



Governor Steve Bullock

# State of Montana

## Annual Action Plan Amendment

April 1, 2016 through March 31, 2017



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Draft  
Public Comment begins  
March 29, 2020 and  
ends April 28, 2020



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# 2016-2017 Annual Action Plan Amendment

## AP-05 Executive Summary

### *Introduction pertaining to this Amendment*

The Montana Department of Commerce has modified the 2015-2020 Montana Consolidated Plan (Plan) and all Annual Action Plans (2015, 2016, 2017, 2018 and 2019) for the 5-year Plan that constitute a substantial amendment to the Plan. The modifications impact several areas of Plan to incorporate the use of all CDBG National Objectives, which include Low and Moderate Income, Urgent Need and Slums and Blight. While all three National Objectives will be incorporated into the Consolidated Plan and accompanying Annual Action Plans, the primary focus is the modifications related to the inclusion of recent changes the state has been experiencing as a result of repercussions of COVID-19. Additional modifications will be made in the accompanying Annual Action Plans to ensure the use and distribution of federal funds, administered by the State, can support communities that are experiencing unexpected and unforeseen needs through all National Objectives. Lastly, to promote the safety and welfare of all participants, the Citizen Participation Plan is also being updated to support use of virtual meetings. Edits to these sections were noted for public review through strikethrough (for deleted narrative) and underline (for added narrative) in all documents under this modification and can be found on the Commerce website: <https://commerce.mt.gov/conplan>. Final documents will remove the strikethrough and underline to submit the substantial amendment for HUD's approval.

### *Introduction*

The State of Montana's 2016-2017 Annual Action Plan and Amendment serves as the application to the U.S. Department of Housing and Urban Development (HUD) for funding of the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Solutions Grant (ESG), and National Housing Trust Fund (HTF) programs for Plan Year Two of the 2015-2020 Montana Consolidated Plan for Housing and Community Development (2015-2020 Consolidated Plan). The 2016-2017 Annual Action Plan and 2015-2020 Consolidated Plan comprehensively fulfill three basic goals in Montana: provide decent housing, provide a suitable living environment, and expand economic opportunities.

The Annual Action Plan describes to HUD any changes or trends in Montana's housing, community development, and economic development needs during the period since the submission of the 2015-2020 Consolidated Plan. The 2016-2017 Annual Action Plan also summarizes the actions Montana will take to support the strategic goals identified in the Consolidated Plan during Plan Year Two, from April 1, 2016 through March 31, 2016.

### *Summarize the objectives and outcomes identified in the Plan*

The following list presents the objectives and outcomes of the 2015-2020 Consolidated Plan the State of Montana will pursue over Plan Year Two:

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 the homeless, disabled, elderly, and other disadvantaged populations;
  - e. Encourage the development and rehabilitation of community facilities and services located within walkable neighborhoods and/or served by public transportation systems, particularly for the homeless, disabled, elderly, and other disadvantaged populations.
  
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 with safe, efficient public infrastructure, particularly for the homeless, disabled, elderly, and other disadvantaged populations.
  
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 mixed-use development that contributes 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 for the homeless, disabled, elderly, and other disadvantaged populations.

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*

The Montana Departments of Commerce (Commerce) and Public Health and Human Services (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.

### *HTF Introduction*

The Montana Department of Commerce has modified the 2016-2017 Annual Action Plan (Plan) through a substantial amendment to the Plan. The modifications impact several areas of the Plan to include HTF information as required by 24 CFR 93.320(k)(5) and 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 the modified sections were noted for public review through strikethrough (for deleted narrative) and underline (for added narrative). This final document has removed the strikethrough and underline to submit the substantial amendment for HUD's approval.

Commerce followed the existing Citizen Participation Plan to accept comments on these proposed modifications. The public comment period for this Draft Amendment began July 1, 2016 and ended August 1, 2016. A public hearing was held on 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 HTF application process. The public meeting was held at Commerce, 301 South Park Ave. Helena, MT. The Consolidated Plan website has additional details regarding this process and can be found at <http://commerce.mt.gov/conplan> or contact [DOCConPlan@mt.gov](mailto:DOCConPlan@mt.gov) for details.

The public hearing was announced through the Commerce website, listserv, Housing Coordinating Team meeting agenda, and distribution in a statewide newspaper. Thirteen

people attended the public hearing in person and twenty-six people attended the public hearing via webinar/teleconference. Once the public comment period ended a record of the public hearing transcript provided in Appendix A of this document. All comments were taken into considered during the development of the 2016-2017 Annual Action Plan Amendment.

The public comment period for the Amendment to this Annual Action Plan was advertised on March 26, 2020, the public comment period began March 29, 2020 and will end April 28, 2020. A public hearing is scheduled to be held on April 14, 2020, at 11:00 a.m, held as a virtual meeting. The public hearing was announced through the Commerce website, listserv, and multiple newspapers across the state. Once the public comment period ends, a record of the public hearing transcript will be made available through the website below. These comments will be considered, and responses will be provided in Attachment B-1 of the final amendment. See: <http://commerce.mt.gov/conplan>.

### **Summary of public comments**

A summary of public comments received during the public comment period for the Annual Action Plan Amendment will be found in Attachment B-1.

### **Summary of comments or views not accepted and the reasons for not accepting them**

This information will be updated at the conclusion of the public comment process.

### **Summary**

A summary of the public process, comments received, and responses will be included in Attachment B-1.

## AP-15 Expected Resources – 91.320 (c)(1,2)

### Introduction

This section describes the resources expected to be allocated by program type throughout the State of Montana during Plan Year Two (April 1, 2016 – March 31, 2017). The total amount expected for the remaining three 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 and HTF administration allocations are capped at 10% of the annual 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. Additionally, CDBG administrative funds that are used for planning projects will need to meet either the Low and Moderate Income or Slums and Blight National Objective.

Expected revenues for the CDBG program include repayments for funding loaned to businesses that create job opportunities for Montanans of low to moderate income; program income funds may be loaned or granted for any eligible CDBG purpose under the Urgent Need, Slums and Blight, or Low and Moderate Income National Objectives. Expected revenues for the HOME program include recaptured and program income funding generated by the First Time Homebuyer Loan program. The State of Montana 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.

To achieve the most effective and efficient use of CDBG funds, the 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 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 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.

