



Governor Steve Bullock

State of Montana

Consolidated Plan Amendment

April 1, 2015 through March 31, 2020



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DRAFT
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Section I: Executive Summary

ES-05 Executive Summary

Introduction

The Consolidated Plan for Housing and Community Development helps the U.S. Department of Housing and Urban Development (HUD) comprehensively fulfill three basic goals: provide decent housing, provide a suitable living environment, and expand economic opportunities. The consolidated planning process serves as the framework Montana uses to identify eligible housing and community development priorities that are consistent with the demonstrated and projected needs of local governments. The State of Montana encourages community and economic development that catalyzes local revitalization to build an economy that provides good jobs and creates enduring prosperity and resiliency across the state. These goals are used to assess Montana's affordable housing and community development needs and market conditions, make data-driven, place-based investment decisions, and measure the impact HUD funds make at the local level.

The Consolidated Plan is a collaborative process that offers Montana communities the opportunity to shape Montana's housing and community development programs into effective, coordinated neighborhood and community development strategies. The Montana Departments of Commerce (Commerce) and Montana Public Health and Human Services (DPHHS) work collaboratively to allow for strategic planning and citizen participation to occur in a comprehensive context, thereby reducing duplication of effort.

As the lead agency for the Consolidated Plan, Commerce follows HUD's guidelines for citizen and community involvement, and is responsible for overseeing citizen participation requirements that accompany the Consolidated Plan and the Community Development Block Grant (CDBG), HOME Investment Partnerships, Housing Trust Fund (HTF), and ~~the~~ Emergency Solutions Grant (ESG) programs, as well as those that complement the Commerce planning processes already at work in the state.

HTF Introduction for the Amendment to the 2015-2020 Consolidated Plan

The Montana Department of Commerce is proposing modifications to the 2015-2020 Montana Consolidated Plan (Plan) that constitute a substantial amendment to the Plan. These changes modify several areas of the Plan to include HTF information as required in 24 CFR 93.320(k)(5) and additional HOPWA information. This Amendment also incorporates the HTF Allocation Plan that describes the distribution of HTF funds, establishes the application requirements, and identifies the selection criteria for eligible applications. 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 this Draft Amendment begins July 1, 2016 and ends August 1, 2016. A public hearing is scheduled for July 20, 2016, in conjunction with the statewide Housing Coordinating Team meeting, to encourage a public discussion of the development of the HTF program, HTF Allocation Plan, and application process. The public meeting is scheduled to be 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 has been announced through the Commerce website, listserv, Housing Coordinating Team meeting agenda, and distribution in a statewide newspaper. All comments will be considered during the development of the Final Amendment.

Purpose of the Consolidated Plan

The 2015–2020 Montana Consolidated Plan for Housing and Community Development is a comprehensive five-year planning document that identifies how the state will meet its housing, homeless, special needs populations, community development, and economic development needs. As part of this process, Commerce develops the 2015 Montana Annual Action Plan, illustrating how the HUD resources received by the State during the final year of the current 2010-2015 Montana Consolidated Plan will be used. Finally, as part of the development of the 2015–2020 Montana Consolidated Plan for Housing and Community Development, HUD requires Montana to develop a new Analysis of Impediments to Fair Housing Choice in Montana, which examines barriers to fair housing that exist within the state, including discriminatory actions, omissions, or decisions related to housing or actions, omission, or decisions that have a discriminatory effect of restricting housing choices for protected classes in Montana.

Goals of the Consolidated Plan

The goals of the HUD programs administered by the State of Montana are to provide decent housing, a suitable living environment, and expanded economic opportunities for the state’s low- and moderate-income residents. The State of Montana strives to accomplish these goals by maximizing and effectively utilizing all available funding resources to conduct housing and community development activities that will serve the economically disadvantaged residents of the state. By addressing need and creating opportunity at the individual and neighborhood levels, the State of Montana aims to improve the quality of life for all residents of the state. HUD’s Community and Development Programs help to develop viable communities by funding a number of potential activities within the umbrella of the following three goals:

- *Providing decent housing* by obtaining appropriate housing for homeless persons and assisting those at risk of homelessness; preserving the affordable housing stock; increasing the availability of permanent affordable housing, without discrimination; increasing the supply of supportive housing for persons with special needs; and providing affordable housing near job opportunities.
- *Providing suitable living environments* by improving the safety and livability of neighborhoods; improving access to quality facilities, infrastructure, and services; reducing the isolation of income groups within communities through de-concentration of low-income housing; revitalizing deteriorating neighborhoods; restoring and preserving properties of special historic architectural or aesthetic value; and conserving energy resources.
- *Expanding economic opportunities* by creating and retaining jobs; establishing, stabilizing, and expanding small businesses; providing public employment services; encouraging the employment of low-income persons in projects funded under this Plan; providing reasonable mortgage financing rates without discrimination; providing access to capital and credit for development activities that promote long-term economic and social viability of the community; and reducing generational poverty of those living in publicly assisted housing by providing empowerment and self-sufficiency opportunities.

The State of Montana will work to integrate efforts in these three areas into broader community development of public and community facilities, economic development, and housing strategies that recognize the limitations in traditional affordable housing initiatives, and look to identify and capitalize on opportunities to innovate. The State of Montana will seek to identify projects that satisfy criteria developed to help communities improve access to affordable housing and transportation while protecting the environment, and will leverage emerging data and tools that measure the true cost of commuting to residents of affordable housing.

