



State of Montana Annual Action Plan Amendment

April 1, 2015 through March 31, 2016



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Table of Contents

Introduction 1

AP-30 Method of Distribution..... 2

AP-85 Other Actions 9

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2015-2016 Annual Action Plan Amendment

Introduction

The Montana Department of Commerce is proposing modifications to the 2015-2016 Annual Action Plan, and considers the changes noted within this amendment, within in specific sections, to be a substantial amendment. These changes modify two areas of the 2015-2016 Annual Action Plan: 1. Method of Distribution AP-30, to modify the ceiling of HOME funds; and 2. Other Actions AP-85, to modify the actions the state is taking to assist with lead-based paint regulations. Edits to these sections are noted through strikethrough (for deleted narrative) and underline (for added narrative).

Commerce followed the existing Citizen Participation Plan to accept comments on these proposed modifications. The Public Comment period for the Draft 2015-2016 Annual Action Plan Amendment was March 3, 2016 through April 4, 2016. A public hearing was scheduled for March 25, 2016. The public meeting was held at Commerce, 301 South Park Ave. Helena, MT. Please visit the website at <http://commerce.mt.gov/conplan> or contact DOCConPlan@mt.gov for details.

The public hearing was announced through the Commerce website, listserv, and multiple newspapers across the state. Five (5) people attended the public hearing in person and eight (8) people attended the public hearing via webinar/teleconference. Once the public comment period ended a record of the public hearing transcript was made available through the website above. These comments were considered and responses provided in Appendix A of this document. All comments were taken into consideration during the development of the 2015-2016 Annual Action Plan Amendment.

Method of Distribution

AP-30 Method of Distribution

Introduction:

The Methods of Distribution are identified for CDBG, HOME, and ESG for Plan Year One. For purposes of providing more detailed information, the IDIS eCon Planning Suite System distribution method table has been supplemented and reformatted in order to provide the public with a clearer picture of the State of Montana's Methods of Distribution for Plan Year One.

Distribution Methods

Community Development Block Grant Program (CDBG)

CDBG funds will be used for various activities authorized in Section 105(a) of the amended 1974 Housing and Community Development Act that meet national CDBG objectives. Projects are funded in order to meet the CDBG National Objective to benefit low- and moderate-income persons.

The State of Montana annually certifies that not less than 70% of the aggregate funds received during a 3-year period (as identified to HUD) shall be used for activities benefitting low and moderate income (LMI) persons. CDBG funds are distributed throughout the state's non-entitlement areas (outside Billings, Great Falls, and Missoula) and targeted for activities that serve LMI persons. Projects funded with CDBG resources typically provide a community-wide benefit.

In awarding CDBG funds, the State attempts to balance the need for providing jobs and suitable places to live. Funds are reserved in each category based on a percent of the total funds available for distribution to local governments. The State is allowed \$100,000 plus 3% of the State grant for administration and technical assistance in accordance with HUD regulations. The State is also allowed 3% of the program income received by units of general local government (whether retained by the unit of general local government or paid to the State) and funds reallocated by HUD to the State.

To achieve the most effective and efficient use of CDBG funds, Director of the Department of Commerce may reallocate up to 15% of the total CDBG allocation among Public Facility, Housing and Neighborhood Renewal, or Economic Development grant categories, depending upon needs in the State during the Plan Year. A reallocation of more than 15% of the total allocation, or the creation or elimination of a grant category, will be considered a substantial amendment to the Action Plan, and would require further steps as identified within the Citizen Participation Plan section of the Consolidated Plan. Reallocations may also be made of any remaining balances within a grant category within the last three months of a 15-month obligation deadline in order to meet the HUD Timely Distribution requirement.

