U. S. Department of Housing and Urban Development

Community Planning and Development

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Ms. Leslie J. Edgcomb
Consolidated Plan Coordinator
State of Montana
PO Box 200545
Helena, MT 59620-0545

Dear Ms. Edcomb:

Community Planning and Development (CPD) is striving to strengthen its working relationship with our State and local government partners to help achieve greater results in meeting the housing and community development needs of our low- and moderate-income customers. One of our important responsibilities in this ongoing process is the periodic assessment of your accomplishments and performance in the administration of funds provided by CPD and in meeting key program and Departmental objectives, as mandated by the statutes governing these programs.

This review examines information provided by the State of Montana for its 2006 program year. In conducting this assessment, we examine your activities for consistency with the priorities and objectives outlined in the Consolidated Plan and Annual Action Plan. We use the information contained in the Consolidated Annual Performance and Evaluation Report (CAPER), and the Integrated Disbursement Information System (IDIS) as well as any monitoring reviews conducted during the course of the program year.

Our assessment report that is enclosed covers the following areas:

- Meeting the statutory purposes of the programs.
- Consistency with strategies and goals in the Consolidated Plan and Annual Action Plan
- Performance Measures
- Fair Housing and Equal Opportunity
- Timeliness
- Caps on Obligations – CDBG-Administration, Public Service; HOME-CHDO, Administration; ESG-Essential Services, Homeless Prevention, Administration
- IDIS

The State of Montana continues to be a high performer in area of obligation and expenditure of CDBG, HOME, and ESG funds. Headquarters' performance and IDIS reports show that Montana is well within timeliness requirements. We also appreciate the efforts Montana is taking ensure that the performance measure reporting requirements are met.

Based upon our analysis and examination of the data available to us, we have determined that the State of Montana's overall progress has been satisfactory during the most recent program year.

Montana appears to be administering its programs in a manner consistent with the applicable regulatory requirements. During the period April 1, 2006 through March 31, 2007, Montana has carried out its program substantially as described in its Consolidated Plan and has the continuing capacity to carry out its approved program in a timely manner. These conclusions on your overall program performance are based solely upon the information available to this office and do not constitute a comprehensive evaluation or approval of specific activities.

You have the opportunity to provide us with your review and comment on the draft Annual Community Assessment. Please provide any review and comment within 30 days of the date of this letter. We may revise the Assessment after considering your views. If we do not receive any response by the end of the 30-day period, the draft Annual Community Assessment will become final without further notice.

The final Annual Community Assessment must be made readily available to the public. You can assist us in this regard by sharing the final Annual Community Assessment with the media, with a mailing list of interested persons, with members of your advisory committee, or with those who attended hearings or meetings. You must also provide a copy of the final Annual Community Assessment to your independent public auditor. HUD will make the final Annual Community Assessment available to the public upon request and may provide copies to interested citizens and groups.

If you have any questions, please do not hesitate to contact me or Renae Blair, Community Planning and Development Representative. We can be reached at (303) 672-5414.

Sincerely,

Guadalupe M. Herrera

Guadalupe M. Herrera
Director
Community Planning
and Development

Enclosure

ANNUAL COMMUNITY ASSESSMENT

JURISDICTION - State of Montana
PROGRAM YEAR START – April 1
PERIOD COVERED BY ASSESSMENT – April 1, 2006 - March 31, 2007

HUD is required to conduct an annual review of performance by grant recipients according to the provisions of the Housing and Community Development Act and the National Affordable Housing Act. We must determine that each recipient is in compliance with the statutes and has the continuing capacity to implement and administer the programs for which assistance is received. This is to report the results of our performance review of the State of Montana for the 2006 program year.

Part I. Summary of Consolidated Plan/Action Plan Review and Assessment
The State of Montana is meeting the primary objective of the Community Development Block Grant (CDBG) Program which is the development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Consistent with this primary objective, not less than 70 percent of the aggregate of the Federal assistance shall be used for the support of activities that benefit persons of low- and moderate-income (LMI). The State expended 100 percent of the Federal funds on activities benefiting LMI persons in the current program year (PY).