Summary of the Objectives and Outcomes Identified in the Plan Needs Assessment Overview

The following list presents the objectives and outcomes of the *2010-2015 Montana Consolidated Plan for Housing and Community Development*. There may be a need to direct and refine such resources by use of project selection criteria, which may be updated annually, based upon year-to-year need and local circumstances. The objectives and intended outcomes the state will pursue over the next five years are as follows:

1. *Support existing Montana communities:*
 - a. Target funding toward existing communities to increase community revitalization, improve the efficiency of public works investments, and safeguard rural landscapes and natural resources;
 - b. Encourage appropriate and comprehensive planning, market studies, preliminary architectural reports, and other studies or plans that support the sustainability of local communities, affordable housing, public works investments, vital employment centers, and the environment;
 - c. Enhance the unique and resilient characteristics of all communities by investing in healthy, safe, and walkable neighborhoods—rural, urban, or suburban;
 - d. Encourage the rehabilitation of existing rental and owner-occupied homes, particularly for those with special needs and the elderly;
 - e. Encourage the development and rehabilitation of community facilities and services located within walkable neighborhoods and/or served by public transportation systems, particularly for those with special needs and the elderly.

2. *Invest in vital public infrastructure:*
 - a. Encourage appropriate and comprehensive pre-development planning activities for public infrastructure, including asset management, needs analysis, preliminary engineering and/or architectural reports, and other studies or plans;
 - b. Provide funding opportunities to improve the safety and efficiency of public infrastructure, promote healthy, safe, and walkable neighborhoods, and safeguard the environment; and
 - c. Provide funding opportunities to serve eligible Montanans, particularly those special needs and elderly populations, with safe, efficient public infrastructure.

3. *Enhance Montana’s economic competitiveness:*
 - a. Provide reliable and timely access to employment centers, educational opportunities, services and other basic needs by workers as well as expanded business access to markets;
 - b. Support comprehensive planning for downtown revitalization, business development, and other studies or plans to attract and retain talent in Montana communities;
 - c. Provide job opportunities to eligible Montanans to strengthen communities within the State;
 - d. Encourage activities that support and strengthen new and existing businesses, particularly those located within traditional downtown business centers comprising a mix of businesses, housing, and services;
 - e. Encourage housing and mixed-use development that contribute to broader revitalization efforts in Montana communities; and
 - f. Seek opportunities to achieve multiple economic development goals, such as removing barriers to collaboration, leveraging multiple funding sources, and increasing energy efficiency, through a single investment.

4. *Promote equitable, affordable housing in Montana*
 - a. Expand location- and energy-efficient housing choices for people of all ages, incomes, races and ethnicities to increase mobility and lower the combined cost of housing and transportation;
 - b. Encourage housing activities that incorporate energy-efficient design to help advance solar deployment and other on-site renewable energy installations in affordable housing that is aligned with the Federal Renewable Energy Target;
 - c. Encourage activities to acquire and/or construct new affordable housing for homeownership or rental in areas where existing investment in infrastructure, facilities, and services leverages multiple economic, environmental, and community objectives;
 - d. Encourage appropriate and comprehensive planning, market studies, preliminary architectural reports, and other studies or plans in support of the efficient construction of affordable housing;
 - e. Encourage financial mechanisms that increase homeownership opportunities and provide rental assistance to eligible Montanans, particularly those with special needs and the elderly.

5. *Reduce homelessness in Montana:*

- a. Encourage activities that address the housing needs of homeless Montanans and/or those at risk of homelessness;
- b. Encourage activities that increase the level of assistance programs to homeless Montanans and/or those at risk of homelessness, with the goal of achieving stable and sustainable housing; and
- c. Encourage the development and rehabilitation of non-rental facilities for the shelter of temporarily homeless Montanans.

Evaluation of Past Performance

Commerce and DPHHS have received annual funding for the CDBG, HOME and ESG programs for over 30 years. Activities have been completed with reduced administrative budgets while adhering to increased regulatory requirements. The decrease in program funding makes it increasingly difficult to address the needs across the state as programs are oversubscribed for funding. Funding through these programs is a key component to organizations struggling to obtain scarce funding to serve households at or below 80% of area median income. As demonstrated in the past performance reports, these programs have been a critical funding source for constructing senior and health facilities in rural areas, homeless facilities that are providing services and support, or providing clean water and sanitary sewer to support the growth of vital, resilient communities across Montana.

Commerce evaluated its past performance in Consolidated Annual Performance and Evaluation Reports (CAPER) for each of the years 2010-2015. These documents state the objectives and outcomes identified in each year's Annual Action Plan, and include an evaluation of past performance through measurable goals and objectives compared to actual performance. These documents can be found on Commerce's website.

Summary of Citizen Participation Process and Consultation Process

In order to ensure maximum participation in the Consolidated Plan process among all populations and needs groups, the process provides citizens an opportunity to provide input in the development of the plan and to evaluate and comment on the proposed plan to improve the effectiveness of programs. Montana follows the standards set forth in the Citizen Participation Plan (Appendix A) during development and proposal of its Consolidated Plan documents, including the *2015–2020 Montana Consolidated Plan for Housing and Community Development* and the *2015 Montana Annual Action Plan*.

Commerce provided multiple opportunities for the public and stakeholders to comment on the creation and development of the draft *2015–2020 Montana Consolidated Plan for Housing and Community Development* and the *2015 Montana Annual Action Plan*. First, Commerce developed the Fair Housing and Housing and Community Development surveys. (Appendix B.) The surveys were sent to stakeholders and contact lists of approximately 1,300 people in April 2014. Commerce developed a scan code and website for respondents to participate in the online surveys, which were also publicized on flyers and visual boards displayed at various conferences and workshops between May 2014 and October 2014. When the surveys were closed in November 2014, nearly 500 respondents had completed the surveys.

Second, Commerce held four focus group meetings to specifically gain comments from stakeholders with expertise related specifically to affordable housing, economic development, community and public facilities, and impacts related to rapid oil and gas development in Montana. The focus group meetings were held in May 2014. Over 30 experts total attended the four focus group meetings either in person or via webinar/conference call. Commerce created and published an official transcript of all four focus group meetings on its Consolidated Plan website. (Appendix C.)