State Program Name: CDBG Housing and Neighborhood Renewal

Funding Sources: CDBG

Describe the State Program addressed by the Method of Distribution: Within the Priority Need to Preserve and Construct Affordable Housing, CDBG funds are utilized for the acquisition and new construction of rental or homeownership units, rehabilitation of rental or homeownership units, and down payment and closing cost assistance made available to LMI persons at or below 80% of the Area Median Income.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria: The CDBG Housing and Neighborhood Renewal category is administered by the Community Development Division within Commerce. Commerce uses the Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs for CDBG Housing and Neighborhood Renewal applications. CDBG Housing and Neighborhood Renewal funds are only available for non-entitlement units of general local government. The CDBG Housing and Neighborhood Renewal ranking criteria are listed below and indicate the maximum score that can be obtained for each:

	Maximum Possible Points
Community Planning	175
Need for Project	175
Project Strategy	150
Community Efforts and Citizen Participation	100
Benefit to Low and Moderate Income Persons	150
Implementation and Management	175
TOTAL MAXIMUM POSSIBLE POINTS	925

If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only): CDBG Grant Program applications, grant application guidelines, the project grant administration manual, and other relevant information and resources are available on the Commerce website at <http://comdev.mt.gov/CDBG/default.mcp.x>.

Describe how resources will be allocated among funding categories: For Plan Year One, the State of Montana will allocate \$1,000,000 in CDBG resources to CDBG Housing and Neighborhood Renewal activities. The Housing and Neighborhood Renewal award amount is based on beneficiary data of the project area, the feasibility and need for the activity, and the availability of other federal or state resources for the activity.

Describe threshold factors and grant size limits. Each project funded must meet the CDBG National Objective of benefiting low to moderate (LMI) income persons. Up to \$450,000 in CDBG funds may be awarded per project for project activity.

Anticipated Outcome Measure: 12 rental or homeowner units will be constructed; 12 rental or homeowner units will be rehabilitated; and 5 homebuyers will be assisted

State Program Name: CDBG Public Facilities

Funding Sources: CDBG

Describe the State Program addressed by the Method of Distribution: Within the Priority Needs to

Improve and Sustain Public Infrastructure and Reduce Homelessness, CDBG funds are utilized to construct new or rehabilitate existing public infrastructure or community service facilities to benefit geographical areas with an LMI percentage of 51% or higher, or direct benefits to persons of LMI.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria: The CDBG Public Facilities category is administered by the Community Development Division within Commerce. For public infrastructure projects, Commerce uses the Uniform Application for Montana Public Facility Projects. CDBG Public Facility funds are only available for non-entitlement units of general local government. The CDBG Public Facility ranking criteria are listed below and indicate the maximum score that can be obtained for each:

	Maximum Possible Points
Community Planning	175
Need for Project	175
Project Strategy	150
Community Efforts and Citizen Participation	100
Need for Financial Assistance	200
Benefit to Low and Moderate Income Persons	150
Implementation and Management	175
TOTAL MAXIMUM POSSIBLE POINTS	1,125

If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only): CDBG Grant Program applications, grant application guidelines, the project grant administration manual, and other relevant information and resources are available on the Commerce website at <http://comdev.mt.gov/CDBG/default.mcp.x>.

Describe how resources will be allocated among funding categories: For Plan Year One, the State of Montana will allocate \$2,000,000 in CDBG resources to CDBG Public Facilities activities. The Public Facilities allocation amount is based on beneficiary data of the project area, the feasibility and need for the activity, and the availability of other federal or state resources for the activity.

Describe threshold factors and grant size limits. Each project funded must meet the CDBG National Objective of benefiting low to moderate (LMI) income persons. Up to \$450,000 in CDBG funds may be awarded per project for project activity.

Anticipated Outcome Measure: 1,000 LMI households will be served with new or rehabilitated public infrastructure systems; 5 units of non-rental shelter will be constructed or rehabilitated

State Program Name: CDBG Economic Development

Funding Sources: CDBG

Describe the State Program addressed by the Method of Distribution: Within the Priority Needs to Revitalize Local Economies, CDBG funds are utilized to make loans or grants to businesses for acquisition, construction, installation, or rehabilitation of commercial and industrial buildings, facilities, equipment, or working capital, or train employees.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria: The CDBG Economic Development category is administered by the Community Development

Division within Commerce. CDBG Economic Development applications are reviewed and ranked according to the applicant's ability to demonstrate that 51% or more of the jobs created or retained are held by or will be filled by qualified persons with LMI, document an areawide benefit, or exclusively serve a specific limited clientele.

