

# U. S. Department of Housing and Urban Development



Community Planning and Development

Region VIII, Denver  
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Denver, Colorado 80202-4801

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**AUG 05 2010**

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

**RECEIVED**  
**AUG 09 2010** *JK*  
**DOC HOUSING**

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 2009 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 however we do have two concerns relative to job reporting as provided in the enclosed Assessment.

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, 2009, through March 31, 2010, 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,

A handwritten signature in cursive script that reads "LeRoy P. Brown". The signature is written in black ink and is positioned above the printed name and title.

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, 2009 thru March 31, 2010

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 5th year and final 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 (LMI). Consistent with the primary objective, not less than 70 percent of CDBG funds received by the grantee are to be used for activities that benefit persons of low- and moderate-income. The State expended 99.7 percent of the CDBG funds on activities benefiting LMI persons in the current program year (PY), well above the regulatory requirement.

The State continues to do a good job of disbursing the CDBG allocation to local governments for a variety of activities including housing activities, planning grants, public facility improvements, and economic development. The availability of accomplishment data for the 2009 program year is limited in the PR28 IDIS report; however, the report indicates that 65 jobs were created. The same report also shows that an estimated 532 persons will be assisted with water and sewer improvements in their communities; and an approximate 154 persons will be assisted with improvements to medical related facilities, and 14 households were assisted with the rehabilitation of their homes.

We have two concerns with job creation activities as reported in IDIS. The first concern is the number of low/moderate income jobs created through IDIS activity 3822, for funding provided to Lake County for Triple B Logging and Fabrication. The PR28 report shows 12 jobs were created to-date and 6 of those jobs were taken by persons who were not low/moderate income and, therefore, not meeting the low/moderate income National Objective. CDBG regulations at 24 CFR § 570.483(4)(1), job creation or retention activities, provide that at least 51 percent of the jobs, computed on a full time equivalent basis, involve the employment of low- and moderate-income persons.

The second concern is IDIS activity 3873, for funding provided to the city of Malta for the Hi-Line Retirement Center. The PR28 report indicates that 55 jobs are projected to be retained through the activity. The accomplishment data shows that 111 jobs have been retained/created, twice as many as proposed. It appears the same positions may be counted twice; see annual accomplishment data for the 2010 and 2009 years. Jobs should be reported once and as stated above, should be computed on a full time equivalent basis.

We also suggest that the IDIS activity 3815 matrix code should be changed to 03A Senior Centers if primarily for senior citizens or 03B if primarily for the disabled. The matrix code for activity 3820, city of Baker, is 14A for single unit rehabilitation; however, it is clearly stated in the description of the activity that it includes the demolition of five vacant structures using CDBG funds. Demolition and single family rehabilitation are two separate activities. The National Objective for demolition is determined by the end use of the property. The two activities can be funded under the same project.

The HOME program provided a variety of affordable housing activities throughout Montana. The IDIS PR23 report indicates that 62 persons were provided rental assistance, 50 persons were provided with first time homebuyer assistance, and 23 homeowners were assisted with housing rehabilitation activities.

According to accomplishment data provided in the IDIS PR19 report for ESG funds the State and the local Human Resource Development Councils are doing a good job of providing front line assistance to the homeless and near homeless. The report shows that 1,311 adults and children were assisted with homeless prevention activities and 8,767 persons benefited from ESG funding that supported the operations of homeless facilities and provision of essential services.

## **Part II. Summary of Grantee Performance**

### **Affirmatively Furthering Fair Housing**

The State provides good information on the Analysis of Impediments (AI) to Fair Housing Choice updated 2004. The CAPER identified the six impediments provided in the AI and the actions the State is taking through education and coordination.

We appreciate the information provided on the outreach activities and education efforts the State has taken to address the impediments and we agree that the State is taking appropriate actions to promote fair housing choice.

Thank you for including information on AI updated in 2009 for the five year Consolidated Plan beginning April 1, 2010. It is interesting that the number of impediments increased from the six in the previous AI to ten impediments in the current AI.

### PY 2009 Timeliness

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 no 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 approximately 11 percent, well below the cap.

The SNAPSHOT of HOME Program Performance dated June 30, 2010, ranks the State 7<sup>th</sup> overall out of 51 participating state jurisdictions in areas of performance such as HOME funds committed and disbursed. The SNAPSHOT also indicates that over 56 percent of renters assisted with HOME funds have incomes at or below 30 percent of the area median income (AMI) and 89 percent had incomes at or below 50 percent or less of AMI, meeting the requirement that 90 percent of total households assisted through rental program have income that are lower than 60 percent of AMI.

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 2008 fund committed to projects and 100 percent of 2005 HOME funds disbursed.

The PR19 IDIS report, ESG Grantee Activity Summary for the 2009 program year, showed that 12 percent of the grant funds were expended for essential services, 28 percent expended for homeless prevention (each below their regulatory caps of 30 percent), and 4 percent expended for the administration of the grant which is below the 5 percent cap

Some of the information in the PR19 appears to be inaccurate. We suggest reviewing the information in IDIS to ensure that all ESG funds were obligated within the regulatory 180 day period from the date HUD signed the funding agreement.

### **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 and the information summarized above, CPD makes the following findings:

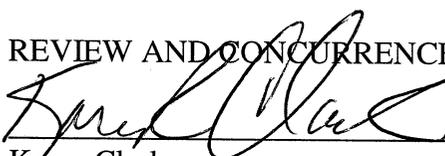
1. During the period specified above, the State of Montana carried out its program substantially as described in its Consolidated Plan as approved and amended.
2. The Consolidated Plan, as implemented, complies substantially with the requirements of applicable laws and regulations.
3. The State of Montana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

**Part IV. APPROVAL**

SUMMARY PREPARED BY

 CPD Representative 7/27/10  
 Name Title Date

REVIEW AND CONCURRENCE

 8/2/2010  
 Karen Clark Program Manager Date

APPROVAL

 8/4/10  
 LeRoy Brown Director, CPD Date