁸ 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.

- The MBOH in partnership with Fannie Mae offered through its lending network the Fannie Mae MyMontanaMortgage (MMM) product including the HomeChoice option targeted at the homeownership needs of individuals and families with disabilities to provide a below market interest rate mortgage to persons with disabilities that do not require architecturally accessible homes or other physical modifications be made to the home. This program assisted six households during SFY 2006.
 - The MDOC continued to support education regarding universal design and accessibility requirements in order to increase the number of accessible multi- and single-family units available.
- *Affirmatively further fair housing and implement objectives and actions identified in the Analysis of Impediments to Fair Housing*¹⁹.
- All HOME and CDBG grantees are required to abide by fair housing laws and take actions to provide housing services and programs free of discrimination.
 - Records were maintained reflecting the analysis and actions taken, if applicable.
 - Steps were taken to improve the understanding of fair housing law and proper construction practices by:
 - Improving the general public's understanding of fair housing law through outreach and education.
 - Exploring the feasibility of incorporating homebuyer training at the secondary education level; communicating how credit markets work, how to avoid credit problems, and defining predatory lending practices.
 - 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.
 - Steps were taken to enhance coordination among members of Montana's affordable housing community by:
 - Encouraging partnerships among the disabled community, housing developers, builders, and other housing providers.
 - 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.

¹⁹ *Analysis of Impediments to Fair Housing and Housing Choice*, Western Economic Services, LLC, November 2004.

- Coordinating with Montana Fair Housing whenever possible 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:
 - Montana Landlord/Tenant Law;
 - Federal and Montana fair housing laws; and
 - ADA and 504 design and construction standards.
- Providing a list of "housing rights, fair housing advocates, legal assistance, and other resources" as a "featured resource" on its Web page:

<http://housing.mt.gov/>

Originally developed as a component of the *Montana Housing Resource Directory*²⁰, the listing provides basic information on where citizens can find assistance for issues relating to housing rights, fair housing, legal issues, etc.²¹

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

The programs:

- Enforced all applicable federal and state environmental laws.
- Presented information on the LBP regulations and lead-safe work practices at its application and grant administration workshops.
- Continued to require the appropriate notification, inspection, testing, interim controls or abatement, and clearance activities are followed.
- Continued to promote lead-based paint training when available in the state.
- Partnered 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.

²⁰ *Montana Housing Resource Directory*, Montana Department of Commerce, January 2006; http://housing.mt.gov/Hous_CP_HsgResDir.asp

²¹ The material included in the directory is not intended as legal advice or as a promotion or guarantee of the reliability or appropriateness of programs, businesses and individuals listed or linked. In certain instances, readers of the directory may want to consult with legal counsel. The MDOC assumes no liability for the content of information provided in the directory or the content of links listed in the directory.

➤ *Continually improve the efficiency of the MDOC housing programs.*

- Marketed 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. The 2006 Joint Housing Application Workshop was held via a METNet videoconference meeting on November 30, 2006. The meeting was broadcast in 10 locations around the state: Helena, Billings, Bozeman, Butte, Great Falls, Havre, Kalispell, Miles City, Missoula, and Poplar.
- Through the Housing Coordinating Team, the HOME, CDBG, MBOH, and USDA Rural Development staffs participated in efforts to simplify and standardize housing program delivery in Montana. The Uniform Application is in use, and efforts during the year focused on standardizing environmental review processes, contents of grant administration manuals, and compliance monitoring.
- The MBOH and Housing Division staff began looking at improving compliance monitoring functions to help existing projects.
- The HOME program examined 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. This has resulted in the Single Family Allocation Pilot Program described earlier (page 13). It is believed that the SFAPP results in a more equitable distribution across the state of HOME funds for single-family activities.
- The CDBG program continues to encourage communities to use housing funds as part of an overall neighborhood or community renewal effort. The best example of this particular community development strategy continues to be the Central Butte neighborhood revitalization project, currently underway, sponsored by Butte-Silver Bow County and funded by the CDBG program with FFY 2005 funds. As part of this project, Butte-Silver Bow County, in partnership with USDA Rural Development, Fannie Mae, the Butte Public Housing Authority, HRDC XII, Town Pump Corporation, MDNRC, and Headwaters RC&D, is currently carrying out a comprehensive neighborhood revitalization effort in the Central Butte neighborhood. This project includes homeownership assistance, redevelopment of the existing neighborhood, rehabilitation of substandard homes, and infrastructure improvements. Energy efficiency measures, lead-based paint abatement, life safety and code improvements to existing housing units, exterior aesthetic improvements, and installation of period lighting along the three blocks of the neighborhood improvement area are also included in the project.
- The MDOC utilized technical assistance providers with an emphasis on community needs assessment and project development. Staff members of each MDOC program continued to market the programs and educate potential participants in the programs. The CDBG program provided capacity building training and other technical assistance to local governments. This training relates

to general community planning, capital improvement planning, providing affordable housing, fair housing education, and environmental compliance.

- The MDOC promoted training opportunities in housing construction as part of an overall economic development strategy that specifically targets training to at-risk populations, such as residents of Indian Reservations, participants in the Job Corps, and inmates in the prison system.

➤ *Other Actions*

- The MDPHHS in concert with the Governor's office and other state agencies initiated a program entitled Warm Hearts, Warm Homes in November 2005. The program is designed to make information available to all Montanans to help them identify all programs that could benefit them. A website was developed and published with the Governor's objective of advertising available resources and enlisting "Neighbor to Neighbor" community involvement. The website has information on weatherization, saving energy, and other resources to find help for your family and to how help others to help stay warm. Montana's 10 HRDCs are key contacts for outreach and for making referrals to various programs. This assistance is viewed as important in helping people remain in their own homes.
- The MDOC continued the work of Housing Coordinating Team, which has helped the program staff to better understand each of the programs and how they work together, as well as areas where the programs do not work well together. The HCT, as an advisory group, has helped facilitate statewide coordination in delivery of housing services.
- The HOME Program has certified 31 CHDOs, significantly increasing nonprofit housing development capacity within the state. Approximately 18.5%, or \$804,043, of the HOME funds was awarded to three CHDOs for the plan year ended 2006.
- HOME funds support the housing objectives in a variety of ways: HOME grantees construct new affordable units to increase the housing stock; and offer down payment and closing cost assistance to increase the ability of low-income households to purchase homes and finance housing maintenance, improvements, and energy efficiency measures.
- The HOME program requires recipients to complete homebuyer education before receiving down payment and closing cost assistance.
- HOME, CDBG, and MBOH staffs participate in application workshops and Consolidated Plan public meetings to promote the programs and conduct outreach to local governments, nonprofits, and other organizations in all areas of the state whenever possible.
- All documentation associated with the HOME Program (application guidelines, administrative manuals, etc.) are available on the MDOC's website: http://housing.mt.gov/Hous_HM.asp. The online administrative manual is updated throughout the year as needed.

Homelessness

The state's goals related to homelessness include:

- Securing available resources for persons requiring supportive and transitional services;
- Assisting persons requiring supportive and transitional services to achieve permanent housing;
- Assisting in meeting the supportive services needs for the homeless;
- Assisting in securing stable funding sources for existing homeless facilities and services;
- Continuing to support the statewide continuum of care strategy to ensure emergency, transitional, and permanent housing; and
- Actively supporting and participating in the Montana Council on Homelessness.

The state of Montana was selected to attend two Policy Academies on Homelessness. The first, in May 2003, was a Federal Homeless Academy "Improving Access to Mainstream Services for People Experiencing Chronic Homelessness." The second, "Improving Access to Mainstream Services for Families with Children Experiencing Homelessness," was held in November 2005. The academies are the collaborative effort of the U.S. Departments of Health and Human Services, Housing and Urban Development, Veteran Affairs, and Labor and Industry, the Social Security Administration, and others. Teams of policymakers and local experts from states and provide technical assistance are brought together to identify best practices for ensuring that homeless persons have access to mainstream resources such as SSI, TANF, Medicaid, food stamps, and mental health services.

The efforts of the original Policy Academy Team became the foundation for formation of the Montana Council on Homelessness. The formation of the MTCoH was followed by nearly two years of strategic planning. From those broad-based efforts emerged the 10-year plan currently in use and the mission of the MTCoH: "To develop and implement strategies to prevent and reduce homelessness in Montana overall and to end chronic homelessness by 2014."

The 10-year plan, which has been published and is available online, contains four chapters, each of which is followed by a plan matrix for addressing the issues identified:

- I. An overarching look at homelessness in Montana, including policy issues that play into or rise from homelessness
- II. Chronic homelessness
- III. Homeless families and unattended youth
- IV. Bibliography, glossary, and additional resources.