Finally, Commerce held three public meetings regarding the development of the *2015–2020 Montana Consolidated Plan for Housing and Community Development* and the *2015 Montana Annual Action Plan*. The first public input meeting took place on May 22, 2014 at the annual Montana Housing Conference in Miles City in eastern Montana. Commerce presented to approximately 70 attendees with webinar/conference call, seeking

comments on the creation and development of the draft *2015–2020 Montana Consolidated Plan for Housing and Community Development*. A second public input meeting was held July 15, 2014 in Kalispell in western Montana, again seeking comments on the creation and development of the *2015–2020 Montana Consolidated Plan for Housing and Community Development* and the *2015 Montana Annual Action Plan*. Approximately 20 individuals and organizations attended that meeting in person or via webinar/conference call.

On July 16, 2014 in Kalispell, Commerce held a third public meeting to solicit comments for development of the draft *2015-2020 Analysis of Impediments to Fair Housing Choice in Montana*. Approximately 13 individuals and organizations attended that meeting in person or via webinar/conference call.

Full details of the citizen participation process are available on the Commerce website. Commerce created and published an official transcript of all three public meetings on its Consolidated Plan website to enhance public participation and access to information regarding the development of these documents. (Appendix D).

Commerce will announce and publish the draft *2015–2020 Montana Consolidated Plan for Housing and Community Development* and the *2015 Montana Annual Action Plan* by emailing notices requesting comments from stakeholders to an interested party list of approximately 1,300 people; publishing advertisements in newspapers across Montana, and providing copies of the draft documents for review on the website and at the various repositories across the state.

Summary of Public Comments

A variety of verbal and written comments were received during the development of the draft *2015–2020 Montana Consolidated Plan for Housing and Community Development*, the draft *2015 Montana Annual Action Plan*, and draft *2015-2020 Analysis of Impediments to Fair Housing Choice in Montana* through the online Fair Housing and Housing and Community Development surveys, the three public meetings in Miles City and Kalispell, and the four focus group meetings in Helena and Miles City. These comments were considered and incorporated into the draft documents.

A summary of public comments received on the draft *2015–2020 Montana Consolidated Plan for Housing and Community Development*, the draft *2015 Montana Annual Action Plan*, and draft *2015-2020 Analysis of Impediments to Fair Housing Choice in Montana* will be provided in the final documents submitted to HUD after the public comment period has ended. (Appendix E.) Commerce will also create and publish an official transcript of the public meeting on its Consolidated Plan website. (Appendix F.)

Summary of Comments or Views Not Accepted and the Reasons for Not Accepting Them

All comments were taken into consideration during the development of the draft *2015–2020 Montana Consolidated Plan for Housing and Community Development*. A summary of public comments or views received on the draft *2015–2020 Montana Consolidated Plan for Housing and Community Development*, the draft *2015 Montana Annual Action Plan*, and draft *2015-2020 Analysis of Impediments to Fair Housing Choice in Montana* that are not accepted, if any, and the reasons for not accepting them will be provided in the final documents submitted to HUD after the public comment period has ended. (Appendix E).

Summary

The *2015–2020 Montana Consolidated Plan for Housing and Community Development* functions as:

- A comprehensive five-year planning document outlining the use of HUD funds in the non-entitlement areas of Montana that identifies the state’s community revitalization, public infrastructure, economic development, housing, homeless and special population needs, and the respective planned resource investments to satisfy those needs;

- A participatory public process among citizens, organizations, businesses, and other stakeholders;
- An application for federal funds under HUD's formula grant programs;
- A strategy document to be followed in carrying out HUD's programs in Montana; and
- A management tool for assessing state performance in carrying out HUD's programs in Montana and tracking results.

Section II: The Process

PR-15 Citizen Participation

Summary of citizen participation process/efforts made to broaden citizen participation. Summarize citizen participation and how it impacted goal-setting.

Solicitation for public involvement began in April 2014 and continued for several months. Three key steps were taken in the citizen participation process. First, the State of Montana widely circulated two surveys regarding the identification and prioritization of housing and community development needs and the impediments to fair housing. Second, the State of Montana organized and moderated four focus group meetings between experts in housing and community development issues. Finally, the State of Montana held a series of public input meetings in both eastern and western Montana to provide the public the opportunity to offer feedback and input regarding the development of the *2015–2020 Montana Consolidated Plan for Housing and Community Development*.

At the beginning of the Consolidated Plan process in early 2014, Commerce developed a list of over 1,300 contacts of members of the public; city, town, and county officials; independent and professional consultants; for-profit entities and businesses; non-profit entities and businesses; state and federal agencies; and, various other organizations that play a role in the development of a comprehensive and thorough housing, community, and economic development strategy for Montana. (Appendix G). The list was developed from an existing interested party email list, and combined with existing email lists for the state’s HUD-funded programs, technical assistance programs, and related housing, infrastructure, and community and economic development programs administered by the State of Montana. The stakeholders on this list were contacted and notified regarding all aspects of the development of the *2015–2020 Montana Consolidated Plan for Housing and Community Development*, including links to the surveys, invitations to attend public meetings, and notice of availability of draft documents for review and comment. All webinars and teleconference capabilities were provided at no cost to attendees. All meeting materials, minutes, and meeting transcripts were made available via the Commerce website.

The surveys were sent to this contact email list in April 2014. Commerce developed a scan code and website for respondents to participate in the online surveys, which were also publicized on flyers and visual boards displayed at various conferences and workshops between May 2014 and October 2014. When the surveys were closed in November 2014, nearly 500 respondents had completed the surveys. (Appendix B.)

