MONTANA

CONSOLIDATED PLAN

2007 ANNUAL ACTION PLAN

April 1, 2007 -- March 31, 2008

Investing in Montana's Communities

MONTANA DEPARTMENT OF COMMERCE

Community Development Block Grant Program
Home Investment Partnerships Program

MONTANA DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

Emergency Shelter Grant Program

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EQUAL HOUSING OPPORTUNITY

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2007 ANNUAL ACTION PLAN

The Montana Department of Commerce (MDOC) is the lead agency overseeing the development of the Consolidated Plan. This Annual Action Plan is for the 12 months beginning April 1, 2007 and ending March 31, 2008 (federal fiscal year 2007). The annual plan is designed to meet the requirements set forth by the U.S. Department of Housing and Urban Development (HUD) for three formula grant programs: the Community Development Block Grant (CDBG) Program; the HOME Investment Partnerships (HOME) Program; and the Emergency Shelter Grant (ESG) Program.

I. SOURCES OF FUNDS

With the MDOC as the lead agency overseeing development, numerous state and federal programs support the implementation of the state's Consolidated Plan. Interagency cooperation and coordination of state, federal, and local agencies and organizations is critical to the success of many projects. The following summaries describe programs support the overall implementation of Montana's Consolidated Plan with respect to affordable housing, public facilities, economic development, and homelessness.

FEDERAL RESOURCES

HUD Formula Grants

The state of Montana receives annual funding from three HUD formula grant programs:

- The CDBG Program, administered by the Community Development and Business Resources Divisions of the MDOC;
- The HOME Program, administered by the Housing Division of the MDOC; and
- The ESG Program, administered by the Human and Community Services Division of the Montana Department of Public Health and Human Services (MDPHHS).

Community Development Block Grant Program

The Community Development and Business Resources Divisions of the MDOC administer the CDBG Program. For the plan year beginning April 1, 2007, the state will receive $6,935,714 in federal CDBG funds. Of these dollars, one-third, or approximately $2.2 million, will be allocated for economic development projects, administered by the Business Resources Division (BRD). More than $4.4 million will be split between public facility projects (approximately $2.8 million), housing and neighborhood renewal projects (approximately $1.4 million), and planning grants, administered by the Community Development Division (CDD).

CDBG

FFY 2007 Allocation

	Minimum Amount	Maximum Amount
Competitive		$ 6,627,643
Formula		
Retained for State Projects		
Non-Competitive		
State Admin of Program		$ 308, 071

The CDBG Program also anticipates that an undeterminable amount of **program income** will be generated. Grantee communities that have an approved CDBG program income plan are allowed to retain the funds for further CDBG-eligible activities. Each year, local governments receiving CDBG Program income are requested to file a report showing the status of program revenues and expenditures.

HOME Investment Partnerships Program

The HOME Program, administered within the Housing Assistance Bureau of the MDOC Housing Division, expects to receive $4,376,646 in HUD funds for the plan year beginning April 1, 2007. Funds will be used to develop affordable housing for low- and very low-income persons.

The MDOC will also receive $82,255 in **American Dream Downpayment Initiative** (ADDI) funds. ADDI, which was signed into law in December 2003, originally provided for $200 million each year from 2003 until 2007 to be allocated to HOME participating jurisdictions based on the percent of low-income renters in the jurisdiction relative to the percent of low-income renters in the United States.

HOME

FFY 2007 Allocation

	Minimum Amount	Maximum Amount
Competitive		$ 1,995,401 *
Formula		$ 30,435 *
Retained for State Project		
Non-Competitive		$ 1,995,400 *
State Admin of Program		$ 437,665

* Includes $82,255 of ADDI07 funds.

Additionally, the MDOC HOME Program expects that an undetermined amount of **program income** will be generated from previously awarded grants. HOME grantees with an approved program income plan are allowed to retain any program income generated and use the funds for HOME-eligible activities.

- If program income is earned by a grantee before closeout of a project, it must be added to funds committed to the project and used to support eligible activities before the grantee can request an additional drawdown of funds.
- If a grantee previously received a HOME award for a project that has not been closed out, and they receive a HOME award for a new project, any program income from the earlier project must be expended on eligible activities under the new project before the grantee can request funds from its new HOME award.
- If a grantee receives any program income after project completion and grant closeout, these funds must be reported on a quarterly basis to the HOME Program and may be used for additional HOME eligible activities, according to the terms of the grant closeout agreement and approved program income plan.

Emergency Shelter Grant Program

The Intergovernmental Human Services Bureau (IHSB) of the MDPHHS anticipates that approximately $398,241 will be available through the ESG Program.

ESG

FFY 2007 Allocation

	Minimum Amount	Maximum Amount
Competitive		
Formula		$ 378,329
Retained for State Project		
Non-Competitive		
State Admin of Program		$ 19,912

HUD Competitive Grants

Competitive grant programs allow eligible applicants to request funding directly from HUD by submitting an application. Each year, HUD's SuperNOFA (Super Notice of Funding Availability) process makes competitive funds available for the selection of proposals submitted by government agencies and nonprofits. These proposals address special projects of national significance and long-term projects in areas that are not eligible for formula allocations.

Continuum of Care (CoC)

Continuum of Care competitive grants provide permanent and transitional housing and limited supportive services to homeless persons. For FFY 2006, Montana requested $2,089,172 for 18 projects across the state (see following table). Seventeen (17) projects were funded for a total of $1,839,392. Exhibit I from the Montana Continuum of Care Coalition application, is available on the Consolidated Plan web page: **http://housing.mt.gov/Hous_CP_MT-CoC.asp**.

MONTANA'S STATEWIDE CONTINUUM OF CARE HOMELESS ASSISTANCE GRANT REQUESTS FEDERAL FISCAL YEAR 2006			
Applicant / Project Sponsor	**Project Name**	**Grant Amount**	
		Requested	**Funded**
Housing Authority of Billings	Shelter Plus Care TRA for Chronic Homeless/ TRA / New SPC Project	$ 268,200	$ 0
Poverello Center, Missoula	Joseph Center - Supportive Housing Prog / Transitional Housing / SHPR Project	$ 74,934	$ 74,934
Northwest MT Human Resources, Inc., Kalispell	Courtyard Apts - Supportive Housing Prog / Transitional Housing / SHPR Project	$ 71,538	$ 71,538
Human Resources Council District XII, Butte	Homeward Bound - Supportive Housing Prog / Transitional Housing / SHPR Project	$ 90,958	$ 90,958
Mountain Home Montana, Inc.	B. Hamilton Project - Supportive Housing Prog / Transitional Housing / SHPR Project	$ 76,798	$ 76,798
Samaritan House, Inc.	Samaritan House Case Management Project - Supportive Housing Prog / Transitional Housing / SHPR Project	$ 63,000	$ 63,000
YWCA of Missoula	Ada's Place Transitional Housing - Supportive Housing Prog / Transitional Housing / SHPR Project	$ 101,001	$ 101,001
Supporters of Abuse Free Environment (S.A.F.E.), Inc., Hamilton	S.A.F.E. Transitional Housing - Supportive Housing Prog / Transitional Housing / SHPR Project	$ 35,700	$ 35,700
Missoula County / Salvation Army	Gateway Center - Supportive Housing Prog / Transitional Housing / SHPR Project	$ 61,579	$ 61,579
Missoula County / Western MT Mental Hlth Cntr, Turning Point	Share House - Supportive Housing Prog / Transitional Housing / SHPR Project	$ 196,665	$ 196,665
Sanders County Coalition for Families, Thompson Falls	LaVonne Kennedy Transitional Housing Prog - Supportive Housing Prog / Transitional Housing / SHPR Project	$ 56,964	$ 56,964
God's Love, Helena	God's Love Family Transitional Center - Supportive Housing Prog / Transitional Housing / SHPR Project	$ 150,470	$ 150,470
MT Dept of Health & Human Services, Helena	Homeless Management Information System (HMIS) - Supportive Housing Prog / HMIS / SHPR Project	$ 66,980	$ 66,980
Missoula County/YWCA of Missoula	Ada's Place II - Supportive Housing Prog/Transitional Housing/New SHP Project	$ 14,965	$ 14,965
Missoula Housing Authority	MHA Shelter Plus Care - Shelter Plus Care / Tenant Based Rental Assistance / SHPR Project	$ 445,320	$ 461,040
Helena Housing Authority	Helena Housing Authority SPC - Shelter Plus Care / Tenant Based Rental Assistance / SHPR Project	$ 160,944	$ 160,944
Public Housing Authority of Butte	Shelter Plus Care / Tenant Based Rental Assistance / SHPR Project	$ 72,696	$ 72,696
Housing Authority of Billings	Shelter Plus Care / Tenant Based Rental Assistance / SHPR Project	$ 80,460	$ 83,160
	Total	**$ 2,089,172**	**$ 1,839,392**

SPC – Shelter Plus Care; SPCR - Shelter Plus Care Renewal; SHPR – Supportive Housing Program Renewal; SHP – Supportive Housing Program; TRA – Tenant-based Rental Assistance

Housing Opportunities for Persons With AIDS (HOPWA)

In July 2005, the MDPHHS was awarded a HOPWA renewal grant of $1,450,800 to continue operating the Tri-State Housing Environments for Living Positively (TS HELP) Program. Serving three states that do not qualify for direct HOPWA formula grant funding, this program is a continuum of housing and related supportive service opportunities for people living with HIV/AIDS and their families. TS HELP is a partnership between MDPHHS and four private agencies: the Sioux Falls Housing and Redevelopment Commission in South Dakota, Region VII Community Action Program in North Dakota, and Missoula AIDS Council and Yellowstone AIDS Project in Montana. In December of 2005, TS HELP was awarded an additional $1.4 million that addressed the need for housing case management in three of the four regions. Under this new grant, TS HELP Plus, the sponsors were able to hire three housing case managers and increase tenant based rental assistance (TBRA) and short-term rent, mortgage, and/or utility (STRMU) assistance in the three states.

Other HUD Resources

Project Based and Tenant Based Section 8

In addition to administering the HOME Program, the Housing Assistance Bureau contracts with HUD as the statewide Public Housing Agency (PHA) using an annual contributions contract to provide program administration and services on Section 8 low-income housing programs on a statewide basis.

Montana's Project Based Section 8 (PBS8) Program performs as a HUD contractor for management and oversight activities for approximately 100 contracts involving more than 4,000 affordable rental units. PBS8 conducts on-site management reviews annually for the entire contract portfolio. In addition, PBS8 approves and processes payment vouchers to property owners and agents.

The Tenant Based Section 8 (TBS8) Housing Assistance Programs allow very low-income families to pay a set amount toward rent and utilities, currently 30 percent of their gross adjusted income. Very low-income families have incomes of 50 percent or less of the HUD median family income for the county in which the family resides. HUD establishes income limits annually. The programs provide subsidy payments to property owners on behalf of program participants.

The TBS8 Program, using 35 local field agents in 11 locations throughout the state, provides field services: issuing assistance documents, performing inspections, and examining annual income. The wait list to obtain a voucher is approximately 30 months (2½ years) with approximately 7,500 applicants. Housing choice vouchers is the main program in TBS8, with a HUD baseline of 3,737 units, and an annual budget of $15 million.

The Moderate Rehabilitation (Mod Rehab) Program has a budget of approximately $2 million annually. In essence a project-based program, owners of substandard property

in Montana rehabilitate the property to meet HUD housing quality standards (HQS) and receive subsidized rent for 15 years at a rate high enough to cover the debt service on rehabilitation loans. TBS8 provides a list of prospective tenants and inspects the rental units annually to ensure continued compliance with HQS.

Go to **http://housing.mt.gov/Hous_S8.asp** for more information on the statewide Section 8 Programs.

Other Federal Resources

Low Income Housing Tax Credits (LIHTC)

The Low Income Housing Tax Credit Program, established by Congress in the Tax Reform Act of 1986, is intended to provide for retaining, rehabilitating, and constructing low-income rental housing. The Montana Board of Housing (MBOH) administers the LIHTC Program in Montana. The MBOH receives authority to allocate the tax credit through the Internal Revenue Code. Annual authority is estimated to be at least $2,275,000. Through the tax credit benefit, developers and owners of qualified housing receive an annual federal tax credit for 10 years, based on the eligible basis costs of the rental units provided to low-income individuals and families. For more information, go to **http://housing.mt.gov/Hous_BOH_MF.asp**.

U.S. Department of Agriculture Rural Development

The U.S. Department of Agriculture Rural Development (USDA RD) Program regularly funds several different housing programs for very-low-, low-, and moderate-income borrowers. These programs are the Single Family Housing Direct Loans (502), Repair and Rehab Loans and Grants (504), Guaranteed Rural Housing Loans. Additionally, RD funds Multi-Family Housing Direct Loans and Guarantees, Rural Rental Assistance, Mutual Self-Help Grants, and Housing Preservation Grants. More information on Rural Development's housing and community facilities programs in Montana can be found at **http://www.rurdev.usda.gov/mt/RHS/rhs%20front%20page.htm**.

U.S. Department of Energy

The U.S. Department of Energy (DOE) funds are primarily for weatherization assistance in the state. These funds leverage additional funds from the U.S. Department of Health and Human Services, NorthWestern Energy, Bonneville Power Administration, and Universal System Benefits/Montana Dakota Utilities (USB/MDU) funds for the weatherization program as well as the Low Income Energy Assistance Program (LIEAP). The weatherization program provides cost effective energy conservation measures for low-income households, and typically include heating system tune-ups, air infiltration reduction, and attic, wall and floor insulation.

U.S. Department of Labor

The U.S. Department of Labor provides federal grant funds to the Montana Department of Labor and Industry (MDOLI), which transfers a portion of its funding to the MDOC for businesses needing assistance with job training financing. Montana businesses may apply directly to the MDOC to request Workforce Investment Act (WIA) Program funds. The MDOC targets the workforce training grant programs to projects that can demonstrate tangible, measurable results involving employees working in the businesses that are receiving assistance.

In January 2006, the U.S. Department of Labor announced that an application from Montana for Workforce Innovation in Regional Economic Development (WIRED) funding was one of 13 approved out of over 90 applications nationwide. Montana's WIRED proposal focused on the development of the bio-product industry in 32 counties of eastern Montana and 6 Indian Reservations. The MDOC is managing a component of the WIRED grant program under contract with the MDOLI.

The MDOC WIRED Program has funding available for three years for customized worker training to businesses working with universities, colleges, high schools, and other training providers on specialized bio-product training and curriculum development. The program will also provide grants for WIRED-eligible job training programs or projects that will enhance and expand the bio-product industry in the WIRED region. For more information on WIRED and workforce training, go to the Business Resource's web page: **http://businessresources.mt.gov/**.

U.S. Department of Commerce Economic Development Administration

The CDBG Economic Development Program applied to the U.S. Department of Commerce Economic Development Administration (EDA) in 1991 for economic development funding, matched with CDBG funds, to develop a state revolving loan fund. Revolving loan fund dollars are used independently, or in combination with CDBG funding, for economic development loans. Loan payments are deposited back into the EDA/CDBG Revolving loan fund for future projects.

STATE RESOURCES

Resources provided by the state play a critical role in meeting community development needs around Montana.

Montana Board of Housing

Administratively attached to the MDOC, the Montana Board of Housing was created by the Housing Act of 1975 in order to alleviate the high cost of housing for low-income persons and families. Funds are generated through either the sale of tax-exempt bonds or administrative fees. MBOH programs fall into three categories: homeownership, multi-family projects, and assistance to the senior population. MBOH programs are often used in combination with HOME and CDBG funds, where the MBOH provides the

permanent financing or equity financing. For more information, visit the MBOH's website at **http://housing.mt.gov/Hous_BOH.asp**.

Homeownership Programs

Single Family Revenue Bond Program: Begun in 1977, the purpose of the Single Family Revenue Bond Program is to assist low- and moderate-income Montanans to purchase homes in the state. The MBOH issues tax-exempt mortgage revenue bonds to provide below market rate funds either to purchase existing housing or to construct new housing. Primarily, this program is intended to be utilized by first-time homebuyers; however, in certain "targeted" areas, the borrowers do not need to be first-time buyers. Certain income requirements and house price restrictions must be met. Loan fund availability and mortgage rates vary with each new bond issue.

The MBOH works with approximately 280 lenders statewide to provide the mortgages and assists approximately 1,500 homebuyers per year.

Set-aside Single Family Mortgage Program: The MBOH makes mortgage funds available through the recycling of mortgage prepayments and other funds held under prior bond issues of the Single Family Bond Program. The MBOH works in partnership with local nonprofit housing providers and local governments to develop programs to target specific housing needs within the local community. The MBOH provides the permanent, below market rate, 30-year mortgage financing. This is often coupled with federal grants or local funds to assist in making homeownership more affordable for lower income individuals and families. Applications are submitted through the MBOH's "Request for Proposal" process on a monthly basis.

Single Family Recycled Mortgage Program: By using recycled funds, MBOH is able to assist much lower income persons and families who do not have the financial capabilities to purchase safe and sanitary housing through other single-family programs. The MBOH makes approximately $30 million available for financing very low-income families per year.

Disabled Accessible Affordable Homeownership Program: In 1993, the MBOH initiated the Disabled Accessible Affordable Homeownership Program to assist persons with disabilities acquire affordable, architecturally accessible homes. Qualifying for this program requires that an eligible homebuyer, spouse, child, or parent have a permanent physical disability with a mobility impairment, meet income and family asset limits, and be a first-time homebuyer or have a home purchased prior to the disability that is no longer accessible to their needs. Interest rates vary depending on the buyer's annual income.

Mortgage Credit Certificate (MCC) Program: The MCC Program, which began operation in April 2003, allows a qualified homebuyer to claim up to 20 percent of annual mortgage interest paid as a federal income tax credit. The remaining mortgage interest (80 percent) continues to qualify as an itemized deduction. The MCC may be used in conjunction with any conventional fixed or adjustable rate loan, FHA, VA or RD loans, or

privately insured mortgage loans statewide including loans made in Indian Country, except for loans made through the MBOH bond program.

MyMontanaMortgage (MMM): This program expands the range of borrowers that the MBOH can serve by combining the MBOH lower set-aside mortgage interest rate with expanded underwriting available through Fannie Mae. With qualifications similar to the Single Family Mortgage Program, the MMM is targeted to four special groups: Native Americans, housing subsidy clients working with an authorized Section 8 homeownership program, households which have one or more household members with an ADA-defined disability (not limited to access-disabilities as in the Disabled Accessible Affordable Homeownership Program), and borrowers who work full-time in essential services that include employees in public or private schools (from kindergarten through college level, custodial and administrative staff as well as teachers), police and fire fighters, and certified, accredited or licensed health care workers (such as nurses, pharmacists, technicians, etc.).

Montana House ™: The MBOH is working in partnership with the Anaconda and Trapper Creek Job Corps and the Blackfeet Community College to construct one-story, three-bedroom, two-bath homes with 1,200 square feet. Homes are completely assembled at the partners' sites, then moved and installed on a permanent foundation. These homes are available for purchase by individuals or families who meet the Single Family Mortgage Program criteria, but whose incomes do not exceed 80 percent of area median income for the county in which the house will be located. These homes are sold at cost, producing an affordable home. The additional costs of moving the house, purchasing the lot, constructing the foundation, floor coverings, appliances, and installing all utility hookups to the home are not included in the purchase price.

More information on MBOH homeownership programs is available on the website at: **http://housing.mt.gov/Hous_BOH_SF.asp**.

Multi-Family Programs

MBOH issues tax-exempt bonds to finance the construction of new, and rehabilitation of existing, low-income, multi-family housing. MBOH anticipates issuing bonds to finance projects that meet its requirements through the Multi-Family Risk Sharing Program and its General Obligation Bond Program.

Risk Sharing Program: The Risk Sharing Program provides FHA mortgage insurance for the permanent financing of multi-family rental property through a partnership between MBOH and HUD. Through this program, the MBOH provides mortgage underwriting, loan management, and financing, and the two entities share the risk of loss from default.

General Obligation (GO) Bond Program: The GO Bond Program provides permanent mortgage financing for multi-family rental property. The program requires that the rental property owner agree to restrict the rents to a specific amount and to rent only to tenants below a maximum income level (generally 60 percent of median income).

Currently this program is financing the permanent loans for projects receiving multiple sources of funding where rents on the projects are affordable to very low-income state residents.

Beginning in 1999, the MBOH issued Multi-Family Mortgage Bonds to preserve projects that were in jeopardy of being lost as affordable housing due to expiring HUD preservation program contracts. In conjunction with other housing programs, the MBOH will continue to provide assistance to preserve affordable housing with expiring HUD contracts.

Affordable Housing Revolving Loan Fund: The Montana Legislature passed the Affordable Housing Revolving Loan Fund into law during the 1999 legislative session; however, funding was not provided at that time. The 2001 Montana Legislature appropriated $500,000 in Section 8 reserves and $700,000 of Temporary Assistance to Needy Families (TANF) funds for the loan fund. A third source of funding is direct donations. The MBOH administers the fund, which can be used to provide financial assistance in the form of direct loans for the following purposes:

- Matching funds for public or private money available from other resources for the development of low-income and moderate-income housing;
- Bridge financing necessary to make a low-income or a moderate-income housing development feasible;
- Acquisition of existing housing for the purpose of preserving or converting to low-income or moderate-income housing; or
- Pre-construction technical assistance to eligible recipients in rural areas and small cities and towns.

Organizations eligible for loans from the revolving loan fund are local governments, tribal governments, local housing authorities, nonprofit community or neighborhood-based organizations, regional or statewide nonprofit housing assistance organizations, or for-profit housing developers. All interest and principal on loans from the funds must be repaid to the loan fund; however, the loans have a 30-year term.

Go to **http://housing.mt.gov/Hous_BOH_MF.asp** for more information on the MBOH multi-family programs.

Reverse Annuity Mortgage (RAM) Loan Program

The RAM Program enables senior Montanans to benefit from an additional monthly income source by borrowing against the equity in their home. Eligibility is subject to certain age and income requirements. Currently a participant must be 68 years of age or older (some exceptions may apply). Loans of $15,000 to $150,000 are available at a 5 percent interest rate, based on 80 percent of the FHA determined property value. The loans do not require repayment as long as the homeowner remains in the home. Information on the MBOH Reverse Annuity Mortgage Loan Program is available at **http://housing.mt.gov/Hous_BOH_Ed.asp**.

Montana Department of Public Health and Human Services

Energy Funds

The MDPHHS administers state general funds to help offset the high cost of energy in the state. The 2005 Legislature provided the MDPHHS with an additional $500,000 per year of state general funds to be used for the LIEAP and weatherization programs to help offset the high cost of energy in 2006 and 2007. In 2006, funds were spent for heating assistance for low-income Montanans including those on the Crow reservation, weatherization under the Warm Hearts, Warm Homes Program, and for heating assistance for the six remaining tribes. Funds will be similarly distributed in 2007.

Montana Department of Commerce

Business Resources Division

Indian Country Economic Development (ICED): ICED funds from the MDOC have been available to tribal governments since October 1, 2005. The 59th Montana Legislature made funds available to support tribal business development projects, workforce training projects, entrepreneurial training, feasibility studies, and other types of economic development projects. A total of $400,000 is available annually from the program.

Primary Sector Workforce Training Grant: HB 270 transferred the administration of the Workforce Training Grant (WTG) Program, established during the 2003 legislative session, from the Governor's Office of Economic Opportunity to the MDOC. The Legislative Auditor recommended this reorganization in an audit of the Governor's Office of Economic Opportunity. A total of $1.4 million is available annually from the program. The program is designed to encourage the creation of good-paying jobs in primary sector businesses.

Big Sky Trust Fund: The Big Sky Economic Development Trust Fund, created by the 2005 Montana Legislature, was one of the major components of the governor's 2005 legislative agenda. The trust fund was created to aide in the development of good-paying jobs for Montana residents, and to promote long-term, stable economic growth in Montana. Earnings (interest only, not principal) from the trust fund are available for financial assistance to local governments and economic development organizations through application to the MDOC. Seventy-five percent of trust fund earnings are awarded annually to local governments in the form of grants and loans for economic development projects that create new qualifying jobs for Montana residents.