The MTCoH also went through a strategic planning process that took place between June 2004 and April 2006. It named five workgroups to examine and provide input into addressing specific facets of the overarching issues that play into homelessness. The identified issue areas include: housing; access to and delivery of mainstream services; special needs populations (including substance abuse, mental illness, and other disabilities); finance and resource development; and education, employment, and training.

These workgroups included nearly 90 individuals (including council members) with content-area expertise. Workgroups were co-chaired by MTCoH members. The MTCoH and its workgroups were provided technical assistance in February 2005 through federal Homeless Policy Academy funds. Each group worked to create crosscutting strategies designed to impact homelessness in Montana. This was followed by technical assistance from Ann Denton and Margaret Lassiter in 2005 and 2006. This resulted from an innovative partnership with the statewide PATH Program²², using PATH technical assistance funds. This initiated new partnerships among PATH direct service providers, housing providers, and housing funders.

The MTCoH released two reports, *Homeless in Montana*²³, in June 2004, and *no longer Homeless in Montana, a biennial report for 2005-06*. Both have been widely disseminated to generate greater public awareness. Since the report was released, the issue has been highlighted in numerous television news segments, and the topic of a weeklong series on homelessness in the Billings Gazette.

The MTCoH also initiated a demonstration partnership with the City of Billings to address homelessness at the local level. The result has been a very active Mayor's Committee on Homelessness. The committee was formed by Mayor Ron Tussing and began meeting in June 2006. It was charged with developing a 10-Year Plan to address the needs of the chronically homeless in Billings. The Mayor's Committee includes representatives from a broad stakeholder group including housing, service providers, civic and business leaders, economic and work force agencies, the faith community, philanthropic groups, constituents and others. The Committee was granted \$300,000 in TANF bonus funds to assist with implementation of their efforts.

The MTCoH has received capacity building assistance from the Prevention Resource Center AmeriCorps VISTA (Volunteers in Service to America) project. Two VISTAs were recruited in consecutive years to assist with community outreach and infrastructure building. Some of the outcomes have included institutionalization of stand-down style service fairs in Helena, Missoula and Billings. Helena has now held two and

²² Created under the McKinney Act, the Projects for Assistance in Transition from Homelessness program is a formula grant program that funds the 50 states, District of Columbia, Puerto Rico, and 4 U.S. Territories to support service delivery to individuals with serious mental illnesses and individuals with co-occurring substance use disorders who are homeless or at risk of becoming home-less.

²³ A complete copy of the *Homeless in Montana* report can be found at:
http://www.mtcoh.org/index.php?option=com_frontpage&Itemid=49

is planning for a third. Nearly 100 homeless or at-risk individuals participated in the event. About two-dozen service agencies and 100 volunteers participated in the 2006 event. The community came forward in support of the event with donations of food, clothing, live music, sleeping bags, access to services, haircuts, showers, and massages. The first Missoula fair and Billings Homeless Connect event held in 2006 were also very successful.

The MTCoH has also supported Montana's participation in the SSI/SOAR (SSI/SSDI Outreach, Access and Recovery) initiative. Montana was one of the first 10 states selected to participate in the initiative, and three individuals attended the weeklong train-the-trainer event. Michele Thibodeau, Montana Disability Determination Services Director, Marcia Armstrong, statewide PATH Program Manager, and Sherrie Downing, MTCoH Coordinator, are all SOAR trainers. The training was designed to give case managers the skills they need to complete SSI applications for mentally ill homeless persons so that the applications are approved at the earliest possible juncture. They have been providing SOAR training for the past year and a half and have trained at least 150 case managers.

The MTCoH maintains a website, www.MTCoH.org, with information about homelessness, best practices, the council and links to various resources. Additional education is being provided through a growing *listserv*, to which a periodic e-newsletter (the *MTCoH News*) is distributed, in addition to more frequent e-news updates with information about the MTCoH, the MT CoCC, potential funding, good examples of Montana programs, best practices, and promising programs. The *listserv* currently includes over 325 names and continues to grow.

Sherrie Downing, MTCoH Coordinator, was invited to attend the invitation-only Research Symposium on Homelessness held in Washington DC in January 2007. This event includes the presentation of a number of research papers written by the leading experts in the field and is held only once per decade. After publication, much of the public policy on homelessness for the next 10 years will rise from these papers. Ms. Downing was invited to be one of three respondents to the paper on Rural Homelessness.

Ms. Downing was also invited to serve a three-year term on the National Coalition for the Homeless (NCH) Board of Directors. NCH is the oldest organization advocating with and on behalf of persons experiencing homelessness. The organization is committed to creating the systemic and attitudinal changes necessary to prevent and end homelessness. At the same time, the organization works to meet the immediate needs of people who are currently experiencing homelessness or who are at risk of homelessness.

The Board of Directors is charged with setting public policy for NCH. The board includes people experiencing and formerly experiencing homelessness; community-based, faith-based, and public service providers; state and local homeless and housing coalition advocates. The board includes representatives of rural, suburban, and urban

communities across the nation. Ms. Downing will participate on the Rural Policy Committee, the Development Committee, and the Bringing America Home Campaign. Through participation in the National Symposium and the National Coalition, it is possible to help ensure that the frontier perspective and Montana's unique needs are recognized.

Emergency Shelter Grant

The Emergency Shelter Grant program offers a variety of services. Montana's 10 HRDCs provide services directly or through subcontract relationships for those facing emergency situations. Eight of the ten Human Resource Development Councils provide essential services which ranges from individual support, case management, referral, advocacy to support groups and mentoring programs. Nine HRDCs provide shelter maintenance for 25 sites. Seven provide homeless prevention services such as rent, deposits, utility services, and shelter care. Each HRDC directs these services based upon the needs within their service area.

Economic Development

The CDBG-ED Program met its projected one-year goals for the development of economic activity in Montana in the following ways:

- *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.*

For program year 2006, the CDBG-ED program's grant recipients projected the creation of 1,029 jobs, of which 673 jobs would be held by LMI. The majority (65%) of the jobs will be made available to LMI. Of those local governments awarded funding, there is over a 29:1 match of private and public funding.

- *Increase economic activity that adds value to a product through manufacturing, refining, processing or packaging, especially those activities that involve Montana's natural resources.*

Of the nine businesses awarded CDBG-ED funding, five were made to manufacturing companies, and one directly involved Montana's natural resources; Distinctive Countertops in Kalispell manufactures countertops out of marble from a Missoula quarry.

- *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.*

Seven of the businesses assisted sell their products outside of Montana. For example, Creative Sales in Columbia Falls promotes their products throughout the country selling to large companies such as Wal-Mart.

- *Increase service companies such as consulting, engineering, or other companies that sell their services predominantly (greater than 50%) outside of Montana.*

Four of the companies sell services outside of Montana. For example, DirecTV in Missoula is a calling center that serves customers throughout the country. S&K Electronics in Pablo competes globally with its computer services.

- *Allow local communities to identify their own needs and develop their own initiatives.*

With CDBG-ED planning grants, nine local governments received financing to further economic development initiatives. Liberty County furthered the development of wind energy and the City of Shelby completed preliminary engineering to develop a food park utilizing statewide pork producers and local railroad access.

Businesses and communities received technical assistance from MDOC staff while developing their community goals. Through the Business Resources Division, five Regional Development Officers worked within their designated territories (see map on page 119) to provide one-on-one financial counseling with local development organizations and small businesses, assisting with their financial and development needs and providing resources and information on various state and federal programs.

- *Assist businesses and communities in achieving prosperity by using program resources to leverage other private and public resources.*

In 2006, CDBG funds were leveraged by private and public funding 29:1. Over the past five years, CDBG funds have been leveraged by over \$13,808,155 in outside funding for every CDBG dollar invested.

- *Assist micro-enterprise development through technical assistance funding.*

The CDBG-ED program, through a Memorandum of Understanding, provided \$35,000 in technical assistance funding to the Small Business Development Center for its Small Business Innovation Research/Small Business Technology Transfer (SBIR/SBTT) program to provide technical assistance activities for small business development, such as counseling and business development workshops.

- *Assist new and expanding businesses with employee training needs.*

Three awards made by the CDBG-ED Program included grants for job training. Customized training is an eligible activity under the Montana CDBG-ED program and a category that requires a minimum wage for trained employees. Employees that have completed their training will receive at least \$13.00 per hour in salary and benefits. For example, GlaxoSmithKline will train 53 employees for work in its laboratory in Hamilton using CDBG-ED job training funds.