Commerce also held four focus group meetings to specifically gain input from stakeholders with expertise related specifically to affordable housing, economic development, community and public facilities, and impacts related to rapid oil and gas development in the region. The focus group meetings were held in May 2014. Over 30 experts total attended the four focus group meetings either in person or via webinar/conference call. Commerce created and published an official transcript of all four focus group meetings on its Consolidated Plan website. (Appendix C.)

Commerce held three public meetings regarding the development of the *2015–2020 Montana Consolidated Plan for Housing and Community Development* and the *2015 Montana Annual Action Plan*. The first public input meeting took place on May 22, 2014 at the annual Montana Housing Conference in Miles City in eastern Montana. Commerce presented to approximately 70 attendees with webinar/conference call, seeking comments on the creation and development of the draft *2015–2020 Montana Consolidated Plan for Housing and Community Development*. A second public input meeting was held July 15, 2014 in Kalispell in western Montana, again seeking comments on the creation and development of the *2015–2020 Montana Consolidated Plan for Housing and Community Development* and the *2015 Montana Annual Action Plan*. Approximately 20 individuals and organizations attended that meeting in person or via webinar/conference call.

On July 16, 2014 in Kalispell, Commerce held a third public meeting to solicit comments for development of the draft *2015-2020 Analysis of Impediments to Fair Housing Choice in Montana*. Approximately 13 individuals and organizations attended that meeting in person or via webinar/conference call.

Public comments and views submitted during the surveys, public hearings, and comment periods were used in determining the goals and priorities of the *2015–2020 Montana Consolidated Plan for Housing and Community Development*, the *2015 Montana Annual Action Plan*, and the *2015-2020 Analysis of Impediments to Fair Housing Choice in Montana*.

Full details of the citizen participation process are available on the Commerce website. Commerce created and published an official transcript of all three public meetings on its Consolidated Plan website to enhance public participation and access to information regarding the development of these documents. (Appendix D.)

Commerce will announce and publish the draft *2015–2020 Montana Consolidated Plan for Housing and Community Development* and the *2015 Montana Annual Action Plan* by emailing notice to the Consolidated Plan contact list, publishing advertisements in newspapers across Montana, and providing copies of the draft documents for review on the website and at the various repositories across the state.

Commerce followed the existing Citizen Participation Plan to accept comments on this Plan Amendment. The public comment period for the Draft 2016-2017 Annual Action Plan Amendment begins July 1, 2016 and ends August 1, 2016. A public hearing is scheduled for July 20, 2016, in conjunction with the statewide Housing Coordinating Team meeting, to encourage a public discussion of the development of the HTF program, HTF Allocation Plan, and application process. The public meeting is scheduled to be held at the Montana Department of 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 has been announced through the Commerce website, listserv, Housing Coordinating Team meeting agenda, and a distribution in a statewide newspaper. All comments will be considered during the development of the Final Amendment.

Table 4 – Citizen Participation Outreach

| # | Mode of Outreach | Target of Outreach | Summary of response/attendance | Summary of comments received | URL (If applicable) |
|---|------------------------|-------------------------|---|---|---|
| Summary of comments not accepted and reasons: No comments were rejected. | | | | | |
| 1 | Other – Email listserv | All interested citizens | Links to the Housing and Community Development Survey and Fair Housing Survey. A total of 244 responses were received. This list was also contacted and notified regarding all aspects of the development of the Consolidated Plan, including invitations to attend public meetings and notice of availability of draft documents for review and comment. | See Appendix B for tally of survey responses. Comments from the surveys and interested persons on the listserv are integrated throughout this Plan. | http://housingcd.d.mt.gov/CP/cpd/ocuments.mcp |
| 2 | Public Hearing | All interested citizens | Three public meetings were held before plan development; two regarding the Consolidated Plan and one regarding the Analysis of Impediments | See Appendix D for transcripts of the public meetings. Comments from the public meetings are integrated throughout this Plan. | http://housingcd.d.mt.gov/CP/cpd/ocuments.mcp |

| # | Mode of Outreach | Target of Outreach | Summary of response/attendance | Summary of comments received | URL (If applicable) |
|---|---------------------------|-------------------------|--|---|---|
| Summary of comments not accepted and reasons: No comments were rejected. | | | | | |
| 3 | Public Meeting | All interested citizens | Four focus groups were held to bring in information from housing, community development, and economic development stakeholders throughout the State. | See Appendix C for transcripts of the focus group meetings. Comments from the focus groups are integrated throughout this Plan. | http://housingcd.d.mt.gov/CP/cpd/ocuments.mcp |
| 4 | Internet Outreach | All interested citizens | Throughout the process, documents related to the development of the Consolidated Plan have been and will be posted on the website for public review. | Comments received on documents related to the development of the Consolidated Plan are integrated throughout this Plan. | http://housingcd.d.mt.gov/CP/cpd/ocuments.mcp |
| 5 | Other – Email listserv | All interested citizens | Commerce will announce and publish the draft <i>2015–2020 Montana Consolidated Plan for Housing and Community Development</i> and the <i>2015 Montana Annual Action Plan</i> by emailing notice to the Consolidated Plan contact list | See Appendix G for a list of all entities that were consulted and encouraged to participate in the Consolidated plan. | |
| 6 | Newspaper Ad | All interested citizens | Commerce will announce and publish the draft <i>2015–2020 Montana Consolidated Plan for Housing and Community Development</i> and the <i>2015 Montana Annual Action Plan</i> by publishing advertisements in newspapers across Montana | N/A | |
| 7 | Other-Public Repositories | All interested citizens | Commerce will make copies of the draft <i>2015–2020 Montana Consolidated Plan for Housing and Community Development</i> and the <i>2015 Montana Annual Action Plan</i> available at over 15 publically accessible locations across Montana | See Appendix A for a list of all public repositories | http://housingcd.d.mt.gov/CP/cpd/ocuments.mcp |