If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only): CDBG Grant Program applications, grant application guidelines, the project grant administration manual, and other relevant information and resources are available on the Commerce website at <http://comdev.mt.gov/CDBG/default.mcp.x>.

Describe how resources will be allocated among funding categories: For Plan Year One, the State of Montana will allocate \$1,500,000 in CDBG resources to CDBG Economic Development activities. The Economic Development allocation amount is based on beneficiary data of the project area, the feasibility and need for the activity, and the availability of other federal or state resources for the activity.

Describe threshold factors and grant size limits. Each project funded must meet the CDBG National Objective of benefiting low to moderate (LMI) income persons. Up to \$400,000 in CDBG funds may be awarded per project for project activity.

Anticipated Outcome Measure: 20 jobs will be created or retained; four businesses assisted; one facade treatment or business building rehabilitation will be completed; and .5 acres brownfields remediated.

State Program Name: CDBG Housing, Public Facilities, and Economic Development Planning Grants

Funding Sources: CDBG

Describe the State Program addressed by the Method of Distribution: Within the Priority Needs to Plan for Communities, CDBG funds are utilized to engage in comprehensive planning, downtown master planning, business development planning, market studies, preliminary architectural reports, asset management, needs analysis, preliminary engineering, and other studies or plans that support the sustainability of local communities, affordable housing, public works investments, vital employment centers, and the environment.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria: The CDBG Planning category is administered by the Community Development Division within Commerce. CDBG Planning applications are accepted on an on-going basis, and are reviewed and ranked according to the extent to which each applicant's proposal addresses the State of Montana's priority needs as set for in the Consolidated Plan and this Action Plan.

If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only): CDBG Grant Program applications, grant application guidelines, the project grant administration manual, and other relevant information and resources are available on the Commerce website at <http://comdev.mt.gov/CDBG/default.mcp.x>.

Describe how resources will be allocated among funding categories: For Plan Year One, the State of Montana will allocate \$500,000 in CDBG resources to CDBG Planning activities. The Planning allocation amount is based on beneficiary data of the project area, the feasibility and need for the activity, and the availability of other federal or state resources for the activity.

Describe threshold factors and grant size limits. Each project funded must meet the CDBG National Objective of benefiting low to moderate (LMI) income persons. Up to \$50,000 in CDBG funds may be awarded per project for project activity.

Anticipated Outcome Measure: Not applicable.

State Program Name: HOME Single-Family Noncompetitive

Funding Sources: HOME

Describe the State Program addressed by the Method of Distribution: Within the Priority Needs to Preserve and Construct Affordable Housing, HOME funds are provided to HRDC and CHDO subrecipients to local governments that apply for funding with housing partners to provide down payment and closing cost assistance, within the maximum amounts established annually in the HOME Administrative Manual, to low-income homebuyers to help them purchase a home. Assisted homebuyers must complete homebuyer education and counseling, and the purchased home must meet universal physical conditions standards (UPCS). The purchase price for the property cannot exceed HUD purchase-price limits and strict resale or recapture provisions are placed on the HOME-assisted units for the period of affordability.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria: Those applicants that can demonstrate compliance with the HOME regulations and requirements for homebuyer down payment and closing cost assistance are eligible for HOME funds. HOME Program applications, grant application guidelines, the project grant administration manual, and other relevant information and resources are available on the Commerce website at <http://comdev.mt.gov/Programs/HOME>.

Describe how resources will be allocated among funding categories: For Plan Year One, the State of Montana will allocate \$500,000 in HOME resources to HOME Single-Family Noncompetitive activities. The Single-Family Noncompetitive allocation amount is based on beneficiary data of the project area, the feasibility and need for the activity, and the availability of other federal or state resources for the activity.