- *Assist communities and small businesses in gaining access to federal funding for research and development through the state of Montana Small Business Innovation Research program.*

The CDBG-ED program, through a Memorandum of Understanding, provided \$35,000 in technical assistance funding to the Small Business Development Center for its SBIR/SBTT program to provide technical assistance activities for small business development.

- *Place a priority on projects that create higher paying jobs.*

The CDBG-ED program discourages proposals that involve assistance to businesses such as hotels, motels and retail operations, except under mitigating circumstances, because of the lower quality of jobs and the high likelihood of competition with existing local businesses. Projects may be eligible where certain mitigating circumstances exist and support by other competing local businesses can be documented; i.e., a grocery store in a small town in a sparsely populated area where there is no other competition. The CDBG-ED program awarded funding to businesses that pay competitive wages and provide benefits to their employees.

- *Fund more high-technology businesses and manufacturing operations, including value-added agricultural products, based on current demand.*

CDBG-ED awarded funding to six projects that included high technology businesses and manufacturing operations, including value added agricultural product companies. GlaxoSmithKline in Hamilton is a laboratory that uses advanced technology to research and develop immunotherapeutic medicines such as, the new vaccine for cervical cancer.

- *Help create over 200 jobs per year, of which more than 51% will be held by or made available to low- and moderate-income persons.*

The CDBG-ED program expects to create 1,029 jobs of which 673 will be held by or made available to qualified LMI.

- *Leverage \$12 to \$13 of other funds for each \$1 of program funds.*

Proposals awarded funding during this program year are providing 29:1 match for every dollar of CDBG-ED funds. Over the last five years, private and public funding has matched CDBG-ED funds over 16:1.

Infrastructure and Public Facilities

Infrastructure needs across Montana vary widely. As a state agency administering non-housing community development programs, the MDOC does not prescribe to local governments the priority needs within their communities. All infrastructure needs in Montana are great. 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 committed to moving forward with non-housing community development objectives and actions.

- *Provide community and development opportunities to low- and moderate-income residents and strengthen communities within the state.*

The CDBG program:

- Awarded 21 annual planning grants, through a competitive process, 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. Twenty-two applications were submitted for the 2006 competition; however, only twenty-one were awarded due to funding constraints. CDBG encourages and works with all communities to reapply for unfunded grant applications.
- Provided technical assistance to communities to encourage them to access CDBG funding and to ease compliance with the federal regulations tied to CDBG funding. CDBG holds annual grant application workshops in various locations across the state to ensure that all communities are able to submit a competitive application and information concerning the grant funding. CDBG also holds an annual grant administration workshop for all communities awarded funding the ability to successfully navigate and report on all program requirements.
- Continued to market the resources available to build affordable infrastructure/ public facilities by participating 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 with financing for water, sewer, and solid waste improvement projects. Workshops were held in Great Falls, Missoula, and Billings during February and March 2006.
- Continued to support the other programs administered by the MDOC Community Development Division, which are critical to assisting local governments in meeting their infrastructure needs.
 - In May 2006, the Treasure State Endowment Program received 57 applications from counties, cities and towns, tribal governments, and water and sewer districts for construction project grants. Grants were awarded to 56 of those applicants. Over \$209 million in matching construction grants has been awarded to 256 local governments since 1993.
 - The Montana Coal Board has been an active participant with local governments in coal-impacted areas. During 2006, the Coal Board awarded fourteen grants, totaling over \$562,000, to local governments. Grants were awarded to projects involving sewer system improvements, water system

- improvements, school additions and accessibility improvements, the purchase of road repair equipment, and the preparation of planning documents (growth policies).
- 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.
 - Continued to actively participate in other W₂ASACT activities, including:
 - Maintaining a uniform method of tracking project expenditures for infrastructure projects funded by multiple agencies;
 - Continuing to work on a common environmental review process that would be acceptable to all programs; and
 - Continuing to conduct outreach to tribes based on specific community and project needs.
 - Continued to award all CDBG public facility and planning grant funds.

II.A.2 SELF-EVALUATION

The primary long-term goal of Montana's three formula grant programs, as stated in the FFY 2005-2010 Consolidated Plan, is to develop viable communities by providing decent housing, a suitable living environment, and expanding economic opportunities principally for low- and moderate-income persons.

As described in Section II.A.1, *State's Effectiveness in Meeting One-Year (2006-2007) Program Objectives*, the state made progress in implementing affordable housing and community development programs, benefiting Montana's low- and moderate-income households. The state has continued to evaluate and refine its efforts in respect to the implementation of the formula grant programs and other housing and community development-related programs it administers.

The biggest barrier to progress in plan year 2006 was primarily financial. The CDBG program continued to face deep funding cuts, causing significant cuts in projects funded. While HOME and ESG funding levels have been relatively stable over time, rising costs without a corresponding increase in funding have affected the programs' ability to provide the same level of assistance as in the past and to meet demand for funds.

At the end of the program year (March 31, 2007), Montana's **HOME program** was ranked third overall of 51 statewide participating jurisdictions (PJs) ranked by HOME Performance Snapshots²⁴. At the end of the program year (March 31, 2007), Montana's HOME program was ranked fifth in the percent of funds disbursed (97.44% compared to

²⁴ <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/snapshot/2q07/mt/statepj.pdf>

the national average of 89.91%) and eighth in the percent of funds disbursed (89.71% versus 80.86% nationally).

In terms of the 2005-2010 Consolidated Plan, the state believes it is satisfactorily meeting its pro rata goals. Although the state does not foresee any significant program adjustments at this time, it routinely evaluates the effectiveness of its programs, seeking public comment as needed. If the evaluation of the programs indicates adjustments are needed, the state will take appropriate steps to make the adjustments.

II.A.3 ACQUISITION, REHABILITATION OR DEMOLITION OF OCCUPIED REAL PROPERTY

The CDBG program has not funded projects that involve the demolition of occupied real property. None of the Program Year 2006 CDBG grant projects involve permanent relocation activities that would fall under the Uniform Relocation Act (URA).

The requirements of the URA have been triggered by the following HOME activities funded in Program Year 2006:

- Garden City CHDO acquired an existing vacant building in Hamilton, Montana, from its parent organization, Western Montana Mental Health Center (WMMHC). Garden City CHDO proposes to demolish the structure and construct a 5-unit transitional housing facility for adults with mental disabilities. The existing structure was used by WMMHC as administrative office space until it constructed a new facility with administrative office space approximately one block from the subject property.
- Mineral County will provide the HOME funds to its subrecipient, District XI HRC, the acquisition of vacant land in St. Regis, Montana, installation of six manufactured housing units, and related site work. The property will be purchased in a manner not subject to the URA.
- Missoula County will provide the HOME funds to its subrecipient, District XI HRC, to acquire five single-family homes in Missoula County for a lease-purchase program for five Native American families. Five existing single-family units will be purchased in a manner not subject to the URA.
- North Missoula Community Development Corporation will use HOME funds for the acquisition of vacant land and new construction of 18 town home homeownership units within a community land trust cooperative. The property will be purchased in a manner not subject to the URA.
- Northwest Montana Human Resources acquired land for new construction of 24 self-help homeownership units. The property was purchased in a manner not subject to the URA.

SECTION B - PROPOSED ACTIONS RESULTING FROM ASSESSMENT OF ANNUAL PERFORMANCE

One of the best ways to facilitate the development of housing is through education and technical assistance. Many people perceive the array of housing programs and regulations as too complex or too foreign to master. The MDOC is determined to expand its role in providing technical assistance to local jurisdictions to explore and accurately determine the degree and type of local needs and educate people on the programs available. This will help more groups qualify for housing programs and help them better understand the requirements of those programs.

The **HOME Program** committed to analyzing its competitive grant allocation process to ensure that it meets the strategic needs of the MDOC to disburse scarce funds throughout the state for a variety of activities. At the same time, the allocation process needs to be equitable to all communities and as straightforward as possible so that every community has equal access to the program. These efforts have resulted in the Single Family Allocation Pilot Program described earlier (page 13). It is believed that the SFAPP results in a more equitable statewide distribution of HOME funds for single family activities. The HOME Program will evaluate the effectiveness of the SFAPP at the end of the three-year pilot period. The HOME Program continues to analyze other potential options for improving its allocation process, and additional changes may be forthcoming.

The role of the state will expand in the areas of providing and interpreting information that assists localities in determining and quantifying their housing needs and problems and identifying alternative solutions to those problems. The MDOC intends to expand educational outreach activities so that additional information and education is provided concerning fair housing, as well as landlord and tenant rights and obligations.