Community Development Division

Treasure State Endowment Program: The Treasure State Endowment Program (TSEP) is a state-funded grant program designed to assist local governments with the construction and repair of drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and

bridges in order to solve serious public health and safety problems. Eligible applicants for TSEP include any incorporated city or town, county, consolidated government, tribal government, and county or multi-county water, sewer or solid waste management district. The program provides grants for construction projects, preliminary engineering studies, and emergency situations.

Construction grants typically require a dollar-for-dollar match; however, the match can include other grants. Applicants are limited to requesting a maximum of $750,000 for a construction project. TSEP accepts applications for funding construction projects in the spring preceding a legislative year. The MDOC reviews and ranks applications based on seven statutory priorities. Communities that are recommended for grant funds are required to have user fees that meet or exceed the community's "target rate." Target rates are based on a percentage of a community's median household income, making target rates a unique financial measure for each of Montana's communities and allowing TSEP staff to objectively compare the relative financial need of each applicant. The Governor reviews the MDOC's recommendations and submits recommendations to the Legislature. The Legislature makes the final decisions on funding awards. The following table summarizes the type of projects that have been awarded construction grants.

TSEP CONSTRUCTION GRANTS APPROVED FOR FUNDING

Legislature	Water	Wastewater / Storm Sewer	Combined Water / Wastewater	Solid Waste	Bridges
1993	10	5		2	2
1995	8	5			2
1997	10	11			1
1999	10	16			2
2001	12	16			3
2003	16	10	2	1	11
2005	11	15	1		13
Total Approved	**83**	**78**	**3**	**3**	**34**
2007 Applications	**26**	**20**	**1**		**10**

The total amount of TSEP dollars granted to complete the approved projects is over $76 million.
The total cost to construct all the approved projects is over $340 million.

The Legislature also appropriates funds for the MDOC to award grants for preliminary engineering studies. These non-competitive grants are especially useful to smaller communities that have problems to solve, but do not have the financial resources necessary to produce a preliminary engineering report that is required in order to apply for funds needed to complete a construction project. Grants for preliminary engineering are limited to $15,000 and require a dollar-for-dollar match, but the match cannot include other state grants.

The Legislature also appropriates funds for the MDOC to award grants to remedy emergency situations. Grants for emergency projects are limited to $30,000 and the applicant is expected to expend its own financial resources first.

Additional information on TSEP is available at **http://comdev.mt.gov/**.

Montana Board of Investments

INTERCAP Revolving Loan Program: The INTERCAP Revolving Loan Program, offered by the Montana Board of Investments (MBOI), provides loans to Montana's local governments for a wide variety of purposes. Local governments may use the program to provide short- and long-term loans and bridge financing. INTERCAP has made nearly $19.09 million in loans to communities for plan year ending March 31, 2006. Loans from program inception in 1987 to fiscal year ending June 30, 2006 total $232.99 million. To date, $11.07 million of INTERCAP loans financed heating, lighting, and cooling projects meant to reduce energy costs. For additional information, go to the INTERCAP web page: **http://www.investmentmt.com/Programs/Intercap/default.asp**.

Montana Department of Natural Resources and Conservation

Renewable Resources Grant and Loan Program

The Renewable Resources Grant and Loan (RRGL) Program provides grant and loan funds to governmental entities for renewable resource projects that preserve, conserve, manage, and develop renewable resources. The Resource Development Bureau of the Montana Department of Natural Resources and Conservation (MDNRC) administers the program. Grant funding is limited to $100,000, and loan funds are available to the limit of the borrower's bonding authority. Interest subsidies for large loans are available subject to Legislative approval. The RRGL Program has $4.0 million available for grant funding each biennium. The next round of applications will be due in May 2008. Project planning grants are available to provide funding for preliminary engineering and technical analysis needed to identify alternatives for projects that qualify for the renewable resource grant and loan program. Grants of up to $10,000 are available, and must be matched on an equal basis by the project sponsor. Emergency grants of up to $30,000 are available on an open cycle for projects that, if delayed, will result in substantial harm to public health or the environment. For more information, go to **http://dnrc.mt.gov/cardd/ResDevBureau/renewable_grant_program.asp**.

Technical and Financial Assistance Program

The MDNRC and the Montana Department of Environmental Quality (MDEQ) co-administer Montana's Water Pollution Control State Revolving Fund (WPCSRF) and Drinking Water State Revolving Fund (DWSRF) Loan Programs.

Water Pollution Control State Revolving Fund: The program is designed to combine federal grant money with state matching money to create a low interest loan program that funds community wastewater treatment projects. The U.S. Environmental Protection Agency (EPA) makes a grant of federal funds to the state. The state must match 20 percent of that grant. The state's share is derived from the sale of state general obligation bonds. MDNRC makes loans to public entities at an interest rate of 4 percent for up to 20 years.

Since the WPCSRF Program started, the state of Montana has issued $23,090,000 in general obligation bonds, and EPA has contributed more than $114 million in grants. These state bonds and federal grants, together with nearly $51 million in "recycled" (unpaid) loan funds, account for the $187,958,747 program level.

Drinking Water State Revolving Fund Loans: The program provides funds for training, technical assistance, and issuing low interest loans to local governmental entities to finance drinking water facilities and implement the Safe Drinking Water Act. State enabling legislation was passed in 1995 and amended in 1997 after the U.S. Congress passed federal enabling legislation in August 1996. The MDNRC and MDEQ applied for the federal funds in January 1998.

The state has issued nearly $14.8 million in general obligation bonds, EPA has obligated more than $77 million, and $12.5 million in recycled funds have been used to fund loans, for a program level of more than $64,225,226.

LEVERAGING AND MATCHING OF FEDERAL DOLLARS

Federal funds will continue to be leveraged with nonfederal resources to achieve the objectives of this plan. Matching requirements will be achieved through a variety of methods. Grant recipients are encouraged to utilize funds from the private sector, state and local programs, and other sources to assist in meeting HUD matching requirements and to increase the amount of funds available to provide affordable housing, expand economic opportunities, provide infrastructure, and improve community facilities.

Many of Montana's recipients have contributed a large amount of matching funds with their projects. In fact, **HOME** recipients have provided enough matching funds over the years to allow the state to carry match forward, allowing the HOME Program to lower the minimum match requirement from 25 percent to 5 percent. To be considered eligible match, a contribution must be made from nonfederal sources and must be made to housing that is assisted with HOME funds.

Recipients of the **ESG** grant funds are required to match an equal or greater amount than the contracted amount. This ensures that the program fulfills its obligation to match 50 percent of the grant amount. In the past, this has ensured that the matching level is about 97 percent.

CDBG public facility grant recipients are required to contribute local funds equal to at least 25 percent of the total CDBG funds requested. The match is 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.

Local matching funds are not required for **CDBG** housing grants.

For **CDBG** economic development grants, the local government is required to identify the sources and uses of funds and the amounts to be contributed by each financial source. Applicants to the program must assure the participation of at least one non-

CDBG-ED dollar for each dollar of non-administrative CDBG-ED funds requested (a 1:1 leverage ratio). The non-CDBG-ED funds may come from a variety of sources, such as new investment by the firm to be assisted, bank loans, loans to be repaid to a state or federal loan program, or grants. All of the required matching funds must be met by new cash in the form of new cash equity, new loans, or new grants. The MDOC reserves the right to reduce the match requirement in exceptional circumstances, such as high impact projects in areas demonstrating significant levels of need.

CDBG planning grant recipients are required to provide a match on a 50-50 basis that must be firmly committed by the time CDBG funds are released. The match can come in several forms: funds borrowed from the MBOI INTERCAP Program, local cash reserves, or cash contributions from other local, state, or federal agencies, programs or private organizations. Alternatively, grant applicants may substitute “in-kind” services provided by local government staff or contributed by volunteer time or citizen board members carrying out tasks directly related to the planning grant activities. A local government may request a waiver to reduce or entirely waive the match requirement due to extreme hardship. In these cases, the local government must clearly document that there is a need for the planning project and clearly demonstrate that higher financial participation or staff/citizen “in-kind” contributions is not possible.

II. STATEMENT OF SPECIFIC ANNUAL OBJECTIVES

Table 3A - Summary of Specific Annual Objectives
Plan Year 2007

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number[1]	Actual Number	Percent Completed
DH-1	**Availability/Accessibility of Decent Housing**						
DH-1.1	Enhance the availability / accessibility of decent housing by offering assistance for the acquisition/new construction of rental and homeownership units for LMI households	**CDBG**	▪ Number of units acquired/newly constructed	2005			
				2006			
				2007	0		
				2008			
				2009			
			GOAL		**0**		
DH-2	**Affordability of Decent Housing**						
DH-2.1	Address the need for affordable decent housing by offering rehabilitation assistance to low and very low-income homeowner households	**HOME** **Local Match**: *5% minimum required*	▪ Number of units rehabilitated ▪ # of units meeting Section 504 standards ▪ # of units qualified as Energy Star	2005			
				2006			
				2007	40		
				2008			
				2009			
			GOAL		**40**		
DH-2.2	Address the need for affordable decent housing by offering down payment and closing cost assistance to low and very low-income households	**HOME** **Local match**: *5% min. required*	▪ Number of households receiving homebuyer assistance ▪ # of first-time homebuyers ▪ # receiving homebuyer education / counseling ▪ # coming from subsidized housing	2005			
				2006			
				2007	110		
				2008			
				2009			
			GOAL		**110**		

[1] Since HOME and CDBG grant funds are primarily distributed through competitive and/or first-come, first-serve processes, the state cannot accurately predict the number of and distribution of grant assistance among specific objectives. The specific number of households, businesses, etc., expected to be assisted each program year is based on the historic number assisted in previous years, adjusted for anticipated declines in funding and rising costs, which may or may not be an accurate reflection of future fund distributions.

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number[1]	Actual Number	Percent Completed
DH-2.3	Address the need for affordable decent housing by offering tenant-based rental assistance (TBRA) to low- and very low-income households	**HOME** **Local Match**: *5% min. required*	▪ Number of households provided with rental assistance ▪ # designated for the homeless ▪ # for the chronically homeless	2005			
				2006			
				2007	55		
				2008			
				2009	**55**		
			GOAL				
DH-2.4	Address the need for affordable decent housing by offering assistance for the acquisition, rehabilitation and new construction of rental housing to serve low- and very low-income households	**HOME** **Local Match**: *5% min. required*	▪ Number of rental units assisted ▪ # of units meeting Section 504 standards ▪ # of units qualified as Energy Star ▪ # designated for persons with HIV/AIDS ▪ # for the chronically homeless ▪ # designated for the homeless ▪ # for the chronically homeless	2005			
				2006			
				2007	135		
				2008			
				2009			
			GOAL		**135**		
DH-2.5	Address the need for affordable decent housing by offering down payment and closing cost assistance to low- and moderate -income households	**CDBG**	▪ Number of households receiving homebuyer assistance	2005			
				2006			
				2007	0		
				2008			
				2009			
			GOAL		**0**		
DH-2.6	Address the need of families facing the possibility of homelessness by providing one-time payments for utilities, rent, or deposits through homeless prevention programs and services	**ESG**	▪ Number of individuals receiving one-time payments for utilities, rent, or deposits for families facing eviction/shut-off or foreclosure or to provide security deposits to enable families to move into a dwelling of their own.	2005			
				2006			
				2007	5,060		
				2008			
				2009			
			GOAL		**5,060**		
DH-3	**Sustainability of Decent Housing**						
DH-3.1	Improve the sustainability of decent housing through the rehabilitation of homeowner and rental units to benefit LMI households.	**CDBG**	▪ Number of LMI households assisted	2005			
				2006			
				2007	48		
				2008			
				2009			
			GOAL		**48**		

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number[1]	Actual Number	Percent Completed
SL-1	**Availability/Accessibility of Suitable Living Environment**						
SL-1.1	Enhance the availability / accessibility of suitable living environments through the new construction of public facilities to benefit a geographic area with an LMI percentage of 51% or higher	**CDBG**	▪ Number of persons with new access to the public facility or receiving a service provided by the public facility that is no longer substandard	2005			
				2006			
				2007	2,813		
				2008			
				2009			
			GOAL		**2,813**		
SL-1.2	Enhance suitable living environment through availability and accessibility of essential services for the homeless	**ESG**	▪ Number of individuals assisted with essential services such as shelter, food and individual support services	2005			
				2006			
				2007	693		
				2008			
				2009			
			GOAL		**693**		
SL-1.3	Enhance the availability/accessibility of decent housing by offering new construction and rehabilitation of non-rental shelters[2] to LMI households	**CDBG**	▪ Number of units constructed and rehabilitated	2005			
				2006			
				2007	**0**		
				2008			
				2009			
			GOAL		**0**		
SL-2	**Affordability of Suitable Living Environment**						
SL-2.1	Improve the sustainability of the suitable living environment through rehabilitation of existing public facilities[3] by targeting direct benefits to serve a specific LMI clientele.	**CDBG**	▪ Number of persons with improved or new access to the public facility or receiving a service provided by the public facility that is no longer substandard	2005			
				2006			
				2007	447		
				2008			
				2009			
			GOAL		**447**		

[2] Youth group homes, domestic violence facilities, mental health facilities, homeless shelters, etc.

[3] Water and wastewater projects, nursing homes, Head Start centers, senior centers, county hospitals, etc.

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number[1]	Actual Number	Percent Completed
SL-3	**Sustainability of Suitable Living Environment**						
SL-3.1	Improve the sustainability of suitable living environments through rehabilitation of existing public facilities[4] to benefit a geographic area with an LMI percentage of 51% or higher.	**CDBG**	▪ Number of persons with improved access to the public facility or receiving a service provided by the public facility that is no longer substandard	2005			
				2006			
				2007	563		
				2008			
				2009			
			GOAL		**563**		
SL-3.2	Address the need for a suitable living environment by supporting existing facilities providing services as emergency shelters and domestic violence facilities as shelter maintenance programs	**ESG**	▪ Number of emergency shelters/domestic violence facilities assisted that provide shelter, food and individual support services through Shelter Maintenance funding ▪ Number of individuals assisted	2005			
				2006			
				2007	23		
				2008			
				2009			
			GOAL		**23**		
EO-2	**Affordability of Economic Opportunity**						
EO-2.1	Provide economic opportunity through improved or new affordability	**CDBG**	▪ Number of loans/grants ▪ Number of new businesses assisted ▪ Number of existing businesses assisted ▪ Number of jobs created ▪ Number of jobs retained	2005			
				2006			
				2007	4		
				2008			
				2009			
			GOAL		**4**		
EO-3	**Sustainability of Economic Opportunity**						
EO-3.1	Provide economic opportunity through improved or new sustainability	**CDBG**	▪ Number of loans/grants ▪ Number of new businesses assisted ▪ Number of existing businesses assisted ▪ Number of jobs created ▪ Number of jobs retained	2005			
				2006			
				2007	4		
				2008			
				2009			
			GOAL		**4**		

[4] Water and wastewater projects

It should be noted that the federal HUD funding has been declining for several years, while during the same timeframe, costs have continued to escalate due to a variety of factors. Hurricane Katrina and other natural disasters have increased the cost of construction materials, and the imposition of lead-based paint requirements have increased the cost and complexity of residential rehabilitation, while extending the production timeframe. In such an environment, it becomes increasingly difficult to attempt to measure performance in light of long-term production goals because the factors and assumptions the goals are based upon simply are not stable or constant over time. However, the performance measures and indicators still have value in that they illustrate the nature and extent of the impacts of the state's HUD-assisted programs on Montana's communities and residents.

III. OUTCOME MEASURES

Table 3C
Annual Action Plan
Planned Project Results

Outcomes & Objectives*	Performance Indicators	Expected Number[5]	Activity Description
DH-2.1	Number of owner-occupied units rehabilitated	40	Rehabilitation assistance to low and very low-income homeowners
DH-2.2	Number of homebuyers assisted	110	Down payment & closing cost assistance to low and very low-income homebuyers
DH-2.3	Number of households assisted	55	Tenant based rental assistance (TBRA)
DH-2.4	Number of rental units acquired, rehabilitated, and constructed	135	Acquisition, rehabilitation, construction of rental units
DH-2.6	Number of individuals receiving assistance	5,060	One-time assistance (utilities, rent, deposits) for homeless prevention
DH-3.1	Number of LMI households assisted	48	Rehabilitation of homeowner and rental housing units
SL-1.1	Number of LMI persons with new / improved access	2,813	New construction of public facilities
SL-1.2	Number of individuals assisted	693	Essential services (shelter, food, individual support) provided
SL-2.1	Number of LMI persons with new / improved access	447	Rehabilitation of public facilities that serve a specific clientele
SL-3.1	Number of persons with improved access to the public facility	563	Rehabilitation of an existing public facility specific to a geographic area
SL-3.2	Number of emergency shelters and domestic violence facilities assisted	23	Assistance to emergency shelters and domestic violence facilities
EO-2.1	Number of loans/grants	4	Loans and grants to small businesses

[5] Since HOME and CDBG grant funds are primarily distributed through competitive and/or first-come, first-serve processes, the state cannot accurately predict the number of and distribution of grant assistance among specific objectives. The specific number of households, businesses, etc., expected to be assisted each program year is based on the historic number assisted in previous years, adjusted for anticipated declines in funding and rising costs, which may or may not be an accurate reflection of future fund distributions.

Outcomes & Objectives*	Performance Indicators	Expected Number[5]	Activity Description
EO-3.1	Number of loans/grants	4	Loans and grants to small businesses

*Use one of 9 outcome/objective categories:			
	Availability/Accessibility	**Affordability**	**Sustainability**
Suitable Living Environment	SL-1	SL-2	SL-3
Decent Housing	DH-1	DH-2	DH-3
Economic Opportunity	EO-1	EO-2	EO-3

IV. METHOD OF DISTRIBUTION

Housing and community development needs vary widely across the state. The extreme diversity in the available infrastructure and housing, age of housing stock, and overall range in population complicate the assessment of the type and degree of housing and community development needs. Because of the limited availability of resources and the extent of community development and housing needs, each of the three formula grant programs has developed its own methods to address priority needs and to distribute CDBG, ESG, and HOME Program funds to eligible entities for the activities expected to be carried out during the program year.

HOME INVESTMENT PARTNERSHIPS PROGRAM

The goal of the HOME Program, administered within the Housing Division's Housing Assistance Bureau, is to expand the supply of decent, safe, affordable housing for low- and very low-income Montana families. The program achieves this goal through a wide range of eligible activities including tenant based rental assistance (TBRA); down payment and closing cost assistance to homebuyers; property acquisition; new construction; reconstruction, relocation, and rehabilitation of property; site improvements; and other activities to develop or preserve non-luxury housing.

Entities eligible to access the state's HOME Program include general-purpose local governments (counties, incorporated cities and towns, and consolidated city-county governments), community housing development organizations (CHDOs) certified by the MDOC, and Montana public housing authorities (PHAs). HOME entitlement cities (currently Billings, Great Falls and Missoula) receive HOME funds directly from HUD and receive and process HOME applications for projects within their city limits. Entitlement cities and the CHDOs and PHAs operating within their boundaries are generally not eligible to access MDOC HOME funds.

The HOME Program will receive nearly $4.4 million in FFY 2007 funds, which it will distribute through both competitive and non-competitive processes.

Competitive Application Process

The HOME Program, through a process of application and competitive ranking, will commit project funds early in the second calendar quarter of 2007, with applications due February 16, 2007. This timing allows grantees to take advantage of the 2007 construction season and allows for better coordination with projects that involve Low Income Housing Tax Credits.

Housing needs vary widely across Montana. The extreme diversity in available housing, age of housing stock, and overall range in population complicate the assessment of the type and degree of housing needs. Generally, it was inferred from the household forecast and the telephone survey conducted for the *Montana Housing Needs Assessment*[6] that all degrees of housing needs in the state were either medium or high priority. Because of the limited availability of resources and the variety of housing needs, the HOME Program leaves it up to **each community, through detailed local analyses, studies and needs assessments, to determine its own highest priority housing need.** The HOME Program reserves the right to make a determination of local need based on local analyses, studies and needs assessments, which may override the state's priority level.

The maximum request for a HOME project is $500,000 (including soft costs) for rental rehabilitation, TBRA, and new construction. CHDOs receive a minimum 15 percent set-aside of each fiscal year allocation to perform ownership, sponsorship, and development of housing activities. The entitlement cities and the CHDOs and PHAs operating within their boundaries are not eligible to apply for MDOC HOME funds unless a second round of competition is proposed.

Application Selection Criteria

Grantees (including all entities of a joint application) currently administering a HOME grant are eligible to apply for an additional HOME grant if:

- The grantee is in compliance with the project implementation schedule contained in its HOME contract with MDOC;
- There are no unresolved audit, monitoring, or performance findings for any previous HOME grant award to the applicant;
- The grantee with an open FFY 2006 grant has 75% of the project funds drawn down by February 16, 2007; and
- All projects over two years old (FFY 2005 and earlier grants) are completed and are conditionally closed out before applying for additional funds.

[6] *Montana Housing Needs Assessment*, Center for Applied Economic Research, Montana State University-Billings, December 2004; **http://housing.mt.gov/Hous_CP_HsgNeedsAssess.asp**

All projects under consideration for a HOME grant award are evaluated using the following criteria:

Financial Management	200 points
Program Management	100 points
Project Planning	100 points
Capacity Determination	200 points
Total points possible	**600 points**

In addition, a possible **50 bonus points** are available for innovative design in energy efficiency and green building.

Applications for funding must receive at least a total 300 points and receive at least 100 Financial Management Points in order to be eligible for funding. Bonus points cannot be used to bring an application receiving less than 300 points up to a fundable level.

Specific guidelines that relate to the HOME Program competitive application process may be obtained by contacting the HOME Program or by going to the program's website **http://housing.mt.gov/Hous_HM_Apps.asp**.

Noncompetitive Single Family Allocation Pilot Program

At the urging of several grantees, the HOME Program simplified its allocation process during program year 2006 to improve equitable distribution of HOME funds throughout the state and use this limited resource of funds in a more strategic, noncompetitive manner. The change impacted only those grantees interested in conducting homebuyer assistance (HBA) and homeowner rehabilitation (HOR) programs.

Pilot Program Basics:

- Based on the history of grants made, the HOME Program dedicates half of its annual allocation to HBA and HOR programs. The remaining half of the HOME allocation is used for multi-family/rental projects. For the 2007 program year, the MDOC anticipates a single family set-aside of approximately $2 million.
- Cities, towns, counties, and CHDOs submit a qualification package. There is no deadline, no application, and no scoring. HOME Program staff reviews the qualification package within 60 days of receipt. Once an entity is qualified, it enters into a two-year contract with the MDOC and begins conducting its single-family program. An abbreviated recertification process is required every two years.
- The HOME Program ensures distribution of funds throughout the state by using a formula to divide funds by districts of counties, which for the most part, follows the HRDC districts. (See table on page 42.)
- For program year 2006, funds were reserved for each district for 18 months from the time MDOC received its HOME allocation from HUD to allow for program start-up. After 18 months (November 2007), unused funds will be made available to other qualified entities on a statewide, first-come first-serve basis. Beginning in program

year 2007, the reservation period for each district will likely be changed to 12 months.