Table 4 – HTF Program Citizen Participation Outreach

| # | <u>Mode of Outreach</u> | <u>Target of Outreach</u> | <u>Summary of response/attendance</u> | <u>Summary of comments received</u> | <u>URL (If applicable)</u> |
|---|----------------------------------|--------------------------------|--|--|--|
| <i>Summary of comments not accepted and reasons: No comments have been received on Draft Amendments.</i> | | | | | |
| <u>1</u> | <u>Public Meeting</u> | <u>All interested citizens</u> | <u>During the 2016 Montana Housing Conference a presentation and open discussion regarding the HTF program was conducted to solicit feedback in the development of the HTF program in anticipation of amending the 2015-2020 Consolidated Plan and 2016-2017 Annual Allocation Plan.</u> | <u>Various comments in support of HTF and feedback regarding the development of the program were made. Over 50 people attended this meeting.</u> | <u>http://www.cvent.com/events/2016-annual-montana-housing-partnership-conference/agenda-afe0fe283abf4765bf7fc998654b686a.aspx</u> |
| <u>2</u> | <u>Internet Outreach</u> | <u>All interested citizens</u> | <u>Throughout the process, documents related to the development of the 2015-2020 Consolidated Plan Amendment have been and will be posted on the website for public review.</u> | <u>Comments will be received for 30 days on documents related to the inclusion of HTF in the 2015-2020 Consolidated Plan and 2016-2017 Annual Action Plan.</u> | <u>http://housingcd.d.mt.gov/CP/cpd/ocuments.mcp</u> |
| <u>3</u> | <u>Newspaper Ad</u> | <u>All interested citizens</u> | <u>Commerce has announced and published the draft 2015–2020 Consolidated Plan Amendment and the 2016-2017 Annual Action Plan Amendment by publishing an advertisement in a statewide newspaper</u> | | <u>http://housingcd.d.mt.gov/CP/cpd/ocuments.mcp</u> |
| <u>4</u> | <u>Other-Public Repositories</u> | <u>All interested citizens</u> | <u>Commerce has provided copies of the draft 2015–2020 Consolidated Plan Amendment and the 2016-2017 Annual Action Plan Amendment available at accessible locations across Montana</u> | <u>See Appendix A for a list of all public repositories</u> | <u>http://housingcd.d.mt.gov/CP/cpd/ocuments.mcp</u> |
| <u>5</u> | <u>Other – Email listserv</u> | <u>All interested citizens</u> | <u>Commerce has announced and published the draft 2015–2020 Montana Consolidated Plan Amendment and the 2016-2017 Annual Action Plan Amendment by emailing notice to the Consolidated Plan contact list</u> | <u>Information forthcoming</u> | |
| <u>1</u> | <u>Public Hearing</u> | <u>All interested citizens</u> | <u>A public hearing is scheduled during the statewide Housing Coordinating Team meeting on July 20, 2016 to discuss the development of the HTF Program and amendments to the 2015-2020 Consolidated Plan and 2016-2017 Annual Allocation Plan to include the HTF Program.</u> | <u>Comments will be received related to the HTF Program and inclusion of HTF in the 2015-2020 Consolidated Plan and 2016-2017 Annual Action Plan.</u> | <u>http://housing.mt.gov/Portals/93/shared/HCTagenda20July2016_1.pdf</u> |

Section V. Strategic Plan

SP-10 Geographic Priorities

Geographic Area

Housing and community development needs vary widely across Montana. The extreme diversity in available housing, age of housing stock, and overall range in population complicate the assessment of the type and degree of housing and community development needs. Because of the limited availability of resources and the extent of community development and housing needs, Commerce and DPHHS programs are generally implemented on a statewide basis rather than with geographic priorities.

Entities receiving CDBG and HOME funds must have previous grant awards substantially drawn down before they are eligible to apply for additional program funds. This method has been shown to disburse funds equitably throughout the state, allowing all groups an equal chance to apply for funds and provide an incentive for grant recipients to complete projects on a timely basis. Over time, all funding methods, whether through a formula, competitive, or non-competitive, tend to effectively distribute grant assistance throughout the state.

Because there are no geographic priorities for any of the federal programs, HTF application guidelines will consider geographic diversity based on data points gathered from federal, state and regional sources that correspond to the State of Montana Consolidated Plan and HTF Program goals and objectives to serve the homeless and those at risk of homelessness. However, because it is impossible to predict what applicants will apply to address local needs, the information generated in IDIS for Table 46 is blank.

Table 46 - Geographic Priority Areas

Not Applicable

General Allocation Priorities

Priorities for funding are based on the *Needs Assessment and Analysis of Impediments to Fair Housing Choice* in this Consolidated Plan; feedback from the Fair Housing and Housing and Community Development surveys, focus groups, and public meetings; and the objectives and outcomes set by the State of Montana to identify projects that help communities improve access to affordable housing and transportation while protecting the environment while measuring the true cost of commuting to residents of affordable housing. The State's housing and community development needs are addressed by receiving, ranking, and funding project applications from eligible local governments. Communities establish and prioritize local needs through the community planning process, which often results in an eligible project request. Awards are made after requests are ranked and reviewed according to the adopted guidelines and rules for each program. Commerce programs require all applications to be submitted through or with the support of the local government, to support the growth and development established in planning documents. This application process also develops partnerships and builds capacity between local governments and non-profit organizations, CHDOs or professional service providers.