Because of the continual turnover of officials and staff of local governments and nonprofit community organizations, technical assistance and training are long-term recurring needs. The **Community Development Division** will continue to provide financial support, training, and technical assistance to Montana counties and municipalities, local elected officials and staff, nonprofit organizations, private sector developers, consultants, and private citizens. Other entities needing assistance and support include local government planning boards and planning departments, community development corporations, human resource agencies, county water and sewer districts, Tribes, rural fire departments, and housing authorities.

Financial and technical assistance provided involves housing and public facilities project planning, financing, and management; community needs assessment, planning, and growth management; and mitigation of impacts associated with the growth or decline of coal and hard rock mining development.

The CDD will continue to coordinate its technical assistance efforts with the regional workshops conducted by the interagency W₂ASACT and the Housing Coordinating Team in order to achieve maximum efficiency and effectiveness.

The **Business Resources Division** will continue to provide support and technical assistance to local jurisdictions and revolving loan fund managers with loan documentation, financial analysis, and project administration. The BRD's economic development programs, especially the Small Business Development subcenters, the MicroBusiness Development Corporation network, the Regional Development Program, and the CDBG-ED program, continue to cooperate in coordinating and sharing resources that are beneficial to assisting local governments and businesses across the state.

According to the ESG program, "The **ESG** has functioned well since its inception. Funds are made available to local community based groups who utilize local planning processes to involve homeless providers in the most practicable strategy for individual communities. The only thing limiting ESG from being more successful is the extremely limited amount of funds we receive from HUD."

The Montana **HOPWA** programs have been active in servicing their communities and continue to participate fully providing much needed services. The Missoula AIDS Council and Yellowstone AIDS Project work well with their partners within the community and are well on the way to meeting the goals for the current year for both the HOPWA and HOPWA Plus grants. Montana State University works with the MDPHHS in providing technical assistance and gathering data to support the progress of the programs. Both MAC and YAP have begun using the Homeless Management Information System for their annual progress reports, a vital step in improving the efficiency of data collection and effectiveness in reporting.

Members of Montana's **Continuum of Care Coalition** have a commitment to working with various segments of the homeless population. One of those segments that has proven to be the most intractable is the chronically homeless; an "unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more, or who has had at least four episodes of homelessness in the past three years." Although the problem of chronic homelessness may not be as acute in Montana as in more urban areas, it remains a stubborn obstacle to eradicating homelessness. The federal government agrees. The departments of Veterans Affairs and Health and Human Services and HUD instituted a number of academies designed to bring decision-makers from local, state and federal agencies and organizations together to work on a concerted effort to address chronic homelessness.

The **Montana Council on Homelessness**, working with the MDPHHS, examines solutions to the root causes of homelessness through fundamental changes in state policy. Specifically, it explores ways to prevent child abuse, assist victims of domestic abuse, and improve accessibility to treatments for substance abuse and mental illness.

The MTCoH also tries to increase access for the homeless to such programs as Medicaid, food stamps, Temporary Assistance for Needy Families (TANF), housing and other services designed to foster self-sufficiency. Finally, the council will complete an inventory of state program discharge policies and practices and use that information to help initiate best practice models.

A Native American subcommittee is charged with focusing exclusively on the specific needs of American Indian populations, both on and off reservations.

According to the MTCoH's report, trends over the past few years have shown a consistent increase in the number of homeless people in Montana. The reasons for homelessness are complex, but may include mental illness, substance abuse, co-occurring disorders, domestic abuse, lack of training and education, lack of access to living wage jobs, and other factors, or complicated combinations thereof. A third of Montana's homeless have less than a high school education. Extreme poverty, a general lack of low-income housing, and the cost of rent are also common reasons for homelessness.

The needs of the homeless cross many service system boundaries, beginning with the most basic human needs. The MTCoH will examine solutions to the root causes of homelessness through overarching changes in state policy, including treatment availability for substance abuse and mental illness, enhancing direct serve providers' ability to write acceptable SSI applications for the mentally ill homeless, enhancing discharge practices, ensuring resources for wrap-around, client-centered services coupled with housing, adding to the affordable housing pool, and other strategies. A number of efforts have taken place in support of these efforts. Some of them include the following.

- The MTCoH applied for and was accepted to participate in the SSI/SOAR initiative. As a result, a team of three trainers (Marcia Armstrong, Statewide PATH Manager, Michelle Thibodeau, DDS Bureau Chief, and Sherrie Downing, Coordinator of the Montana Council on Homelessness) is now equipped to provide the SOAR Road to Recovery Training to case managers. Five trainings have been held to date, reaching approximately 120 case managers, with monthly trainings in various cities scheduled for the foreseeable future. This initiative has resulted in an unprecedented partnership among PATH, DDS, the Social Security Administration, the MTCoH, and providers across the state. The outcomes anticipated will be expedited SSI applications for homeless mentally ill persons.

Montana applied for, and was chosen, to attend the last formal Policy Academy on Homeless Families with Children and Unattended Youth in November 2005. A team of nine attended, including representatives from MDPHHS, the Montana Board of Crime Control, the MTCoH, the Office of Public Instruction, the Tumbleweed Program for Runaway and Homeless Youth (which manages foster care transition for Montana), Rimrock Foundation, the Head Start Association, the Children's System of Care, and Healthcare for the Homeless. The planning session yielded a draft plan to begin

addressing homeless families with children, which will be coordinated with overarching strategies and strategies specific to addressing chronic homelessness.

II.B.1 TECHNICAL ASSISTANCE

Prepared by the Center for Applied Economic Research at Montana State University-Billings, the purpose of the *Economic and Demographic Analysis of Montana* is to provide current data and analysis for two primary uses: first, for the MDOC in preparing Montana's Consolidated Plan; and second, for communities and other organizations that apply for federal funds from the HOME and CDBG programs for housing projects, public facilities, and economic development activities. This data may also be useful to other entities in need of statewide or county level analysis of economic, demographic, and housing trends.

Volume I of the *Economic and Demographic Analysis*²⁵ presents and analyzes economic data by county for Montana 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 and the U.S. Bureau of Labor Statistics.

Volume II of the *Economic and Demographic Analysis*²⁶ presents an analysis of Montana demographic data by county. These statistics include 1990 and 2000 Census population data as well as current population estimates. Certain social characteristics such as gender, age and race, population living in group quarters, marital status, veteran status, and school enrollment are also examined.

Detailed data on the disabled population in Montana is presented in the appendix to Volume II²⁷, including detailed statistics of disability counts by county and cities with a population of 5,000 or more from Census 2000.

Volume III of the *Economic and Demographic Analysis*²⁸ presents Montana housing statistics by county 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) the number of structures lacking

²⁵ *Economic and Demographic Analysis of Montana - Volume I, Economic Profile*, Center for Applied Economic Research, Montana State University-Billings, January 2006;
http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp

²⁶ *Economic and Demographic Analysis of Montana - Volume II, Demographic Analysis*, Center for Applied Economic Research, Montana State University-Billings, November 2005;
http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp

²⁷ *Economic and Demographic Analysis of Montana - Volume II Appendix, Disability Data*, Center for Applied Economic Research, Montana State University-Billings, November 2005;
http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp

²⁸ *Economic and Demographic Analysis of Montana - Volume III, Housing Profile*, Center for Applied Economic Research, Montana State University-Billings, December 2005;
http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp

complete plumbing or kitchen facilities. Census 2000 homeownership rates are analyzed as well. The Census forecast of 2001, 2002, 2003, and 2004 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. In addition, historical information on housing prices is presented.

The *Montana Housing Resource Directory*²⁹ includes descriptions of a variety of federal, state, and local housing programs available in Montana. New to the directory this year is a section on “Housing Rights, Fair Housing Advocates, Legal Assistance, and Other Resources”. The directory and associated reference guide are meant to provide an overview of the available programs along with contact information.

The following documents and studies have been prepared or updated in support of the Consolidated Plan and other programs and are used in the planning process:

- *Capital Improvements Planning: A Strategic Tool for Planning and Financing Public Infrastructure*³⁰2006
- *Economic and Demographic Analysis of Montana - Volumes I, II, III*³¹2006
- *Economic Benefits of MDOC Housing Programs*³¹2005
- *Montana Housing Condition Study*³¹2005
- *Montana Housing Needs Assessment*³¹2005
- *Montana Housing Resource Directory*³¹2006
- *Senior Housing in Rural Montana*³¹2006
- *Analysis of Impediments to Fair Housing and Housing Choice*³¹2004
- *Building It Right – A Public Facilities Construction Administration Manual*³⁰ ...2004
- *Survey of Water, Wastewater, and Solid Waste Facility Rates in Montana*³⁰..2003
- *Location of Growth in Montana*³⁰2002
- *County Bridge and Road Capital Improvement Planning and Financing Manual*³⁰2001
- *Planning & Financing Community Water & Sewer Systems in Montana*³⁰1997

²⁹ *Montana Housing Resource Directory*, Montana Department of Commerce, January 2006;
http://housing.mt.gov/Hous_CP_HsgResDir.asp

³⁰ Contact the MDOC, Community Development Division, at (406) 841-2770 for information on these publications.