Table 5. Expected Resource – Priority Table

Program	Source of Funds	Expected Amount Available Year 2				Expected Amount Available Remainder of Con Plan	Narrative Description
		Annual Allocation	Program Income	Prior Year Resources	Total		
CDBG	Public/Federal	\$5,791,383	\$50,000	\$4,900,000	\$10,741,383	\$17,374,149	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.
	<b>Uses of Funds:</b> Planning, Acquisition, Economic Development, Housing, Public Improvements, Public Services, Administration <u>This includes the use of CDBG funds under the National Objectives of Urgent Need, Slums and Blight, and Low and Moderate Income.</u>						
HOME	Public/Federal	\$3,023,400	\$115,000	\$2,702,040	\$5,840,440	\$9,070,044	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.
	<b>Uses of Funds:</b> Acquisition, Homebuyer Assistance, Rehabilitation, New Housing Development, Administration						
ESG	Public/Federal	\$673,738	\$0	\$0	\$673,738	\$2,021,214	State Allocation; ESG funds will be matched with additional resources by sub-recipients who receive ESG funds.
	<b>Uses of Funds:</b> Financial Assistance, Overnight Shelter, Rapid re-housing, Rental Assistance Services, Homeless Prevention						
HOPWA	Public/Federal	\$0570,655	\$0917	\$0570655	\$01,141,310	\$0	Montana only receives HOPWA competitive funds
	<b>Uses of funds:</b> Permanent housing facilities, Permanent housing placement, STRMU, Short term or transitional housing facilities, Supportive services, TBRA						
HTF	Public/Federal	\$3,000,000	\$0	\$0	\$3,000,000	\$9,000,000	State Allocation
	<b>Uses of funds:</b> Acquisition, Demolition, and Reconstruction to support Rental Housing, Rehabilitation of Rental Housing, New Rental Housing Development, Administration.						

*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 State of Montana will accomplish the goals of the 2015-2020 Consolidated Plan during Plan Year Two by effectively maximizing and utilizing all available funding resources to conduct housing and community development activities that will serve the economically disadvantaged residents of the non-entitlement areas of the state. This includes the use of CDBG funds under the National Objectives of Urgent Need, Slums and Blight, and Low and Moderate Income.

The CDBG program requires 50% match for economic development projects. This match can come from a variety of sources, including cash investment, bank loans, state or federal loan programs, or grants. The majority of CDBG-ED grants are at least partially matched with funds

from the state Big Sky Economic Development Trust Fund, the federal Economic Development Agency, private bank loans, or owner equity.

The CDBG program requires 25% match for public facility projects. This match is usually provided either by a direct cash contribution or by incurring a loan or issuing bonds to be repaid through user charges or property tax assessments. Other local match sources include loan or grant funds from other competitive state grant programs, funds expended for predevelopment planning, the recently appraised value of land or materials provided by the applicant, and the value of labor performed by the applicant's employees. The 25% match requirement may be waived if the local government demonstrates financial hardship. The State of Montana provides state general fund match for the administration of the CDBG program.

The HOME program requires 25% match funding for projects. This match is typically obtained through the use of Low Income Housing Tax Credits. Other local match sources include local costs of infrastructure installation to serve HOME-assisted units, proceeds from bond financing, deferred or waived state or local taxes or fees, and the value of donated land. Funds will also be leveraged with resources from the CHDOs, who may be funded with HOME funds through the CHDO set-aside (15%). Awards for CHDO activities will be given preference over non-CHDO activities and the HOME program may not award any project activities until at least 15% of the HOME program allocation to meet the HUD CHDO set-aside requirement documenting obligation of funds during the 24-month HUD timeline.

ESG funds are frequently matched by sub-recipients who provide rental assistance, transitional housing and/or supportive services through the MTCOC Program. A significant amount of local ESG sub-recipients contribute additional resources such as block grant funds and local philanthropic foundation resources to the homeless programs they operate. ESG grant funds are required to be matched 100% after the first \$100,000 of the fiscal year grant. The State recipient must transfer the benefit of this exception to its subrecipients that are least capable of providing the recipient with matching contributions. See 24 CFR §576.201 (Matching requirement) for further details.

No match is required for CDBG housing or neighborhood renewal 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.

No match is required for the new HTF program. The State of Montana anticipates that this program will provide a much needed source of leveraging for other funding programs aimed at

the preservation and expansion of the rental housing stock in Montana. In administering the HTF program, Commerce will generally follow the competitive processes for other HUD programs that Commerce administers. To assure consistency with long-term community planning, the HTF application will require a statement of support from the local government in whose jurisdiction the project will be located. In the allocation of HTF funds, the State of Montana will:

1. Use the HTF allocation to increase and preserve the supply of rental housing for extremely low-income families, giving preference to the homeless, disabled, elderly, and other disadvantaged populations;
2. Utilize a two-phase application process that will prioritize project proposals, from eligible recipients, according to program goals, objectives and regulations. The Phase One application (Intent to Apply) will identify how closely a proposed project meets the intent of the HTF program goals and objectives without requiring extensive work by applicants prior to an initial determination of project readiness. Those projects that best demonstrate alignment with the State of Montana's Consolidated Plan and HTF Program goals and objectives will be invited to the Phase Two application process;
3. Prioritize projects through the Phase Two primary application criteria, as follows:
  - a. 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 increase the supply of decent, safe, and sanitary affordable housing for extremely low income (ELI) families;
  - b. Ability to obligate HTF funds within 6 months of award;
  - c. Ability to undertake HTF activities in a timely manner after obligation;
  - d. The extent to which the proposed project has other federal, state, or local project-based rental assistance;
  - e. Ability to demonstrate long-term affordability periods;
  - f. Merits of the project proposal to meet the priority housing needs of the State as set forth in the 2015-2020 Consolidated Plan (e.g., housing that is located close to transit or within walking distance of employment centers, community services, and educational facilities; contains green building and sustainable development features; and particularly serve the homeless, disabled, elderly, and other disadvantaged populations;
  - g. Ability for the proposed project to leverage non-federal funding sources;
  - h. For projects involving new construction, the required inclusion of:
    - i. A smoke-free housing policy;
    - ii. Broadband internet connectivity, that includes but is not limited to, cable, fiber optics, wiring and, other components to provide access; and

- iii. Minimum visitability features, including one zero-step entrance, one first-floor wheelchair accessible bathroom, and first-floor doorways of 35 inches width or more.
4. Require successful applicants to certify that housing units assisted with HTF funds will comply with all HTF requirements;
5. Work closely with grantees to ensure funded projects are completed and occupied within 4 years of award; and
6. For projects involving rehabilitation, the required inclusion of all rehabilitation standards as set forth 24 C.F.R. § 93.301(b), and the optional and encouraged inclusion of:
  - i. A smoke-free housing policy;
  - ii. Broadband internet connectivity, that includes but is not limited to, cable, fiber optics, wiring and, other components to provide access; and
  - iii. Minimum visitability features, including one zero-step entrance, one first-floor wheelchair accessible bathroom, and first-floor doorways of 35 inches width or more.

