

State of Montana 2011 ANNUAL ACTION PLAN EXECUTIVE SUMMARY



Governor Brian Schweitzer

Investing in Montana's Communities

DEPARTMENT OF COMMERCE

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For the Plan Year
April 1, 2011
through
March 31, 2012

As submitted to HUD
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TABLE OF CONTENTS

EXECUTIVE SUMMARY	i
INTRODUCTION	i
SUMMARY OF CONSOLIDATED PLAN REVISIONS FOR 2011.....	ii
Community Development Block Grant Program.....	ii
Home Investment Partnerships Program.....	iii
OBJECTIVES AND OUTCOMES.....	iv
EVALUATION OF PAST PERFORMANCE	xii
CITIZEN PARTICIPATION SUMMARY	xii
ANNUAL UPDATE	xii

2011 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, 2011 and ending March 31, 2012 (federal fiscal year 2011) 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/cp/default.mcp.x>.

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).

FFY 2011 Funds*	Formula Grant Program
\$ 7,466,019	Community Development Block Grant Program
\$ 4,726,656	Home Investment Partnerships Program
\$ 401,022	Emergency Shelter Grant Program
\$ 12,593,697	Totals

* Estimates based on FFY 2010 HUD allocations; FFY 2011 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 2011

The revisions that are included in the Consolidated Plan 2011 Annual Action Plan are summarized below.

Community Development Block Grant Program

- The Community Development Division (CDD), CDBG Housing and Public Facilities did not have any significant changes for the CDBG Program for plan year 2011.

Home Investment Partnerships Program

For plan year 2011, the HOME Program made points of clarification and other changes:

- ✓ Increased the maximum HOME grant amount to **\$750,000** from \$500,000. All projects remain subject to fair share test and subsidy limit tests and to the subsidy layering guidelines to help ensure projects do not receive more HOME funds than is necessary to ensure a viable project.
- ✓ Clarified that in order to meet HUD requirements for homeowner rehabilitation activities, an architect or engineer licensed and qualified to work in Montana must identify code deficiencies before rehab activities on an owner-occupied home begins and must certify the code deficiencies were corrected after the rehab is complete.
- ✓ Clarified that in order to meet HUD requirement that the value of the HOME-assisted owner-occupied house not exceed the value established by HUD, **a qualified appraiser must establish the after rehab value of the house before rehab** starts.
- ✓ Modified HOME Program guidelines to allow Grantees the option of either submitting a competitive grant or participating in the Single Family Noncompetitive Program (both not both) if certain conditions are met.
- ✓ Modified method of distribution for the Single Family Noncompetitive Program to allow reallocation of uncommitted district funds to the statewide pool from the individual districts after six (6) months or on January 1, whichever comes first, instead of the current 12 months after allocation of funds to the four districts.
- ✓ For the Single Family Noncompetitive Program, the HOME Program implemented, on a trial basis, a limited reservation system as follows: When uncommitted funds in any given district fall below 25% of the total funds originally available in the district, the HOME Program will accept reservations from that district. Reservations would be accepted on a first-come first serve basis from any district(s) with uncommitted funds of less than 25%.
- ✓ Clarified that for homebuyer assistance activities, draw requests, including applicable back-up documentation, must be submitted to the HOME program within four (4) weeks of the loan closing.
- ✓ Clarified that in order to retain and use program income and/or recaptured funds, a Grantee either must be a qualified entity for the Single Family Noncompetitive Program or must have an open competitive HOME grant. If a recipient of HOME-funded program income and/or recaptured funds is not a qualified entity and does not have an open competitive grant (subject to the maximum allowable grant amount), the Grantee must return the HOME funds to the MDOC for redistribution through normal HOME Program processes. Also clarified that program income and/or recaptured funds from homebuyer, homeowner, or other activities must come back to the original Grantee, and may not be assigned to a third party.

- ✓ Homebuyers receiving HOME funds for down payment assistance will be required to use a Montana Board of Housing (MBOH) regular bond or set-aside loan for their permanent mortgage. Exceptions to this requirement will be granted. Programs such as Habitat for Humanity, RD Mutual Self Help, RD 502 Direct Loans, and other similar loans will be placed on an “exception list” and will be eligible on an ongoing basis.
- ✓ Unless otherwise approved by the HOME Program, matching funds for homebuyer assistance will be limited to:
 - 25% of the face value of a Montana Board of Housing loan. (Use of an MBOH loan for permanent financing maximizes the match generated for the overall program.)
 - Sweat Equity
 - Volunteer Labor or Services
 - Federal Home Loan Bank Home \$tart Funds
 - Individual Development Accounts (IDA)

Go to <http://housing.mt.gov/CP/cpdocuments.mcp> for the 2011 Annual Action Plan and Appendix B, Citizen Comments for a full description of these changes. Also see the HOME Happenings webpage, <http://housing.mt.gov/HM/hmhappenings.mcp>, for further discussion of the changes.

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.