Describe threshold factors and grant size limits. All funded Single-Family Noncompetitive activities must meet HOME requirements. Up to \$40,000 in HOME funds may be awarded per homeowner for down payment and closing cost assistance as allowed by program regulations.

Anticipated Outcome Measure: 45 homebuyers will be assisted with downpayment and closing cost assistance.

State Program Name: Competitive HOME Program

Funding Sources: HOME

Describe the State Program addressed by the Method of Distribution: Within the Priority Needs to Preserve and Construct Affordable Housing and Reduce Homelessness, HOME funds can be used to acquire, rehabilitate, or construct affordable rental units, homeownership units, or permanent or temporary housing for homeless individuals or youth. The purchase price for the property cannot exceed HUD purchase-price limits, strict resale and recapture provisions are placed on the HOME-assisted units for the period of affordability, and HUD-established HOME rents are used for each HOME-assisted unit. The

Department will set aside a minimum of 15% of HOME funds for units of local government that will apply for funding for activities sponsored, developed, or owned by Community Housing Development Organizations (CHDOs). CHDO-partnered applicants will receive first consideration on eligible projects that meet the criteria of the Competitive HOME Program.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria: Those applicants that can demonstrate project compliance with the HOME regulations and requirements are eligible for HOME funds. HOME Program applications, grant application guidelines, the project grant administration manual, and other relevant information and resources are available on the Commerce website at <http://comdev.mt.gov/Programs/HOME>.

Describe how resources will be allocated among funding categories: For Plan Year One, the State of Montana will allocate \$2,500,000 in HOME resources to HOME Competitive activities. The Competitive HOME allocation amount is based on beneficiary data of the project area, the feasibility and need for the activity, and the availability of other federal or state resources for the activity.

Describe threshold factors and grant size limits. All funded Competitive HOME activities must meet HOME requirements. The amount of grant ceiling will be determined through underwriting criteria and subsidy limit determinations reviewed during the application process. No grant will be awarded that exceeds the HOME maximum subsidy limit as established by HUD.

Anticipated Outcome Measure: 13 rental or homeowner units will be constructed; 13 rental or homeowner units will be rehabilitated; and 5 units of permanent or temporary housing for homeless individuals or youth will be constructed or rehabilitated

State Program Name: ESG Program

Funding Sources: ESG

Describe the State Program addressed by the Method of Distribution: Within the Priority Needs to Reduce Homelessness, ESG funds will support activities that provide a comprehensive approach to address the needs of people who are homeless or at risk of homelessness in Montana. These activities are intended to: assist in the prevention and alleviation of homelessness; provide temporary and/or permanent housing for persons who are homeless; and to encourage the development of projects that link housing assistance programs with efforts to promote self-sufficiency. The MTCOC system has been developed to help ensure that people who are homeless or at risk of homelessness are able to access needed emergency shelter, street outreach, homelessness prevention, and rapid rehousing services statewide.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria: Needs assessments and strategic planning are conducted by the HRDCs to ensure the best alignment of resources available with the needs of low-income people within the services area and the agencies' ability to provide specific services and the expected outcomes. Partnerships with other organizations are considered essential to eliminate duplication of services to best meet the needs within the communities. Funding is provided to emergency shelters operating in the various service areas. Reporting of services and outcomes are submitted annually to the National Association of State Community Service Providers (NASCS) and reported to Congress as part of the Community Service Block Grant (CSBG) Program. The ESG Program Policy Manual is available on the MDPHHS website at

<http://dphhs.mt.gov/Portals/85/hcsd/documents/ESGPolicyManual.pdf>.

Describe how resources will be allocated among funding categories: For Plan Year One, the State of Montana will allocate the full ESG award of \$684,772 to ESG program activities.

Describe threshold factors and grant size limits. Activities and amounts are determined at the local level by each HRDC in accordance with the MTCOCC plan.