- Funds may be reserved for 120 days for HBA for existing homes and 180 days for HBA for homes being constructed. This follows the MBOH standard for single-family mortgages. Similarly, funds may be reserved for 180 days for HOR, based on the experience of existing HOR programs. Note: These deadlines are from the time a participant has been identified and qualified to participate in the program to the time the transaction is completed; not from the time funds are available from the HOME program to the time of completion.
- The HOME Program reserves funds for a specific homebuyer or homeowner once an entity submits a completed set-up report. The HOME Program has a dedicated e-mail address to which set-up reports may be submitted. Upon receiving the set-up report, the HOME Program reserves funds from the applicable district's pool of funds for the specific homebuyer or homeowner. Entities then have 120/180 days to draw funds, complete the transaction, and submit a completion report. The 120/180-day deadline is to prevent entities from reserving funds before the funds are actually needed.
- There continues to be a 5 percent match requirement for each homebuyer or homeowner assisted.
- Entities may collect administration fees as soft costs; a 12 percent fee for HOR programs and a flat fee of up to $1,500 for HBA programs. All soft costs must be actual, documented costs.

Qualification Package Requirements:

- Submit a management plan, following the management plan templates for single-family programs.
- Conduct an environmental review and prepare an Environmental Review Record, which needs to be renewed, at a minimum, every five (5) years. As part of this requirement, designate an Environmental Certifying Official for every county within which the entity plans to conduct its programs.
- Outline procedures for complying with lead-based paint regulations.
- Submit a public outreach plan for the entity's entire jurisdiction. For those conducting HBA programs, this must include outreach to those living in public housing and manufactured housing.
- Provide evidence of public support from city and/or county officials.

Additional information on the Single Family Allocation Pilot Program may be obtained on the website at **http://housing.mt.gov/Hous_HM_SF.asp**.

American Dream Downpayment Initiative Funds

The majority of the MDOC's ADDI funds will be granted as part of the set-aside for the single family programs described above. A household may receive a maximum of

$10,000 in ADDI funds; however, grantees may combine ADDI funds with regular HOME funds to provide more assistance to a household. Grantees that receive ADDI funds must demonstrate that they are conducting outreach to residents of public and manufactured housing. Additionally, recipients of ADDI funds must complete a homebuyer education course and must provide documentation to verify they are first-time homebuyers.

A portion of Montana's ADDI funds will be allocated non-competitively to the state's three entitlement cities, Missoula, Great Falls, and Billings, which are not large enough to receive an ADDI allocation directly from HUD. Since the MDOC's allocation of ADDI funds is based upon the number of low-income renters in the state relative to the number of low-income renters in the nation, the MDOC will grant funds to Missoula, Great Falls, and Billings based on the number of low-income renters in each city relative to the number of low-income renters in Montana. The cities will not be required to submit applications to the MDOC, but will be required to demonstrate a viable plan for disbursing the ADDI funds in a timely manner.

Program Income

The HOME Program expects that an undetermined amount of program income will be generated from previously awarded grants. HOME grantees with an approved program income plan are allowed to retain any program income generated and use the funds for HOME-eligible activities.

- If program income is earned by a grantee before closeout of a project, it must be added to funds committed to the project and used to support eligible activities before the grantee can request an additional drawdown of funds.
- If a grantee previously received a HOME award for a project that has not been closed out and they receive an additional HOME award at a later date, the program income from the earlier project must be expended on eligible activities under the new project before the grantee can request funds from its new grant allocation.
- If a grantee receives any program income after project completion and grant closeout, these funds must be reported on a quarterly basis to the HOME Program and may be used for additional HOME eligible activities, according to the terms of the grant closeout agreement and approved program income plan.

COMMUNITY DEVELOPMENT BLOCK GRANT

CDBG Program Categories

The basic categories for local community development projects are housing and neighborhood renewal, public facilities, planning projects, and economic development. Some of the activities that can be carried out with CDBG funds include acquiring real property; rehabilitating residential and nonresidential properties (including special facilities for persons with disabilities); constructing new, affordable housing (when sponsored by a nonprofit organization); providing public facilities and improvements

such as water, sewer or solid waste facilities, or senior citizen centers; and assisting for-profit businesses to promote economic development activities that will result in the creation or retention of jobs.

Housing and Neighborhood Renewal Projects

CDBG housing and neighborhood renewal projects may consist of one or more activities designed to resolve a community development need. The principle activities within a housing and neighborhood renewal project must clearly be designed to address needs appropriate to the category and be pertinent to a national or state objective.

CDBG funds are often used to make low or no-interest loans or grants to low- and moderate-income families to allow them to rehabilitate homes in substandard condition. CDBG rehabilitation projects focus on bringing housing up to basic code standards by addressing structural deficiencies, improving electrical systems, and addressing issues related to asbestos and lead-based paint. In light of increasing energy costs, communities are encouraged to use CDBG funds to undertake energy conservation for housing owned or occupied by low- or moderate-income households.

CDBG funds can also be used to expand homeownership opportunities for low- and moderate-income persons by paying closing costs, providing up to 50 percent of any down payment required, subsidizing interest rates, and financing the acquisition of housing. Many Montana communities are experiencing rapid growth, resulting in shortages of affordable housing; CDBG funds can help finance or subsidize the construction of new, permanent residential units where the CDBG funds will be used by a local nonprofit organization. Local governments can directly undertake housing projects that can include site improvements to publicly owned land or land owned by a nonprofit organization to be used for new housing and converting an existing non-residential structure to residential use.

Public Facility Projects

CDBG public facility projects may consist of one or more activities designed to resolve a community development need. The principle activities within a public facility project must clearly be designed to address needs appropriate to the category and be pertinent to a national or state objective.

Public facility projects are designed to assist general-purpose local governments with problems identified in a growth policy or capital improvement plan and are supported by the community. CDBG funds have been used to upgrade or undertake the new construction of community water and sewer systems and other public facilities. Activities may also include direct assistance to low- and moderate-income families to pay special assessments or hookup charges for public improvements. During the last several years, communities have also utilized the CDBG Program to construct or rehabilitate facilities designed for use predominately by persons of low- or moderate-income such as senior citizen centers, centers for abused or runaway youth, Head Start centers, public nursing home facilities, mental health centers, and public hospitals in rural communities.

Beginning in plan year 2007, the construction of transitional (temporary) or short-term housing is eligible under the public facilities category, rather than under the housing and neighborhood renewal category. Short-term residential facilities include homeless shelters and shelters for abused youth and victims of domestic violence. Local governments requested the change of category due to the unique services provided with short-term housing. The clientele served by these facilities must meet very specific criteria and follow a specific treatment program; therefore, the purpose of the short-term facilities focus is really a public service function and addresses a community need.

Planning Projects–Public Facilities and Housing & Neighborhood Renewal

The CDBG Program is able to play a unique role in assisting Montana communities because of its ability to offer planning grants to local governments. The CDBG housing and public facilities planning grant funds are used to assist local governments in a wide variety of long-term planning-related activities including preparing or updating growth policies, community needs assessments, capital improvement plans, housing studies, and preliminary architectural or engineering plans related to public facility activities.

Economic Development Projects

Montana's CDBG Economic Development Program is designed to stimulate economic development activity by assisting the private sector in order to create or retain jobs for low- and moderate-income persons. CDBG funds are intended to be used in situations where a funding gap exists or alternative sources of public and private financing are not adequate. These funds are intended to complement conventional business financing and those of other federal programs such as the U.S. Department of Commerce Economic Development Administration (EDA) and U.S. Small Business Administration (SBA). The program also complements the MDOC programs for business assistance administered by the Business Resources Division, such as the Regional Development Program and the state Micro Business Finance Program, as well as programs administered by the Montana Board of Investments.

The CDBG-ED Program is designed to assist businesses by making appropriate long-term, fixed-rate financing available to them at reasonable interest rates with flexible terms. Typical eligible activities that fall within the CDBG economic development category include: land acquisition; public facilities, infrastructure (water and sewer lines, sidewalks, access roads, etc.), and other improvements in support of economic development; loans for acquiring, constructing, rehabilitating, or installing commercial and industrial buildings, facilities, or working capital; grants for job training; and grants or loans from communities to nonprofit entities.

The CDBG-ED Program provides instructions and descriptions of criteria used to select applications for funding. The annual application guidelines provide a checklist of items that applicants must provide in their applications. (See checklist starting on page 33.)

Guaranteed Loan Funds

The state does not currently anticipate aiding nonentitlement units of general local government in applying for guaranteed loan funds under 24 CFR part 570, subpart M (the Section 108 Loan Guarantee Program). However, HUD Section 108 Loan Guarantees will be available under exceptional circumstances. These loans will be available subject to the analysis and discretion of the MDOC Loan Review Committee and contingent upon the local government applicant and financing packager receiving assistance from an organization or individual consultant experienced with structuring Section 108 projects.

Community Revitalization

The state does not elect at this time to set forth community revitalization activities as a principal grant activity. Local government grantees are urged to consider community revitalization activities as a complimentary activity to one of the basic eligible housing and neighborhood renewal or public facilities activities, such as doing neighborhood revitalization (demolition, clean up, park development) in conjunction with a traditional housing rehabilitation project. In addition, planning for community revitalization is an eligible activity for a planning grant.

Funding

Annual CDBG Grant

For the plan year beginning April 1, 2007, the state will receive $6,935,714 in federal CDBG funds. Of these dollars, one-third, or $2,209,214, will be allocated for economic development projects. More than $4.4 million will be split between public facility projects (approximately $2.8 million), housing and neighborhood renewal projects (approximately $1.4 million), and planning grants.

The CDD bases the funding allocation for the housing and public facilities categories upon demand for the two categories for the previous two years. Using a two-year average adjusts for variability in demand for public facilities funding that may be associated with the biennial funding cycle of the state's legislatively-approved infrastructure funding programs: the MDNRC's Renewable Resources Grant and Loan Program and the MDOC's Treasure State Endowment Program. Additionally, the funding reserved for each category can respond to changing relative demand for CDBG housing and public facilities. Through this method, the amounts allocated between the two categories will change based upon actual demand.

Funds Recaptured by the State from Units of General Local Government

Any funds recaptured by the state from units of general local government that received previous annual grants will be distributed to other units of general local government using the same method of distribution that currently governs the programs.

Funds Reallocated to the State by HUD

Any funds that are reallocated to the state by HUD at the time the annual grant is awarded will be distributed to units of general local government using the same method of distribution that currently governs the programs and/or by any rules imposed by HUD as a condition of receiving the reallocated funds.

Program Income

The CDD and BRD anticipate that an undeterminable amount of program income will be generated. Grantee communities that have an approved CDBG program income plan are allowed to retain the funds for further CDBG-eligible activities. Each year, local governments receiving CDBG program income are requested to file a report showing the status of program revenues and expenditures.

Grant Ceilings

The total amount of CDBG funds requested by an applicant must not exceed the following ceilings:

Type of Grant	**Ceiling**
Housing & Neighborhood Renewal	$ 450,000
Public Facilities	$ 450,000
Planning – Public Facilities and Housing & Neighborhood Renewal	$ 15,000
Economic Development	$ 400,000
Planning – Economic Development	$ 15,000

Applicants should apply only for the level of funding necessary to carry out the project. Grant requests must be sufficient either by themselves, or in combination with other proposed funding sources, to complete the proposed activities within 24 months from the date of the announcement of grant award by the MDOC. There are no minimum amounts required for CDBG requests, although requests under $100,000 generally are not cost-effective due to the administrative requirements that accompany the program. Communities applying for economic development funding can continue to apply for funding throughout the program year until they have reached the maximum amount of $400,000 per local government.

Existing grantees must significantly drawdown their current funds before they are eligible to apply for additional program funds. Each local government may apply for economic development funding and one housing and neighborhood renewal project and one public facility project each program year. In addition, each local government may be awarded one planning grant each year. Montana's three entitlement cities, Billings, Great Falls and Missoula, are not eligible to apply for state CDBG funding since they receive their own CDBG funds directly from HUD.

Application Selection Criteria

Housing and Neighborhood Renewal

General-purpose local governments (towns and cities under 50,000 in population and counties) are eligible applicants. Private and nonprofit organizations are not eligible to apply directly; in these cases, a county or municipality must apply for CDBG funds on their behalf. If funded, an interlocal agreement must be executed.

Funds distribution for the CDBG housing and neighborhood renewal category is based on annual grant competitions. The demand for CDBG funds has typically exceeded the amount available; therefore, MDOC has developed an application ranking procedure to methodically evaluate the degree to which a proposed project responds to the objectives of Montana's CDBG Program and the ranking criteria.

In plan year 2007, the CDBG program will alter its scoring system through a proportional increase in each of the separate application ranking criteria for housing and neighborhood renewal, providing for a greater distribution of scores among applications. Housing and neighborhood renewal applications will be evaluated according to the following criteria and may be assigned up to a maximum of 1,050 points, based on the following ranking criteria:

	Points
1. Community Planning & Citizen Participation	200
2. Need	200
3. Project Strategy and Community Efforts	250
4. Benefit to Low- and Moderate-Income	200
5. Implementation and Management	200
TOTAL POINTS:	**1,050**

In addition, changes were made to criterion 4, Benefit to Low- and Moderate-Income. Applications will be assigned four (4) points for each documented whole percentage of benefit to LMI persons over 50 percent, rather than three points.

The CDBG ranking teams' written findings, based upon the scoring criteria for each category, are submitted to the MDOC Director who makes the final decision on grant awards. Additional information on the guidelines can be accessed on the web at **http://comdev.mt.gov/CDD_CDBG_Hous.asp**.

Public Facilities

Public facility applications are reviewed by MDOC CDBG staff for completeness and for conformance to federal and state CDBG requirements. After the grant application is ranked by the CDBG ranking team, the written recommendations for grant awards are given to the MDOC Director for the final decision. The actual number of awards is subject to the funding availability and the amount of each applicant's request.

The scoring system for the public facilities category will also be altered in plan year 2007 to provide a greater distribution of scores through a proportional increase in each ranking criterion. Each application is evaluated according to the following criteria and may be assigned up to a maximum of 1,125 points:

		Points
1.	Community Planning & Citizen Participation	175
2.	Need for Project	175
3.	Project Concept and Technical Design	150
4.	Community Efforts	100
5	Need for Financial Assistance	200
6.	Benefit to Low- and Moderate-income	150
7.	Implementation and Management	175
	TOTAL POINTS:	**1,125**

In addition, changes were made to criterion 5, Need for Financial Assistance. Applications will still be evaluated based upon analysis of indicators: (1) Economic Condition of Households, representing 40 percent of the total points possible, and (2) Financial Analysis, representing 60 percent of the total points possible. However, there is a change in how the points for Economic Condition of Households are calculated. Previously, this score was assigned based on one of five scoring levels; the score will now be computer-generated and will provide an absolute numerical score, resulting in a greater variation and spread among ranking scores.

Applications will be assigned three (3) points for each documented whole percentage of benefit to LMI persons over 50 percent, rather than two points resulting in a greater variation and spread among ranking scores.

Funds are awarded to the top-ranked applications until all funds are awarded. The minimum number of points for a public facilities application to be considered for funding is 700. Applicants not funded are encouraged to seek technical assistance from the program and to re-apply during the next funding cycle.

Additional information on public facility grant application guidelines can be accessed on the web at **http://comdev.mt.gov/CDD_CDBG_PF.asp**.

Housing and Neighborhood Renewal and Public Facilities Planning Grants

The CDBG Program uses five criteria to evaluate planning grant proposals and to rank the applications in the likely event that the total requests exceed available funding. For plan year 2007, the CDBG program increased the score of the Benefit to Low- and Moderate-Income criterion, from 50 to 100 points, to give more weight to LMI benefit, reflecting the general purpose of the CDBG Program and helping to spread the ranking scores. Additionally, the maximum score for the Relationship to Long-Term Community Planning criterion will be increased proportionally from 100 to 125 points, reflecting the MDOC's mission to encourage local community planning. Planning grant applications

may be assigned up to a maximum of 425 points. The ranking criteria and weightings are:

1. Relationship to Long-Term Community Planning..... 125 Points
2. Need for Planning Activity..... 100 Points
3. Community Efforts and Financial Need..... 50 Points
4. Benefit to Low and Moderate Income ..... 100 Points

SUB-TOTAL POINTS: ..... 375 Points

5. First-Time Recipient and/or Innovative Proposals **Bonus Points: ..... 50 Points**

TOTAL POINTS: ..... 425 Points

The application guidelines for CDBG planning grants can be accessed on the web at **http://comdev.mt.gov/CDD_CDBG_PGAG.asp**.

Economic Development

It is anticipated that the CDBG-ED guidelines will be available in February 2007 and the CDBG-ED planning grant guidelines will be available in May 2007. Applications are received and funds are awarded on a continuous cycle until all funds are committed. Once all funding is obligated, project development and funding awards may occur in anticipation of the next year's funding allocation.

Eligible applicants are local governments, which usually contract with local development organization to loan funds to for-profit businesses that agree to create jobs for low- and moderate-income persons. Each application is reviewed by MDOC staff and a loan review committee that makes recommendations to the MDOC director. The director makes a final funding decision.

Applicants must meet certain thresholds when applying for funding, including preparing a business plan and providing a 1:1 dollar match. The CDBG-ED Program provides instructions and descriptions of criteria used to select applications for funding awards. The annual application guidelines provide a checklist of items that applicants must provide. Each point in the checklist corresponds to a chapter in the application guidelines, or appendix where local governments can utilize document templates, examples, and find detailed information for compiling their project applications. This checklist corresponds to an internal checklist used to review applications for completeness.

The MDOC has taken a position to encourage regional planning efforts and coordination among local development entities and local governments. To encourage better communication in local planning efforts, the MDOC has added one additional requirement to CDBG-ED applications for program year 2007. Applicants must provide a copy of a resolution of support passed by the board of their regional Certified Regional Development Corporations (CRDCs). If an applicant's area is not covered by a CRDC, the applicant must provide narrative explaining why it does not participate in a regional planning effort. Go to **http://businessresources.mt.gov/BRD_CRDC.asp** for more information on the CRDCs.

Preliminary Steps

In Process	Completed	N/A	Action
			1. Business approaches the local government, local development corporation, or some other entity with a proposal.
			2. Local government and/or local development corporation and business consult with its Regional Development Officer (RDO) to see if the proposal is a good fit for the CDBG-ED Program. Does the project meet CDBG-ED business thresholds? See *Introduction* for list of RDOs and *Chapter I* for general requirements.
			3. Minimum 1:1 match. *See Chapter II, Matching Funds.*
			4. Cost per job created or retained: See *Chapters I & II.* a. No more than $25,000 of activity funds per job created or retained for loans
			b. No more than $35,000 of activity funds per job created or retained in an area that has a population of at least 51% LMI persons
			c. No more than $5,000 per employee trained under Customized Training for Employees
			d. No more than $7,500 per disabled employee trained under Customized Training for Employees
			5. Business can show minimum 51% benefit to LMI. See *Chapter II, Benefit to Low and Moderate-Income Persons.*
			6. Business drafts a Hiring and Training Plan for RDO's review. See *Guidelines, Chapter III, Hiring and Training Plan*
			7. RDO and business owner make preliminary review of financials. See *Chapter III, Business Plan*
			8. The assisted business secures matching funds with commitments. See *Chapter I, Matching Funds.*
			9. RDO and business owner discuss expected timeline for business owner's need for money.
			10. If business does not have a D-U-N-S number, it registers for one. See *Chapter III, D-U-N-S Numbers.*
			11. Business reviews US Census Bureau's NAICS codes for proper business classification. See *Chapter III, NAICS Codes.*
			12. For infrastructure projects: a. Preliminary architecture or engineering report has been completed and costs are estimated. See *Chapter I, Business Infrastructure Projects.*
			b. If the local government desires to retain the services of the architect or engineer that completed the preliminary report for final design, the local government can demonstrate that services were procured in accordance with state law and MDOC procurement policy. See *Appendix K.*
			13. Local government and assisted business contact the area's Certified Regional Development Corporation (CRDC) and discuss intentions to apply for CDBG-ED funds. All applications must have either 1) a copy of a resolution passed by the CRDC's Board of Directors showing support for the CDBG-ED application, or 2) an explanation as to why the resolution is not submitted.

If the proposal is determined to be a good fit for the CDBG-ED Program, then the local government initiates the CDBG-ED application process.

Application Process

In Process	Completed	N/A	Action
			1. An RDO must be consulted during the preparation of the application. Applications will be reviewed and analyzed by staff on a "first come, first served" basis, as determined by the date the full application is found to be complete by the MDOC. CDBG-ED staff and RDOs will work closely with applicants during the review process to negotiate any changes and resolve issues identified during the review. Staff may consult with the contact persons from the business and the applicant community before an application is accepted as complete.
			2. The application is considered complete when all requirements have been met, the initial financial review indicates that the project has the potential to be financially feasible, and the project is properly structured. Once the application is considered complete, RDOs will prepare a report for the MDOC Loan Review Committee. If the application is considered incomplete, CDBG-ED staff will explain in writing the items needed to complete the application.
			3. Local government conducts a needs assessment in accordance with CDBG-ED guidelines, or provides detailed information on a recently completed assessment that addresses housing, infrastructure, and economic development. Contact CDBG-ED staff for a copy of *"The Community Needs Assessment Process."* See *Guidelines, Chapter II, Citizen Participation*, & *Appendix I.*
			4. Local government holds first public hearing – may occur before business comes forward: *See Guidelines, Chapter II.* a. Held not more than 12 months before submitting application.
			b. Provides general description of CDBG and other funding programs: purpose, uses, funds available, application deadlines, status of commitment, etc.
			c. Elicits public comment on community's needs assessment.
			d. Solicits for businesses that may be interested in applying for a CDBG-ED loan.
			5. Local Government holds second public hearing: See guidelines, *Chapter II, Citizen Participation.* a. Held not more than 2 months before the date of the application.
			b. Gives citizens and potential beneficiaries adequate opportunity to review and comment on the application before it is submitted.
			6. The assisted business finalizes matching funds and commitments.
			7. The assisted business secures buy/sell agreement, if applicable. See *Chapter II, Acquisition.*
			8. The assisted business conducts income surveys and racial category forms for retained positions. See *Chapter II, Benefit to Low and Moderate-Income Persons*, & *Appendix S*.
			9. Each local government's CDBG-ED application needs to review and/or complete the following, required appendices; and document that required application areas as described in Chapters II and III are addressed. Having these appendices appear in the order in which they are listed will expedite the review process: a. Complete **Appendix A***, Montana Department of Commerce Economic Development Project Application Form*
			b. **Appendix B** – Complete the *Local Government and Business Application Certification* form
			c. **Appendix C** – Review and sign the Acceptance of CDBG Program Requirements *(Certifications for Application)*
			d. **Appendix D** – Identify and provide a description on how the proposal addresses at least one of the *State Objectives for the Montana Department of Commerce, Community Development Block Grant Program*
			e. **Appendix E** – Complete the *Preliminary Environmental Checklist for CDBG-ED Applications* and provide sources used for information.