³¹ Contact the MDOC, Housing Division, at (406) 841-2820 for information on these and other publications or access the documents through the Housing Division website at:
http://housing.mt.gov/Hous_CP_HsgEconDemRptsStats.asp

The Rural Community Assistance Corporation and Rural Collaborative have been not as active in the state as they have been in the past. In the past, the participation in workshops by the technical assistance providers has been invaluable to the HOME program and the continued viability of successful HOME projects. They have brought specialized knowledge and broad housing experience to the state. The HOME Program looks forward to working more closely with its TA providers in the coming year.

In cooperation with the MDOC's Census and Economic Information Center (CEIC), the CDBG program initiated a project to map low- and moderate-income areas within Montana counties based upon information developed by HUD from the 2000 Census. This information is of great value to local governments as they identify areas within their jurisdictions where special financial needs exist among lower income residents for infrastructure improvements, affordable housing, economic development, and all types of related public services.

For each county, the percent LMI figures (based upon percent of low- and moderate-income persons as determined by HUD) will be mapped for all Census Designated Places (CDPs), incorporated cities and towns, and remainder areas. The detailed spreadsheet that will accompany the LMI map contains LMI percentages for each incorporated City or Town, CDP, and Remainder Areas by Census Block Group.

The MDOC continues to administer a technical assistance planning grant program funded by CDBG monies used to assist communities with housing, public facility, and economic development activities. The CDBG-ED program set aside \$225,000 for technical assistance grant activities. This set aside was available to local governments for planning activities, which resulted in nine new technical assistance contracts. The Small Business Development Center received \$35,000 for technical assistance activities in support of outreach, counseling, training, and technical assistance to small businesses.

The CDBG-ED program staff provides ongoing technical assistance to 44 CDBG-funded revolving loan funds across the state. The MDOC encourages local governments to contract with a regional development organization that has been qualified as a Certified Regional Development Organization. The CRDC program has twelve designated CRDCs across Montana providing revolving loan fund management, and technical assistance to small businesses.

Regional Development Officers from the Business Resources Division will continue to provide one-on-one technical assistance to local governments and small businesses for economic development financing, and access to state and federal financing programs.

II.B.2 REFINEMENT OF INSTITUTIONAL STRUCTURES

The MDOC completed the Annual Action Plan for the plan year ending March 31, 2008 and continued its ongoing effort to make the planning process and resulting documents

more user-friendly, readable, and concise. The consolidated plan documents are available on the Internet for interested parties to read and download:

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

Many supporting documents are also available at:

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

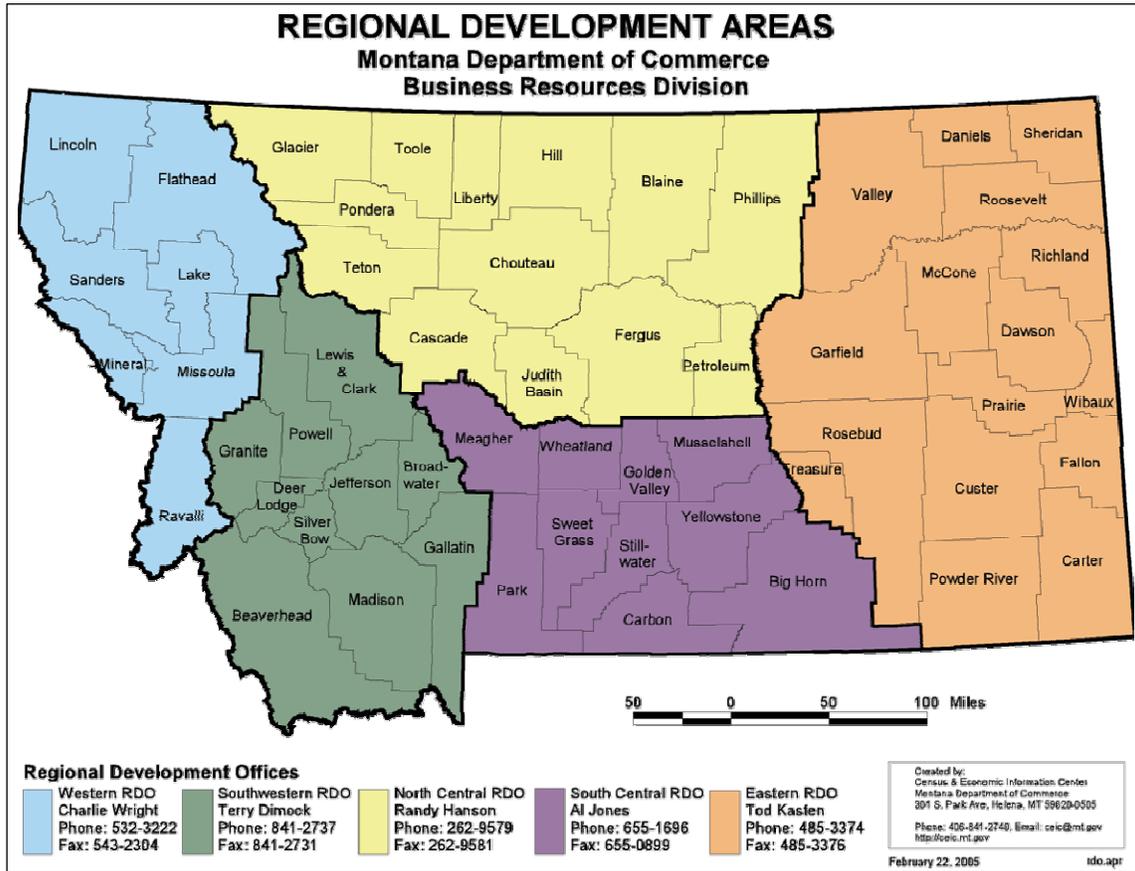
The MDOC, through the Housing Coordinating Team, continues to identify areas where further communication and cooperation is needed, and identify gaps in the institutional provision of services. HOME, CDBG, and MBOH workshops include a “how to” technical assistance component and participation in statewide housing meetings and local housing meetings will continue.

The MDOC and MDPHHS support of and participation in the Montana Home Choice Coalition resulted in better linking of housing policy and disability services policy in creating community living opportunities for people with disabilities. These efforts will expand as the state, through the MDPHHS, continues to support initiatives to fulfill the U.S. Supreme Court Olmstead decision-mandated obligation to create community living opportunities for people with severe disabilities currently residing in institutions and the housing needs of persons in institutions are better understood by state housing officials. In addition, general housing opportunities incorporating the housing and supportive service needs and choices of people with disabilities will be better realized. Montana citizens with disabilities experience a significant homeownership gap in comparison to the general public. The Home Choice Coalition Home Ownership initiative is expected to contribute to enhanced home ownership opportunities for people with disabilities across the state. The Home Choice Coalition advocates for and educates on the concept of Universal Design and the related concept of visitability as a standard for publicly subsidized housing in Montana. Through education and technical assistance, the Coalition expects to expand the supply of affordable housing that can be used by the maximum number of Montana citizens across the age and ability spectrum.