SP-25 Priority Needs

Table 49- Priority Needs Summary

| # | Priority Need | Priority Level | Population – Income Level | Family Types | Homeless Categories | Non-Homeless Special Needs |
|---|--|---|---------------------------|--------------|---------------------|---|
| 1 | Affordable Housing Preservation and Construction | High | All | All | N/A | Elderly/Frail Elderly Disabled – All Addicted Persons HIV/AIDS Domestic Violence Victims |
| | | <p>Description: Encourage the rehabilitation of existing and development of new rental and owner-occupied affordable housing located within walkable neighborhoods and/or served by public transportation systems, particularly for those with special needs and the homeless, disabled, elderly, and other disadvantaged populations. <u>The HTF Program is specifically targeted to the preservation and construction of rental units for extremely low-income families, particularly the homeless, disabled, elderly, and other disadvantaged populations.</u></p> <p>Basis for Relative Priority: As determined in the Needs Assessment, approximately 105,000 households (26%) in the State of Montana have one or more housing problems. The majority of these renters and homeowners are cost burdened, paying greater than 30% of their household income for housing expenses. Further, according to the Housing + Transportation Index and HUD’s Location Affordability Portal, the average household in the State of Montana spends approximately 56% of household income on housing plus transportation costs. Finally, of the 13% of Montanans living with a disability, over 75% of them are 65 years of age or older. Nationally, 32% of persons with a disability in this age category report needing help with or having trouble getting transportation. While Montana is perceived as vast and largely rural, preserving existing housing stock and encouraging higher-density infill housing projects that take advantage of existing buildings, infrastructure and transportation options to recognize the opportunity for mixed-use, flexible-use, and mixed-income projects is an appropriate focus for reducing cost burden. Prioritizing housing options in existing neighborhoods (“location efficiency”) has the additional benefit of increasing walking and cycling options and the health and well-being of all family types, income levels, and populations with special needs.</p> | | | | |
| | | High | All | All | All | All |
| 2 | Community Planning | High | All | All | All | All |
| | | <p>Description: Encourage 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.</p> <p>Basis for Relative Priority: The first step in revitalizing communities, improving the efficiency of public works investments, and safeguarding rural landscapes and natural resources is planning. Planning for the location and density of future land uses, the needs for public facilities and amenities, the economic and marketing strategy of a community or business, and preliminary design of a potential project results in efficient, affordable, and resilient development and helps communities prioritize local projects. President Obama recently emphasized the importance of planning activities in his Presidential Memorandum dated January 16, 2015, and called on federal agencies to actively support community planning activities with grants and technical assistance through federal programs, including the CDBG program.</p> | | | | |
| | | High | All | All | All | All |
| 3 | Improving and Sustaining Vital Public Infrastructure | High | All | All | All | All |
| | | <p>Description: Provide funding opportunities to serve Montanans of low income, particularly special needs and elderly populations, with safe, efficient public infrastructure; improve the safety and efficiency of public infrastructure; promote healthy, safe, and walkable neighborhoods; and safeguard the environment.</p> <p>Basis for Relative Priority: In the fall of 2014, the Montana Section of the American Society of Civil Engineers (ASCE) issued a cumulative grade of C- for Montana’s aging infrastructure. The</p> | | | | |
| | | High | All | All | All | All |

| | | | | | | |
|---|-------------------------|--|----------------------|-----|-----|-----|
| | | report warned that Montana’s aging infrastructure is approaching a critical state of disrepair, from neighborhood roads and community schools to safe drinking water, from dams that produce energy and prevent flooding to waterways that irrigate fields, this infrastructure is used by all Montana residents and is essential to our economic future. The State of Montana is committed to investing its federal funds to provide safe, efficient public infrastructure to serve Montanans, particularly those of low to moderate income or with special needs. | | | | |
| 4 | Economic Revitalization | High | All | N/A | N/A | N/A |
| | | Description: Support and strengthen new and existing businesses, particularly those located within traditional downtown business centers comprising a mix of businesses, housing, and services. | | | | |
| | | Basis for Relative Priority: The U.S. Environmental Protection Agency recently released a series of reports documenting the ways in which the geographic concentration of businesses and people increases business productivity and innovation, improves employers’ ability to compete for labor, and grows retail sales. More than 10,000 real estate websites now use the Walk Score tool to help market commercial and residential properties, and the AARP recently published an interactive Livability Index to help retirees and senior citizens find “livable” communities with easy access to job opportunities, medical care, retail shops, and entertainment options. Nationally, employers are looking for walkable locations with easy access to public transportation. HUD and the U.S. Census Bureau asked questions relating to walk and bike patterns in the 2013 American Housing Survey, and found that 44% of residents of newly built homes bike or walk, compared to 40% of households overall. A recent survey by the Rockefeller Foundation found that 3 out of every 4 Millennials (Americans 18-34 years of age) reported it is likely they will live in a place where they do not need a car to get around. In order to attract and retain this workforce, Montana needs to create walkable, vibrant communities with convenient access to schools, work, shopping and other amenities. | | | | |
| 5 | Reducing Homelessness | High | Extremely Low Low | All | All | N/A |
| | | Description: Encourage activities that provide assistance and shelter to homeless Montanans and those at risk of homelessness, particularly homeless veterans, youths and children, and the chronically homeless living in unsheltered locations. <u>The HTF Program is specifically targeted to the preservation and construction of rental units for extremely low-income families, particularly the homeless, disabled, elderly, and other disadvantaged populations.</u> | | | | |
| | | Basis for Relative Priority: The U.S. Department of Housing and Urban Development (HUD) released the 2014 Annual Homeless Assessment Report (AHAR) documenting the national issues related to homelessness. As documented in the AHAR, Montana had an 84.4% increase in the number of homeless individuals between 2007 through 2014; and has the 5 th highest rate (57.8%), among all states, of unsheltered homeless individuals in 2014 (1,167 homeless and 674 unsheltered individuals). Unfortunately the AHAR report stated, “Montana also had very high rates of unsheltered unaccompanied children and youth with 74 percent”. Additionally, Montana has the highest rate of unsheltered veterans in the nation (63.3%). Montana’s population has a high percentage of veterans, one in ten individuals in the state are veterans. Lastly, between 2007 and 2014, Montana has experienced the largest change in the number of chronically homeless individuals in the nation, at a staggering 208.4% increase in a seven year period. While homelessness has declined nationally, reducing homelessness for veterans, children and youths, and the chronically homeless is a critical priority in Montana. | | | | |