In Process	Completed	N/A	Action
			f. **Appendix F** – Review the *Percent Low to Moderate Income (LMI) for Montana Counties, Cities, and Places (1990 Census)* – for area-wide projects.
			g. **Appendix G** – Review the *CDBG Technical Assistance Publications*, and contact the MDOC for copies of any publications needed.
			h. **Appendix H** – Pass a *Resolution to Authorize Application.*
			i. **Appendix I** – Review *Public Hearing Procedure* and *Sample Formats for Public Hearing Announcements.*
			j. **Appendix J** – Review *Revolving Loan Fund Plan Sample*, and draft a plan for submittal.
			k. **Appendix K** – Review the MDOC's *Procurement Policy.*
			l. **Appendix L** - Draft *Sub-Recipient Agreement* (or equivalent) if utilizing a local development organization.
			m. **Appendix M** – Draft a *Management Plan.*
			n. **Appendix N** – Complete a *Sources/Uses Form and Pro-Forma Balance Sheet* (or equivalent) AND provide narrative on each funding source: status of commitment, availability, etc.
			o. **Appendix O –** Draft a *Hiring and Training Plan* (or equivalent).
			p. **Appendix P –** Complete an *Implementation Schedule.*
			q. **Appendix Q –** Complete a *Confidentiality Agreement and Affidavit.*
			r. **Appendix R** – Draft an *Inter-local Agreement*, (if a multi-jurisdictional project).
			s. **Appendix S** – Complete *Income Certification Forms and Racial/Ethnicity Categories Forms* for job retention projects.
			t. **Appendix T** – Submit *Business Plan*. Contents need to include the following: See *Chapter III, Business Plan.* i. Business Description
			ii. Management Description
			iii. Market Analysis
			iv. Financial Statements
			v. Projections
			vi. Debt Schedule
			vii. Working Capital Needs
			viii. Personal Financial Statements
			ix. Personal Credit Check Release
			x. Private Sector Commitments
			xi. Public Sector Commitments
			u. **Appendix U –** Submit draft *Grant Assistance Agreement,* for customized employee training agreements, infrastructure grants, and grants to non-profit organizations.
			v. Provide narrative and supporting documentation (such as a copy of the needs assessment process) describing the community's needs assessment process. See *Chapter II, Community Development Needs Assessment.*
			w. Provide narrative and supporting documentation (public announcements, minutes, and attendance sheets) describing the public hearing process and results. See *Chapter II, Citizen Participation.*
			x. Provide narrative describing how the proposal will show benefit to at least 51% low and moderate-income persons. See *Chapter II, Benefit to Low and Moderate-Income Persons.*
			y. Provide narrative describing how the proposal addresses the state's community development objectives. See *Chapter II, State Community Development Objectives*
			10. Provide copy of resolution passed by its CRDC in support of application, or explanation why one is not included

In Process	Completed	N/A	Action
			11. Maps - Local government obtains copies of maps showing location of assisted business/project area, and copy of FEMA map designating area of floodplain. See *Chapter II, Maps.*
			12. **Questions to ask before submittal of application:** a. Are project costs reasonable?
			b. Are all sources of project financing committed?
			c. Is the project financially feasible?
			d. To the extent practicable, the return on the owner's equity investment will not be unreasonably high?
			e. Are the matching funding sources committed, and are there letters of commitment from each source?
			f. Has the application demonstrated a need for CDBG-ED assistance?
			g. Have all other sources for funding been explored and rejected (documented)?
			h. For health care facilities, has the Health Facility Authority (Montana Board of Investments) been contacted?
			i. Is there sufficient equity and collateral to meet the lending requirements of private lending institutions?
			j. Can the assisted business contribute sufficient equity to the project to meet the debt/net worth requirements of traditional lenders?
			k. Has the applicant considered the quality of the jobs and the wages they pay?
			l. Is the management experienced in the type of business activities it proposes, and has it demonstrated a capacity to successfully manage it?
			m. Are the projected earnings realistic and attainable? Are they supported by historical trends and industry norms? Do the projections indicate that cash flow will be sufficient to support the proposed increased debt?
			n. Are CDBG-ED funds adequately secured with all reasonably available assets and/or personal guarantees?
			o. If the proposal involves the purchase of a business, has an appraisal been completed, and is there a buy/sell agreement in place?
			p. Does the application support a sound, well-reasoned proposal with a strong indication that the business will enjoy success if CDBG-ED funds are received?
			q. Will the project be ready to proceed upon notification of tentative award of CDBG-ED funds and be ready to begin immediately?
			r. Does the application demonstrate that the project will support itself over time and not impose a burden on the local government or non-profit entity participating in the project?
			13. **Three (3) copies of each application is required for submission:** a. **Two copies (one original and one copy) of the application must be submitted to the Business Resources Division** of the MDOC (see address on cover page) using the form in *Appendix A* and all other appropriate documentation to fully respond to these application guidelines**.**
			b. **One additional copy** must be sent to the RDO responsible for the area that is submitting an application.

Funds are awarded on a first-come, first-served basis, if the thresholds and underwriting criteria are met, until all funds are committed. Application guidelines for the CDBG-ED Program are on the web at **http://businessresources.mt.gov/BRD_CDBG_Appl.asp**.

Economic Development Planning Grants

The Business Resources Division also sets aside approximately $225,000 in CDBG-ED funds for economic development planning, capacity building, and technical assistance

grants. For plan year 2007, the BRD intends to use the set-aside funds for activities similar to those funded in recent years, but will establish specific application policies by May 2007. The policies will specify funding priorities, application procedures, and amounts available at that time for each subcategory. Funds not utilized for this category may be used for the regular CDBG-ED Program. Specific information may be obtained on the web at: **http://businessresources.mt.gov/BRD_CDBG.asp**.

EMERGENCY SHELTER GRANT PROGRAM

Emergency Shelter Grants, administered by the MDPHHS Intergovernmental Human Services Bureau, help improve the quality of existing emergency shelters for the homeless, make additional shelters available, meet the costs of operating shelters, and provide essential social services to help prevent homelessness. The 10 regional Human Resource Development Councils (HRDCs) receive 95 percent of the grant funds. (See table on page 42.) The MDPHHS retains the remaining 5 percent for administrative costs. The grants fund the renovation, rehabilitation, or operating costs of homeless shelters, and provide follow-up and long-term services to help homeless persons escape poverty. The regional HRDCs determine which shelters are assisted and the services delivered.

Montana's ESG Program distributes funds to each HRDC based upon a formula allocation contained in Administrative Rules of Montana, ARM 53-10-502, pertaining to the 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 will submit work plans, budgets, and reports outlining which of the allowable activities will be undertaken.

V. ALLOCATION PRIORITIES AND GEOGRAPHIC DISTRIBUTION OF FUNDS

Montana is the fourth largest state, encompassing more than 145,000 square miles (see map on page 43); 607 square miles more than Maine, South Carolina, West Virginia, Maryland, Hawaii, Massachusetts, Vermont, New Hampshire, and Delaware combined. Coupled with the significant decline in population in the eastern part of the state and the significant increase in the western part of the state[7], housing and community development needs vary widely across the state. The extreme diversity in the available infrastructure and housing, age of housing stock, and overall range in population complicate the assessment of the type and degree of housing and community development needs.

Developed from local input across the state, the priority needs outlined in the 2005-2010 Consolidated Plan address a variety of needs for affordable housing, and community

[7] *Economic and Demographic Analysis of Montana, Volume II - Demographic Analysis*, Center for Applied Economic Research, Montana State University-Billings, January 2007; **http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp**

and economic development. The plan represents a wide array of needs; while one community may need rental housing production at a particular site, another community may need homeowner rehabilitation over scattered sites. For the state to address its community needs, the three formula grant programs need a level of flexibility for eligible activities to be undertaken.

The limited availability of resources and the extent of community development and housing needs requires each of the three formula grant programs to develop its own methods to address priority needs and geographic distribution. More importantly, the state firmly believes that **it is up to each locality, through detailed local analyses, studies and needs assessments, to determine its own area(s) of highest need.** The state reserves the right to make a determination of local need based on local analyses, studies, and needs assessments, which may override the state's priority level for any given activity identified in the Consolidated Plan.

GEOGRAPHIC DISTRIBUTION

The geographic distribution for each formula grant program will be different due to the difference in each program and the federal regulations governing them. The state does not target any specific area of the state, including areas of low-income and minority concentration (see maps on pages 47 through 48).

The following is a summary of each program's geographic distribution system.

CDBG Program

Montana's general-purpose local governments (126 towns and cities under 50,000 in population and 56 counties) are eligible applicants for CDBG funds (see map, page 43). Montana's three entitlement cities, Billings, Great Falls, and Missoula are not eligible to apply for state CDBG funding since they receive their own CDBG funds from HUD.

Housing and Neighborhood Renewal and Public Facility Categories

Funds distribution for the CDBG **housing and neighborhood renewal** and the **public facility** categories is based on annual grant competitions. The maximum grant request in each category is $450,000. Existing grantees must significantly drawdown their prior award(s) before they are eligible to apply for additional program funds. Each local government may apply for one housing and neighborhood renewal project and one public facility project and one planning grant each program year.

Normally, local governments had to draw down at least 75 percent of CDBG funds awarded in the current year to be eligible to re-apply for funds in the next grant competition. Recently, due to funding cuts to the CDBG program, the program was not able to fully fund some of the higher-scoring public facility projects. For plan year 2007 housing and public facility competitions, applicants will be able to apply one time for the remaining unfunded CDBG grant balance in the next successive grant application cycle. The total funds awarded cannot exceed the original grant request. If successful, funding

for the project would then come from two successive CDBG plan years. If unsuccessful, the partially funded grant recipient would have to meet the standard project start-up requirements.

Grant applications for the CDBG **public facility** and **housing and neighborhood renewal** categories for FFY 2007 were accepted in FFY 2006. The following table and the map on page 45 depict the geographic distribution of FFY 2007 funds for the public facility category.

FFY 2007 CDBG Public Facilities Competition
Application Summaries (in Ranked Order)

Applicant	Type of Project	CDBG Funds Requested	Estimated Funding Available	Estimated Total Project Cost	Community Information (Proposed)			
					Population Served	# of Households	Benefit to LMI Households	# of Hookups
Lewis & Clark County (for Fairgrounds / Dunbar area - Helena)	Water Improvements	$254,097	$254,097	$1,449,637	120	40	65%	87
Town of Bainville (Roosevelt County)	Wastewater System Improvements	$450,000	$450,000	$1,468,608	153	72	62%	78
City of Harlem (Blaine County)	Water System Improvements	$450,000	$450,000	$2,230,000	848	332	60%	450?
Cascade County (On behalf of Upper / Lower River Rd Water & Sewer District)	Water Distribution / Wastewater Collection – Phase 2	$450,000	$450,000	$2,001,400	327	121	100%	121
Town of Pinesdale (Ravalli County)	Water System Improvements	$450,000	$450,000	$1,760,000	829	140	76.2%	154
Town of Ekalaka (Carter County)	Water and Wastewater Improvements	$450,000	$450,000	$1,412,738	410	195	65%	400
Town of Jordan (Garfield County)	Sewer Project	$450,000	$121,320	$1,422,953	364	275	56.3%	272
Gallatin County (on behalf of Rae Water & Sewer Dist)	Water System Improvements	$450,000	$121,320	$1,608,051	772	314	57.5%	348
Town of Big Sandy (Chouteau County)	Wastewater Improvement Project	$450,000	$0	$2,049,318	656	296	63%	340
Town of Whitehall (Jefferson County)	Wastewater System Improvements	$450,000	$0	$3,462,100	1,111	420	67.8%	549
Town of Neihart (Cascade County)	Water System Improvements	$100,000	$0	$448,000	91	44	60%	98
Town of Circle (McCone County)	Water System Improvements	$450,000	$0	$1,528,000	644	331	53%	331
Roosevelt County (Culbertson)	Community Services Facility	$270,582	$0	$367,263	5,310	2,010	81.3%	NA
Pondera County (on behalf of Brady Water & Sewer Dist.)	Wastewater Improvements	$450,000	$0	$3,138,000	145	82	59%	96
Town of Darby (Ravalli County)	Water System Improvements	$450,000	$0	$5,643,111	814	338	60.1%	400
City of Hamilton (Ravalli County)	Wastewater Facilities Improvements	$450,000	$0	$3,101,000	4,520	1,272	52.8%	1,631

Applicant	Type of Project	CDBG Funds Requested	Estimated Funding Available	Estimated Total Project Cost	Community Information (Proposed)			
					Population Served	# of Households	Benefit to LMI Households	# of Hookups
City of Shelby (Toole County)	Head Start Facility	$450,000	$0	$765,500	3,304	1,196	100%	NA
Estimated Total		**$6.9 M**	**$2.77 M**					

While the state knows the geographic distribution for the applications received for the **housing and neighborhood renewal** category, it does not know the ultimate distribution of those funds at the time the Action Plan is submitted to HUD. See the following table and the map on page 46 for the geographic distribution of the FFY 2007 housing and neighborhood renewal applications, which will be ranked and awarded after the submission of this plan.

FFY 2007 CDBG Housing Grant Competition
Application List (in alphabetical order)
Accepted: December 2006

Applicant	Type of Project	CDBG Funds Requested	Estimated Total Project Cost	Estimated # Expected to be Assisted
Butte-Silver Bow County (Butte)	New Construction of Gilder House (crisis facility)	$ 450,000	$ 820,000	11
Town of Circle (McCone County)	Housing Rehab & Demolition	$ 450,000	$ 564,012	24
Lewis & Clark County in partnership with Rocky Mountain Dev. Council (Helena)	Rehab of Eagles Manor II	$ 450,000	$ 6,389,640	43
Park County (Livingston)	Rehab of Park County Senior Center	$ 450,000	$ 1,472,732	24
Richland County (Sidney)	Rehab of Big Sky and Lincoln #1, #2 & #3 apartment buildings	$ 450,000	$ 1,530,000	48
Total CDBG Funds Requested		**$ 2,250,000**		
Total Estimated CDBG Funds Available		**$1.4 M**		

The state distributes the **planning grant** funds through a competitive application process. The maximum planning grant ceiling is $15,000 for the plan year. Applications for the FFY 2007 planning grant funds will be accepted in April 2007 and awarded in June 2007; therefore, the state cannot predict the ultimate geographic distribution of the planning grant assistance. See the map on page 45 for the FFY 2006 public facility and housing and neighborhood renewal planning grants awarded.

Economic Development Category

The **economic development** component of the CDBG Program, which receives one-third of the annual allocation to the state of Montana, accepts applications on a continuous cycle until all funds are committed. Since the state distributes economic development funds through a first-come, first serve process throughout the year, it cannot predict the ultimate geographic distribution of the assistance. See the map on page 44 for the FFY 2006 distribution of CDBG ED grant funds.

FFY 2007 CDBG Grant Application Deadlines

FFY 2007 CDBG Grant Application Deadlines	
Type of Grant	**Deadline**
Planning Grants-Housing & Neighborhood Renewal and Public Facilities Grant Announcement	04/20/2007 07/2007
Public Facilities Grants Grant Announcement	05/26/2006 11/2006
Housing & Neighborhood Renewal Grants Grant Announcement	12/08/2006 03/2007
Economic Development Grants	Open Cycle
FFY 2008 CDBG Grant Application Deadlines	
Public Facilities Grants Grant Announcement	05/25/2007 09/2007
Housing & Neighborhood Renewal Grants Grant Announcement	11/02/2007 03/2008

HOME Program

Eligible applicants to Montana's HOME Program include general-purpose local governments (counties, incorporated cities and towns, and consolidated city-county governments), CHDOs certified by the MDOC, and Montana public housing authorities. Generally, the cities of Billings, Great Falls, and Missoula, and the CHDOs and PHAs operating within their boundaries, are not eligible to apply.

Competitive Grants

Approximately one-half of the HOME Program's annual funding is allocated to competitive grants. During the initial grant competition, the cities of Billings, Great Falls, and Missoula, and the CHDOs and PHAs operating within their boundaries, are not eligible to apply. If any HOME funds are not awarded due to insufficient applications meeting the minimum funding threshold, the remaining funds may be awarded through a second round of competition. If a second round of competition is held, it will be open to all local governments (including Billings, Great Falls, and Missoula), CHDOs, and public housing authorities within the state.

Competitive grant applications for FFY 2007 funds will be due on February 16, 2007, with funding announcements expected approximately two to three months later; therefore, the state cannot predict the ultimate geographic distribution of the 2007 grant funds. See the map on page 44 for the FFY 2006 distribution of HOME competitive grant funds.

Non-Competitive Grants

The remaining half of the HOME Program's annual funding is allocated non-competitively through the Single Family Allocation Pilot Program. The pilot program is

an allocation of HOME funds for **homebuyer assistance** (HBA) and **homeowner rehabilitation** (HOR) activities throughout the state. The funds are distributed by formula, based on population and the age of housing, among 11 districts of the state. (See the following table.) However, the final geographic distribution of the funds is not certain since any uncommitted FFY 2007 funds remaining within a given district after the specified time period can be accessed by any qualified entity within the state on a first-come, first-serve basis

2007 Estimated Single-Family Allocation

District	Geographic Area (Counties)	Estimated Funds Available*
1	**Montana**	
2	Daniels, Garfield, McCone, Roosevelt, Sheridan, Valley	$ 95,694
3	Carter, Custer, Dawson, Fallon, Powder River, Prairie, Richland, Rosebud, Treasure, Wibaux	$ 163,402
4	Blaine, Hill, Liberty, Phillips	$ 94,628
5	Cascade, Choteau, Glacier, Pondera, Teton, Toole	$ 172,200
6	Fergus, Golden Valley, Judith Basin, Musselshell, Petroleum, Wheatland	$ 97,280
7	Big Horn, Carbon, Stillwater, Sweet Grass, Yellowstone	$ 191,479
8	Broadwater, Jefferson, Lewis and Clark	$ 203,142
9	Gallatin, Meagher, Park	$ 242,846
10	Flathead, Lake, Lincoln, Sanders	$ 320,815
11	Mineral, Missoula, Ravalli	$ 168,246
12	Beaverhead, Deer Lodge, Granite, Madison, Powell, Silver Bow	$ 298,775
Total Estimated FFY 2007 Funds Available*		**$2,048,507**

** Includes recaptured funds*

ESG

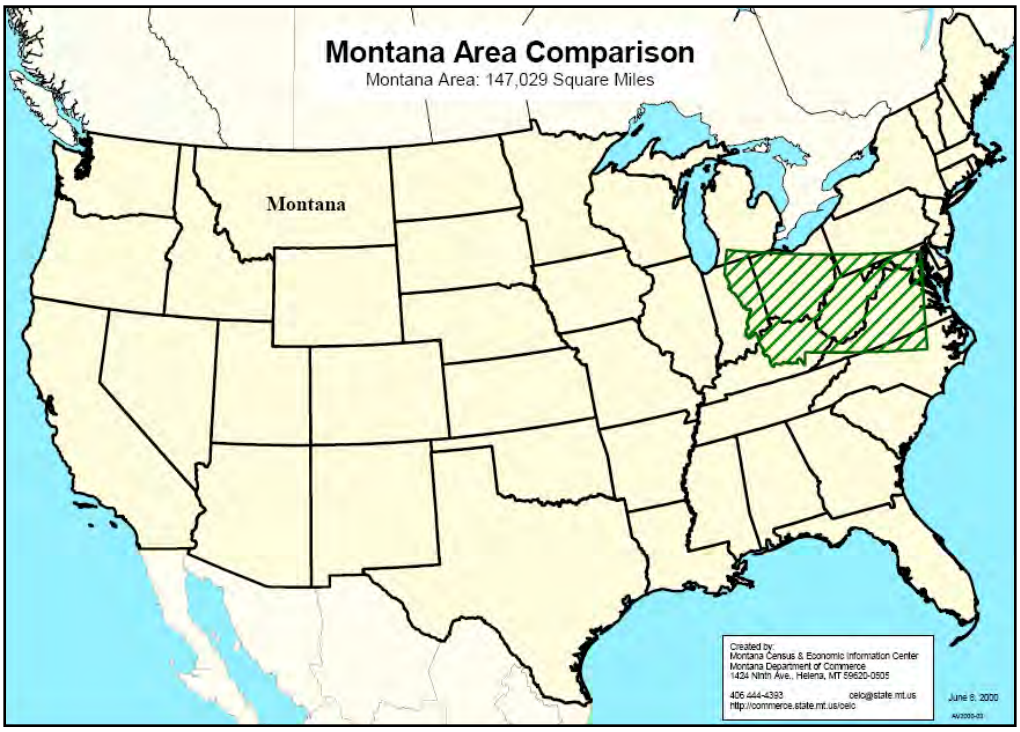
Ninety-five percent of the ESG funds received, or $378,329, will be allocated to the 10 regional Human Resource Development Councils in Montana (see the following table and the map on page 46). Funds are distributed based on a formula allocation, reflecting areas of poverty and general population, contained in Administrative Rules of Montana, ARM 53-10-502, pertaining to the Community Services Block Grant.

Geographic Distribution -- ESG Program

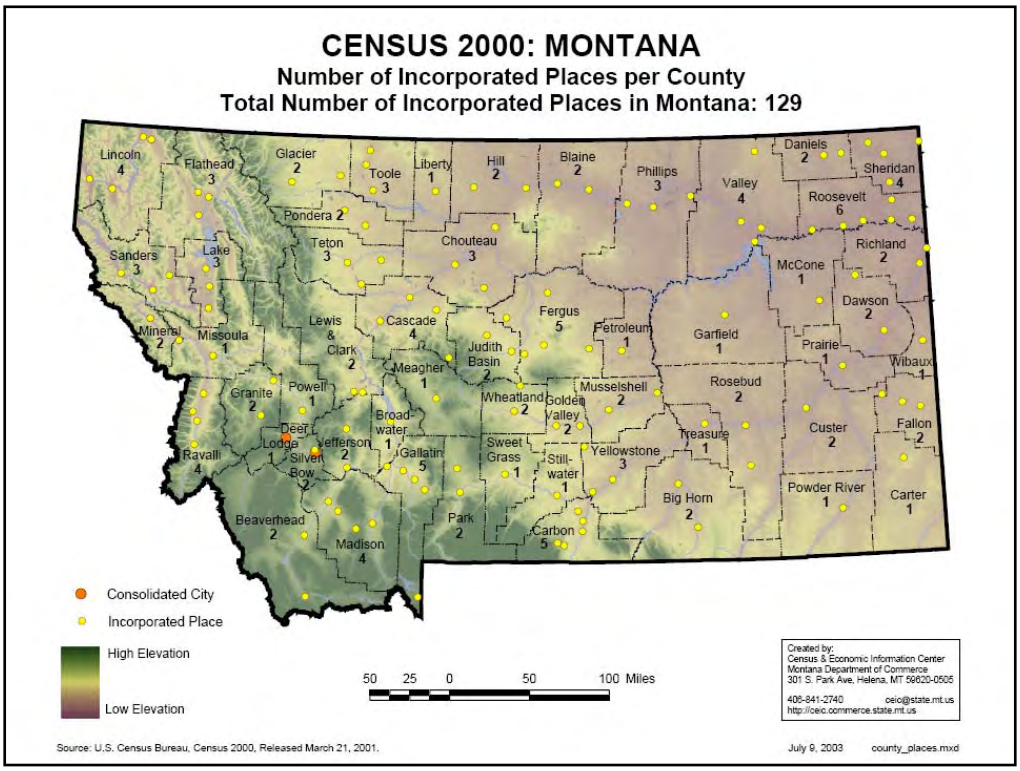
HRDC District	Est'd Allocation		Counties Served
	%	$	
DIST I, II, III (AEM)	10.1%	$ 38,069	Carter, Custer, Daniels, Dawson, Fallon, Garfield, McCone, Phillips, Powder River, Prairie, Richland, Roosevelt, Rosebud, Sheridan, Treasure, Valley, Wibaux
DIST IV	3.5%	$ 13,335	Blaine, Hill, Liberty
DIST V (Opp., Inc.)	13.6%	$ 51,559	Cascade, Chouteau, Glacier
DIST VI	2.8%	$ 10,528	Fergus, Golden Valley, Judith Basin, Musselshell, Petroleum, Wheatland
DIST VII	16.8%	$ 63,653	Big Horn, Carbon, Stillwater, Sweet Grass, Yellowstone
DIST VIII (RMDC)	6.7%	$ 25,479	Broadwater, Jefferson, Lewis & Clark
DIST IX	8.8%	$ 33,330	Gallatin, Meagher, Park
DIST X (NMHR)	14.9%	$ 56,220	Flathead, Lake, Lincoln, Sanders
DIST XI	15.0%	$ 56,784	Mineral, Missoula, Ravalli
DIST XII	7.8%	$ 29,372	Beaverhead, Deer Lodge, Granite, Madison, Powell, Silver Bow

