

U. S. Department of Housing and Urban Development



Community Planning and Development

Region VIII, Denver
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SEP 08 2009

Ms. Leslie J. Edgcomb
Consolidated Plan Coordinator
State of Montana
PO Box 200545
Helena, MT 59620-0545

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Dear Ms. Edgcomb:

Community Planning and Development (CPD) is striving to strengthen its working relationship with our State and local government partners to help achieve greater results in meeting the housing and community development needs of our low- and moderate-income customers. One of our important responsibilities in this ongoing process is the periodic assessment of your accomplishments and performance in the administration of funds provided by CPD and in meeting key program and Departmental objectives, as mandated by the statutes governing these programs.

This review examines information provided by the State of Montana for its 2008 program year. In conducting this assessment, we examine your activities for consistency with the priorities and objectives outlined in the Consolidated Plan and Annual Action Plan. We use the information contained in the Consolidated Annual Performance and Evaluation Report (CAPER), and the Integrated Disbursement Information System (IDIS) as well as any monitoring reviews conducted during the course of the program year.

Our assessment report that is enclosed covers the following areas:

- Meeting the statutory purposes of the programs
- Consistency with strategies and goals in the Consolidated Plan and Annual Action Plan
- Performance Measures
- Fair Housing and Equal Opportunity
- Timeliness
- Caps on Obligations – CDBG-Administration, Public Service; HOME-CHDO, Administration; ESG-Essential Services, Homeless Prevention, Administration
- IDIS

The State of Montana does a good job of ensuring that program grant funds are obligated and expended in a timely manner through a well designed allocation process for the CDBG, HOME, and ESG funds. The State's IDIS reporting continues to be timely and accurate.

Based upon our analysis and examination of the data available to us, we have determined that the State's overall progress has been satisfactory during the most recent program year. The State of Montana appears to be administering its programs in a manner consistent with the applicable regulatory requirements. During the period April 1, 2008, through March 31, 2009, the State of Montana has carried out its program substantially as described in its Consolidated Plan and has the continuing capacity to carry out its approved program in a timely manner. These conclusions on your overall program performance are based solely upon the information available to this office and do not constitute a comprehensive evaluation or approval of specific activities.

You have the opportunity to provide us with your review and comment on the draft Annual Community Assessment. Please provide any review and comment within 30 days of the date of this letter. We may revise the Assessment after considering your views. If we do not receive any response by the end of the 30-day period, the draft Annual Community Assessment will become final without further notice.

The final Annual Community Assessment must be made readily available to the public. You can assist us in this regard by sharing the final Annual Community Assessment with the media, with a mailing list of interested persons, with members of your advisory committee, or with those who attended hearings or meetings. You must also provide a copy of the final Annual Community Assessment to your independent public auditor. HUD will make the final Annual Community Assessment available to the public upon request and may provide copies to interested citizens and groups.

If you have any questions, please do not hesitate to contact me or Renae Blair, Community Planning and Development Representative. We can be reached at (303) 672-5414.

Sincerely,



LeRoy Brown
Director

Enclosure

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ANNUAL COMMUNITY ASSESSMENT SUMMARY

JURISDICTION – State of Montana

PROGRAM YEAR START – April 1

PERIOD COVERED BY ASSESSMENT – April 1, 2008 thru March 31, 2009

HUD is required to conduct an annual review of performance by grant recipients according to the provisions of the Housing and Community Development Act and the National Affordable Housing Act. We must determine that each recipient is in compliance with the statutes and has the continuing capacity to implement and administer the programs for which assistance is received. This is to report the results of our review of the State of Montana's performance.

The State, as an entitled recipient of Community Development Block Grant (CDBG), HOME Investment Partnership Act (HOME), and Emergency Shelter Grant (ESG), is required by regulations at 24 CFR 91,520 (a) (b) and (c) to report on activities funded during the report year and how the activities benefited the citizens of Montana and in particular the low- and moderate-income residents, special need citizens, and the homeless. The submission of the State's CDBG annual Performance Evaluation Report (PER) also continues to be required as part of the Consolidated Annual Performance and Evaluation Report (CAPER). This CAPER is for the 4th year of the 5 year Consolidated Plan (2005 – 2009).

Part I. Summary of Consolidated Plan/Action Plan Review and Assessment

The State of Montana is meeting the primary objective of the CDBG Program through the development of viable urban communities by providing decent housing, suitable living environments, and expanding economic opportunities, principally for persons of low and moderate income. Consistent with the primary objective, not less than 70 percent of CDBG funds received by the grantee is to be used for activities that benefit persons of low-and moderate-income. The State expended 100 percent of the CDBG funds on activities benefiting LMI persons in the current program year (PY), well above the regulatory requirement.