SP-30 Influence of Market Conditions

Table 50- Influence of Market Conditions

| Affordable Housing Type | Market Characteristics that will influence the use of funds available for housing type |
|---------------------------------------|---|
| Tenant Based Rental Assistance (TBRA) | As shown by the previous sections, the demand for rentals has increased and is expected to continue to increase throughout the course of this Plan. This state expects to see the need for TBRA to continue as the number of cost-burdened families continues to grow. |
| TBRA for Non-Homeless Special Needs | The Non-Homeless Special Needs populations have a variety of housing needs throughout the state. The increase in demand for rentals and the increase in the price of rentals will place a high need for special need populations within the state. These increases make rentals unaffordable to many special needs populations. |
| New Unit Production | As shown by this Market Analysis section, housing production has not been keeping pace with demand, resulting in an increase in price. New unit production will increase the number of affordable units available to Montana households. The 2014 Housing and Community Development Survey results indicated a high level of need for new unit production, especially for rental housing. <u>The HTF Program is specifically targeted to the preservation and construction of rental units for extremely low-income families, particularly the homeless, disabled, elderly, and other disadvantaged populations.</u> |
| Rehabilitation | The State of Montana has seen a slowdown in housing production, and an increase in demand for rental units. This combination calls for a rehabilitation of existing units, both rental and homeowner, in order to meet the needs of households throughout the state. The results of the 2014 Housing and Community Development Survey also indicated a high level of need for unit rehabilitation for both rental units and homeowner units. <u>The HTF Program is specifically targeted to the preservation and construction of rental units for extremely low-income families, particularly the homeless, disabled, elderly, and other disadvantaged populations.</u> |
| Acquisition, Including Preservation | As shown in this Plan, there are a number of subsidized units at risk of expiring. As the demand for affordable rental units continues to increase, the loss of these units will place additional households in need. This, in addition to survey results, have indicated a high level of need for preservation of affordable units. <u>The HTF Program is specifically targeted to the preservation and construction of rental units for extremely low-income families, particularly the homeless, disabled, elderly, and other disadvantaged populations.</u> |

SP-35 Anticipated Resources

Introduction

The following table illustrates the CDBG, ~~and~~ HOME, and HTF resources expected for the first year of this Consolidated Plan. The total amount expected for the remaining four years of the Consolidated Plan take into account a five percent decrease in funding per year.

CDBG administration allocations are capped at 20% of the new CDBG allocation in addition to eligible program income received during the project year. HOME administration allocations are capped at 10% of the new HOME allocation and eligible program income received following the required affordability period. Revenue received during a project's affordability period is considered recaptured and may not be used for administration. HTF administration allocations are capped at 10% of the new HTF allocation.

Expected revenues for the CDBG program include repayments for funding loaned to businesses that create job opportunities for Montanans of low to moderate income. Expected revenues for the HOME program include recaptured and program income funding generated by the First Time Homebuyer Loan program. The State of Montana will also continue to receive program income attributable to the Neighborhood Stabilization Program. The State is unable to predict the amount of program income that will be received in any given plan year because the amount that will be earned is unknown.

Table 51 - Anticipated Resources

| Program | Source of Funds | Expected Amount Available Year 1 | | | | Expected Amount Available Remainder of Con Plan | Narrative Description |
|---------|---|----------------------------------|----------------|----------------------|-------------|---|--|
| | | Annual Allocation | Program Income | Prior Year Resources | Total | | |
| CDBG | Public/Federal | \$5,682,163 | \$100,000 | \$0 | \$5,782,163 | \$22,728,652 | State Allocation; CDBG funds will be matched in some categories by units of local government; state funds will be used in order to meet CDBG Program match requirements. |
| | Uses of Funds: Planning, Acquisition, Economic Development, Housing, Public Improvements, Public Services, Administration | | | | | | |
| HOME | Public/Federal | \$3,002,167 | \$300,000 | \$2,700,000 | \$3,302,167 | \$13,208,668 | State Allocation; HOME funds will be matched with additional resources by sub-recipients who receive HOME funds for LIHTC rental housing development; eligible CHDOs and local governments will also provide matching funds within their acquisition, rehabilitation, and resale projects. |
| | Uses of Funds: Acquisition, Homebuyer Assistance, Rehabilitation, New Housing Development, Administration | | | | | | |
| ESG | Public/Federal | \$684,772 | \$0 | \$0 | \$684,772 | \$2,739,088 | State Allocation |
| | Uses of Funds: Financial Assistance, Overnight Shelter, Rapid re-housing, Rental Assistance Services, Transitional Housing | | | | | | |

| | | | | | | | |
|---|--|-------------|-----|-----|-------------|--------------|--|
| National Housing Trust Fund (NHTF) | Public/Federal | \$3,000,000 | \$0 | \$0 | \$3,000,000 | \$12,000,000 | State Allocation; HTF funds will be matched with additional resources by sub-recipients who may also receive CDBG, HOME, or LIHTC assistance; eligible CHDOs and local governments will also provide matching funds within their projects. |
| | Uses of Funds: Acquisition, Homebuyer Assistance, Demolition, Reconstruction to support Rental Housing, Rehabilitation of Rental Housing, New Rental Housing Development, or Administration as allowed by federal regulations | | | | | | |

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.