MAPS

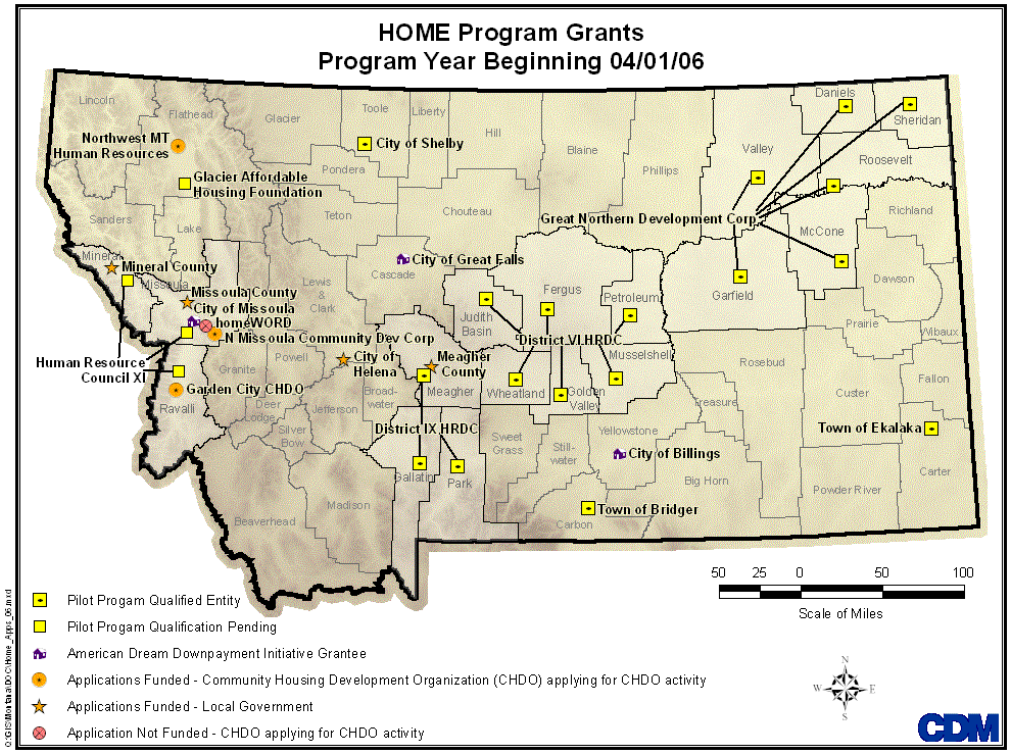
Montana Area Comparison



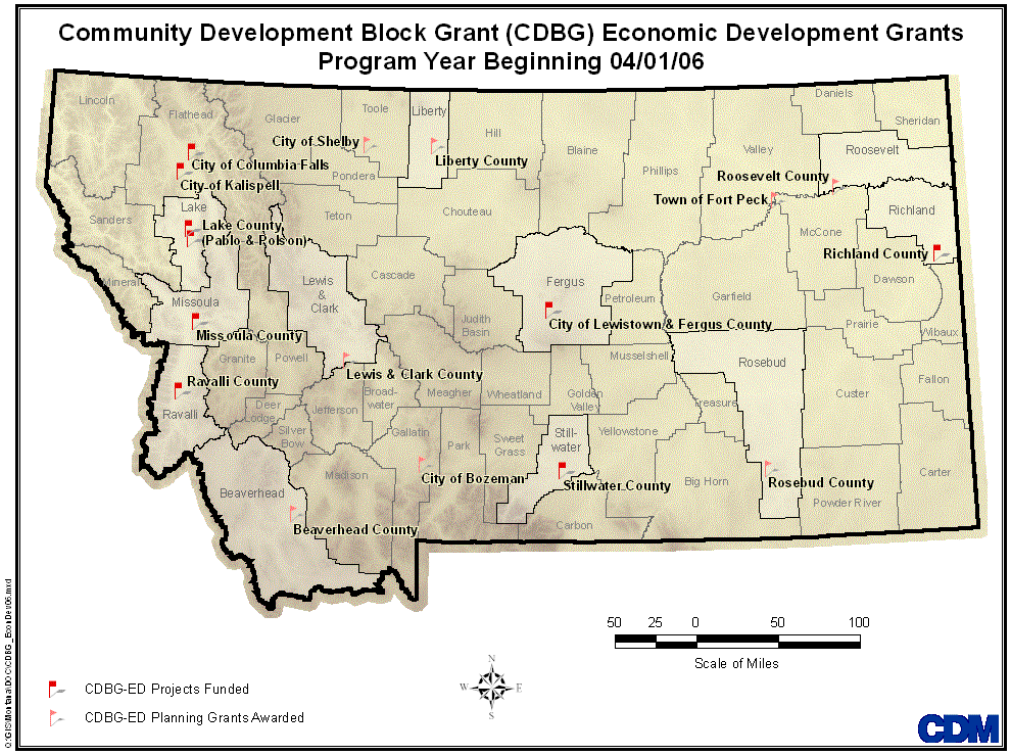
Number of Incorporated Places per County



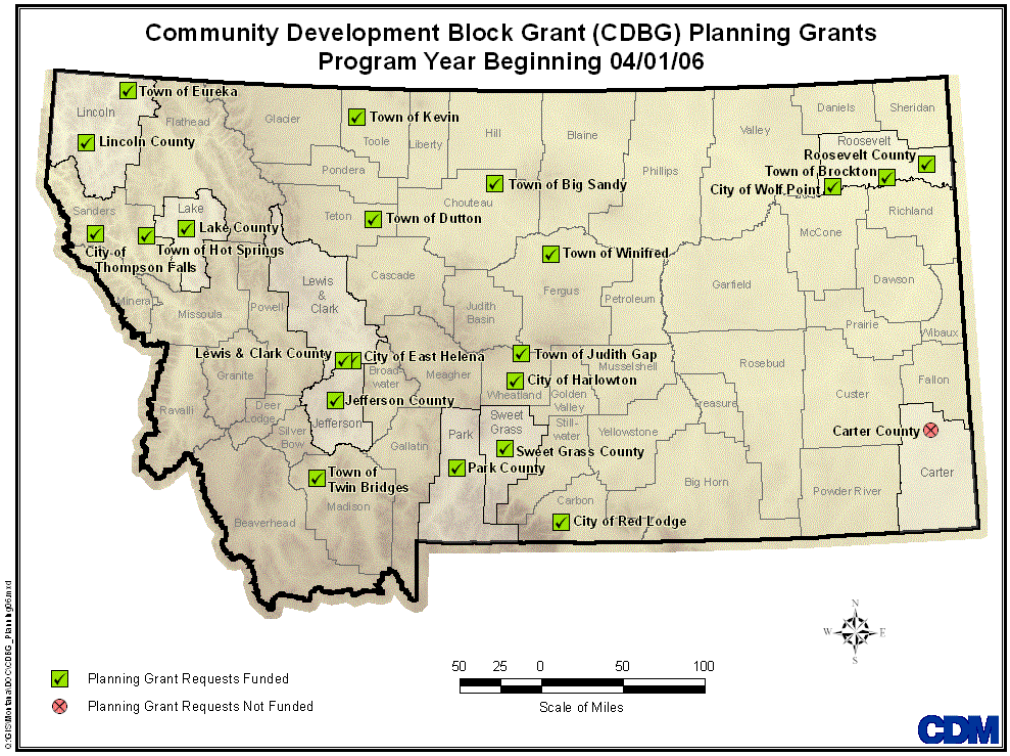
HOME Program Grants Program Year Beginning 04/01/06



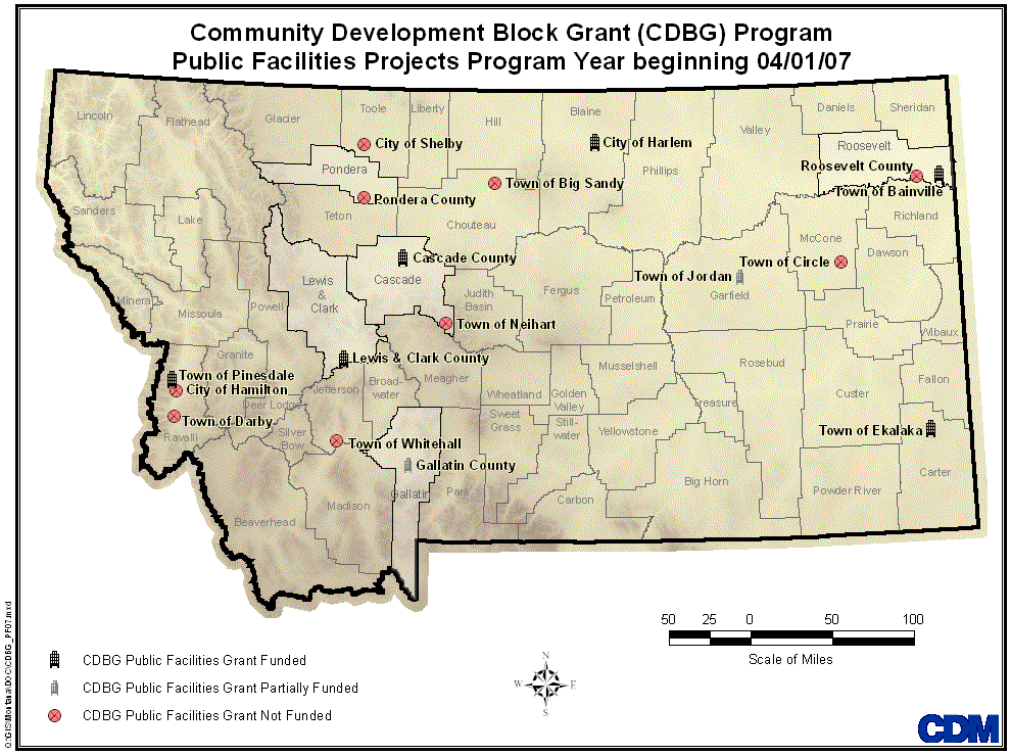
CDBG Economic Development Grants Program Year Beginning 04/01/06



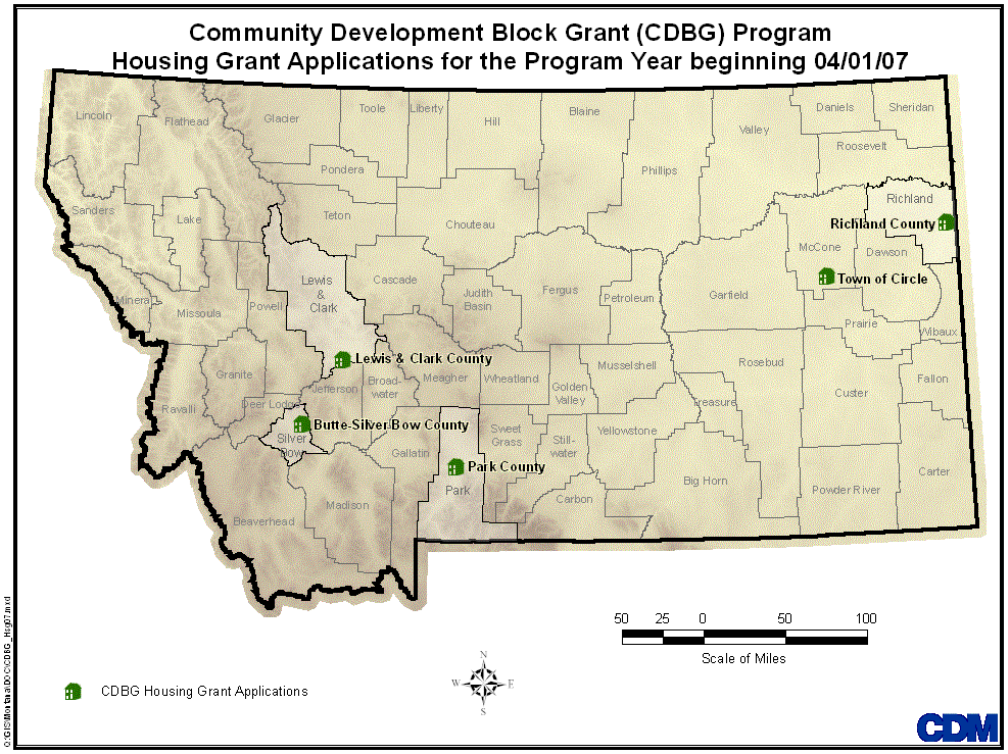
CDBG Planning Grants Program Year Beginning 04/01/06



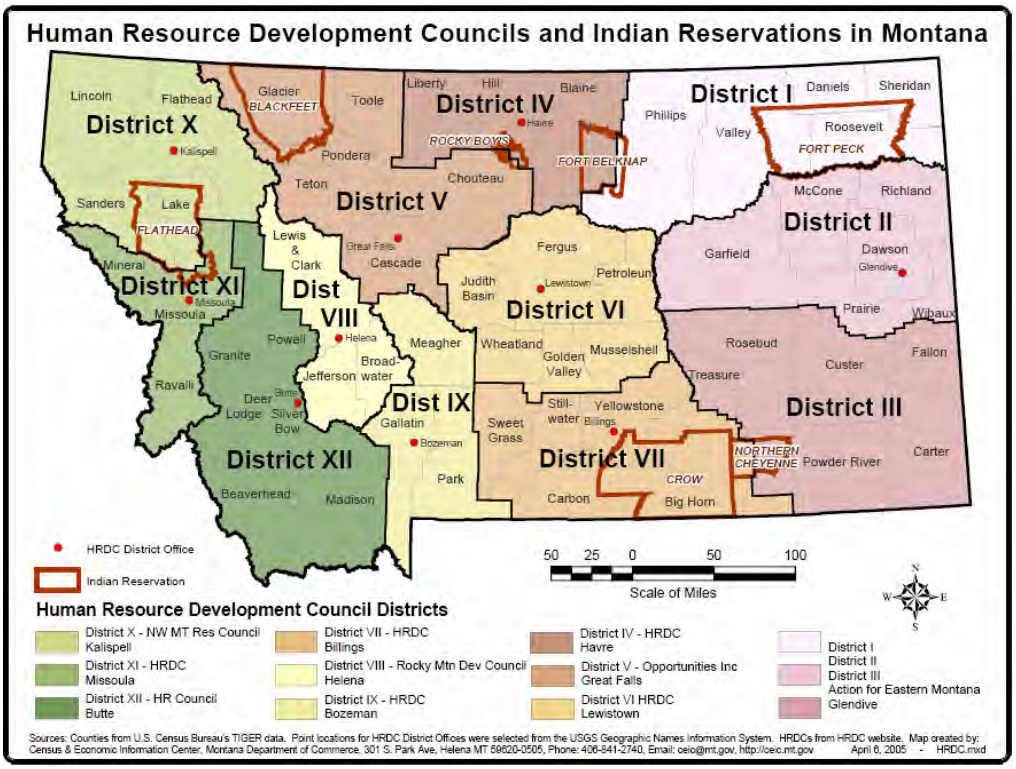
CDBG Program Public Facilities Projects Program Year Beginning 04/01/07



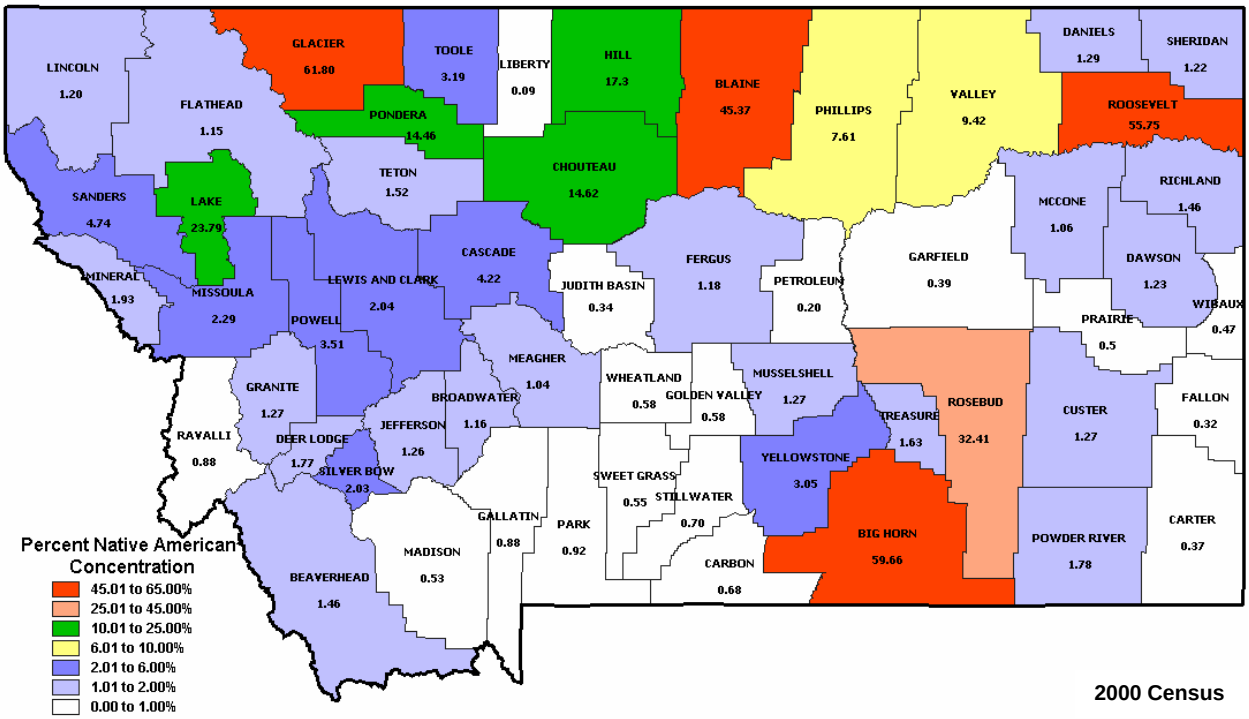
CDBG Housing Grant Applications for the Program Year Beginning 04/01/07



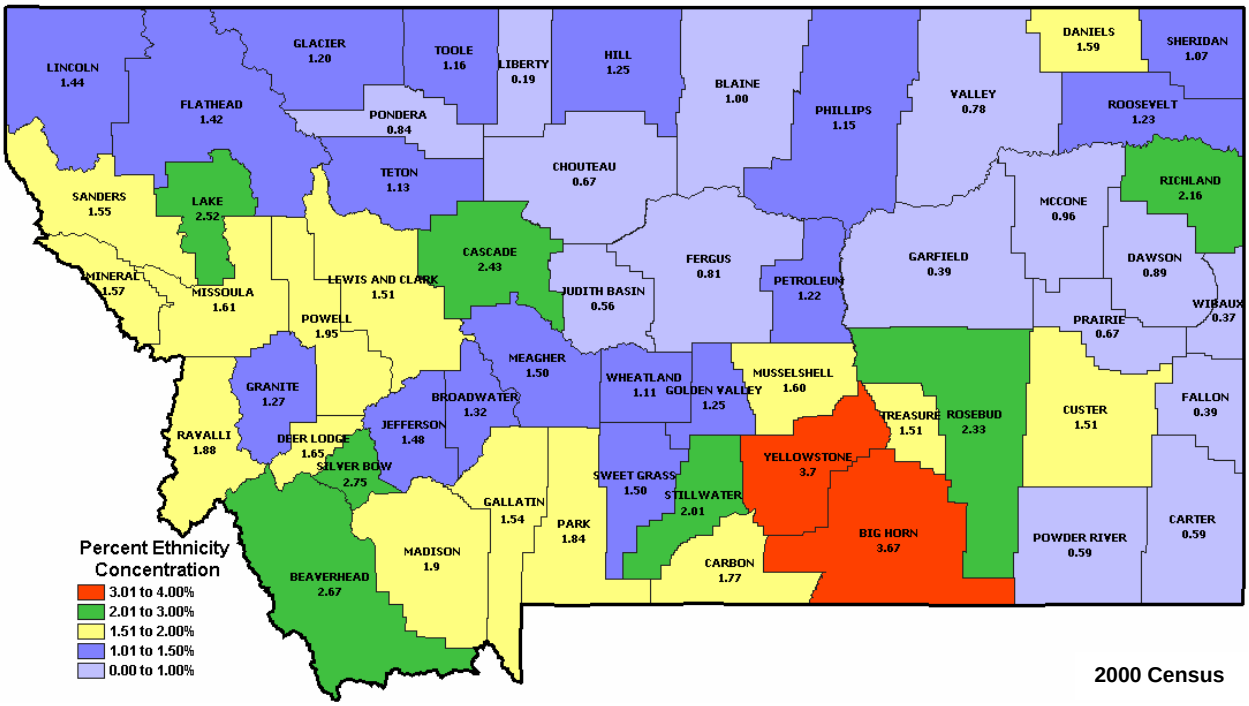
Human Resource Development Councils and Indian Reservations in Montana



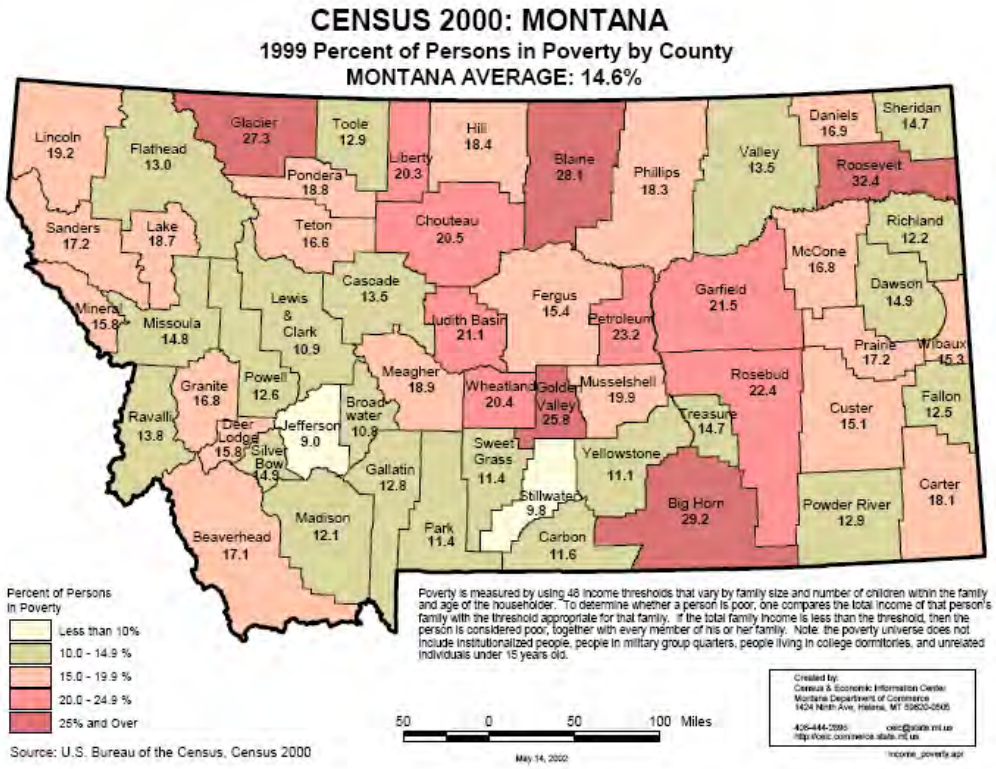
Montana Native American Concentration by County