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

The State of Montana does not anticipate that any publicly owned land or property will be used to address the needs identified in the 2016-2017 Annual Action 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 and other beneficiaries, as mandated by Montana statutes. Local entities leveraging CDBG, HOME, or HTF grant funds may use publicly owned land or property to help accomplish a local project on a case-by-case basis, and in most cases such donations or offers will be considered local match resources.

## AP-20 Annual Goals and Objectives – 91.320 (c)(3)&(e)

### Goals Summary Information

Below is information on the goals for Plan Year Two for each of the 2015-2020 Consolidated Plan Programs.

**Table 6 – Goals Summary**

#	Goal Name	Years	Category	Area	Needs Addressed	Funding	Goal Outcome Indicator
1	<b>Preserve and Construct Affordable Housing</b>	April 1, 2016 to March 31, 2017	Affordable Housing	Statewide	Affordable Housing Preservation and Construction	CDBG: \$1,000,000 HOME: \$2,121,060 HTF: <del>\$2,000,000</del> 1,700,000	Rental units constructed: 20 Household/Housing Units  Rental units rehabilitated: 20 Household/Housing Units  Homeowner Housing Added: 2 Household/Housing Units  Homeowner Housing Rehabilitated: 4 Household/Housing Units  Direct Financial Assistance to Homebuyers: 50 Households Assisted
<p><b>Preserve and Construct Affordable Housing:</b> The State of Montana will use CDBG, HOME, and HTF funds to fund affordable housing activities that primarily benefit low to moderate income persons. <a href="#">This includes the use of CDBG funds under the National Objectives of Urgent Need, Slums and Blight, and Low and Moderate Income.</a></p>							
2	<b>Plan for Communities</b>	April 1, 2016 to March 31, 2017	Non-Housing Community Development	Statewide	Community Planning	CDBG: \$500,000	These planning funds will be accessible to all local government across Montana to assist all citizens in the local community with planning needs.
<p><b>Plan for Communities:</b> The State of Montana will use CDBG funds to help communities engage in various types of planning, including comprehensive community development, housing, public infrastructure, stormwater management, bank stabilization, economic development, downtown revitalization, and preliminary project design. A wide variety of activities are funded that primarily serve LMI persons throughout the state. <a href="#">This includes the use of CDBG funds under the National Objectives of Slums and Blight, and Low and Moderate Income.</a></p>							
3	<b>Improve and Sustain Public Infrastructure</b>	April 1, 2016 to March 31, 2017	Non-Housing Community Development	Statewide	Improving and Sustaining Vital Public Infrastructure	CDBG: \$2,062,350	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 2,500 Persons Assisted  Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 25 Households Assisted
<p><b>Improve and Sustain Public Infrastructure:</b> 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. <a href="#">This includes the use of CDBG funds under the National Objectives of Urgent Need, Slums and Blight, and Low and Moderate Income.</a></p>							

4	Revitalize Local Economies	April 1, 2016 to March 31, 2017	Non-Housing Community Development	Statewide	Economic Revitalization	CDBG: \$1,505,292	Jobs created/retained: 20 Jobs Businesses assisted: 4 Businesses Assisted Public Service activity: 5 Households Assisted Facade treatment/business building rehabilitation: 1 Business Brownfield acres remediated: 1 Acre Remediated
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**Revitalize Local Economies:** 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. [This includes the use of CDBG funds under the National Objectives of Urgent Need, Slums and Blight, and Low and Moderate Income.](#)

5	Reduce Homelessness	April 1, 2016 to March 31, 2017	Homeless	Statewide	Reducing Homelessness	CDBG: \$450,000 HOME: \$500,000 ESG: \$673,738 HTF: \$1,000,000	Tenant-based rental assistance/Rapid Rehousing: 600 Households Assisted Homeless Person Overnight Shelter: 120 Persons Assisted Overnight/Emergency Shelter/Transitional Housing Beds Added: 5 Beds Homelessness Prevention: 600 Persons Assisted Housing for Homeless added: 20 Household/Housing Units
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**Reduce Homelessness:** The State of Montana will use CDBG, HOME, HTF, and ESG funds to provide permanent housing, shelter, and services for homeless persons and persons at risk of homelessness. Activities may include construction or rehabilitation of housing or shelters, and direct assistance to serve this clientele throughout the state. [This includes the use of CDBG funds under the National Objectives of Urgent Need, Slums and Blight, and Low and Moderate Income.](#)

***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 91.215(b)***

HOME funds will be used in the following strategic goals as listed below. HOME will specifically provide funds to assist extremely low-income, low-income, and moderate-income families (as listed in the table below). HOME funds will assist with providing 20 households access to new or rehabilitated rental units, providing 50 households opportunities for homeownership, and assisting 5 households who are homeless or at-risk of homelessness with permanent housing.

## AP-25 Allocation Priorities – 91.320(d)

### Introduction

The State of Montana will prioritize the award of HOME and HTF funds to eligible applicants that propose to preserve and construct affordable housing and reduce homelessness. The State of Montana will prioritize the award of CDBG funds to eligible applicants that engage in community planning, sustain and improve vital public infrastructure, revitalize local economies, preserve and construct affordable housing, and reduce homelessness. The State of Montana will continue to use ESG funds to reduce homelessness across the State. This includes the use of CDBG funds under the National Objectives of Urgent Need, Slums and Blight, and Low and Moderate Income.

### Funding Allocation Priorities

Table 8 – Funding Allocation Priorities

	Preserve and Construct Affordable Housing	Plan for Communities	Improve and Sustain Public Infrastructure	Revitalize Local Economies	Reduce Homelessness
CDBG	17.27%	8.63%	35.61%	25.99%	7.77%
HOME	73.46%	0	0	0	16.54%
ESG	0	0	0	0	100%
HOPWA	0\$N/A	012.5%	025%	012.5%	050%
Housing Trust Fund	56.766.67%	0	0	0	33.33%

### Reasons for Allocation Priorities

The State of Montana identified the allocation priorities set forth above for Plan Year Two through the 2015-2020 Consolidated Plan Needs Assessment and Market Analysis, past experience administering the competitive and non-competitive CDBG and HOME grant programs, collaboration with other state agencies and local governments on disaster resiliency priorities in communities with presidentially declared disasters in 2011, 2012, and 2013, and consultation with the state’s local government, non-profit, and private sector partners. The allocation priorities also reflect the extent to which eligible entities have other sources of funding available to accomplish each priority.