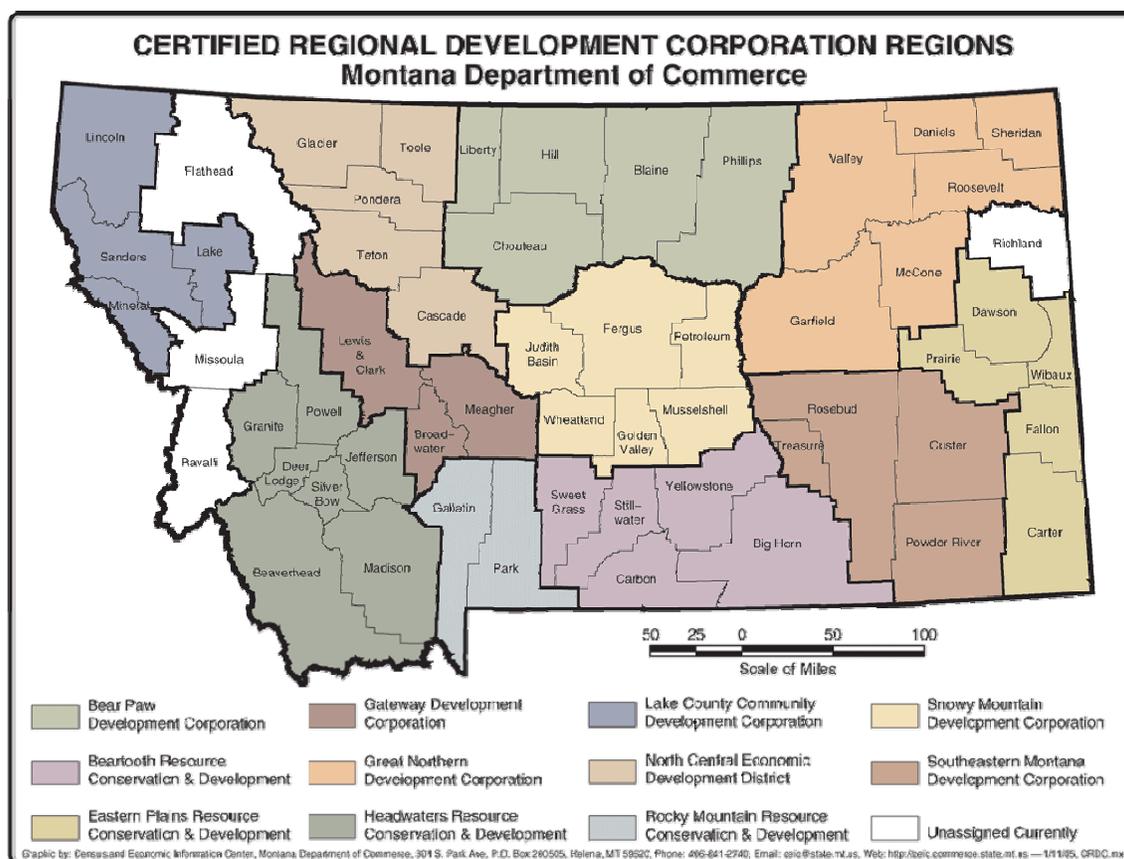
The Montana Council on Homelessness will focus high-level policy on homelessness in Montana. The MTCoH will need to work in collaboration with MDOC housing officials to coordinate better access to mainstream housing and service resources to impact homelessness in Montana. The MTCoH is expected to facilitate the creation of new solutions across agencies and programs.

CDBG-ED program and the Business Resources Division will continue to expand their role in providing technical assistance in the field and through this effort, more accurately determine the degree and type of local need in community and economic development. (See following map of Regional Development Areas.) The MDOC recognizes that more outreach in education and building the capacity of communities to apply for and administer CDBG-funded projects and revolving loan funds is an ongoing need. In addition to CDBG-ED staff, the CRDCs, and the RDOs provide ongoing technical assistance to Montana’s small businesses, give guidance to local governments in their

community development efforts, and provide the capacity to maintain regional revolving loan funds.



The Certified Regional Development program encourages local governments to contract with a regional development organization that has qualified as a Certified Regional Development Organization. The MDOC program has designated twelve CRDCs across Montana. (See following map of the CRDC regions). Most CRDCs manage regional revolving loan funds. It is the intent of this program to have CRDCs provide experienced guidance to local governments in their community development efforts and to provide the capacity to maintain regional revolving loan funds.



II.B.3 ISSUES STIMULATING POLICY REFINEMENT

Housing

Land and home purchase price costs continue to rise more quickly than incomes in many parts of the state, pushing homeownership beyond the reach of lower and moderate-income families. As land values escalate, affordable housing is pushed out through redevelopment. This is particularly true for mobile home courts. One area for policy development for the future is strategies to preserve mobile home parks to provide permanently affordable housing in high cost areas. The MBOH approved a pilot project in Red Lodge to purchase and convert a mobile home park to a resident-owned cooperative to provide a model for other communities in the state.

A related area for policy development is the decommissioning of older mobile homes. A significant percentage of the mobile homes in Montana are older than 1976 and need to be replaced. Some of these homes are owner-occupied, while others are rental units. The 2007 Montana Legislature partially funded a MDOC proposal to provide safe, decent, energy efficient, and affordable replacement housing and decommission pre-HUD code owner occupied housing. The MDOC is exploring how the limited funding (\$354,866 for the 2008/2009 biennium) can be used most efficiently to address issues related to pre-HUD code manufactured homes in Montana.

Housing for essential workers in high housing cost areas is also becoming a concern. The Ravalli County Teachers program offers a useful model that is being explored in Gallatin County as well. Policy and program development requires obtaining an alternative mechanism to guarantee the principle on these shared appreciation second mortgages.

An on-going area for continued policy development is meeting the needs for housing on Indian reservations. There are many state and federal programs available to address these needs that are not being used by Indian Housing Authorities (IHA) due to a lack of capacity. Policy development needs to focus on what can be done to build capacity among these IHAs.

Worker housing is also emerging as an area in need of policy development. Economic development depends upon the availability of affordable housing for workers. Montana's economic development community is becoming aware that the lack of affordable housing is a significant barrier to economic development in many areas across the state.

Homelessness

The MTCoH approached and has begun working with the city of Billings, which has the largest documented homeless population in the state, to begin addressing homelessness at the local level. Three planning sessions have been held; an initial two-day session in November 2005 and a follow-up in March 2006. The result was the creation of a Mayor's Commission on Homelessness. The MTCoH provides technical assistance and expertise to implement strategies that focus on ending chronic homelessness in Billings. These strategies will be instructive for identifying and addressing some of the policy issues that play into homelessness.

The MTCoH sponsored an Executive Planning Process request for inclusion in the Governor's budget to provide the means to offer intensive case management and housing to approximately 45 chronically homeless persons annually. This was ultimately cut from the Governor's budget. Additionally, the MTCoH worked with the MDOC and multiple housing partners from throughout the state to restructure the Affordable Housing Trust Fund so that it has sustainable funding, and provides for a full continuum of housing needs, including addressing the housing needs of those living on 0 to 30 percent of the area median. This group includes virtually all of the homeless population.

The MTCoH has been examining creative means to utilize TANF funds to prevent homelessness by providing one-time-only resources geared to keeping people in their homes rather than ending up homeless because of a particularly large power bill, a car breakdown, or a lost job. One of the strategies used was to provide \$300,000 in TANF bonus funds to the Billings Mayor's Committee on Homelessness for use in their efforts to address homelessness. The Committee intends to use these funds to leverage additional funds that can be used to create housing specifically targeted to meeting the needs of homeless individuals.

Infrastructure and Public Facilities

Community Planning and Growth Management: Montana's local government planning law encourages communities to develop growth policies (also known as comprehensive plans or master plans) to guide development in their jurisdictions and coordinate policies relating to land use, housing, economic development, and public facilities. Growth policies can be implemented through the adoption of zoning ordinances or capital improvements programs and construction. Montana's CDBG program for housing and public facilities supports the preparation of local growth policies through planning grants that are awarded annually on a competitive basis. Grants were awarded up to \$15,000, which were matched by local funds unless the applicant was able to demonstrate financial hardship.

Twenty-two (22) eligible applications were submitted on April 21, 2006 for the FFY 2006 planning grants; 21 received CDBG grants to conduct planning activities and related studies. The applications recommended for funding were:

FFY 2006 CDBG PLANNING GRANT AWARDS		
Local Government	Project Description	Funding Amount
Town of Big Sandy	Development of a Growth Policy	\$ 15,000
Town of Brockton	Completion of a Housing and Neighborhood Renewal Plan	\$ 15,000
Town of Dutton	Completion of a Community Needs Assessment, Capital Improvements Plan and Income Survey	\$ 9,500
City of East Helena	Development of a Growth Policy	\$ 15,000
Town of Eureka	Conducting a Housing Needs Analysis	\$ 5,000
City of Harlowton	Completion of a Capital Improvements Plan	\$ 15,000
Town of Hot Springs	Completion of a Growth Policy	\$ 15,000
Town of Judith Gap	Completion of Preliminary Engineering Report	\$ 15,000
Jefferson County	Preparation of a Preliminary Architectural Report for Big Boulder Apartments	\$ 15,000
Town of Kevin	Completion Preliminary Engineering Report	\$ 15,000
Lake County	Development of Preliminary Engineering Report	\$ 15,000
Lewis & Clark County	Completion of Comprehensive Master Site Plan for the Intermountain Deaconess Home for Children	\$ 15,000
Lincoln County	Preparation of a County Growth Policy	\$ 15,000
Park County	Preparation of a Preliminary Architectural Report of the senior citizens center	\$ 12,500
City of Red Lodge	Preparation of a long-term housing plan	\$ 15,000
Roosevelt County	Development of a County Growth Policy	\$ 15,000
Sweet Grass County	Preparation of a Capital Improvements Plan	\$ 15,000
City of Thompson Falls	Preparation of a Preliminary Architectural Report for the development of a domestic violence center	\$ 10,000
Town of Twin Bridges	Preparation of a Capital Improvements Plan	\$ 15,000
Town of Winifred	Preparation of a Preliminary Engineering Report	\$ 15,000
City of Wolf Point	Development of a Housing Plan	\$ 10,000
Total Awarded		\$ 287,000

Economic Development

According to local officials, the cost of preparing planning studies often presents a serious obstacle for communities with limited resources. The CDBG-ED program is able to play a unique role in assisting Montana communities because of its ability to offer planning grants to local governments. These grants were available for a variety of planning activities, including the initial planning necessary to develop a CDBG-ED project, or to prepare an economic development strategy, or similar planning efforts needed to help a community address critical needs.

