

# State of Montana 2010 ANNUAL ACTION PLAN EXECUTIVE SUMMARY



*Governor Brian Schweitzer*

## Investing in Montana's Communities

### DEPARTMENT OF COMMERCE

*Anthony Preite, Director*

Community Development Block Grant Program  
Home Investment Partnerships Program

### DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

*Anna Whiting-Sorrell, Director*

Emergency Shelter Grant Program

For the Plan Year  
April 1, 2010  
through  
March 31, 2011

As approved by HUD

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# 2010 ANNUAL ACTION PLAN

## EXECUTIVE SUMMARY

### INTRODUCTION

This Executive Summary is being provided pursuant to the March 13, 2006 revisions to the Consolidated Plan regulations (24 CFR part 91). Those regulations require that an Executive Summary be prepared and must include:

- A summary of the citizen participation and consultation process
- Objectives and outcomes and an evaluation of past performance
- Summary of comments on the plan and responses to comments

The Montana Department of Commerce (MDOC) is the lead agency overseeing the development of the Consolidated Plan. This Annual Action Plan is for the 12-month period beginning April 1, 2010 and ending March 31, 2011 (federal fiscal year 2010) and is designed to meet the requirements set forth by the U.S. Department of Housing and Urban Development (HUD). Each year, Montana submits an action plan illustrating how the HUD Community Planning and Development (CPD) resources it receives will be utilized to improve communities throughout the state. Information on Montana's Consolidated Plan can be accessed at [http://housing.mt.gov/Hous\\_CP.asp](http://housing.mt.gov/Hous_CP.asp).

The Annual Action Plan, developed with the input of citizens and community groups, serves as the state's application for funds available through the three HUD formula grant programs that are administered by the state of Montana:

- The Community Development Block Grant (CDBG) Program, administered by the Community Development and Business Resources Divisions of the MDOC;
- The HOME Investment Partnerships (HOME) Program, administered by the Housing Division of the MDOC; and
- The Emergency Shelter Grant (ESG) Program, administered by the Human and Community Services Division of the Montana Department of Public Health and Human Services (MDPHHS).

<b>FFY 2010 Funds*</b>	<b>Formula Grant Program</b>
\$ 6,861,827	Community Development Block Grant Program
\$ 4,715,298	Home Investment Partnerships Program
\$ 400,013	Emergency Shelter Grant Program
<b>\$ 11,977,138</b>	<b>Totals</b>

\* Estimates based on FFY 2009 HUD allocations; FFY 2010 allocations unknown at time of Plan submission

This Action Plan includes information about the overall goals and objectives for the coming year with a description of the available resources and proposed actions to address identified needs. In addition, it includes information about the specific activities

and allocation of resources available for the three federal block grant programs covered by Montana's Consolidated Plan.

The state's overall goals include:

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

The primary objective of the CDBG Program is to develop viable communities by providing decent housing; providing a suitable living environment; and expanding economic opportunities that principally benefit low- and moderate-income (LMI) persons (persons at or below 80 percent of the area median income). The CDBG Program will assist communities to expand affordable housing and economic opportunities, provide infrastructure, and improve public facilities. With the participation of its citizens, communities can devote funds to a wide range of activities that best serve their own particular community development needs and priorities.

The purpose of the HOME Program is to expand the supply of affordable housing for low- and very low-income households (persons at or below 80 percent of the area median income). The HOME Program distributes funds to communities and nonprofit community housing development organizations (CHDOs) around the state for acquisition, rental rehabilitation, new construction of multi- and single-family housing, tenant based rental assistance, homeowner rehabilitation, and homebuyer assistance.

ESG funds are distributed to Montana's 10 Human Resource Development Councils (HRDC). The HRDCs use the funds at the local level to meet the needs of the homeless or those at risk of becoming homeless.

## **SUMMARY OF CONSOLIDATED PLAN REVISIONS FOR 2010**

The revisions that are included in the Consolidated Plan 2010 Annual Action Plan are summarized below.

### **Community Development Block Grant Program**

- The Business Resources Division (BRD) increased the funding limit for Economic Development Planning grants to \$25,000, from \$15,000

- The Community Development Division (CDD), CDBG Housing and Public Facilities did not have any significant changes for the CDBG Economic Development Program for plan year 2010

## Home Investment Partnerships Program

For plan year 2010, the HOME Program made points of clarification and other changes:

- ✓ Clarified that CHDOs can submit and receive funding for only one application per program/funding year in each county that it operates.
- ✓ Limited eligible activities under TBRA (Tenant Based Rental Assistance) to providing one-time security deposits to qualified voucher-assisted tenant base section 8 tenants under a two-year pilot project. The HOME program will set aside \$500,000 in 2010 and 2011 for PHAs (public housing authorities) to access on a first-come first-serve, noncompetitive basis. Except for PHAs in entitlement cities administering vouchers for MDOC could access the TBRA funds for those voucher holder, PHAs operating in entitlement cities are not qualify to participate.
- ✓ Adopted guidance for homebuyer assistance projects to ensure HOME funds are utilized as gap financing and are leveraged with other funding sources. Grantees are required to add the following components to their management plans:
  - *Define the maximum loan-to-value on all project debt. If there is a minimum loan-to-value to ensure that applicants are not over-subsidized, describe.*
  - *Describe the method your organization will use to determine the amount of HOME funds each participant will receive. Provide an explicit description as to how down payment, closing cost, and rehabilitation amounts (as applicable) will be determined. Include the following items in the description*
    - *Explain how you will ensure the purchase price of the assisted home does not exceed the purchase price limit as set by HUD.*
    - *Define the maximum amount of home subsidy that will be available to each homebuyer. Explain and justify how the maximum amount was established. Note: In no case may the amount of HOME subsidy exceed the HOME per-unit subsidy limit, based on the number of bedrooms, as determined by HUD*
    - *Explain how “front end” and “back end” ratios will be used when determining the amount of the mortgage debt a household can reasonably incur. Explain how you will demonstrate to the HOME Program that these ratios have been taken into consideration when determining the amount of HOME assistance provided.*
    - *“Front End” Ratio: Ensure that the lender finances minimum of 28% of the borrower’s gross household income, up to a maximum of 32% of the borrower’s gross household income; i.e., the total monthly payment, including principal, interest, taxes and insurance (PITI) must be between 28% and 32% of the household’s gross monthly income. Under special, limited conditions and circumstances and only with the approval of the grantee’s loan review*

*committee or other oversight board, the front-end ratio may be reduced to 26% or raised to 36%. If applicable, describe and justify under what special conditions and circumstances the “exception” ratios may be used.*

- *“Back End” Ratio: The household’s total debt, after taking into consideration PITI, may not exceed 42% of the household’s gross income. In some cases, this may mean a borrower may not qualify for assistance until the excess debt is paid down or otherwise consolidated.*
- *Explain how you will ensure all assisted homebuyers contribute a minimum of 1% of the first mortgage amount. Describe how you will ensure applicants make the maximum contribution possible, while using the HOME funds to fill the gap*

For a full description of these changes, see the 2010 Annual Action Plan and Appendix B, Citizen Comments, available online at [http://housing.mt.gov/Hous\\_CP\\_Apps.asp](http://housing.mt.gov/Hous_CP_Apps.asp)

## OBJECTIVES AND OUTCOMES

HUD has established a performance outcome measurement system for its programs. The MDOC and MDPHHS have adopted the framework of HUD’s outcome measurement system as the foundation for establishing performance measures and outcomes for each of the three HUD formula grant programs covered by this plan.

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.

	<b>Outcome 1:</b> Availability or Accessibility	<b>Outcome 2:</b> Affordability	<b>Outcome 3:</b> Sustainability
<b>Objective 1:</b> 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)
<b>Objective 2:</b> 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)
<b>Objective 3:</b> 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 program, project, and activity funded by the three formula grant programs covered by the Annual Action Plan will meet the requirements of the framework.

It should be noted that the federal HUD funding has been declining for several years, while during the same timeframe, costs have continued to escalate due to a variety of factors. In such an environment, it becomes increasingly difficult to attempt to measure performance in light of long-term production goals, because the factors and assumptions the goals are based upon simply are not stable or constant over time. However, the performance measures and indicators still have value in that they illustrate the nature and extent of the impacts of the state’s HUD-assisted programs on Montana’s communities and residents.

**Table 3A - Summary of Specific Annual Objectives  
Plan Year 2009**

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.