With respect to the ESG Program, the State of Montana does not currently allocate funds based on priority needs but rather focuses on allocating funds, in consultation with the MTCOC to ensure the provision of ESG services statewide so all homeless and near homeless Montanans have access in or near their communities. Based on planning, ESG funds are allocated to the 10 regional Human Resource Development Councils (HRDCs) in Montana. Funds are distributed

based on a formula allocation, reflecting areas of poverty and general population, as set forth in Section 53-10-502, Mont. Code Annotated, pertaining to the federal Community Services Block Grant.

The amount of funds allocated is based on poverty levels and general population in each service area, relative to the poverty and general population of the entire state. All HRDCs submit work plans, budgets, and reports outlining which of the allowable activities will be undertaken.

***How will the proposed distribution of funds address the priority needs and specific objectives described in the Consolidated Plan?***

The priority needs, and the allocation of funds to address those needs as set forth above, are designed to specifically address the State of Montana's objectives described in this Annual Action Plan.

***Support existing Montana communities.*** Montana will target CDBG, HTF, and HOME funding towards existing communities to increase community revitalization, improve the efficiency of public infrastructure, and safeguard rural landscapes and natural resources through comprehensive planning, eliminate or reduce the presence of slums or blight through comprehensive planning, rehabilitate existing homes, build social, economic, and environmental resiliency to severe events, and develop and rehabilitate community facilities and services within walkable neighborhoods and/or neighborhoods served by public transportation systems.

***Invest in vital public infrastructure.*** By using CDBG funds for public infrastructure, Montana will encourage appropriate and comprehensive pre-development planning activities for public infrastructure, provide funding opportunities to improve the safety and efficiency of public infrastructure, build social, economic, and environmental resiliency to severe events, safeguard the environment, and maximize existing public infrastructure investments.

***Enhance Montana's economic competitiveness.*** Montana is committed to utilizing employment as the primary strategy for poverty reduction. Montana will use CDBG funds to revitalize local economies, provide reliable and timely access to employment centers, educational opportunities, services and other basic needs by workers, build economic resiliency to severe events, and expand business access to markets, with a particular focus on employment opportunities located within traditional downtown business centers comprising a mix of businesses, housing, and services. Institutions of Higher Education may collaborate with local governments to access CDBG public service funds for workforce training and education courses in order to increase job creation, retention, and advancement opportunities.

***Promote equitable, affordable housing in Montana.*** Montana is committed to being a great place to live, work, and play, and that quality of life starts with equitable access to affordable housing. Montana will use CDBG, HTF, and HOME funding for preserving and constructing affordable housing that increases mobility and lowers the combined cost of housing and transportation, advancing solar and other on-site renewable energy installations aligned with the Federal Renewable Energy Target, building social and economic resiliency to severe events, and increasing homeownership and rental opportunities for eligible Montanans, particularly the homeless, disabled, elderly, and other disadvantaged populations.

***Reduce homelessness in Montana.*** Montana and its partners have adopted a strategic plan to end family homelessness by 2016, veteran homelessness by 2019, individual chronic homelessness by 2022, and all homelessness in the State by 2023. Montana will target CDBG, HOME, HTF, and ESG funds to activities that address the housing needs and increase the level of assistance programs to homeless Montanans and/or those at risk of homelessness.

## AP-30 Method of Distribution – 91.320(d)&(k)

### Introduction

The Methods of Distribution are identified for CDBG, HOME, ESG, and HTF for Plan Year Two. 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 Two. This includes the use of CDBG funds under the National Objectives of Urgent Need, Slums and Blight, and Low and Moderate Income.

### Distribution Methods

CDBG funds will be used for various activities authorized in Section 105(a) of the amended 1974 Housing and Community Development Act that met national CDBG objectives. Projects are funded in order to meet the CDBG National Objectives of Low and Moderate Income, Slums and Blight, and Urgent Need ~~to benefit persons of low-moderate income (LMI) 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 persons of LMI. CDBG funds are distributed throughout the state's non-entitlement areas (outside Billings, Great Falls, and Missoula) and targeted for activities that serve persons of LMI. Projects funded with CDBG resources typically provide a community-wide benefit.

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 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 all National Objectives (assuring that no less than 70% of CDBG funds will be used for LMI beneficiaries) and grant categories, depending upon needs in the state during the Plan Year. 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 this 2016-2017 Annual Action Plan and Amendment, and will 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 of Preserve and Construct Affordable Housing and Reduce Homelessness, 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 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:** 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
<b>TOTAL MAXIMUM POSSIBLE POINTS</b>	<b>925</b>

**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/programs/cdbg>.

**Describe how resources will be allocated among funding categories:** For Plan Year Two, the State of Montana will allocate \$900,000 in CDBG funds to 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 persons of LMI. Up to \$450,000 in CDBG funds may be awarded per project for project activity.

**Anticipated Outcome Measure:** 5 rental or homeowner units will be constructed and 5 rental or homeowner units will be rehabilitated.

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**State Program Name:** CDBG Non-Competitive Housing

**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 activities to create or preserve homeownership with a specific focus on solving health and safety issues and ADA improvements for single family units. These activities can include acquisition and/or rehabilitation housing units made available to 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:** CDBG Non-Competitive funds will only be available for non-entitlement units of general local government who have completed an application in collaboration with a Certified Housing Development Organization. Once approved for funding, the applicant will remain part of the Non-Competitive pool for a period of no-greater than five years to accomplish the goals established in their application and will gain access the \$550,000 in funds set-aside for this funding category.

**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/programs/cdbg>.

**Describe how resources will be allocated among funding categories:** For Plan Year Two, the State of Montana will allocate approximately \$550,000 in CDBG funds to Non-Competitive Housing activities. Funds that are not awarded within the first 12 months of the program year, as established in this 2016-2017 Annual Action Plan, will be made available to the Public Facilities and Housing and Neighborhood Renewal category of funds.

**Describe threshold factors and grant size limits.** Each project funded must meet the CDBG National Objective of benefiting persons of LMI. Each housing unit must be inspected by an individual with construction repair expertise and a budget for acquisition and/or rehab created

based on the inspection report to correct health and safety issues as well as ADA improvements.