Anticipated Outcome Measure: 600 households will be served with rapid rehousing; 120 persons will be assisted with overnight shelter; and 600 persons assisted with homelessness prevention

Other Actions

AP-85 Other Actions

Introduction

The following are actions planned for Plan Year One and throughout the course of the Consolidated Plan period (2015-2019).

Actions planned to address obstacles to meeting underserved needs

All of the activities which will be funded under the State of Montana's CDBG, HOME, and ESG Programs will address obstacles to meeting underserved needs. The State will identify and respond to underserved needs as they arise from self-evaluation and citizen participation.

Actions planned to foster and maintain affordable housing

The State of Montana's has identified preserving and constructing affordable housing as one of its high priority needs. As set forth in the Consolidated Plan, actions planned to foster and maintain affordable housing include: developing additional rental housing; developing additional homeownership units; providing down payment assistance; providing owner-occupied rehabilitation activities, and other housing activities. These actions will be funded through the HOME and CDBG as set forth above.

Actions planned to reduce lead-based paint hazards

The State of Montana will continue to diligently support acquisition and rehabilitation activities in order to ensure that households, particularly those with children, benefitting from federal housing programs are safe from lead-based paint (LBP) hazards and comply with current requirements of Title X of the Residential Lead Based Paint Hazard Reduction Act of 1992. Both Commerce and DPHHS provide education and information on LBP hazards to parents, families, healthcare providers, grant recipients, and contractors. Commerce requires that any contractor or subcontractor engaged in renovation, repair and paint activities that disturb lead-based paint in homes, child and care facilities built before 1978 must be certified and follow specific work practices to prevent lead contamination. In addition to complying with Title X, UPCS inspections will be performed at rental properties assisted with HTF, HOME, Section 8, and other public rental properties throughout the state.

While HOME program and Housing Division staff conducting visual inspections already complete HUD's on-line Lead-Based Paint Visual Assessment Training, the Community Development Division will add this training to its employee on-boarding process to ensure that all staff involved in the funding of housing projects through the Department of Commerce are trained in identifying deteriorated paint and increased risk of the presence of LBP hazards.

Actions planned to reduce the number of poverty-level families

The State of Montana, in coordination with non-profit organizations and the private sector, can influence the chances of helping individuals and families in poverty by supporting local and regional efforts to improve family and individual incomes. All of the strategies and priorities identified in this Consolidate Plan target the improvement of economic conditions of Montanans of lower income, from the rehabilitation and construction of affordable housing, homebuyer assistance, and temporary shelter services to investment in compact, walkable development where efficiencies of public infrastructure, community services, and employment centers encourage healthy, vital, and resilient communities.

Actions planned to develop institutional structure

Gaps in the institutional delivery system exist primarily due to funding limitations that are outside the control of the State of Montana. CDBG, HOME, and ESG resources are not adequate to meet the needs of Montanans of low to moderate income, with special needs, or experiencing homelessness. However, the ability to effectively relay information regarding existing grant opportunities and technical assistance from the State of Montana for eligible entities continues to be one of the State's greatest challenges. There are areas of opportunity for increased collaboration vertically and horizontally across and between agencies, organizations, and the private sector to ensure that services are delivered to the greatest amount of eligible entities and individuals in the state. During Plan Year One, the State will actively engage the public and private sectors in broad discussions and educational opportunities regarding the economic, social, environmental, and health benefits of creating walkable communities with increased opportunities and access to affordable housing, community services, existing public infrastructure efficiencies, and jobs.

Actions planned to enhance coordination between public and private housing and social service agencies

The State of Montana will continue to coordinate with public and private partners to discuss current projects and methods to coordinate efforts throughout the State. DPHHS is represented on various social service state advisory groups to ensure housing services are coordinated with social services for needy populations in Montana. DPHHS works proactively with its MTCoc partners to ensure that efficient and effective coordination of services exists between affordable housing and social services.

Discussion

Through the above identified actions during Plan Year One, the State of Montana will continue to address these various issues. The State of Montana is committed to addressing these issues throughout the implementation of the 2015-2019 Consolidated Plan.