For program year 2006, MDOC set aside \$225,000 of CDBG funds from the economic development category for technical assistance grants. Applications were accepted on a first-come, first-serve basis.

Local governments could propose that CDBG-ED technical assistance funds be used for preparing plans, studies, analyses, or research related to economic development such as:

- Community growth policies (previously referred to as “master or comprehensive plans”), particularly the economic conditions component. CDBG-ED Planning Grants can also be used to update an existing comprehensive plan to meet criterion for local government “growth policies” as described in Senate Bill 97 passed by the 1999 Legislature (76-1-601, MCA).
- Community needs assessments, action plans, or implementation strategies.
- Income surveys necessary to complete a CDBG-ED application.
- A Comprehensive Economic Development Strategy (CEDS) required for the U.S. Economic Development Administration.
- Downtown revitalization studies, redevelopment plans, urban renewal plans, and historic preservation studies. CDBG-ED planning grants can be used as match for architectural design assistance from the School of Architecture at Montana State University.
- Feasibility studies, preliminary environmental assessments used for grant applications, or Preliminary Architectural Reports (PARs) for reuse of underutilized, empty or abandoned buildings, industrial or manufacturing facilities. (Contact the MDOC for a PAR outline.)
- Funding applications for economic development projects (should not be the only planning activity proposed in the application).
- Preliminary Engineering Reports (PERs) or related activities normally associated with preliminary engineering such as surveys, studies and data collection in support of an economic development project only. (Contact the MDOC for a PER outline.)

CDBG-ED planning grants were available in amounts up to \$15,000. Local governments had to provide a match on a 50-50 basis that would be firmly committed by the time

CDBG-ED funds were released. Firm loan commitments, such as funds borrowed from another state or federal program or from a local bank, were acceptable forms of match. Grants or other cash contributions from other local, state, or federal agencies or programs or private foundations were also acceptable forms of match. The CDBG-ED program funded 10 new technical assistance activities.

Funding of \$35,000 was used for technical assistance activities under the Small Business Development Center, and the Small Business Innovation and Research.

FFY 2006 CDBG-ECONOMIC DEVELOPMENT PLANNING GRANT AWARDS		
Locality	Project Description	Funding Amount
SBDC	Technical Assistance to Small Businesses	\$ 35,000
Rosebud County	Develop job and business training program	\$ 15,000
City of Bozeman	Feasibility study for new business incubator and assist with preliminary architectural study	\$ 15,000
City of Shelby	Preliminary engineering report for Marias Food Park	\$ 15,000
Town of Fort Peck	Hire temporary business manager to set up office for Fort Peck Paleontology Center.	\$ 15,000
Roosevelt County	Business plan for Cowboy Hall of Fame	\$ 10,000
Town of Flaxville	Preliminary architectural report for reuse of school building	\$ 15,000
Beaverhead County	Preliminary engineering and design of beef processing facility	\$ 15,000
Liberty County	Collect wind data for one year and compile a feasibility study	\$ 6,000
Lewis & Clark County	Preliminary architectural report for re-use of grocery store for health department expansion	\$ 15,000

SECTION C – 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. The final rule was published in the March 7, 2006 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.

Montana's HUD-funded formula grant programs fund a variety of activities. For the purposes of the performance management system, each activity is assigned to one of three **objective categories** that best illustrates the purpose and intent of the activity. The three objectives are:

- **Suitable Living Environment**: In general, this objective relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment.
- **Decent Housing**: The activities that typically would be found under this objective are designed to cover the wide range of housing possible under HOME, CDBG, 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 such programs would be more appropriately reported under Suitable Living Environment.
- **Creating Economic Opportunities**: This objective applies to the types of activities related to economic development, commercial revitalization, or job creation.

Similarly, once the objective for the activity is determined, one of three **outcome categories** is selected that best reflects what will be achieved by funding the activity. The three outcome categories are:

- **Availability/Accessibility**: This outcome category applies to activities that make services, infrastructure, public services, public facilities, 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 to low- and moderate-income people where they live.
- **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 the

creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care.

- **Sustainability - Promoting Livable or Viable Communities:** 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.

Each outcome category can be connected to each of the overarching objectives, resulting in nine groups of **outcome/objective statements** under which to report the activity or project data to document the results of the activities or projects. Each activity will provide one of the following statements, although sometimes an adjective such as new, improved, or corrective may be appropriate to refine the outcome statement.

	Outcome 1: Availability or Accessibility	Outcome 2: Affordability	Outcome 3: Sustainability
Objective 1: Suitable Living Environment	Enhance Suitable Living Environment through Improved Accessibility (SL-1)	Enhance Suitable Living Environment through Improved or New Affordability (SL-2)	Enhance Suitable Living Environment through Improved or New Sustainability (SL-3)
Objective 2: Decent Housing	Create Decent Housing with Improved or New Availability (DH-1)	Create Decent Housing with Improved or New Affordability (DH-2)	Create Decent Housing With Improved or New Sustainability (DH-3)
Objective 3: Economic Opportunities	Provide Economic Opportunity through Improved or New Accessibility (EO-1)	Provide Economic Opportunity through Improved or New Affordability (EO-2)	Provide Economic Opportunity through Improved or New Sustainability (EO-3)

Each activity, project, and program funded by the three formula grant programs covered by the Consolidated Plan will meet the requirements of the framework. In its FFY 2007 Annual Action Plan, the three formula grant programs adopted the following specific annual objectives:

**Table 3A - Summary of Specific Annual Objectives
 Plan Year 2006**

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Expected Nmbr ^{32, 33}	Actual Number ³⁴	Percent Completed
DH-1	Availability/Accessibility of Decent Housing					
DH-1.1	Enhance the availability / accessibility of decent housing through assistance for acquisition/new construction of rental and homeownership units for LMI households	CDBG ³⁵	<ul style="list-style-type: none"> ▪ Number of units acquired and newly constructed 	n.a.	0	
DH-2	Affordability of Decent Housing					
DH-2.1	Address the need for affordable decent housing by offering rehabilitation assistance to low and very low-income homeowner households	HOME ³⁶	<ul style="list-style-type: none"> ▪ Number of units rehabilitated 	n.a.	24	
		Local Match: 5% minimum required	<ul style="list-style-type: none"> ▪ # of units meeting Section 504 standards ▪ # of units qualified as Energy Star 		0	

³² Since HOME and CDBG grant funds are primarily distributed through competitive and/or first-come, first-serve processes, the state cannot accurately predict the number of and distribution of grant assistance among specific objectives. The specific number of households, businesses, etc., expected to be assisted each program year is based on the historic number assisted in previous years, adjusted for anticipated declines in funding and rising costs, which may or may not be an accurate reflection of future fund distributions.

³³ Use of the performance measurement system was not required at the time the FFY 2006 Action Plan was submitted to HUD; consequently there is no "Expected Number" for any of the Objectives and indicators for FFY 2006.

³⁴ Reporting of the data in IDIS necessary to complete this form did not become mandatory until October 1, 2006, six months into the plan year; therefore the "Actual Number" reported does not represent a full year of data.

³⁵ Source: IDIS Report CO4PR83, CDBG Performance Measures Report for Program Year 2006

³⁶ Source: IDIS Report CO4PR23, Program Year 2006 Summary of Accomplishments. Note: No report similar to the CO4PR83, CDBG Performance Measures Report, or CO4PR81, ESG Performance Measures Report, could be found in IDIS for the HOME Program; therefore, detail for the Performance Indicators could not be summarized for the purposes of this report.