**Anticipated Outcome Measure:** 6 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 a 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:** CDBG Public Facility funds are only available for non-entitlement units of general local government. The CDBG Public Facility uses a competitive application process. The 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 Concept and Technical Design	150
Community Efforts and Citizen Participation	100
Need for Financial Assistance	200
Benefit to Low and Moderate Income Persons	150
Implementation and Management	175
<b>TOTAL MAXIMUM POSSIBLE POINTS</b>	<b>1,125</b>

**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/programs/cdbg>.

**Describe how resources will be allocated among funding categories:** For Plan Year Two, the State of Montana will allocate \$2,062,350 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 benefitting persons of LMI. Up to \$450,000 in CDBG funds may be awarded per project for project activity.

**Anticipated Outcome Measure:** 2,500 LMI persons will be served with new or improved public infrastructure systems; 25 LMI households will be served with access to new or improved community facilities that provide support services to LMI households; and, 10 units of permanent or temporary housing for homeless individuals or youth will be constructed or rehabilitated.

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**State Program Name:** CDBG Economic Development

**Funding Sources:** CDBG

**Describe the State Program addressed by the Method of Distribution:** Within the Priority Need 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, working capital, or train employees.

**Describe all of the criteria that will be used to select applications and the relative importance of these criteria:** 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/programs/cdbg>.

**Describe how resources will be allocated among funding categories:** For Plan Year Two, the State of Montana will allocate \$1,505,292 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 benefitting persons of LMI. 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; five households assisted through public services activities, one façade treatment or business building rehabilitation will be completed; and one acre of brownfields remediated.

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**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 that support resilient communities through 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:** 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 forth in the 2015-2020 Consolidated Plan and this 2016-2017 Annual Action Plan and Amendments or the CDBG National Objectives. “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 forth in the 2015-2020 Consolidated Plan and this 2016-2017 Annual Action Plan. CDBG will prioritize applications received from eligible MIDURN communities for planning activities identified through the State of Montana’s application for National Disaster Resilience Competition grant funds in 2015.

**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 planning grant administration manual, and other relevant information and resources are available on the Commerce website at <http://comdev.mt.gov/programs/cdbg>.

**Describe how resources will be allocated among funding categories:** For Plan Year Two, 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 benefitting persons of LMI. Up to \$50,000 in CDBG funds may be awarded per project for project activity.

**Anticipated Outcome Measure:** Not applicable.

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**State Program Name:** HOME Single-Family Noncompetitive (Homebuyer Assistance)

## **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 will be awarded to any eligible applicant (non-profit organizations, CHDOs, and local governments) who may apply for funding individually or 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. All eligible applicants will be required to identify how HOME funds will meet the goals and objectives of the 2015-2020 Montana Consolidated Plan and the local planning efforts. Eligible applicants are encouraged to partner with other organizations to provide collaborative and cost-effective projects that will benefit the community and households benefiting from HOME assistance. 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 Two, the State of Montana will allocate \$600,000 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. HOME funds may be provided in an amount up to 30% of the purchase price limit (as described below) per homeowner for down payment and closing cost assistance as a zero percent deferred loan. HOME funds may be provided in an amount up to 40% of the purchase price limit (as described below) per homeowner for down payment and closing cost assistance as a zero percent deferred loan to individuals with a disability or are an enrolled in a state-recognized Native American tribe. HOME assistance can only be provided to those units where the homeownership value limit does not exceed 95% of the area median purchase price for single family housing (as listed below). The purchase price for the property cannot exceed HUD purchase requirements, recapture provisions are placed on the HOME-assisted units for the period of affordability, assistance provided as a zero-percent

deferred loan, and must follow all applicable HOME regulations and guidelines for homebuyer assistance.

**HOME Purchase Price Limit**

<b>Metropolitan FMR Area Name</b>	<b>Existing Single Family Home</b>	<b>Newly Constructed Single Family Home</b>
Billings, MT MSA	\$211,000.00	\$228,000.00
Great Falls, MT MSA	\$162,000.00	\$228,000.00
Missoula, MT MSA	\$237,000.00	\$237,000.00
Beaverhead Co	\$151,000.00	\$228,000.00
Big Horn Co	\$151,000.00	\$228,000.00
Blaine Co	\$151,000.00	\$228,000.00
Broadwater Co	\$176,000.00	\$228,000.00
Carter Co	\$151,000.00	\$228,000.00
Chouteau Co	\$151,000.00	\$228,000.00
Custer Co	\$151,000.00	\$228,000.00
Daniels Co	\$151,000.00	\$228,000.00
Dawson Co	\$151,000.00	\$228,000.00
Deer Lodge Co	\$151,000.00	\$228,000.00
Fallon Co	\$151,000.00	\$228,000.00
Fergus Co	\$151,000.00	\$228,000.00
Flathead Co	\$221,000.00	\$228,000.00
Gallatin Co	\$260,000.00	\$260,000.00
Garfield Co	\$151,000.00	\$228,000.00
Glacier Co	\$151,000.00	\$228,000.00
Golden Valley Co	\$151,000.00	\$228,000.00
Granite Co	\$184,000.00	\$228,000.00
Hill Co	\$151,000.00	\$228,000.00
Jefferson Co	\$232,000.00	\$232,000.00
Judith Basin Co	\$158,000.00	\$228,000.00
Lake Co	\$226,000.00	\$228,000.00
Lewis & Clark Co	\$211,000.00	\$228,000.00
Liberty Co	\$151,000.00	\$228,000.00
Lincoln Co	\$166,000.00	\$228,000.00
McCone Co	\$151,000.00	\$228,000.00
Madison Co	\$214,000.00	\$228,000.00
Meagher Co	\$151,000.00	\$228,000.00
Mineral Co	\$151,000.00	\$228,000.00

Musselshell Co	\$151,000.00	\$228,000.00
Park Co	\$185,000.00	\$228,000.00
Petroleum Co	\$151,000.00	\$228,000.00
Phillips Co	\$151,000.00	\$228,000.00
Pondera Co	\$151,000.00	\$228,000.00
Powder River Co	\$151,000.00	\$228,000.00
Powell Co	\$151,000.00	\$228,000.00
Prairie Co	\$151,000.00	\$228,000.00
Ravalli Co	\$227,000.00	\$228,000.00
Richland Co	\$173,000.00	\$228,000.00
Roosevelt Co	\$151,000.00	\$228,000.00
Rosebud Co	\$151,000.00	\$228,000.00
Sanders Co	\$190,000.00	\$228,000.00
Sheridan Co	\$151,000.00	\$228,000.00
Silver Bow Co	\$151,000.00	\$228,000.00
Stillwater C	\$200,000.00	\$228,000.00
Sweet Grass Co	\$157,000.00	\$228,000.00
Teton Co	\$151,000.00	\$228,000.00
Toole Co	\$151,000.00	\$228,000.00
Treasure Co	\$151,000.00	\$228,000.00
Valley Co	\$151,000.00	\$228,000.00
Wheatland Co	\$151,000.00	\$228,000.00
Wibaux Co	\$151,000.00	\$228,000.00