The State of Montana is congratulated for its performance in economic development. The 2008 CDBG performance report shows that of the 112 proposed jobs created or retained, 196 jobs have actually been created or retained for low- and moderate-income persons.

The State is meeting the requirements of the HOME program by funding a variety of affordable housing activities including homeowner rehabilitation, down payment and closing costs assistance, tenant based rental assistance, and the acquisition, rehabilitation and new construction of rental housing.

According to the IDIS PR23 report for 2008, the State of Montana assisted 46 families with tenant based rental assistance and 95 homebuyers and homeowners with incomes at 60 percent or less of the area median income.

The ESG program is designed to be the first step in the continuum of assistance to prevent homelessness and to enable homeless individuals and families to move toward living independently. The State met the objective of the ESG program by passing the grant funds through to the Human Resource Development Councils located throughout the state. The Councils subsequently distribute the money locally to best meet the needs of the homeless and near homeless within their jurisdiction.

The PR20 IDIS report, ESG Grantee Activity Summary for the 2008 program year, showed that 21 percent of the grant funds were expended for essential services, 24 percent expended for homeless prevention (each below their regulatory caps of 30 percent), and 49 percent expended for homeless shelter operating costs.

The final Performance Measure rule was published in the Federal Register March 7, 2006, and became effective March 13, 2006. A review of performance measure information for 2008 projects in IDIS indicates that the State of Montana is in compliance with the regulation.

Part II. Summary of Grantee Performance

Affirmatively Furthering Fair Housing

The CAPER provides good information on the current Analysis of Impediments (AI) to Fair Housing Choice that was updated in 2004. The AI identified six (6) impediments that are addressed in the CAPER including actions the State is taking to overcome the impediments.

We are interested in the education and coordination objectives provided on page 65 of the CAPER and if any of the actions listed for each objective have actually been implemented. The report indicates that these actions represent the strategies that the Montana Department of Commerce is considering for the five year consolidated plan term but does not indicate whether actions have been taken and what the outcomes, if any, there have been. It would be informative to include the actual actions taken and outcomes in the next annual report.

PY 2007 Timeliness

The Line of Credit Control System (LOCCS) shows that the State of Montana had 1.74 times the current CDBG grant in unexpended funds which is well below the 2.5 goal for the State CDBG program.

The 1974 Housing and Community Development Act (HCDA) at §105(a)(8) limits the amount of CDBG funds that a state can expend for public service activities to 15 percent of the grant amount. During the report year the State of Montana allocated less than 1 percent of CDBG funds to public service activities. Likewise regulations at 24 CFR 570.489 (B)(3) limits the amount of funds that can be used for the administration of the grant by the state and its funded units of general local

government to 20 percent of the aggregate amount of the annual grant. The Financial Summary report indicates that Montana expended less than 13 percent, well below the cap.

The SNAPSHOT of HOME Program Performance dated June 30, 2009, ranks the State eight overall out of 51 participating state jurisdictions in areas of performance such as HOME funds committed and disbursed. The SNAPSHOT also indicates that over 89 percent of the renters assisted with HOME funds had incomes at 50 percent or less of the area median income.

The HOME Deadline Compliance Status Report confirms that Montana remains in compliance with the two year commitment and five year disbursement of HOME funds deadlines with 100 percent of the 2006 fund committed to projects and 100 percent of 2003 HOME funds disbursed.

Part III. HUD Evaluation and Conclusions

A. OVERALL EVALUATION

The State of Montana continues to be a high performer with the disbursement of CDBG and HOME funds to communities that utilize the funds to assist low- and moderate income residents. We encourage the state to continue with fair housing education and out reach in the area and coordination between affordable housing providers.

B. CONCLUSIONS AND FINDINGS

Community Planning and Development, Rocky Mountains, Denver, has reviewed available facts and data pertaining to the performance of the State of Montana, for its Consolidated Plan and the formula Community Planning and Development Programs specified in that Plan (Community Development Block Grant , HOME Investment Partnership Act, and Emergency Shelter Grant) during the period specified above. Based on the overall review record and the information summarized above, CPD makes the following findings:

1. During the period specified above, the State of Montana carried out its program substantially as described in its Consolidated Plan as approved and amended.
2. The Consolidated Plan, as implemented, complies substantially with the requirements of applicable laws and regulations.
3. The State of Montana has the continuing capacity to carry out its approved program in a timely manner.

Part IV. APPROVAL

SUMMARY PREPARED BY

Ronald Blair CPD Representative 8/18/09
Name Title Date

REVIEW AND CONCURRENCE

Karen Clark Program Manager 9/3/2009
Name Title Date

APPROVAL

LeRoy P. Brown Director, CPD 9/8/09
Name Title Date

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