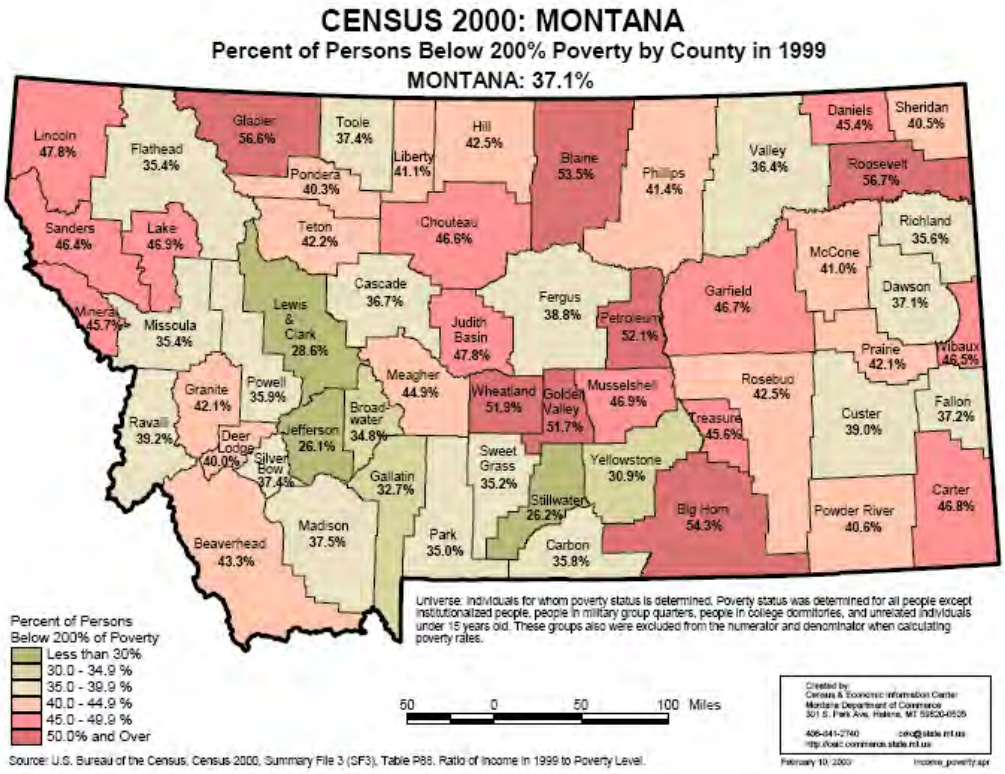
Montana Hispanic Concentration by County



1999 Percent of Persons in Poverty by County



Percent of Persons Below 200% Poverty by County in 1999



VI. ANNUAL AFFORDABLE HOUSING GOALS

STATE TABLE 3B
ANNUAL HOUSING COMPLETION GOALS

	Annual Number Expected Units To Be Completed	Resources used during the period		
		CDBG	HOME	ESG
ANNUAL AFFORDABLE RENTAL HOUSING GOALS (SEC. ~~215~~)				
Acquisition of existing units	2	☒	☒	
Production of new units	31	☒	☒	
Rehabilitation of existing units	45	☒	☒	☐
Rental Assistance	32	☐	☒	
Total Sec. 215 Affordable Rental	**110**	☒	☒	☐
ANNUAL AFFORDABLE OWNER HOUSING GOALS (SEC. 315 ~~215~~)				
Acquisition of existing units	0	☐	☐	
Production of new units	0	☐	☐	
Rehabilitation of existing units	30	☒	☒	
Homebuyer Assistance	104	☒	☒	
Total Sec. 215 Affordable Owner	**134**	☒	☒	☐
ANNUAL AFFORDABLE HOUSING GOALS (SEC. 315 ~~215~~)				
Acquisition of existing units	2	☒	☒	
Production of new units	31	☒	☒	
Rehabilitation of existing units	75	☒	☒	☐
Homebuyer/Rental Assistance	136	☒	☒	
Total Sec. 215 Affordable Housing	**244**	☒	☒	☐
ANNUAL AFFORDABLE HOUSING GOALS (SEC. 315 ~~215~~)				
Homeless households	7,822	☐	☐	☒
Non-homeless households	87	☒	☒	☒
Special needs households	296	☒	☒	☒
ANNUAL HOUSING GOALS				
Annual Rental Housing Goal	110	☒	☒	☐
Annual Owner Housing Goal	134	☒	☒	☐
TOTAL ANNUAL HOUSING GOAL	**244**	☒	☒	☐

The state cannot accurately predict the number of homeless, non-homeless, and special needs households that will be provided housing using the funds made available to the state; nor can the state predict the number of households to be provided affordable housing through activities that provide rental assistance, produce new units, rehabilitate existing units, or acquire existing units using the funds made available to the state. As previously stated, Montana is a vast state and housing and community development needs vary widely across the state. The extreme diversity in the available infrastructure and housing, age of housing stock, and overall range in population complicate the assessment of the type and degree of housing and community development needs. The state firmly believes that **it is up to each locality, through**

detailed local analyses, studies and needs assessments, to determine its own area(s) of highest need.

Furthermore, the application for HOME and CDBG grant housing funds is done largely on a competitive basis or a first-come, first-serve basis. The state cannot predict the number applications it will receive, what activities will be funded, or how many and what types of households will be served. The state cannot accurately predict the number of and distribution of grant assistance among specific goals.

For the purposes of completing Table 3B, the specific number of households, units, etc., expected to be assisted each program year is based on the historic number completed in previous years, which may or may not be an accurate reflection of future completions.

VII. HOMELESS AND SPECIAL NEEDS POPULATIONS

THE HOMELESS

The Montana Homeless Continuum of Care 2005 and 2006 Statewide One-day Snapshot Surveys were conducted January 27, 2005 and January 31, 2006 throughout Montana. The annual point-in-time survey of Montana's homeless population is sponsored by the Intergovernmental Human Services Bureau of the MDPHHS, the HRDC Association, and the Montana Continuum of Care Coalition. It is administered statewide on dates consistent with those established nationally by HUD. Volunteers in Montana's population centers reach as many of Montana's homeless people as possible, and there is no duplication among those surveyed. While the survey cannot be considered scientifically valid because the methods of administration vary from city to city, the results offer a valuable one-day snapshot of homelessness in Montana.[8]

Homelessness in Montana wears many guises, but is often nearly invisible. Montana's homeless can be found sleeping in cars, tents, abandoned buildings, or staying with family or friends. They might be in motels, hospitals, treatment facilities, jails, emergency or transitional shelters, but most are not on the streets. Although traditional street homelessness appears to be growing in Montana, the homeless are often difficult to locate and to quantify. Direct service providers statewide say that the numbers they are called to serve are growing, so it is probable that the survey reflects a fraction of the actual homeless population of Montana. The following numbers include respondents plus identified family members:

- 2,311 homeless persons identified January 31, 2006
- 2,097 homeless persons identified January 27, 2005

[8] *no longer Homeless in Montana*, *a Report on the State of Homelessness and a Ten year Plan to End It*; Montana Council on Homelessness; January 2007: **www.mtcoh.org/images/stories/Montana%20Plan%20for%20Homelessness%20Complete%20final.pdf**

In 2006, 96 percent of all of the homeless persons identified during the annual *Survey of the Homeless*[9] were found in the seven largest population centers. In order by number of homeless persons identified, these cities were Billings, Missoula, Kalispell, Helena, Great Falls, Bozeman, and Butte.

Reasons for homelessness in Montana vary. Barriers exist at systems and personal levels. Systemic factors include:

- Lack of low-income housing, leading to a statewide waiting list in excess of 8,200 persons, with an 18-month to 7-year wait for a Section 8 voucher in some areas of Montana.
- Some eligibility policies screen people out of public housing.
- Fragmented and largely uncoordinated programs make it difficult for homeless persons to access mainstream services. Each program has its own eligibility standards and requirements. None can meet all of the needs of homeless individuals or families.
- Limited numbers of living wage jobs coupled with lack of education and training make it difficult to access and hold living wage jobs.
- Discharge or re-entry planning often does not include transition to wraparound services.
- No systems to bring housing, treatment and employment together in one sustainable package.
- Public dollars are shrinking.

Personal barriers can include combinations of deep poverty, disability, poor health, chemical dependency, co-occurring disorders, lack of education or training, isolation, domestic violence, histories of trauma, and lack of the knowledge and sophistication needed to piece together a personal safety net from a fragmented, complex system.

The *2006 Survey of the Homeless* presented respondents with a list of 13 possible causes for their homelessness. Respondents averaged 2.4 responses each, for themselves and their family members. The choices could be categorized in overarching issues: disability, poverty, domestic abuse, release from a facility, lifestyle choice, and other. The predominant response varied significantly by group, with 60 percent of all responses falling into the disability and poverty categories combined. More than half (52 percent) of chronically homeless persons cited disability; 64 percent of homeless families with children cited poverty or domestic abuse. Clearly, ending homelessness for these subpopulations will require individualized solutions.

Breaking the long-term cycle of homelessness, tempered by short-term shelter, cannot be accomplished by building more shelters or facilities alone. Besides a lack of shelter, homelessness involves a variety of unmet physical, economic, and social needs. A

[9] *Ibid.*

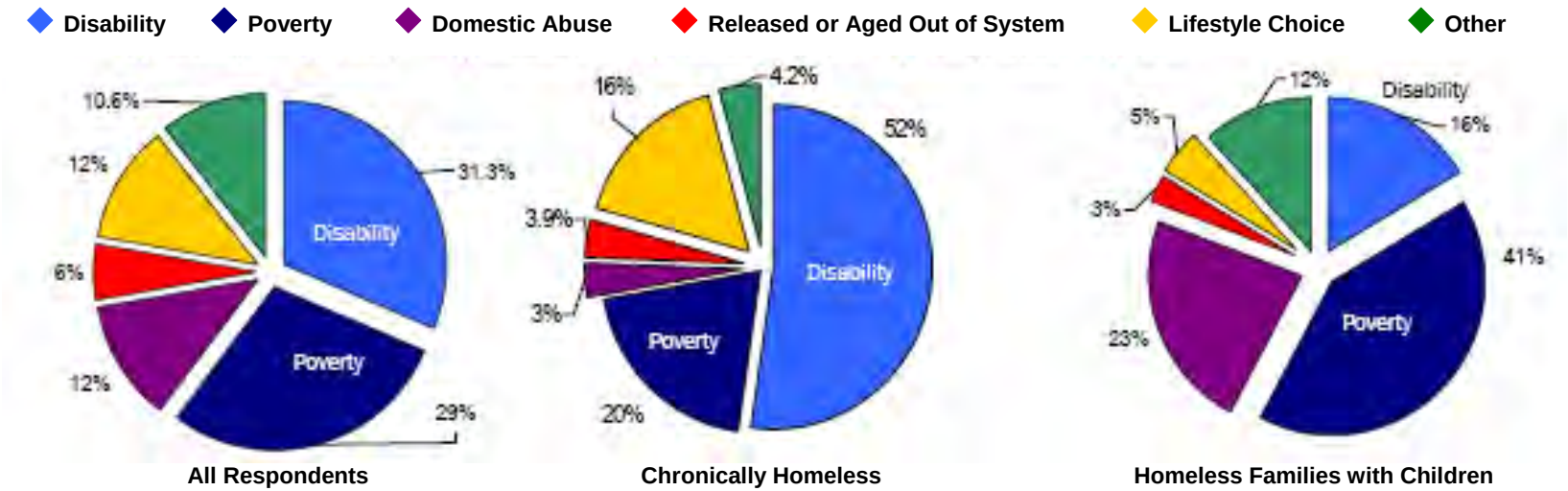
comprehensive, coordinated system of homeless assistance is comprised of a wide array of services, tools, and opportunities for the homeless. Homeless services will include a prevention strategy and involve a variety of services. While all services may not be needed by everyone, the community will have them available as part of the coordinated, comprehensive plan. Services should include:

- Emergency or transitional shelter and permanent housing, including supportive housing.
- Identification and assessment of an individual's or family's needs.
- Social services, including mental health and substance abuse counseling, vocational rehabilitation, education, family support, childcare, independent living skills training, job training and placement, and employment opportunities where the homeless can both acquire and put to use new work skills.

Are you homeless due to any of the following? (Check all that apply)[10]

Disability	Persistent Crisis Poverty	Domestic Abuse	Released or Aged Out of System	Lifestyle Choice	Other
▪ Drugs and/or alcohol ▪ Mental health ▪ Physical disability ▪ HIV/AIDS	▪ Lost job or no job skills ▪ Evicted ▪ Car problems	▪ Domestic abuse	▪ Aged out of foster care ▪ Released from prison, jail or prerelease center	▪ Lifestyle choice ▪ Migrant worker	▪ Other

Note: Respondents were not presented with categories. They were asked to choose causal factors from among the bulleted items.



All Respondents **Chronically Homeless** **Homeless Families with Children**

Note: Graphs reflect percentages of *all* responses to causes of homelessness for each disaggregated group.

[10] *Ibid.*

Montana Continuum of Care

The Montana Continuum of Care (MT CoC) for the Homeless Coalition is a statewide collaboration of diverse homeless service providers, including nonprofits, faith-based organizations, and local and state governments. The coalition was formed to address Montana's challenge of having very few homeless resources to cover its vast geographical area. The system is predicated upon community and regionally based continuum of care systems, which form the statewide coalition and continuum of care process.

The MT CoC's mission is to maximize the resources that can be brought to bear in overcoming homelessness, to collectively direct the most efficient use of limited resources, and to promote a unified system of outreach, referral, information sharing, planning, and service. The MT CoC participants share the benefit of leveraging each other's resources and efforts to provide increased and coordinated services to all homeless across the state.

Participation in the statewide coalition is open to anyone interested and new members are continually encouraged and recruited. Participants include representatives from local and state government, public housing authorities, regional HRDCs, and other nonprofit organizations representing the homeless, housing and service providers, emergency shelters, domestic abuse shelters, veterans' organizations, and mental health centers.

The CoC prioritizes and ranks homeless projects each year and prepares a consolidated, statewide CoC application in response to the Notice of Funding Availability (NOFA). Projects originate from local community continuums of care or a state agency and benefit from peer review and critique before being scored and ranked by an objective, third-party panel. Scoring is based upon performance and capacity criteria as well as local needs and HUD priorities. The CoC is changing from a consensus-based decision making organization to a more formally governed organization with bylaws and processes reflecting HUD priorities and ensuring statewide participation and representation.

Continuum of Care Homeless Population and Subpopulations Chart[11]

(Date of point-in-time count: 01/31/2006)

Part 1: Homeless Population	**Sheltered**		**Unsheltered**	**Total**
	Emergency	**Transitional**		
Homeless Families with Children (Family Households)	64	66	15	**145**
1. Number of Persons in Families with Children	221	196	42	**459**
2. Number of Single Individuals and Persons in Households without children	283	179	410	**872**
Total (lines 1 + 2a)	**504**	**375**	**452**	**1,331**

[11] FFY 2006 MT CoC application, May 25, 2006: **http://housing.mt.gov/Hous_CP_MT-CoC.asp**

Part 2: Homeless Subpopulations	Sheltered	Unsheltered	Total
a. Chronically Homeless (For sheltered, list persons in emergency shelter *only*)	37	111	**148**
b. Severely Mentally Ill	108	* 59	**167**
c. Chronic Substance Abuse	83	* 73	**156**
d. Veterans	88	* 94	**182**
e. Persons with HIV/AIDS	5	* 3	**8**
f. Victims of Domestic Violence	104	* 29	**133**
g. Unaccompanied Youth (Under 18)	26	* 3	**39**

If applicable, complete the following section to the extent that the information is available. Be sure to indicate the source of the information by checking the appropriate box:

Data Source ☐ Point-in-time count ☒ Estimate

Part 3: Hurricane Katrina Evacuees	Sheltered	Unsheltered	Total
Total number of Katrina Evacuees	56	Unknown	**56**
Of this total, enter the number of evacuees homeless **prior to** Katrina	Na	Na	**Na**

***** Optional for Unsheltered CoC-K

Unmet Housing Needs: The following calculations are used to produce statewide totals and generalize unmet need statewide. Similar calculations are also done by district to produce a more accurate and necessary picture of where particular needs exist, but the table only allows for the statewide calculations. For example, there appears to be no need in four out of the six categories, but in District VII (Billings), there are significant needs. A women's prison, high drug usage, proximity to a reservation, and other factors produce a need for beds in all categories, but aggregate the numbers for the entire state appears to negate these needs.

Homeless Continuum of Care: Housing Gap Analysis Chart

		Current Inventory	Under Development	Unmet Need/Gap
Individuals				
Example	**EMERGENCY SHELTER**	**100**	**40**	**26**
Beds	Emergency Shelter	440	0	0
	Transitional Housing	217	0	86
	Permanent Supportive Housing *(all beds / beds for chronically homeless only)*	216 / 21	18 / 18	281
	Total	873	18	393
Chronically Homeless		21	18	
Persons in Families With Children				
Beds	Emergency Shelter	231	0	0
	Transitional Housing	291	67	0
	Permanent Supportive Housing	90	0	0
	Total	**612**	**67**	**0**

The continued role of the statewide Continuum of Care is critical in meeting the needs of the homeless population in Montana. The coalition has formulated the following actions to promote and guide the group's work plan:

- Continue to conduct an annual statewide survey and resources inventory to count and assess homeless needs;
- Participate in the Montana Council on Homelessness;
- Inventory all state discharge policies and practices and promote evaluation of best practices and the adoption of new policies when needed;
- Implement a Homeless Management Information System (HMIS);
- Collect, analyze, publish and distribute survey findings;
- Conduct a minimum of five meetings annually;
- Continue to explore options for initiating a statewide, uniform intake and referral system;
- Contribute to the annual update of the state Consolidated Plan.

Montana Council on Homelessness

The Montana Council on Homelessness (MTCoH) was originally convened by Executive Order in June 2004. The MTCoH was charged with looking at overarching issues, obstacles, and solutions to homelessness as it exists in Montana. The mission of the MTCoH is "To develop and implement strategies to prevent and reduce homelessness in Montana overall and to end chronic homelessness by 2014."

Consistent with national models, the MTCoH included policymakers and stakeholders from multiple sectors including corrections, public health, veterans affairs, education, housing, Tribal, the Montana State Hospital, labor, Health Care for the Homeless, HUD, Social Security, the Board of Crime Control, the Governor's Office, the statewide Continuum of Care Coalition, private and non-profit sectors and direct service providers. This group was charged with coming up with systems level strategies that would begin to address the issue of homelessness from a policy level.

The MTCoH initiated five workgroups to look at specific facets of the issue: housing; access to mainstream services; special needs populations; education, employment and training; and finance and resource development. Over the course of two years, the MTCoH elicited input from over 100 Montanans with expertise and experience in the broad arena of homelessness. There have also been focus groups, interviews, and surveys. This work was synthesized into a draft 10-year plan to end homelessness in Montana. The MTCoH's report and 10-year plan, including specific goals and action steps, can be found at **www.mtcoh.org**.

Governor Brian Schweitzer signed the Executive Order on December 21, 2006 to continue and amend the Montana Council on Homelessness. This will continue the MTCoH for the next two years, expiring in December 2008. Hank Hudson, Administrator of the Human and Community Services Division of the MDPHHS and Lt. Governor John Bohlinger will continue to serve as co-chairs of the MTCoH. The new council will include a variety of stakeholders chosen from a statewide pool. Sectors will include the business community/economic development, chemical dependency treatment,

community law enforcement or corrections, a homeless or previously homeless person, the Continuum of Care, education, employment and training, the faith community, Healthcare for the Homeless, public housing, mental health treatment, urban Indian centers and veterans' organizations. In view of the need for participation of state agencies, the MTCoH will work with an Intergovernmental Team on Homelessness comprised of the state agencies that provide services to homeless individuals. Additionally, the MTCoH has the latitude to invite representatives of federal, tribal and local agencies to participate on the Intergovernmental team. The first charge of the new MTCoH will be to review, revise, adopt, and begin to implement the 10-year plan.

One hopeful initiative to help end homelessness is SOAR (SSI/SSDI Outreach, Access and Recovery), a technical assistance and training initiative that increases access to SSA disability benefits for homeless persons with disabilities, particularly mental illness.

- Nationally only 11 percent of the homeless population is estimated to receive SSI/SSDI benefits. In Montana, the 2006 Survey of the Homeless[12] revealed that 13.8 percent were receiving them.
- Nationally, 37 percent of SSA disability applications are approved upon initial submission. Approvals increase to 53 percent after appeals, a process that can take years.
- Through the SOAR Initiative, initial approval rates can jump as high as 90 percent.

Montana was in the first group of states to participate in the SOAR Train-the-Trainer activity. In Montana, PATH (Project for Alternatives in Transition from Homelessness), Disability Determination Services, and the Montana Council on Homelessness now come together in a unique collaboration to provide the training. For more information, visit: **www.pathprogram.samhsa.gov/SOAR**.

Discharge Coordination Policy

On a practical level, not discharging someone into homelessness is easier said than done, particularly with the corrections population. Many housing policies preclude serving felons, and federal policy prevents sexual and violent offenders from accessing public housing. This population does not have the resources to pay market rate for their housing, even if they can find someone to rent to them. Add in the 18-month to 7-year wait for a housing choice voucher, the problem of not discharging someone into homelessness becomes even more difficult.

It is also very difficult to find housing for youth coming out of foster care. For someone with mental illness leaving a treatment facility, discharging to an emergency shelter (i.e., into homelessness) can often mean moving to the top of the list, thus being able to access mental health and other services in a more timely way.

[12] *no longer Homeless in Montana*, *a Report on the State of Homelessness and a Ten year Plan to End It*; Montana Council on Homelessness; January 2007: **www.mtcoh.org**

The MTCoH is committed to the objective of not discharging someone into homelessness. The MTCoH's work the past few years, coupled with research and outreach, has provided the foundation for a 10-year plan to address homelessness as it exists in Montana and to end chronic homelessness. The following objective for discharge coordination is excerpted from the MTCoH's draft 10-year plan.[13]

Goal II: Prioritize services for the homeless (DRAFT)			
Objectives	**Milestones**	**Critical Partners**	**Target**
Objective 2.2: No one will be discharged into homelessness by Montana institutions, including the mental health system and MT Department of Corrections.	▪ Assist those discharged from public institutions with links to public benefits and housing. ▪ Strengthen partnerships with State Hospital, Department of Corrections and local law enforcement to ensure that the mentally ill are not discharged into homelessness. ▪ Facilitate training for discharge planners and case managers on available resources, e.g., SSI/SSDI. ▪ Encourage policies that prevent discharge into homelessness.	Addictive and Mental Disorders Division (MDPHHS), MT Department of Corrections, local law enforcement; SOAR SSI training team; Social Security Administration; Parole, Probation, Community Corrections.	Ongoing

OTHER SPECIAL NEEDS POPULATIONS

Special needs housing, or supportive housing, is housing that provides supportive services and/or physical adaptations, allowing residents with special needs to live independently in integrated community settings. Persons with special needs may have a variety of mental and physical disabilities and therefore, need a variety of housing options that varies depending on the type of disability and may vary throughout an individual's life depending on the degree of disability and individual circumstances.

Special needs populations also include persons with chemical addictions and victims of domestic violence, which share a need for supportive services in order to achieve a stable living environment and reintegrate into society. Because of their need for the combination of affordable housing linked to targeted services, they are included in the groups that benefit from supportive housing.

Elderly and Frail Elderly

In Montana, the elderly demographic transformation over the next several years raises concerns about future implications for state and federal governments. The increase in Montana's aging population will have a significant impact on the state.

[13] *Ibid.*

AGE PROFILE Census 1990 vs. 2000								
	United States				Montana			
AGE	1990	2000	% Change	% Total	1990	2000	% Change	% Total
Under 20 years	71,321,886	80,473,265	12.8%	28.6%	244,346	257,440	5.4%	28.5%
20 to 24 years	19,020,312	18,964,001	-0.3%	6.7%	47,769	58,379	22.2%	6.5%
25 to 34 years	43,175,932	39,891,724	-7.6%	14.2%	123,070	103,279	-16.1%	11.4%
35 to 54 years	62,801,989	82,826,479	31.9%	29.4%	209,062	277,029	32.5%	30.7%
55 to 64 years	21,147,923	24,274,684	**14.8%**	**8.6%**	68,321	85,119	**24.6%**	**9.4%**
65 & over	31,241,831	34,991,753	**12.0%**	**12.4%**	106,497	120,949	**13.6%**	**13.4%**
U.S. Census Bureau								

As the Baby Boom generation (those born between 1946 and 1964) reaches retirement age, the growth of the elderly population (65 and over) is expected to accelerate rapidly. The proportion of Montana's population classified as elderly is expected to increase from 13.4 percent in 1995 to 24.4 percent in 2025.[14] The elderly demographic transformation over the next several years raises concerns about future implications for state and federal governments. The increase in Montana's aging population will have significant impact on the state. According to the 2000 Census, 13.4 percent of Montanans are over age 65, higher than the national average of 12.4 percent. At 9.4 percent of Montana's total population, the 55 to 64 age group is also higher than the national average, 8.6 percent. The 55 to 64 years and the 65 and over age categories also showed increases from 1990 to 2000 that were higher than the national average, with the 65 and older age group increasing by 13.6 percent and those aged 55 to 64 increasing by 24.6 percent. The national increase in these age groups was only 12.0 percent and 14.8 percent, respectively.