**Anticipated Outcome Measure:** 50 homebuyers will be assisted with down payment 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. HOME funds will be awarded to any eligible applicant (non-profit organization, CHDO, and/or local government) who may apply for funding individually or with housing partners. The Department will set aside a minimum of 15% of HOME funds for activities sponsored, developed, or owned by Community Housing Development Organizations (CHDOs). CHDO or CHDO-partnered applicants will receive

first consideration on eligible projects that meet the criteria of the Competitive HOME Program. The HOME program may not award any project activities until at least 15% of the HOME program allocation to meet the HUD CHDO set-aside requirement documenting obligation of funds during the 24-month HUD timeline. All eligible applicants will be required to identify how HOME funds will meet the goals and objectives of the 2015-2020 Montana Consolidated Plan and the local planning efforts. Eligible applicants are encouraged to partner with other organizations to provide collaborative and cost-effective projects that will benefit the community and households benefiting from HOME assistance.

**Describe all of the criteria that will be used to select applications and the relative importance of these criteria:** Competitive HOME applications are ranked according to the applicant's ability to meet the application criteria and consistency with the goals in the 2015-2020 Consolidated Plan. 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 Two, the State of Montana will allocate \$2,121,060 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:** 10 rental or homeowner units will be constructed; 10 rental or homeowner units will be rehabilitated; and, 5 units of permanent housing for homeless individuals or youth will be constructed or rehabilitated.

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**State Program Name:** Housing Trust Fund (HTF) Program

**Funding Sources:** HTF

**Describe the State Program addressed by the Method of Distribution:** Within the Priority Needs to Preserve and Construct Affordable Housing and Reduce Homelessness, HTF funds will be used to increase and preserve the supply of rental housing for extremely low-income families, particularly the homeless, disabled, elderly, and other disadvantaged populations. The rental units must not exceed the HOME maximum per-unit subsidy limits and HUD-established rents

will be used for each assisted unit. The Department will not use HTF funds to assist first-time homebuyers, for homeownership housing financing, or for refinancing existing debt.

**Describe all of the criteria that will be used to select applications and the relative importance of these criteria:** The Department proposes to establish a two-phase competitive grant process to receive and prioritize project proposals from eligible entities (entitlement communities, public housing agencies, as well as for-profit, non-profit, and tribally-designated entities). The Phase One application (Intent to Apply) will identify how closely a proposed project meets the intent of the State of Montana Consolidated Plan and HTF Program goals and objectives without requiring extensive work by applicants prior to a determination of project readiness. Those projects that best demonstrate alignment with these goals and objectives will be invited to the Phase Two application process. Phase Two applications will be ranked according to the applicant's ability to best meet the intent of the State of Montana Consolidated Plan and HTF Program goals and objectives, demonstrate long-term financial feasibility, and document public engagement and community support. HTF 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>.

**Describe how resources will be allocated among funding categories:** For Plan Year Two, the State of Montana will allocate approximately \$2,700,000 in HTF resources to complete HTF Program activities; \$1,700,000 is designated for preserving and constructing affordable housing; and \$1,000,000 is designated for reducing homelessness. The 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 HTF activities must meet HTF requirements, including the HOME program's maximum per-unit development subsidy limit for housing assisted with HTF funds. The maximum per-unit subsidy is the same as for the HOME program (24 CFR 93.300(a)), and is calculated using the Uniform Application Form for Montana Housing Programs, available on the HTF website.

**Anticipated Outcome Measure:** 5 rental units will be constructed; 5 rental units will be rehabilitated; and, 4 units of permanent housing to reduce homelessness.

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**State Program Name:** ESG Program

**Funding Source:** 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 development 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 important 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 annual to the National Association of State Community Service Providers (NASCSPP) 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 Two, the State of Montana will allocate amount of \$51,357 to Administration, \$68,478 to HMIS, and \$564,937 to Program specific activities.

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

**Anticipated Outcome Measure:** 600 households will be served with rapid rehousing; 120 persons will be assisted with overnight shelter; 600 persons assisted with homelessness prevention; and, 5 beds of overnight/emergency shelter/transitional housing.

### *Discussion*

All methods of distribution for the CDBG, HOME, HTF, and ESG programs are designed to meet specific program requirements, ensure the most effective use of the funds, and attain the State of Montana's goals and objectives as set forth in the Consolidated Plan.

## ***AP-50 Geographic Distribution – 91.320(f)***

### ***Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed***

As described in the Consolidated Plan, the State of Montana will not target any particular geographic area for special assistance, but will allow any non-entitlement community to apply for CDBG and all communities and non-profits to apply for HOME, and entitlement communities and non-profits to apply for and HTF program funding, dependent on eligible activities and programs. Entitlement communities may apply for competitive HOME funds if the project demonstrates clear segregation between State-assisted units and Entitlement-assisted units. ESG funds are allocated throughout the state.

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 Geographic Distribution table generated by the IDIS system has been left blank.

### ***Rationale for the priorities for allocating investments geographically***

Not applicable.

## AP-55 Affordable Housing – 24 CFR 91.320(g)

### Introduction

Below is a summary of the Plan Year Two goals for a number of categories that relate to affordable housing. These goals are related only to the federal resources provided through CDBG, HOME, HTF and ESG, and do not include numbers for those persons assisted through other federal or state resources.

**Table 13 – One Year Goals for Affordable Housing by Support Requirement**

One Year Goals for the Number of Households to be Supported	
Homeless:	1340
Non-Homeless	40
Special-Needs:	25
Total:	1405

**Table 14 – One Year Goals for Affordable Housing by Support Type**

One Year Goals for the Number of Households Supported Through:	
Rental Assistance:	600
The Production of New Units:	2
Rehab of Existing Units:	4
Acquisition of Existing Units:	50
Total:	656

### Discussion

As the information above demonstrates, a significant number of households are served annually through the State of Montana’s affordable housing programs.