	<u>Outcome 1:</u> Availability or Accessibility	<u>Outcome 2:</u> Affordability	<u>Outcome 3:</u> Sustainability
<u>Objective 1:</u> 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)
<u>Objective 2:</u> 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)
<u>Objective 3:</u> 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 2011**

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
DH-1	Availability/Accessibility of Decent Housing						
DH-1.1	Enhance the availability / accessibility of decent housing through assistance for the acquisition / new construction of rental and homeownership units for LMI households	CDBG	<ul style="list-style-type: none"> ▪ Number of units acquired and newly constructed 	2010	0		
				2011	0		
				2012			
				2013			
				2014			
MULTI-YEAR GOAL							
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 Local Match: 5% <i>minimum required</i>	<ul style="list-style-type: none"> ▪ Number of units rehabilitated <ul style="list-style-type: none"> ▪ # of units meeting Section 504 standards ▪ # of units qualified as Energy Star 	2010	40		
				2011	40		
				2012			
				2013			
				2014			
MULTI-YEAR GOAL							
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 Local match: 5% min. <i>required</i>	<ul style="list-style-type: none"> ▪ Number of households receiving homebuyer assistance <ul style="list-style-type: none"> ▪ # of first-time homebuyers ▪ # receiving homebuyer education/ counseling ▪ # coming from subsidized housing 	2010	100		
				2011	100		
				2012			
				2013			
				2014			
MULTI-YEAR GOAL							
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 Local Match: 5% min. <i>required</i>	<ul style="list-style-type: none"> ▪ Number of households provided with rental assistance <ul style="list-style-type: none"> ▪ # designated for the homeless ▪ # for the chronically homeless 	2010	50		
				2011	50		
				2012			
				2013			
				2014			
MULTI-YEAR GOAL							

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	HOME Local Match: <i>5% min. required</i>	<ul style="list-style-type: none"> ▪ Number of rental units assisted <ul style="list-style-type: none"> ▪ # of units meeting Section 504 standards ▪ # of units qualified as Energy Star ▪ # designated for persons with HIV/AIDS ▪ # for the chronically homeless ▪ # designated for the homeless ▪ # for the chronically homeless 	2010	115		
				2011	115		
				2012			
				2013			
				2014			
MULTI-YEAR GOAL							
DH-2.5	Address the need for affordable decent housing through down payment and closing cost assistance to low- and moderate -income households	CDBG	<ul style="list-style-type: none"> ▪ Number of households receiving homebuyer assistance 	2010	4		
				2011	4		
				2012			
				2013			
				2014			
MULTI-YEAR GOAL							
DH-2.6	Create decent housing with improved affordability	ESG	<ul style="list-style-type: none"> ▪ Number of adults served 	2010	4,000		
				2011	6,000		
				2012			
				2013			
				2014			
MULTI-YEAR GOAL							
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.	CDBG	<ul style="list-style-type: none"> ▪ Number of LMI households assisted 	2010	50		
				2011	50		
				2012			
				2013			
				2014			
MULTI-YEAR GOAL							
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	CDBG	<ul style="list-style-type: none"> ▪ Number of persons with new access to the public facility or receiving a service provided by the public facility that is no longer substandard 	2010	230		
				2011	230		
				2012			
				2013			
				2014			
MULTI-YEAR GOAL							

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	0		
				2012			
				2013			
				2014			
MULTI-YEAR GOAL							
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	6,800		
				2012			
				2013			
				2014			
MULTI-YEAR GOAL							
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	353		
				2012			
				2013			
				2014			
MULTI-YEAR GOAL							
SL-1.5	Enhance suitable living environment through availability and accessibility of the central services for the homeless.	ESG	▪ Number of individuals assisted with essential services: such as shelter, food and individual support services.	2010			
				2011	200		
				2012			
				2013			
				2014			
MULTI-YEAR GOAL							
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 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	220		
				2012			
				2013			
				2014			
MULTI-YEAR GOAL							

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number	Actual Number	Percent Completed
SL-3	Sustainability of Suitable Living Environment						
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	<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 	2010	2,400		
				2011	2,400		
				2012			
				2013			
				2014			
MULTI-YEAR GOAL							
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.	ESG	<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. 	2010			
				2011	23		
				2012			
				2013			
				2014			
MULTI-YEAR GOAL							
EO-1	Availability/Accessibility of Economic Opportunity						
EO-1.1	Provide economic opportunity through improved or new availability/accessibility	CDBG	<ul style="list-style-type: none"> ▪ Number of loans/grants <ul style="list-style-type: none"> ▪ Number of new businesses assisted ▪ Number of existing businesses assisted ▪ Number of jobs created ▪ Number of jobs retained 	2010	1	1	
				2011	1	1	
				2012			
				2013			
				2014			
MULTI-YEAR GOAL							
EO-2	Affordability of Economic Opportunity						
EO-2.1	Provide economic opportunity through improved or new affordability	CDBG	<ul style="list-style-type: none"> ▪ Number of loans/grants <ul style="list-style-type: none"> ▪ Number of new businesses assisted ▪ Number of existing businesses assisted ▪ Number of jobs created ▪ Number of jobs retained 	2010	3	3	
				2011	3	3	
				2012			
				2013			
				2014			
MULTI-YEAR GOAL							

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

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. Two input meetings occurred before development of the draft Consolidated Plan, thereby collecting distinct issue input and aiding policy formation. Two public input meetings/webinars were held 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 period 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, 2011 through March 31, 2012.