- At 13.4 percent, Montana has the 14th highest percentage among states for people 65 years of age or older.
- Montana is 17th in percentage of people 85 and over.
- The 2000 census showed Montana had 162 people who were 100 years old or older. Over 50,000 people in the U.S. were 100 years old or older.[15]
- By 2025, the percentage of Montanans 65 years of age or older is expected to rise to 24.4 percent, ranking it third in the nation. The percent of the population 85 and older is expected to be 3.1 percent, moving the state's ranking to fourth.[16]

[14] *Measuring the Years: State Aging Trends & Indicators Data Book*, Center on an Aging, Society Health Policy Institute, Georgetown University for the National Governors Association Center for Best Practices, August 2004; **http://www.nga.org/portal/site/nga**

[15] *The State of Aging in Montana 2001*, MT Department of Public Health & Human Services; **http://www.dphhs.mt.gov/sltc/services/aging/Reports/index.shtml**

[16] *Measuring the Years: State Aging Trends & Indicators Data Book*, Center on an Aging, Society Health Policy Institute, Georgetown University for the National Governors Association Center for Best Practices, August 2004; **http://www.nga.org/portal/site/nga**

The lack of affordable housing is a problem for many of Montana's lower income citizens, including the elderly. Montana's poverty rate was estimated to be 13.3 percent in 2000, 14.0 percent in 2001 and 2002, 14.2 percent in 2003[17], 14.1 percent in 2004 before dropping to 13.8 percent in 2005. This translates into more than 129,000 Montana citizens at or below the poverty line, as defined by the federal government.

2005 POVERTY RATE OF ALL AGES				
	2004		2005	
State	%	Rank	%	Rank
Idaho	9.9%	13	9.9%	12
Montana	**14.1%**	**37**	**13.8%**	**36**
North Dakota	9.7%	11	11.2%	20
South Dakota	13.4%	36	11.8%	26
Wyoming	9.9%	15	10.6%	17
UNITED STATES	12.7%	--	12.6%	--

Source: Census and Economic Information Center, MT Dept of Commerce; **http://ceic.mt.gov**

Individuals 80 and older require more health services and/or assisted living arrangements. The demand for assisted living is determined by the size of the elderly population in need of assisted services, the level of income available to the senior, other types of senior living arrangements available to the person, and the level of health and other services for the elderly available in the community.

Over the last 20 to 30 years, Montana has developed a growing continuum of long-term care services, ranging from institutional care (nursing homes and assisted living facilities) to home and community based services (personal care, home health services, hospice, homemaker, home chore, congregate and home delivered meals programs, transportation, health promotion programs, etc.). MDPHHS's Senior and Long Term Care Division coordinates the delivery of this array of long-term care services.[18]

The primary goal of home and community based services is to maintain quality of life, preserve individual dignity, satisfy preferences in lifestyle and keep people as independent as possible in their homes and community for as long as possible. The Aging Network in Montana is an essential component in the long-term care continuum, providing a diverse range of services targeted to individuals who are 60 years of age or older. These services include: personal care, homemaker, home chore, congregate and home delivered meals, adult day care, case management, transportation and medical transportation, advocacy services (legal assistance and ombudsman services), information and assistance, health insurance assistance and counseling, skilled nursing, health screening, fitness and exercise programs, and senior center services. Members of the Aging Network include Area Agencies on Aging, County Councils on Aging, senior centers, and other contractors. As the state's population continues to age, long-term care services provided by the Aging Network will become increasingly important in meeting this primary goal.[19]

Looking at the long-term care continuum, the overall trend has been towards providing more home and community based services and less institutional care. Nursing home

[17] U.S. Census Bureau; *Small Area Income & Poverty Estimates*: **http://www.census.gov/cgi-bin/saipe/saipe.cgi**

[18] *Ibid. The State of Aging in Montana 2006*, MT Department of Public Health & Human Services; **http://www.dphhs.mt.gov/sltc/aboutsltc/reports/2006AgingReport.pdf**

[19] *Ibid.*

occupancy rates declined throughout the 1990's until the current date, while most home and community based options have seen substantial growth.[20]

	1994	2004	% change
Total Medicaid Long-Term Care Expenditures	$132,969,000	$215,454,000 *(2001)*	+62%
Nursing Home Occupancy Rate	91%	76%	-17%
Medicaid Waiver Clients	850	1,796	+112%
Assisted Living Facilities	29	180	+521%
Adult Day Care Facilities	29	56	+93%

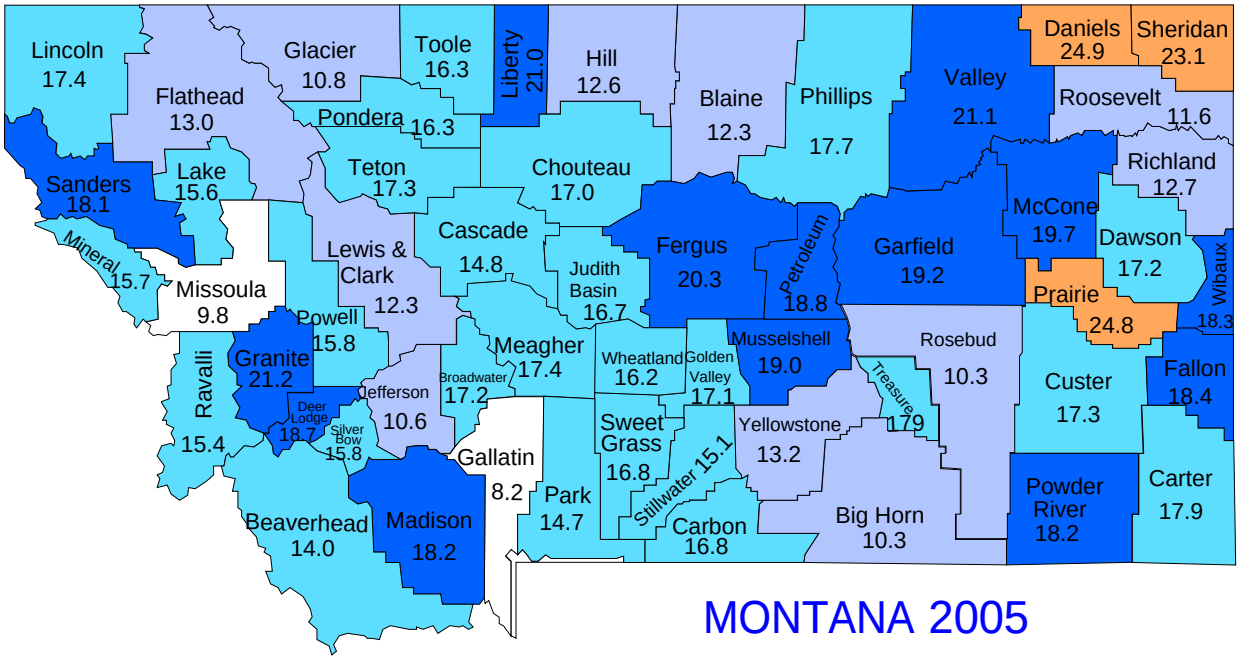
The MDOC commissioned a study, *A Guide to Assessing Senior Assisted Living Needs in Your Community*[21], to further analyze and report on the needs of its elderly population and the demand for living with assistance in the state. Local communities can use the study to help determine if assisted living housing is a viable option for them and assist them to explore possibilities for assisting seniors to age in place.

Following is a series of maps reflecting the projected changes in the percentage of the population 65 years of age and older by county.[22]

[20] *The State of Aging in Montana 2004*, MT Department of Public Health & Human Services; **http://www.dphhs.mt.gov/sltc/services/aging/Reports/index.shtml**

[21] *A Guide to Assessing Senior Assisted Living Needs in Your Community*, D. Blake Chambliss, FAIA, and BBC Research & Consulting, June 9, 2006; **http://housing.mt.gov/Hous_CP_SrHsg.asp**

[22] MT Department of Public Health & Human Services; **http://www.dphhs.mt.gov/sltc/services/aging/Reports/index.shtml**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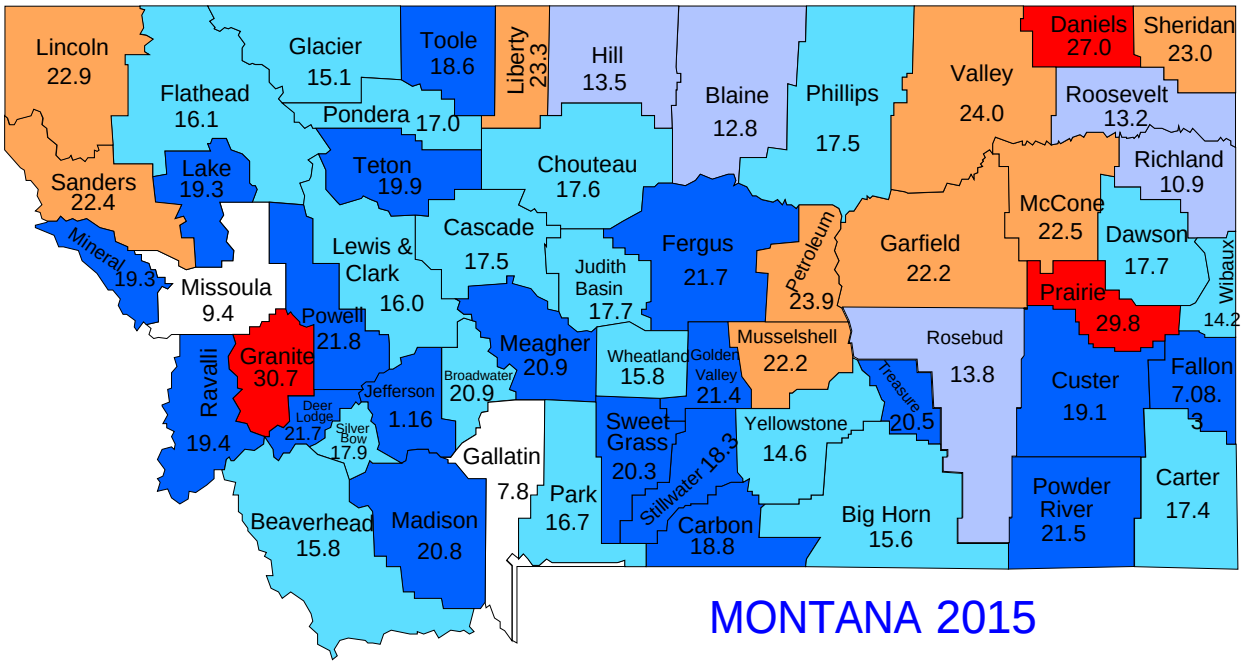
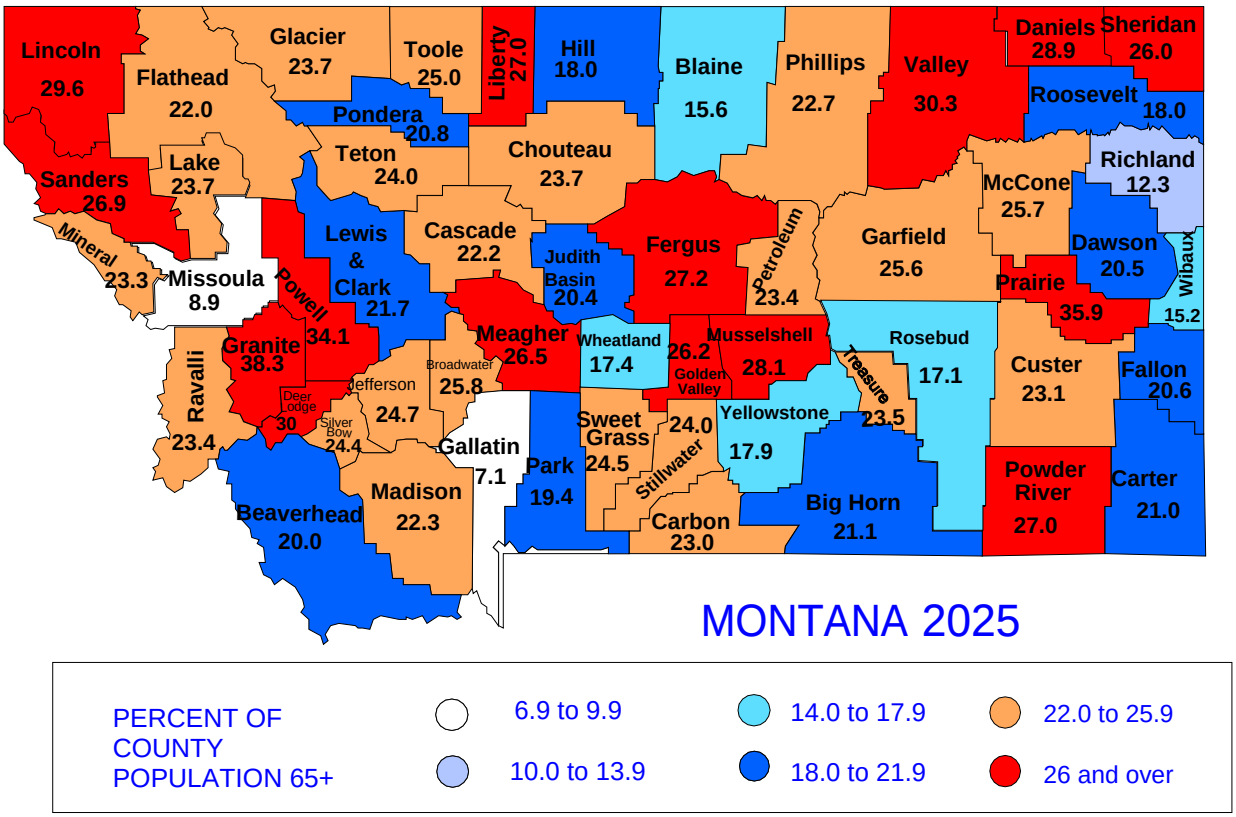
Flathead 13.0
Glacier 10.8
Toole 16.3
Liberty 21.0
Hill 12.6
Blaine 12.3
Phillips 17.7
Valley 21.1
Daniels 24.9
Sheridan 23.1
Roosevelt 11.6
Pondera 16.3
Teton 17.3
Chouteau 17.0
Richland 12.7
Sanders 18.1
Lake 15.6
Mineral 15.7
Missoula 9.8
Lewis & Clark 12.3
Cascade 14.8
Fergus 20.3
Petroleum 18.8
Garfield 19.2
McCone 19.7
Dawson 17.2
Wibaux 18.3
Judith Basin 16.7
Prairie 24.8
Powell 15.8
Granite 21.2
Ravalli 15.4
Deer Lodge 18.7
Silver Bow 15.8
Jefferson 10.6
Broadwater 17.2
Meagher 17.4
Wheatland 16.2
Golden Valley 17.1
Musselshell 19.0
Rosebud 10.3
Treasure 17.9
Custer 17.3
Fallon 18.4
Sweet Grass 16.8
Yellowstone 13.2
Gallatin 8.2
Stillwater 15.1
Park 14.7
Carbon 16.8
Big Horn 10.3
Powder River 18.2
Carter 17.9
Beaverhead 14.0
Madison 18.2
MONTANA 2005
PERCENT OF COUNTY POPULATION 65+
6.9 to 9.9
10.0 to 13.9
14.0 to 17.9
18.0 to 21.9
22.0 to 25.9
26 and over


Lincoln 22.9
Flathead 16.1
Glacier 15.1
Toole 18.6
Liberty 23.3
Hill 13.5
Blaine 12.8
Phillips 17.5
Valley 24.0
Daniels 27.0
Sheridan 23.0
Roosevelt 13.2
Pondera 17.0
Teton 19.9
Chouteau 17.6
Richland 10.9
Sanders 22.4
Lake 19.3
Mineral 19.3
Missoula 9.4
Lewis & Clark 16.0
Cascade 17.5
Fergus 21.7
Petroleum 23.9
Garfield 22.2
McCone 22.5
Dawson 17.7
Wibaux 14.2
Judith Basin 17.7
Prairie 29.8
Powell 21.8
Granite 30.7
Ravalli 19.4
Deer Lodge 21.7
Silver Bow 17.9
Jefferson 1.16
Broadwater 20.9
Meagher 20.9
Wheatland 15.8
Golden Valley 21.4
Musselshell 22.2
Rosebud 13.8
Treasure 20.5
Custer 19.1
Fallon 7.08.3
Sweet Grass 20.3
Yellowstone 14.6
Gallatin 7.8
Stillwater 18.3
Park 16.7
Carbon 18.8
Big Horn 15.6
Powder River 21.5
Carter 17.4
Beaverhead 15.8
Madison 20.8
MONTANA 2015
PERCENT OF COUNTY POPULATION 65+
6.9 to 9.9
10.0 to 13.9
14.0 to 17.9
18.0 to 21.9
22.0 to 25.9
26 and over



Persons with Disabilities

The 2000 Census enumerated 145,732 people with a disability over the age of five living in Montana (17.5 percent of the population). Many people with disabilities had more than one disability resulting in a total number of disabilities tallied of 258,723. The U.S. Census considers people five (5) years old and over to have a disability if they have one or more of the following:

- Blindness, deafness, or a severe vision or hearing impairment;
- A substantial limitation in the ability to perform basic physical activities, such as walking, climbing stairs, reaching, lifting, or carrying;
- Difficulty learning, remembering, or concentrating; or
- Difficulty dressing, bathing, or getting around inside the home.

In addition to the above criteria, people 16 years old and over are considered to have a disability if they have difficulty going outside the home alone to shop or visit a doctor's office. People 16 to 64 years old are considered to have a disability if they have difficulty working at a job or business. Disability becomes more common as people age; the 2000 U.S. Census identified 40 percent of Montana's senior citizens as living with a recognizable disability. With the general demographic aging trend due to the baby boom generation, people with disabilities will constitute a greater percentage of the total

population in years to come. Many Montana families experience disability; either directly or through providing aid and assistance to a family member with a disability.

The *Economic and Demographic Analysis of Montana*[23] reports that in 2004, 19.7 percent of people with disabilities live in poverty, in comparison to Montana's overall poverty rate of 14.1 percent. Adults with disabilities are significantly less likely to be employed and possess a lower level of educational attainment than the population as a whole. This contributes to a greater general level of economic disadvantage among the disabled in Montana. For more information on the economic and demographic characteristics of Montana residents with disabilities, see the appendix to Volume II of the *Economic and Demographic Analysis of Montana*.[24]

Persons with disabilities require supportive services in conjunction with the provision of affordable housing. Those persons with non-mobility related disabilities often require extensive special services, particularly those who are chronically homeless, chemically dependent, or mentally disabled. These individuals experience ongoing daily functioning difficulties because of their illness and many are unable to work due to their profound disabling illness.

The vast majority of Montanans living in the community who are severely disabled rely upon Social Security Income (SSI) or Social Security Disability Income (SSDI) and other public entitlement programs to pay for their living expenses. Effective January 2007, the SSI payment for an eligible individual is $623 per month and $934 per month for an eligible couple. For 2006, the SSI payment for an eligible individual was $603 per month and $904 per month for an eligible couple.[25]

According to the national study, *Priced Out in 2004*[26]:

- In 2004, as a national average, a person receiving SSI needed to pay 109.6 percent of their entire monthly income in order to rent a modest one-bedroom unit. From 2002 to 2004, the housing affordability gap for people with disabilities continued to grow alarmingly while federal housing officials proposed re-directing essential rent subsidy funds to higher income households.
- During the six years since *Priced Out in 1998* was published, the amount of monthly SSI income needed to rent a modest one-bedroom unit has risen 59 percent, from 69 percent of SSI in 1998 to 109.6 percent of SSI in 2004.

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[23] *Economic and Demographic Analysis of Montana - Volume II, Demographic Analysis*, Center for Applied Economic Research, Montana State University-Billings, January 2007; **http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp**

[24] *Economic and Demographic Analysis of Montana - Volume II Appendix, Disability Dat*a, Center for Applied Economic Research, Montana State University-Billings, January 2007; **http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp**

[25] Social Security Online website: *Answers to your Questions* - **http://www.socialsecurity.gov/**

[26] Technical Assistance Collaborative and Consortium for Citizens with Disabilities Housing Task Force, September 2005; **http://www.tacinc.org**

- People with disabilities receiving SSI are also priced out of smaller studio/efficiency rental units. In 2004, the national average cost of these units rose to 96.1 percent of monthly SSI, an increase of 8 percent from 2002.
- People with disabilities who rely on SSI payments continue to be among the lowest income citizens in the United States. In 2004, the national average income of a person with a disability receiving SSI fell to a new low of 18.4 percent of median income, down from 18.8 percent in 2002.
- Over the six years since the publication of *Priced Out in 1998*, the national average income of a one-person household receiving SSI disability payments dropped 25 percent relative to median income; from 24.4 percent of median income in 1998 to 18.4 percent in 2004.

HOUSING AFFORDABILITY IN MONTANA

State and MSAs [A]	SSI Monthly Pmt[B]	SSI as % Median Income[C]	% SSI for Efficiency Apt.[D]	% SSI for 1-Bdrm[E]	SSI as an Hourly Wage[F]	NLIHC[G] Housing Wage[H]
Montana						
Billings	$564.00	18.0%	64.7%	76.8%	$3.25	$8.33
Great Falls	$564.00	21.3%	59.0%	71.1%	$3.25	$7.71
Missoula	$564.00	18.3%	76.1%	87.6%	$3.25	$9.50
Non-Metropolitan Areas	$564.00	21.1%	65.3%	74.7%	$3.25	$8.10
State Average	**$564.00**	**20.4%**	**66.0%**	**76.2%**	**$3.25**	**$8.27**
National Average		**18.4%**	**96.1%**	**109.6%**	**$3.56**	**$13.00**

[A] Metropolitan Statistical Areas
[B] Federal SSI benefit, plus the state supplement (not applicable in MT) for people with disabilities living independently in the community
[C] SSI benefit expressed as a percent of the one-person area median income
[D] Percent of monthly SSI benefit needed to rent a modest studio apartment at HUD's Fair Market Rent
[E] Percent of monthly SSI benefit needed to rent a modest one-bedroom apartment at HUD's Fair Market Rent
[F] SSI benefit expressed as an hourly wage for a full-time job
[G] Hourly wage that people need to earn to afford a modest one-bedroom apartment at HUD's Fair Market Rent
[H] National Low Income Housing Coalition

Source: *Priced Out in 2004* Technical Assistance Collaborative and Consortium for Citizens with Disabilities Housing Task Force, September 2005

In the absence of housing assistance, people with disabilities who rely on SSI income are likely to have few resources left over for food, medicine, and other necessary living expenses after housing expenses are paid. The result is that many will live in substandard housing, live in danger of becoming homeless, or in fact become homeless.

HIV/AIDS

Prior to 1997, housing needs for persons with HIV/AIDS were different than they are today. At that time, nearly all persons with HIV/AIDS were disabled by health reasons and qualified for disability determination, and thus disability income. The need for low-income housing was prevalent for these clients. However, local advocates, working within their communities, were often able to make a hardship case that these individuals

should move to the front of the waiting list because of serious health concerns and the probability that they would not live a great deal longer. The advent of effective medical treatment has changed that scenario. People infected with HIV are able to maintain a much healthier status and frequently do not qualify for disability determination. Though they are healthier, they may not be able to work full time and they continue to need low-income housing. They also need housing in proximity to major healthcare centers to receive the extensive and specific treatment they will require for the remainder of their lives. Because their health status is improved, it is not as easy to make a hardship case to move them up in the waiting list, and it is more likely they will need low income housing for a much longer period.