Rental assistance will be completed primarily through ESG resources that include financial assistance including rental application fees, security and utility deposits, last month’s rent, utility payments, and moving costs, and, short-term rent assistance.

The production of new units will be completed primarily through CDBG, HOME, and HTF resources in coordination with Low Income Housing Tax Credits and private financing.

Acquisition and rehabilitation of existing units will be completed primarily through the CDBG non-competitive housing program.

## **AP-65 Homeless and Other Special Needs Activities – 91.320(h)**

### ***Introduction***

Homeless and other Special Needs activities will be carried out according to the eligible uses of funds for CDBG, HOME, and HTF as well as through the ESG program. The nature of the homeless individuals and families in Montana vary for many different reasons. It may be due to leaving one's home as a result of domestic violence, lack of medical assistance, or lack of stable employment. Many households experiencing homelessness are doubled up with family or friends or able to find assistance from a faith-based community for a few days. Non-homeless special needs populations in the state include the elderly and frail elderly, persons living with disabilities, persons with alcohol or other drug addiction, victims of domestic violence, and persons and the families of persons living with HIV. These populations are not homeless, but are at the risk of becoming homeless and therefore often require housing and service programs. The needs of the special needs groups are relative to the programs currently provided.

The State of Montana will work to encourage activities that address the housing needs of those at risk of homelessness, encourage activities that increase the level of assistance to programs serving the special needs groups including those at risk of homelessness. This includes supporting activities to reduce homelessness and encouraging the development and rehabilitation of non-rental facilities for the shelter and transition of temporarily homeless Montanans. Additionally, HOME, CDBG, HTF, and ESG will continue to support efforts by local governments and partner organizations providing HIV services, substance abuse services, disability services, aiding victims of domestic violence, and assisting the disabled.

***Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including:***

***Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs***

Montana divides itself into twelve districts to participate annually in the National Point-in-Time Counts of homeless, unduplicated one night estimates of both sheltered and unsheltered homeless populations, occurring during the last week in January of each year. One finding from that survey is that a growing segment of the homeless population is women, children, and families that have experienced life-altering situations, such as job loss, disaster, divorce, or abuse that have driven them into homelessness.

Montana uses the Continuum of Care model that originated with U.S. Department of Housing and Urban Development, with the goal of supporting the transition of homeless individuals into stabilized self-sufficiency in affordable housing. It is important to note that the Montana Continuum of Care feels that multiplying a single night’s data into an annual estimate does not necessarily result in an accurate representation.

***Addressing the emergency shelter and transitional housing needs of homeless persons***

Montana encourages efforts to provide shelter and other basic needs to people who are currently homeless, and supports these efforts with CDBG Public Facilities funds. In addition, because preventing homelessness is much less costly than addressing the problem after housing has been lost, Montana also supports efforts that will help people in crisis who are at risk of losing existing housing (homeless prevention) and place homeless people into permanent and affordable housing accompanied by intensive services that will aid them in establishing long-term stability (rapid re-housing).

***Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experienced homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again***

As indicated in the Needs Assessment and Market Analysis, the longer one is homeless, the more difficult and costly it is to stabilize and re-house that person. During Plan Year Two, the State of Montana will seek to accomplish the following targets for reducing homelessness:

STRATEGIES	1. Reallocation of TH to RR or Permanent Supportive Housing (PSH)		2. ESG Rapid Rehousing (Family Only)		3. TANF Short-term Rent Assistance		4. Prioritize Section 8 Vouchers for PSH Graduates		5. Decrease LoS – Increase Turnover PSH to Affordable Housing		6. 50 Montana State-Funded Vouchers		Total New Beds	Total Number Households Served
	Per Year	Total	Per Year	Total	Per Year	Total	Per Year	Total	Per Year	Total	Per Year	Total		
2015	10	10	30	30	10	10	10	10	5	5	20	20	85	27
2016	10	20	15	45	20	30	15	25	5	10	20	40	85	27
2017	10	30	15	60	20	50	15	40	5	15	20	60	85	27
Cumulative Total Beds	30		60		50		40		15		60		255	81

***Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded***

*institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs*

DPHHS works with the MTCoC to leverage resources and provide increased and coordinated services to homeless across the state. DPHHS aligns its strategy for reducing and ending homelessness with the CoCs. DPHHS and subgrantees of ESG funding participate in MTCoC strategic planning discussions and attend working meetings.

The MTCoC prioritizes and ranks homeless projects each year and prepares a consolidated, statewide continuum of care application in response to the Notice of Funding Availability (NOFA). Projects originate from local community continuums of care or a state agency. Project approvals are based upon performance and capacity criteria as well as local needs and HUD priorities.

ESG funds are used to meet the needs of the homeless and those at risk of homelessness at the local level. Activities include rental assistance, financial assistance of rental application fees, security and utility deposits and payments, case management, housing search and support for toll free telephone referral hotlines for domestic abuse; referral to mainstream resources; assistance to shelters for victims of domestic and sexual violence, youth homes, and food banks. All HRDCs submit work plans, budgets, and reports outlining which of the allowable activities will be undertaken. In Plan Year Two, HTF funds will support these activities by increasing and preserving the supply of rental housing for extremely low-income families, particularly the homeless, disabled, elderly, and other disadvantaged populations.

## AP-70 HOPWA Goal – 91.320(k)(4)

HOPWA’s goals of reducing homelessness in MT are a combined effort of partnering with regional organizations and participating in local events that target housing opportunities for individuals at risk of becoming or are currently homeless. Nearly all client referrals come from the Ryan White Program and are routinely the most multi-barriered clients they serve – homeless or greatly at risk of becoming homeless. Sponsors also have strong partnerships with local organizations; Housing Authorities, Homeless Coalitions, Community Health Clinics and participate regularly in Homeless Connect Events.

With additional Resource ID funding available, OAA and YAP are able to partner with their local and statewide CoC; becoming active in state and local CoC planning efforts through membership and meetings, utilize HMIS system, participate in Point-In-Time and Housing inventory Counts at the local level and the efforts to develop a coordinated assessment for MT. Currently part of the H2 initiative in MT.