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Expected Nmbr ^{32, 33}	Actual Number ³⁴	Percent Completed
DH-2.2	Address the need for affordable decent housing by offering down payment and closing cost assistance to low and very low-income households	HOME ³³	<ul style="list-style-type: none"> ▪ Number of households receiving homebuyer assistance 	n.a.	84	
		Local match: 5% min. required	<ul style="list-style-type: none"> ▪ # of first-time homebuyers 			
			<ul style="list-style-type: none"> ▪ # receiving homebuyer education / counseling ▪ # coming from subsidized housing 			
DH-2.3	Address the need for affordable decent housing by offering tenant-based rental assistance (TBRA) to low- and very low-income households	HOME ³³	<ul style="list-style-type: none"> ▪ Number of households provided with rental assistance 	n.a.	49	
		Local Match: 5% min. required	<ul style="list-style-type: none"> ▪ # designated for the homeless ▪ # for the chronically homeless 			
DH-2.4	Address the need for affordable decent housing by offering assistance for the acquisition, rehabilitation and new construction of rental housing to serve low- and very low-income households	HOME ³³	<ul style="list-style-type: none"> ▪ Number of rental units assisted 	n.a.	52	
		Local Match: 5% min. required	<ul style="list-style-type: none"> ▪ # of units meeting Section 504 standards 			
			<ul style="list-style-type: none"> ▪ # of units qualified as Energy Star 			
			<ul style="list-style-type: none"> ▪ # designated for persons with HIV/AIDS 			
			<ul style="list-style-type: none"> ▪ # for the chronically homeless 			
DH-2.5	Address the need for affordable decent housing by through down payment and closing cost assistance to low- and moderate -income households	CDBG ³²	<ul style="list-style-type: none"> ▪ Number of households receiving homebuyer assistance 	n.a.	0	
		ESG ³⁷	<ul style="list-style-type: none"> ▪ Number of individuals receiving one-time payments for utilities, rent, or deposits for families facing eviction / shut-off or foreclosure or to provide security deposits to enable families to move into a dwelling of their own. 	n.a.	0	

³⁷ Source: IDIS Report CO4PR81, ESG Performance Measures Report

Specific Obj. #	Outcome/Objective	Sources of Funds	Performance Indicators	Expected Nbr ^{32, 33}	Actual Number ³⁴	Percent Completed
	Specific Annual Objectives					
DH-3	Sustainability of Decent Housing					
DH-3.1	Improve the sustainability of decent housing through the rehabilitation of homeowner and rental units to benefit LMI households.	CDBG³²	▪ Number of LMI households assisted	n.a.	0	
SL-1	Availability/Accessibility of Suitable Living Environment					
SL-1.1	Enhance the availability / accessibility of suitable living environments through the new construction of public facilities to benefit a geographic area with an LMI percentage of 51% or higher	CDBG³²	▪ Number of persons with new access to the public facility or receiving a service provided by the public facility that is no longer substandard	n.a.	0	
SL-1.2	Enhance suitable living environment through availability and accessibility of essential services for the homeless	ESG³⁴	▪ Number of individuals assisted with essential services such as shelter, food and individual support services	n.a.	0	
SL-1.3	Enhance the availability/accessibility of decent housing by offering new construction and rehabilitation of non-rental shelters ³⁸ to LMI households	CDBG³²	▪ Number of units constructed and rehabilitated	n.a.	0	

³⁸ Youth group homes, domestic violence facilities, mental health facilities, homeless shelters, etc.

Specific Obj. #	Outcome/Objective	Sources of Funds	Performance Indicators	Expected Nmbr ^{32, 33}	Actual Number ³⁴	Percent Completed
	Specific Annual Objectives					
SL-2	Affordability of Suitable Living Environment					
SL-2.1	Improve the affordability of suitable living environment through rehabilitation of existing or new construction of public facilities ³⁹ by targeting direct benefits to serve a specific LMI clientele.	CDBG³²	<ul style="list-style-type: none"> ▪ Number of persons with improved or new access to the public facility or receiving a service provided by the public facility that is no longer substandard 	n.a.	0	
SL-3	Sustainability of Suitable Living Environment					
SL-3.1	Improve the sustainability of suitable living environments through rehabilitation of existing public facilities ⁴⁰ to benefit a geographic area with an LMI percentage of 51% or higher.	CDBG³²	<ul style="list-style-type: none"> ▪ Number of persons with improved access to the public facility or receiving a service provided by the public facility that is no longer substandard 	n.a.	0	
SL-3.2	Address the need for a suitable living environment by supporting existing facilities providing services as emergency shelters and domestic violence facilities as shelter maintenance programs	ESG³⁴	<ul style="list-style-type: none"> ▪ Number of emergency shelters/domestic violence facilities assisted that provide shelter, food and individual support services through Shelter Maintenance funding 	n.a.	0	
			<ul style="list-style-type: none"> ▪ Number of individuals assisted 		0	
EO-1	Availability/Accessibility of Economic Opportunity					
EO-1.1	Provide economic opportunity through improved or new availability/accessibility	CDBG³²	<ul style="list-style-type: none"> ▪ Number of loans/grants 	n.a.	1	
			<ul style="list-style-type: none"> ▪ Number of new businesses assisted 		1	
			<ul style="list-style-type: none"> ▪ Number of existing businesses assisted 		0	
			<ul style="list-style-type: none"> ▪ Number of jobs created 		44	
			<ul style="list-style-type: none"> ▪ Number of jobs retained 		0	

³⁹ Water and wastewater projects, nursing homes, Head Start centers, senior centers, county hospitals, etc.

⁴⁰ Water and wastewater projects

Specific Obj. #	Outcome/Objective	Sources of Funds	Performance Indicators	Expected Nmbr ^{32, 33}	Actual Number ³⁴	Percent Completed
	Specific Annual Objectives					
EO-2	Affordability of Economic Opportunity					
EO-2.1	Provide economic opportunity through improved or new affordability	CDBG³²	▪ Number of loans/grants	n.a.	1	
			▪ Number of new businesses assisted		0	
			▪ Number of existing businesses assisted		1	
			▪ Number of jobs created		23	
			▪ Number of jobs retained		0	
EO-3	Sustainability of Economic Opportunity					
EO-3.1	Provide economic opportunity through improved or new sustainability	CDBG³²	▪ Number of loans/grants	n.a.	0	
			▪ Number of new businesses assisted		0	
			▪ Number of existing businesses assisted		0	
			▪ Number of jobs created		13	
			▪ Number of jobs retained		0	
CR-1	Community Revitalization					
	Not applicable					
O-1	Other					
	Not applicable					

**PART III – MONTANA STATE SUMMARY OF CONSOLIDATED
PLAN PROJECTS FOR REPORT YEAR 2006**

IDIS – CO4PR06
(Available upon request)

APRIL 1, 2006 TO MARCH 31, 2007

Report to HUD

PART IV – HOME ANNUAL PERFORMANCE REPORT

form HUD-40107
HOME Match Report – form HUD-40107-A
FHEO 504 Review
FHEO HOME Review
(Available upon request)

IDIS-CO4PR22
IDIS-CO4PR25
IDIS-CO4PR27
IDIS-CO4PR33
(Available upon request)

APRIL 1, 2006 TO MARCH 31, 2007

REPORT TO HUD

PART V - CDBG ANNUAL PERFORMANCE REPORTS

FFY 2000 – 2006 P.E.R.
(Available upon request)

and

IDIS – CO4PR26
Program Year 2006
(Available upon request)

APRIL 1, 2006 TO MARCH 31, 2007

REPORT TO HUD

PART VI - ESG ANNUAL PERFORMANCE REPORT

APRIL 1, 2006 TO MARCH 31, 2007

FINAL REPORT TO HUD

EMERGENCY SHELTER GRANT (ESG)

ESG grants distributed to HRDCs throughout Montana supported shelters across the state, as well as direct services from HRDCs to ESG recipients. Actual funding received and used matched the funds anticipated. Five percent of the funds were used to administer the program. The table below presents the distribution of funds for each HRDC.

FFY 2006 HUD EMERGENCY SHELTER GRANTS PROGRAM PERCENT DISTRIBUTION BY HRDC

Eligible Activities	AEM	DIST IV	Opp., Inc.	DIST VI	DIST VII	RMDC	DIST IX	NWMT	DIST XI	DIST XII
Essential Services	11,185	3,955	15,293	0	18,880	4,719	8,038	16,675	2,622	0
Shelter Maintenance	19,520	9,229	20,390	0	25,173	20,472	13,180	23,032	38,142	29,040
Homeless Prevention	6,933	0	15,293	10,409	18,880	0	11,736	15,877	15,378	0
Total	\$37,638	\$13,184	\$50,976	\$10,409	\$62,933	\$25,191	\$32,954	\$55,584	\$56,142	\$29,040

Source: ESG Program

The Emergency Shelter Grant Financial Status Report information for the period 05/01/2006 – 04/30/2007 is available through the IDIS tracking system.