Part I of the CAPER provides good information on the various state and Federal funded programs available to assist special needs, homeless, low, and moderate income residents of Montana in the areas of affordable housing, improved public facilities, and increased economic development opportunities.

Part II of the CAPER gives an overview of the 2006 funding allocations for each of the state's goals in affordable housing, homeless assistance, economic development, infrastructure and public facilities improvements. The funding allocations appear to address each of the goals as provided in the Consolidated/Annual Action plan.

The final Performance Measures rule was published in the Federal Register on March 1, 2006 and became effective on March 13, 2006. Beginning in October, 2006, all project information MUST contain Performance Measure data. We are pleased to see that Integrated Disbursement and Information System (IDIS) contains the required performance data and that the State continues to do a good job of closing completed projects and entering accomplishment data in timely manner.

Part II. Summary of Grantee Performance

The CAPER provided a good review of Montana's Analysis of Impediments as updated in 2004. From the information provided, it appears the state is working to address the impediments

through education and outreach to landlords, bankers, attorneys, housing developers and builders.

Based on the April 2007 monthly expenditure report from the Washington, DC State and Small Cities Division the State of Montana currently had a ratio of 1.47 times the current CDBG grant in unexpended funds. This meets and greatly exceeds the goal of no more than 2.5 times the current grant amount in unexpended funds.

Regulations at §570.201(e)(1) limit the amount of CDBG funds that can be expended for public service activities to 15 percent of the grant amount. The Financial Summary report (PR26) shows Montana spent 7 percent of the 2006 funds for public service activities. Likewise, regulations at §570.200(g) limit the amount of funds that can be used for the administration of the grant to 20 percent. The Financial Summary report indicates that Montana expended less than 15 percent, well below the cap.

Montana is a high performer as evidenced through the March 31, 2007 HOME SNAPSHOT that ranks the state number 3 overall out of 51 participating state jurisdictions in areas of performance such as HOME funds committed and disbursed. According to the IDIS PR27 report, 100 percent of HOME funds are committed through 2006 and expended through 2005, far exceeding the requirements of HOME funds committed within 2 years of the date of the grant and expended within 5 years.

The Emergency Shelter Grant (ESG) regulations provide a cap for essential services and homeless prevention activities of 30 percent each and an administrative cap of 5 percent of the grant amount. The PR20 (IDIS) indicates Montana is within regulatory guidelines with 21 percent committed for essential services, 24 percent for homeless prevention and 5 percent committed for administration. ESG regulations also require that the state must spend all of their grant amounts within 24 months of the date on which the State made the ESG funds available to the State recipient. The PR20 report shows that all of the ESG funds from 2005 and 94 percent of the 2006 funds have been expended

Part III. HUD Evaluation and Conclusions

A. OVERALL EVALUATION

Overall, the State of Montana appears to be making strides in providing affordable housing and addressing its community development needs. Montana continues to be a high performer in the expenditure of CDBG, HOME, and ESG funds as well as in the reporting of accomplishments in IDIS.

B. CONCLUSIONS AND FINDINGS

Community Planning and Development, Rocky Mountains, Denver, has reviewed available facts and data pertaining to the performance of the State of Montana for its Consolidated Plan and the formula Community Planning and Development Programs specified in that Plan [Community Development Block Grant, HOME Investment Partnership Act, Emergency Shelter Grant] during the period specified above. Based on the overall review record and the information summarized above, CPD makes the following findings:

1. During the period specified above, the State of Montana, has carried out its program substantially as described in its Consolidated Plan as approved and amended.

2. The Consolidated Plan, as implemented, complies substantially with the requirements of applicable laws and regulations.

3. The State of Montana has the continuing capacity to carry out its approved program in a timely manner.

Part IV. APPROVAL

SUMMARY PREPARED BY

Name	Title	Date
Renae Blair	CPD Rep.	8/14/07

REVIEW AND CONCURRENCE

Name	Title	Date
Frank Clark	Program Manager	8/15/2007

APPROVAL

Guadalupe M. Herrera	Director CPD	Date
Guadalupe M. Herrera	Director CPD	8-15-07