<b>One year goals for the number of households to be provided housing through the use of HOPWA for:</b>	
Short-term rent, mortgage, and utility assistance payments	31
Tenant-based rental assistance	85
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	N/A
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	N/A
Total	116

## AP-75 Action Plan Barriers to Affordable Housing – 91.320(i)

### *Introduction*

Several barriers to affordable housing development and maintaining residency in housing were identified in the Needs Assessment, Market Analysis, and draft *Analysis of Impediments to Fair Housing Choice in Montana (AI)* of the *Draft 2015-2020 Montana Consolidated Plan for Housing and Community Development*, including:

- Rental unit owners or managers refusing to rent to prospective tenants based on their status in a protected class, particularly disability, race, and familial status;
- Negative patterns of lending and investment, particularly with respect to denial of loans and predatory loan terms for American Indian residents, Hispanic residents, and women;
- Lack of knowledge or understanding regarding fair housing laws or housing opportunities;
- Inadequate access to public transportation;
- Insufficient monitoring, oversight, or enforcement of fair housing laws; and
- Lack of local capacity to plan, obtain funding for, administer, and complete affordable housing projects.

*Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment*

Due in part to its rural nature, Montana’s non-entitlement communities tend to have limited regulatory barriers to the development of new housing. Instead, barriers to affordable housing in Montana are generally a result of a lack of training, education, and outreach on fair housing rights.

*Action 1:* The State of Montana will engage partnerships that support and enhance outreach to and education of landlords and property management companies about fair housing rights.

*Action 2:* The State of Montana will support efforts to conduct audit tests on rental units.

*Action 3:* The State of Montana will ensure fair housing training is provided at the annual Montana Housing Conference and other local, regional, and statewide conference and education

events, and will broadcast such meetings statewide using internet/online, digital, and phone capabilities.

*Action 4:* The State of Montana will help distribute fair housing informational flyers or brochures to grantees, applicants, and the general public.

*Action 5:* The State of Montana will create partnerships that enhance outreach and education for American Indian homebuyers through educational forums, credit counseling, and home purchase training.

*Action 6:* The State of Montana will continue to engage with the network of local fair housing organizations in Montana, and will encourage creation of inclusion of an additional fair housing participant specific to the American Indian population.

*Action 7:* The State of Montana will consider the extent to which a project addresses an identified barrier to affordable housing in its competitive review and ranking of applications for CDBG, HOME, and HTF grant awards.

*Action 8:* The State of Montana will provide outreach to and train prospective grantees and units of local government on affirmatively furthering fair housing.

*Action 9:* The State of Montana will sponsor or co-sponsor events during Fair Housing Month and throughout the year and work to increase awareness of fair housing rights.

*Action 10:* The State of Montana will help create model “best practice” fair housing practices for distribution to grantees and units of local government.

### ***Discussion***

Through the above identified actions during Plan Year Two, the State of Montana will continue to address barriers to affordable housing. The State of Montana is committed to addressing these barriers throughout the implementation of the 2015-2020 Consolidated Plan and through the recently formed steering committee working on addressing goals and objectives identified in the 2015-2020 Analysis of Impediments.

Recently Commerce and DPHHS staff have engaged a steering committee focused on discussion and implementing actions related to the 2015-2020 Analysis of Impediments. The group has begun discussions regarding involvement from other interested parties to help begin to address

the impediments through the established goals and objectives. Additional work will continue through the 2016-2017 Annual Action Plan year to continue to address the impediments and achieve the goals and objectives.

## ***AP-85 Other Actions – 91.320(j)***

### ***Introduction***

The following are actions planned for Plan Year Two and throughout the course of the Consolidated Plan period (2015-2020).

### ***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, HTF, 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. In addition, the State of Montana continually provides technical assistance and planning resources to help communities 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.

### ***Actions planned to foster and maintain affordable housing***

The State of Montana 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, CDBG, and HTF 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.

The Community Development and Housing Divisions added HUD's on-line Lead-Based Paint Visual Assessment 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 the 2015-2020 Consolidated Plan and this 2016-2017 Annual Action 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 center encourage health, vital, and resilient communities through the use of CDBG, HOME, HTF and ESG funds.

### *Actions planned to develop institutional structure*

Gaps in the institutional delivery system exist primarily due to finding 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-moderate income or less particularly the homeless, disabled, elderly, and other disadvantaged populations. 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 number of eligible entities and individuals in the state. During Plan Year Two, the State will actively engage across state agencies and with the public and private sectors in broad discussions and educational opportunities regarding the economic, social, environmental, and health benefits of creating walkable, resilient 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, using CDBG, HOME, HTF and ESG programs, will continue to coordinate with public and private partners to discuss current projects and methods to coordinate efforts throughout the State, including the following initiatives:

- 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.
- Commerce will continue to participate in the Montana Reentry Initiative Task Force and the Housing Coordinating Team.

### *Discussion*

Through the above identified actions during Plan Year Two, 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 2015-2020 Consolidated Plan.

To further the goals and objectives of the CDBG and HOME program, the Anti-displacement and Relocation Assistance Plan is included with this Annual Action Plan.

### **ANTI-DISPLACEMENT AND RELOCATION ASSISTANCE PLAN**

1. The Montana Department of Commerce (MDOC) encourages applicants to design their projects so as to temporarily relocate or displace as few persons as necessary to meet the goals and objectives of the State CDBG, HOME, and HTF programs and critical local community development needs.
2. MDOC will carefully consider any proposed relocation and/or displacement activities during application ranking.
3. When a proposed CDBG, HOME, or HTF-funded project could result in direct or indirect involuntary displacement of community residents (including businesses), the applicant must prepare a plan which describes the actions to be taken to assist such persons to remain in their neighborhoods as required by 24 CFR 570.606. To provide equitable and reasonable assistance to those persons who will be involuntarily and permanently displaced, the plan must include relocation assistance as required in 24 CFR 42.350. The

adequacy of any displacement mitigation plan will be assessed by the MDOC on the basis of:

- its responsiveness to temporarily relocated and displaced persons;
  - the timeliness of the remedy; and
  - the reasonableness of projected costs, including safeguards that will be established to assure prudent use of scarce public resources.
4. Grant recipients must replace on a one-for-one basis all occupied and vacant habitable low and moderate income dwelling units demolished or converted to a use other than as low and moderate income housing. The one-for-one replacement requirement will not apply if the U.S. Department of Housing and Urban Development (HUD) finds there is an adequate supply of available, vacant low and moderate income dwelling units in standard condition in the area.
  5. MDOC will require CDBG, HOME, and HTF recipients to provide benefits to any person involuntarily and permanently displaced as a result of CDBG- and/or HOME-funded activities in accordance with the Uniform Relocation Assistance and Real Property Act.
  6. MDOC will require all CDBG, HOME, and HTF recipients to certify that they will comply with both this and their own residential anti-displacement and relocation assistance plan.