To achieve the most effective and efficient use of HOME funds, the Director of the Department of Commerce may reallocate up to 15% of the total HOME allocation between Non Competitive (homebuyer assistance) and Competitive activities, depending upon the 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 this 2016-2017 Annual Action Plan, and would require further steps as identified within the Citizen Participation Plan section of the 2015-2020 Consolidated Plan. Reallocations may also be made of any remaining balances within a grant category within the last three months of a 24-month obligation deadline in order to meet the HUD obligation requirements. Reallocations or awards will not be made until at least 15% of the CHDO set-aside requirement has been obligated.

The National Housing Trust Fund (HTF) is a source of new funding for housing in Montana beginning in 2016. This 2016-2017 Annual Action Plan Amendment includes information regarding the State of Montana’s plans for allocation of HTF funds during Plan Year Two. Governor Bullock designated, and HUD has acknowledged, Commerce as the agency to administer HTF funds for the State of Montana.

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The CDBG program requires 25% match funding for projects be secured from local funds. The local share of the project budget is usually provided either by a direct cash contribution or by incurring a loan or issuing bonds to be re-paid through user charges or property tax assessments.

The HOME program requires 25% match funding for projects be dedicated from non-federal sources. The match for a HOME project is typically obtained through the use of Low Income Housing Tax Credits.

No match is required for CDBG housing or neighborhood renewal grants or HTF grants, but the applicants attempts or inability to leverage other private, local, state, or federal funds is taken into account in ranking a proposed project for CDBG housing or neighborhood renewal grant funding.

If appropriate, describe publically owned land or property located within the state that may be used to address the needs identified in the plan.

The State of Montana does not anticipate that any publically owned land or property will be used to address the needs identified in the plan. The majority of State-owned land is either maintained as State recreational land or managed so as to obtain the highest financial return possible for the State's K-12 public school system, as mandated by Montana statutes.

SP-45 Goals

Goals Summary Information

Table 54 - Goals Summary

| # | Goal Name | Years | Category | Area | Needs Addressed | Funding* | Goal Outcome Indicator |
|---|---|--|-----------------------------------|-----------|--|--|---|
| 1 | Preserve and Construct Affordable Housing | 2015 to 2019 | Affordable Housing | Statewide | Affordable Housing Preservation and Construction | CDBG: \$1 million HOME: \$2 million NHTF: \$31.7 million | Rental units constructed: 125 Household / Housing Units Rental units rehabilitated: 125 Household / Housing Units Homeowner Housing Added: 25 Household / Housing Units Homeowner Housing: 20 Rehabilitated Household / Housing Units Direct Financial Assistance to Homebuyers: 250 Households Assisted |
| | | Description: The State of Montana will use CDBG, HOME, and NHTF resources funds to fund affordable housing activities that primarily benefit Montanans of low to moderate income or less persons. | | | | | |
| 2 | Plan for Communities | 2015 to 2019 | Non-Housing Community Development | Statewide | Community Planning | CDBG: \$500,000 | N/A |
| | | Description: The State of Montana will use CDBG funds to help communities engage in various types of planning, including comprehensive community development, housing, public infrastructure, business, downtown revitalization, and preliminary project design. A wide variety of activities are funded that primarily serve LMI persons throughout the state. | | | | | |
| 3 | Improve and Sustain Public Infrastructure | 2015 to 2019 | Non-Housing Community Development | Statewide | Improving and Sustaining Vital Public Infrastructure | CDBG: \$2 million | Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 5,000 Households Assisted |
| | | Description: The State of Montana will use CDBG funds to improve existing and construct new public water, wastewater, and storm drain infrastructure that primarily serve LMI persons throughout the state. | | | | | |
| 4 | Revitalize Local Economies | 2015 to 2019 | Non-Housing Community Development | Statewide | Economic Revitalization | CDBG: \$1.5 million | Jobs created/retained: 100 Jobs Businesses assisted: 20 Businesses Assisted Facade treatment/business building rehabilitation: 5 Businesses Brownfield acres remediated: 3 Acres Remediated |
| | | Description: The State of Montana will use CDBG funds to create jobs, expand businesses, and revitalize historic downtown business districts. A wide variety of activities are funded that primarily serve LMI persons throughout the state. | | | | | |

| | | | | | | | |
|---|---------------------|--|----------|-----------|-----------------------|---|---|
| 5 | Reduce Homelessness | 2015 to 2019 | Homeless | Statewide | Reducing Homelessness | CDBG: \$1 million HOME: \$1 million ESG: \$680,000 NHTF: \$31 million | Tenant-based rental assistance/Rapid Rehousing: 3,000 Households Assisted Homeless Person Overnight Shelter: 600 Persons Assisted Overnight/Emergency Shelter/Transitional Housing Beds Added: 23 Beds Homelessness Prevention: 3,000 Persons Assisted Housing for Homeless added: 50 Household/Housing Units |
| | | Description: The State of Montana will use CDBG, HOME, HTF , and ESG funds to provide <u>permanent housing</u> , shelter and services for homeless persons and persons at risk of homelessness. Activities may include construction, rehabilitation, and direct assistance to serve this clientele throughout the state. | | | | | |

* Funding shown in annual estimates

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.315(b)(2)

Based on the information above, the number of ~~LMI~~ persons of low to moderate income or less to whom the State of Montana will provide affordable housing will be significant. Approximately 100 ~~LMI~~ persons of LMI or less income will be ~~served~~ assisted annually utilizing CDBG, HOME, and ~~potential~~ NHTF resources. Through the ESG Program, approximately 900 LMI persons will be assisted utilizing rapid re-housing and other ESG resources. In addition, approximately 600 LMI persons will utilize emergency, transitional, and overnight shelter funded with CDBG, HOME, and ESG resources.