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number	Actual Number	Percent Completed
<b>DH-1</b>	<b>Availability/Accessibility of Decent Housing</b>						
<b>DH-1.1</b>	Enhance the availability / accessibility of decent housing through assistance for the acquisition / new construction of rental and homeownership units for LMI households	<b>CDBG</b>	<ul style="list-style-type: none"> <li>▪ Number of units acquired and newly constructed</li> </ul>	<b>2010</b>	<b>0</b>		
				2011			
				2012			
				2013			
				2014			
<b>MULTI-YEAR GOAL</b>							
<b>DH-2</b>	<b>Affordability of Decent Housing</b>						
<b>DH-2.1</b>	Address the need for affordable decent housing by offering rehabilitation assistance to low- and very low-income homeowner households	<b>HOME</b> <b>Local Match:</b> 5% <i>minimum required</i>	<ul style="list-style-type: none"> <li>▪ Number of units rehabilitated               <ul style="list-style-type: none"> <li>▪ # of units meeting Section 504 standards</li> <li>▪ # of units qualified as Energy Star</li> </ul> </li> </ul>	<b>2010</b>	<b>40</b>		
				2011			
				2012			
				2013			
				2014			
<b>MULTI-YEAR GOAL</b>							
<b>DH-2.2</b>	Address the need for affordable decent housing by offering down payment and closing cost assistance to low and very low-income households	<b>HOME</b> <b>Local match:</b> 5% <i>min. required</i>	<ul style="list-style-type: none"> <li>▪ Number of households receiving homebuyer assistance               <ul style="list-style-type: none"> <li>▪ # of first-time homebuyers</li> <li>▪ # receiving homebuyer education/ counseling</li> <li>▪ # coming from subsidized housing</li> </ul> </li> </ul>	<b>2010</b>	<b>100</b>		
				2011			
				2012			
				2013			
				2014			
<b>MULTI-YEAR GOAL</b>							
<b>DH-2.3</b>	Address the need for affordable decent housing by offering tenant-based rental assistance (TBRA) to low- and very low-income households	<b>HOME</b> <b>Local Match:</b> 5% <i>min. required</i>	<ul style="list-style-type: none"> <li>▪ Number of households provided with rental assistance               <ul style="list-style-type: none"> <li>▪ # designated for the homeless</li> <li>▪ # for the chronically homeless</li> </ul> </li> </ul>	<b>2010</b>	<b>50</b>		
				2011			
				2012			
				2013			
				2014			
<b>MULTI-YEAR GOAL</b>							

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number	Actual Number	Percent Completed
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	<b>HOME</b>  <b>Local Match:</b> <i>5% min. required</i>	<ul style="list-style-type: none"> <li>▪ Number of rental units assisted <ul style="list-style-type: none"> <li>▪ # of units meeting Section 504 standards</li> <li>▪ # of units qualified as Energy Star</li> <li>▪ # designated for persons with HIV/AIDS</li> <li>▪ # for the chronically homeless</li> <li>▪ # designated for the homeless</li> <li>▪ # for the chronically homeless</li> </ul> </li> </ul>	2010	115		
				2011			
				2012			
				2013			
				2014			
<b>MULTI-YEAR GOAL</b>							
DH-2.5	Address the need for affordable decent housing through down payment and closing cost assistance to low- and moderate -income households	<b>CDBG</b>	<ul style="list-style-type: none"> <li>▪ Number of households receiving homebuyer assistance</li> </ul>	2010	4		
				2011			
				2012			
				2013			
				2014			
<b>MULTI-YEAR GOAL</b>							
DH-2.6	Create decent housing with improved affordability	<b>ESG</b>	<ul style="list-style-type: none"> <li>▪ Number of adults served</li> </ul>	2010	4,000		
				2011			
				2012			
				2013			
				2014			
<b>MULTI-YEAR GOAL</b>							
<b>DH-3</b>	<b>Sustainability of Decent Housing</b>						
DH-3.1	Improve the sustainability of decent housing through the rehabilitation of homeowner and rental units to benefit LMI households.	<b>CDBG</b>	<ul style="list-style-type: none"> <li>▪ Number of LMI households assisted</li> </ul>	2010	50		
				2011			
				2012			
				2013			
				2014			
<b>MULTI-YEAR GOAL</b>							
<b>SL-1</b>	<b>Availability/Accessibility of Suitable Living Environment</b>						
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	<b>CDBG</b>	<ul style="list-style-type: none"> <li>▪ Number of persons with new access to the public facility or receiving a service provided by the public facility that is no longer substandard</li> </ul>	2010	230		
				2011			
				2012			
				2013			
				2014			
<b>MULTI-YEAR GOAL</b>							

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number	Actual Number	Percent Completed
SL-1.2	Enhance the availability/accessibility of decent housing by offering new construction and rehabilitation of non-rental shelters to LMI households	CDBG	▪ Number of units constructed and rehabilitated	2010	0		
				2011			
				2012			
				2013			
				2014			
<b>MULTI-YEAR GOAL</b>							
SL-1.3	Enhance suitable living environment through availability and accessibility of emergency or transitional shelters for adults	ESG	▪ Number of adults served	2010	6,800		
				2011			
				2012			
				2013			
				2014			
<b>MULTI-YEAR GOAL</b>							
SL-1.4	Enhance suitable living environment through availability and accessibility of emergency or transitional shelters for children	ESG	▪ Number of children served	2010	353		
				2011			
				2012			
				2013			
				2014			
<b>MULTI-YEAR GOAL</b>							
<b>SL-2</b>	<b>Affordability of Suitable Living Environment</b>						
SL-2.1	Improve the affordability of suitable living environment through rehabilitation of existing or new construction of public facilities by targeting direct benefits to serve a specific LMI clientele.	CDBG	▪ 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	2010	220		
				2011			
				2012			
				2013			
				2014			
<b>MULTI-YEAR GOAL</b>							
<b>SL-3</b>	<b>Sustainability of Suitable Living Environment</b>						
SL-3.1	Improve the sustainability of suitable living environments through rehabilitation of existing public facilities to benefit a geographic area with an LMI percentage of 51% or higher.	CDBG	▪ Number of persons with improved access to the public facility or receiving a service provided by the public facility that is no longer substandard	2010	2,400		
				2011			
				2012			
				2013			
				2014			
<b>MULTI-YEAR GOAL</b>							

Specific Obj. #	Outcome/Objective	Sources of Funds	Performance Indicators	Program Year	Expected Number	Actual Number	Percent Completed
	Specific Annual Objectives						
<b>EO-1</b>	<b>Availability/Accessibility of Economic Opportunity</b>						
EO-1.1	Provide economic opportunity through improved or new availability/accessibility	CDBG	<ul style="list-style-type: none"> <li>▪ <b>Number of loans/grants</b> <ul style="list-style-type: none"> <li>▪ Number of new businesses assisted</li> <li>▪ Number of existing businesses assisted</li> <li>▪ Number of jobs created</li> <li>▪ Number of jobs retained</li> </ul> </li> </ul>	2010	1		
				2011			
				2012			
				2013			
				2014			
<b>MULTI-YEAR GOAL</b>							
<b>EO-2</b>	<b>Affordability of Economic Opportunity</b>						
EO-2.1	Provide economic opportunity through improved or new affordability	CDBG	<ul style="list-style-type: none"> <li>▪ <b>Number of loans/grants</b> <ul style="list-style-type: none"> <li>▪ Number of new businesses assisted</li> <li>▪ Number of existing businesses assisted</li> <li>▪ Number of jobs created</li> <li>▪ Number of jobs retained</li> </ul> </li> </ul>	2010	3		
				2011			
				2012			
				2013			
				2014			
<b>MULTI-YEAR GOAL</b>							
<b>EO-3</b>	<b>Sustainability of Economic Opportunity</b>						
EO-3.1	Provide economic opportunity through improved or new sustainability	CDBG	<ul style="list-style-type: none"> <li>▪ <b>Number of loans/grants</b> <ul style="list-style-type: none"> <li>▪ Number of new businesses assisted</li> <li>▪ Number of existing businesses assisted</li> <li>▪ Number of jobs created</li> <li>▪ Number of jobs retained</li> </ul> </li> </ul>	2010	3		
				2011			
				2012			
				2013			
				2014			
<b>MULTI-YEAR GOAL</b>							
<b>CR-1</b>	<b>Community Revitalization</b>						
Not applicable							
<b>O-1</b>	<b>Other</b>						
Not applicable							

## EVALUATION OF PAST PERFORMANCE

This Annual Action Plan represents the beginning of planning cycle for the April 1, 2010 through March 31, 2015.

## CITIZEN PARTICIPATION SUMMARY

Montana's Citizen Participation Plan, found in Appendix A to the Annual Action Plan, lays out the general guidelines around which the Consolidated Plan was developed and outlines methods for citizens to guide and assist the state in formulating the plan. The objective of the Citizen Participation Plan is to ensure that Montana citizens are given the opportunity to and are encouraged to participate in planning for and preparing the Five-Year Consolidated Plan, the Annual Action Plans, including amendments to the plan, and the Consolidated Annual Performance and Evaluation Reports. All interested parties are urged to participate, but a special emphasis is placed on participation by the following groups:

- low- and moderate-income persons;
- low-income households living in slum and blight areas;
- units of local government;
- statewide and regional institutions and other organizations, including businesses, developers, and community and faith-based organizations;
- public and private agencies that provide assisted housing, health services, and social services; and
- public housing agencies.

The Consolidated Plan is developed through public input solicited at meetings throughout the state. Three input meetings occurred before development of the draft Consolidated Plan, thereby collecting distinct issue input and aiding policy formation. Four public input meetings after the draft documents were completed. Notification of all the meetings was made in advance of the meetings through display advertisements in major newspapers around the state, mailed notices and personal invitation letters, e-mail notices, and postings on the state's e-calendar and Consolidated Plan website. The state also provided a public comment periods were held before and after the development of the Consolidated Plan.

## ANNUAL UPDATE

This Annual Action Plan represents the beginning of planning cycle for the April 1, 2010 through March 31, 2015.