As of September 30, 2006, a cumulative total of 730 cases of Human Immunodeficiency Virus (HIV) and Acquired Immunodeficiency Syndrome (AIDS) had been reported to the MDPHHS since 1985; 283 (38 percent) have died.[27]

In 2003, HIV/AIDS was the eighth most common reportable disease in Montana with a combined total of 29 (10 AIDS, 19 HIV) cases reported. Approximately 347 individuals aware of their infection are known to be living with HIV/AIDS in Montana. An estimated 66 percent of these individuals have been diagnosed with AIDS. Forty of the state's 56 counties have reported at least one HIV/AIDS case since 1985. Montana remains a "low incidence" state with respect to HIV/AIDS, reporting fewer cases annually than all other states except Wyoming and North and South Dakota.[28]

The geographic distribution of Montana's HIV/AIDS cases closely reflects the state's overall population distribution. (See map on page 67.) Montana's seven largest counties account for approximately 80 percent of all reported HIV/AIDS cases since 1985.[29]

Race/Ethnicity	Total HIV/AIDS Cases	
	#	%
White	633	87%
American Indian/Alaska Native	47	6%
Asian/Pacific Islander	1	0%
Unknown/Other	7	1%
Black	25	3%
Hispanic	17	2%
Total	**730**	

Currently, HIV/AIDS does not appear to have had a disproportionate impact on Montana's American Indian population. American Indians represent approximately 6.2 percent of the state's population and represent six percent of the HIV/AIDS cases reported.[30] Fortunately, the state has not experienced the increase in cases among racial/ethnic minority groups that has been experienced by larger urban areas of the nation. While the number and characteristics of cases among American Indians differs little from those of the general population, other markers of potential HIV risk (teen pregnancies, STD rates) suggest an increased level of risk among American Indians when compared to non-Indian populations.[31]

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[27] **http://www.dphhs.mt.gov/PHSD/Communicable-disease/documents/AIDS092006.pdf**

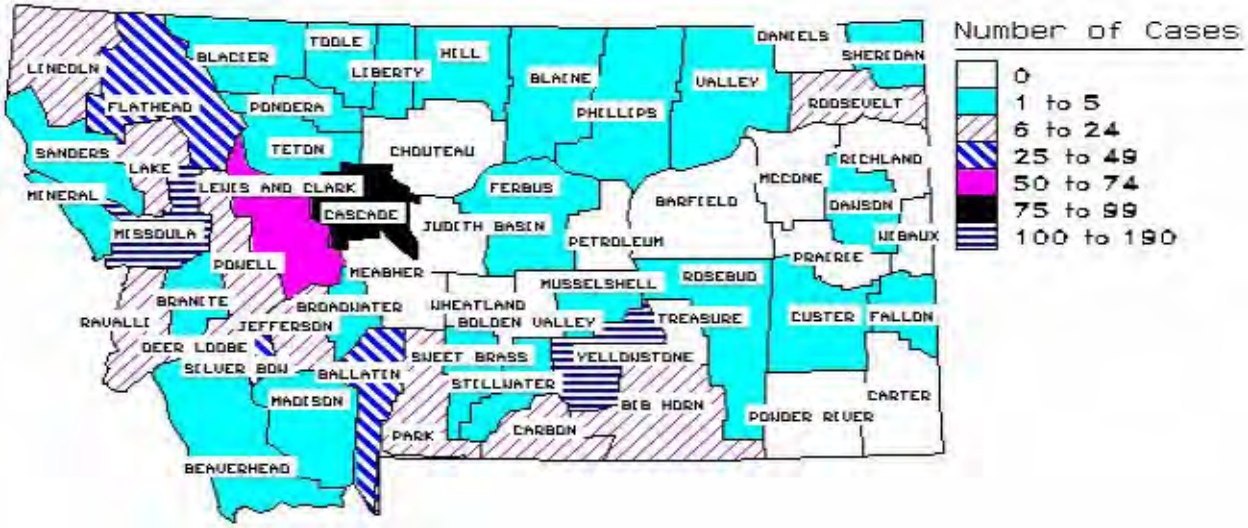
[28] *2005-2007 Comprehensive HIV Prevention Plan,* Community Planning Group for HIV Prevention Project, August 2004: **http://www.dphhs.mt.gov/PHSD/STD-HIV/MTComprehensviePlan2005-2007.doc**

[29] *Ibid.*

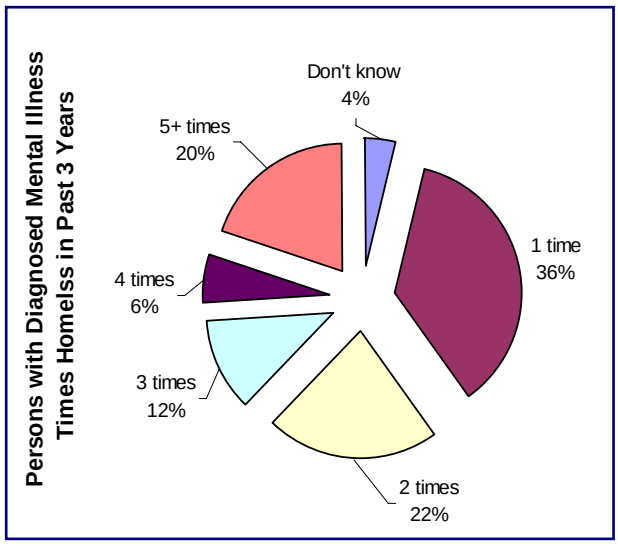
[30] **http://www.dphhs.mt.gov/PHSD/Communicable-disease/documents/AIDS092006.pdf**

[31] *Ibid.*

Distribution of Montana's HIV/AIDS Cases[32]
As of June 30, 2006



Addictive and Mental Disorders



Additive and mental disorders and homelessness often go hand-in-hand. The Montana Homeless Continuum of Care 2005 and 2006 Statewide One-day Snapshot Surveys conducted in January 2005 and 2006 point to mental illness as one of the leading contributors to homelessness in Montana.[33] People with serious mental illness are highly vulnerable to discrimination, stigma and violence. The symptoms of serious mental illnesses can decrease housing stability and increase vulnerability to homelessness; people with mental illnesses may disturb their neighbors, forget to pay bills, or present a threat to themselves or to others. Many with mental illnesses have difficulty developing and maintaining social relationships. This can lead to isolation, conflicts, job loss and difficulty connecting with the mainstream services that could help.

Homeless persons with serious mental illnesses are more likely than other groups to have had contact with the justice system, often for minor offenses such as trespassing, petty theft, shoplifting, drinking in public or loitering. Studies reveal that a person with a mental illness has a 64 percent greater chance of being arrested for committing the

[32] **http://www.dphhs.mt.gov/PHSD/Communicable-disease/documents/AIDS092006.pdf**

[33] *no longer Homeless in Montana*, *a Report on the State of Homelessness and a Ten year Plan to End It*; Montana Council on Homelessness; January 2007: **http://www.mtcoh.org/**

same offense as someone who does not have a mental illness.[34] Despite the stigma attached to mental illness:

- 408 of the 2,311 persons identified during Montana's *2006 Survey of the Homeless* revealed that they were currently disabled with a *diagnosed*[35] mental illness
- 456 of the 2,311 identified during the 2006 Survey listed mental illness as a cause of their homelessness
- 60 percent of the 408 homeless persons diagnosed with a mental illness in 2006 had been homeless more than once in the past three years.

Many adults with serious disabling mental illness can only maintain a living arrangement with close, ongoing supervision and support of mental health service providers. Specialized housing and community living programs for people with mental illness are limited in number and are offered in only a few communities in the state. A significant need exists for a continuum of specialized supportive housing opportunities for people with serious disabling mental illness distributed throughout communities across the state of Montana. This need for continuum of supported housing ranges from group homes to supported apartment living to specialized residential programs for people experiencing difficulties related to both mental illness and substance abuse. These specialized supportive housing programs linking appropriate housing to necessary supportive mental health services offer the best opportunity for stable, successful community living for people with serious disabling mental illness.

Homelessness and inadequate living arrangements are frequently associated with adults with severe and disabling mental illness (SDMI). Persons with SDMI need a variety of housing options ranging from supervised group living to independent homeownership. In order to assure an opportunity for these individuals to achieve a "home", regardless of the nature of physical structure, it is also essential that mental health agencies offer rehabilitation and support services to assist the consumer in successful participation in the community.

The Substance Abuse and Mental Health Services Administration (SAMHSA), Treatment Episode Data for 2004[36] reveals four common drugs of abuse in Montana, which together combine 92 percent of the 7,410 treatment admissions to the publicly funded chemical dependency system:

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[34] *A Blueprint for Change: Ending Chronic Homelessness for Persons with Serious Mental Illnesses and Co-occurring Substance Abuse Disorders*.: **www.mentalhealth.samhsa.gov** (from the *Report on the State of Homelessness*)

[35] In 2005, respondents to the Survey of the Homeless were asked if they had any "disabling conditions" and asked to choose all that applied. This language changed in 2006 when respondents were asked if they were currently disabled with a "diagnosed condition." This is a small change with important implications. Even though the total number of homeless persons identified by the survey of the homeless was higher in 2006, the numbers of those stating that they had a specific disability was down in every case but developmental disability.

[36] Substance Abuse and Mental Health Services Administration, Treatment Episode Data: 2004. **www.drugabusestatistics.samhsa.gov** (from the *Report on the State of Homelessness*)

- Alcohol only:..... 31.2%
- Alcohol with secondary drug: 26.1%
- Marijuana: 19.2%
- Amphetamines 15.5%

The 7,410 served in Montana's publicly funded system in 2004 represented only a fraction of the estimated 21,000 Montanans needing but not receiving treatment for illicit drug use, and 70,000 needing but not receiving treatment for alcohol use.[37] According to data from Montana's Alcohol and Drug Information System (ADIS), 442 homeless persons were served by the publicly funded treatment system in 2003. In 2006, 599 of the homeless persons surveyed and in 2005, 592 of those surveyed stated that substance abuse was a cause for their homelessness.

According to a *Blueprint for Change: Ending Chronic Homelessness for Persons with Serious Mental Illnesses and Co-occurring Substance Abuse Disorders*[38]*,* substance use is both a precipitating factor and a consequence of being homeless. Substance use and abuse frequently lead to loss of housing and make it more difficult for individuals to find safe, sober housing once they become homeless. People with substance use disorders who are homeless face enormous competition for limited treatment slots. Those who do receive treatment are more likely to get care for a co-occurring mental illness.

Victims of Domestic Violence

Domestic violence occurs when an intimate partner uses physical violence, coercion, threats, intimidation, isolation, and/or emotional, verbal, sexual or economic abuse to maintain power and control. There is no one physical act that characterizes domestic violence: it includes a whole continuum of behaviors ranging from verbal abuse to punches and kicks, from being locked up to sexual abuse, suffocating, maiming, and homicide. Most victims suffer multiple forms of abuse.

Primary victims are the direct victims of abuse, the targets of the crimes. Primary victims are predominantly, but not exclusively, the battered spouses/partners, but they are not the only ones at risk. Every family member is exposed to and experiences trauma, and thus are secondary victims. Children, often the secondary victims, struggle with ongoing and serious emotional problems resulting in diminished academic and interpersonal functioning. Secondary victims frequently evolve into primary victims: current estimates indicate that between 45-60 percent of domestic abuse eventually includes child battering.

In state fiscal year 2005, programs funded through the Montana Board of Crime Control's (MBCC) VOCA/VAWA (Victims of Crime Act/ STOP Violence Against Women

[37] *2004 State Estimate of Substance Abuse*. Office of Applied Studies, Substance Abuse and Mental Health Services Administration: **www.oas.samhsa.gov/2k4State/States.htm** (from the *Report on the State of Homelessness*)

[38] Substance Abuse and Mental Health Services Administration, Treatment Episode Data: 2004. **www.drugabusestatistics.samhsa.gov** (from the *Report on the State of Homelessness*)

Act) programs served 18,279 unduplicated victims; 14,244 primary victims and 4,035 secondary victims.[39]

Minority Populations

Montana has a significant Native American population comprising the second largest segment of the population, 6.2 percent. Combined, the Asian and Native Hawaiian/Other Pacific Islander populations total 0.6 percent. The Black/African American population in Montana is very small at 0.3 percent, with the greatest area of concentration in Cascade County.[40]

RACE / ETHNICITY	
Race / Ethnicity	**Percent**
White population	90.6%
Native American (American Indian/Alaska Native)	6.2%
Two or more races	1.7%
Some other race	0.6%
Asian	0.5%
Black/African American	0.3%
Native Hawaiian/Other Pacific Islander	0.1%
Hispanic or Latino population	2.0%
Data for Race / Ethnicity is from Census 2000 unless otherwise noted Source: Census and Economic Information Center, Montana Department of Commerce	

Native American Population

The majority of Native Americans reside on Montana's seven Indian Reservations. Glacier, Big Horn, Roosevelt, and Blaine counties have the largest percentage of Native American residents: Glacier - 62 percent; Big Horn - 60 percent; Roosevelt - 56 percent; and Blaine - 45 percent. Other counties with relatively large percentages of Native American residents are Rosebud, Lake, Hill, Chouteau, and Pondera.[41]

Applications for the CDBG and HOME Programs are received from all areas of the state, including areas of concentrated minority populations such as towns located within reservation boundaries, county-sponsored water and sewer districts, and counties that include designated reservation land.

The HOME Program accepts applications from CHDOs around the state. Approximately one-quarter of the certified CHDOs in Montana have reservation land within their service areas and are encouraged to apply for HOME funds for projects in those areas. The Ktunaxa Community Development Corporation (Flathead Reservation) and the Wolf Point Development Corporation (Fort Peck Reservation) are endorsed by tribal council and have amended original by-laws to meet the requirements to become state of Montana certified CHDOs.

The HOME Program works extensively with all CHDOs and local governments to meet the housing needs of all residents within an applicant's jurisdiction. All applications received are ranked according to program ranking criteria, and funds are distributed for projects that meet the greatest need in Montana.

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[39] Montana Board of Crime Control Biannual Report 2004 – 05; **http://mbcc.mt.gov/news&events/currentnews/biennialreport%2704-%2705.pdf**

[40] U.S. Census Bureau, Washington, DC 20233, Released March 21, 2001. Compiled by: Census and Economic Information Center, Montana Department of Commerce.

[41] *Ibid.*

House Bill 608: The 2003 Montana Legislature passed House Bill 608 (HB 608), an act relating to the government-to-government relationship between the Montana Indian Tribes and the state of Montana. HB 608 provides for tribal consultation in the development of state agency policies that directly affect Indian tribes, authorizes certain state employees to receive annual training, provides for annual meetings between state and tribal officials, and requires that an annual report of the actions be produced by state agencies.

When formulating or implementing policies or administrative rules that have direct tribal implications, state agencies are directed to consider the following principles:

- A commitment to cooperation and collaboration;
- Mutual understanding and respect;
- Regular and early communication;
- A process of accountability for addressing issues; and
- Preservation of the tribal-state relationship.

At least once a year, state agency managers and key employees who have regular communication with tribes will receive training on the legal status of tribes, the legal rights of tribal members, and social, economic, and cultural issues of concern to tribes. This training is to be provided by the Montana Department of Justice and a trainer selected by the tribal governments. In addition, each year the governor, along with state agency representatives and tribal officials may review the policies that directly affect tribal governments and tribal populations, and recommend changes and/or formulate solutions to the policies.

State agencies are directed to submit a report each year to the governor and to each tribal government on the activities of the state agency relating to tribal government and tribal populations. The report must include:

- Any policy that the state agency adopted that directly impact the tribes;
- The name of the individual within the state agency who is responsible for implementing the policy;
- The process that the state agency has established to identify the programs of the state agency that affect tribes;
- The efforts of the state agency to promote communication and the government-to-government relationship between the state agency and the tribes;
- The efforts of the state agency to ensure tribal consultation and the use of American Indian data in the development and implementation of agency programs that directly affect tribes; and
- A joint description by tribal program staff and state staff of the required training.

Efforts to Further Native American Housing Opportunities

In June 2002, President Bush announced the "America's Homeownership Challenge" and challenged the public and private sectors to work together to reach or exceed the goal to increase the number of minority homeowners by 5.5 million by the year 2010. As previously stated, the largest minority group in Montana is comprised of Native Americans.

Section 184 Indian Housing Program: The Indian Home Loan Guarantee Program is a relatively new and innovative housing program to enable Native American families and Indian Housing Authorities (IHAs) to gain access to sources of private financing. A Native American is an eligible borrower if he/she will occupy the property as his/her principal home and has met certain credit and underwriting standards. An IHA is an eligible applicant as well. IHAs may borrow funds for the development of single-family homes that may be subsequently sold to eligible borrowers. To apply, they can visit any approved lender (financial institution) and apply for a mortgage loan.

The MBOH is close to finalizing an agreement to work with the Chippewa-Cree Housing authority on the Rocky Boy's Reservation to help finance 45 – 60 rent-to-own homes.

The MBOH set aside more than $6,000,000 in recycled mortgage funds to provide the permanent financing for qualifying lower income individuals for single family homes located on trust land on an Indian Reservation that are guaranteed by HUD through Section 184 for Native Americans. The MBOH worked with local banks, tribal representatives, bond counsel, state and regional HUD officials to get special consideration and guarantees from the Secretary of HUD in Washington D.C. to enable the MBOH to participate in this program.

Before the 184 Loan Guarantee Program could be utilized in Montana, each Tribe needed to adopt foreclosure and eviction procedures. All of Montana's tribes, except one, have adopted the procedures. In addition, there must be an agreement between the Tribe and the MBOH for a guarantee. To date, 40 loans have been closed statewide for a total of $3,512,812.

Montana House™: The MBOH is working in partnership with the Blackfeet Community College to construct the Montana House™ as part of the college's vocational training curriculum. The one-story, three-bedroom, two-bath, 1,200 square foot homes are completely assembled at the college, then moved and installed on a permanent foundation. These homes are available for purchase by individuals or families who meet the Single Family Mortgage Program criteria, but whose incomes do not exceed 80 percent of area median income for the county in which the house will be located. These homes are sold at cost, producing an affordable home. The additional costs of moving the house, purchasing the lot, constructing the foundation, floor coverings, appliances, and installing all utility hookups to the home are not included in the purchase price.

Additionally, the Montana Homeownership Network, an affiliate of Neighborhood Housing Services extended its down payment and closing cost assistance to the Rocky

Boy's, Flathead, and Fort Peck Reservations. Services offered to potential homebuyers on the reservation and statewide include credit counseling, homebuyer training, and foreclosure prevention. MHN provides second mortgages statewide (not just to the reservations) for down payment and closing cost assistance with funding received from Neighborhood Reinvestment.

The MBOH Low Income Housing Tax Credit Program has funded 13 projects submitted by three tribes in Montana. The Salish and Kootenai have built five projects totaling 85 units. Twenty of those units are single-family homes positioned for eventual homeownership allocated in 1996. Two senior projects of ten units each were allocated in 1999 and 2000, respectively. The Salish and Kootenai recently finished rehabilitating 33 single-family rental homes that received a tax credit allocation in 2002. The Salish and Kootenai were also awarded tax credits in 2004 to build 12 additional units that were recently completed and leased up. The Blackfeet have leased up 75 single-family rental homes they completed with three separate allocations in 2001, 2003, and 2005. The Fort Belknap Housing authority also received tax credits for 22 single-family rental homes in 2000 for two projects and in 2005 was allocated credits to rehabilitate 52 single-family rental homes and in 2006 for 24 new construction single-family rental homes. Tax credits were allocated to the Chippewa Cree to rehabilitate 31 houses in Box Elder, but were later returned.

Tax credits and Native American Housing Assistance and Self-Determination Act (NAHASDA) funds have been shown to work well together and projects submitted by the tribes continue to score well as the Indian lands in Montana show a great need for safe, decent, affordable housing.

VIII. SPECIFIC HOME SUBMISSION REQUIREMENTS

PERIOD OF AFFORDABILITY

HOME assisted units must remain affordable for a specific length of time. Deed restrictions, covenants running with the land, or other approved mechanisms will ensure the HOME assisted units remain affordable during the minimum required period of affordability, depending on the amount of HOME dollars invested per unit in the project. After the required affordability period, the property may be sold without HOME restrictions. The table below outlines the affordability periods. Note that homeowner rehabilitation projects have no affordability requirements. However, HOME staff recommends restrictions similar to those for rental properties.

HOME PROGRAM PERIOD OF AFFORDABILITY				
	Years of Affordability			
Activity	**5**	**10**	**15**	**20**
New Construction				**X**
Rental Rehabilitation or Acquisition of Existing Housing				
Under $15,000 per unit	**X**			
$15,000 to $40,000 per unit		**X**		
Over $40,000 per unit			**X**	

RESALE PROVISIONS

As shown in the previous table, homebuyer assistance programs are subject to a period of affordability, based on the amount of HOME dollars invested. Sale of the property by the homebuyer during the period of affordability is subject to one of two options: resale restrictions or a possible recapture of the HOME subsidy.

The **Resale** provision provides for the assisted property to remain affordable for the period of affordability. Any subsequent purchaser during the period of affordability must be low-income and occupy the property as his/her principal residence. The seller of the initial property will receive a fair return on his/her investment, but the unit must also be "affordable" to the purchaser. This can be accomplished with a deed restriction with the right of first refusal for the grantee to purchase the property. This provision is rarely used and will be used less in light of HUD's interpretation of regulations regarding repayment of grant funds during a foreclosure.

The HOME investment subject to **Recapture** is based on the amount of HOME assistance provided, the required affordability period, and the net proceeds available at time of title transfer. Any recaptured HOME investment must be reinvested in another HOME-eligible activity. The beneficiaries of that investment must also be low-income households.

There are four acceptable methods of recapture:

1. Recapture the entire amount. Recapture entire amount of the HOME investment from the homeowner.

2. Reduction during affordability period. The HOME investment amount to be recaptured may be reduced on a pro rata basis for the time the homeowner has owned and occupied the housing measured against the required affordability period.

3. Shared net proceeds. If the net proceeds are not sufficient to recapture the full HOME investment (or a reduced amount as provided for above) plus enable the homeowner to recover the amount of the homeowner's down payment and any capital improvement investment made by the owner since purchase, the participating jurisdiction may share the net proceeds. The net proceeds are the sales price minus loan repayment (other than HOME funds) and closing costs. The net proceeds may be divided proportionally as set forth in the following mathematical formulas:

HOME Investment / (HOME Investment + Homeowner Investment)	x Net Proceeds	= HOME amount to be recaptured
Homeowner Investment / (HOME Investment + Homeowner Investment)	x Net Proceeds	= Amount to homeowner

4. Owner investment returned first. If agreed upon, the homebuyer may be allowed to recover his/her entire investment (down payment and capital improvements made by the owner since purchase) before recapturing the HOME investment.

Recapture in the Event of Foreclosure

In response to interpretation by HUD in 2003 (HOMEfires Vol. 5, No. 2), the MDOC HOME Program requires its grantees to base recapture provisions in all written agreements (deed restrictions, trust indentures, promissory notes, etc.) on the net proceeds available from the sale of a house rather than the entire amount of the HOME investment. This policy has been adopted to minimize circumstances requiring repayment of HOME funds to the HOME Investment Trust Fund in the event a property assisted with HOME homebuyer assistance goes into foreclosure. The MDOC HOME Program provides the following sample language to its grantees for use in written agreements with homebuyers:

> "If the borrower becomes the subject of a foreclosure proceeding that results in the sale of part or all of the premises, all sums in excess of those paid to superior lien holders shall be paid to (*Grantee*) to apply to the outstanding balance of this loan. If there are insufficient funds to pay off the promissory note, secured therein, (*Grantee*) may in its own discretion waive the payment of any or all of the outstanding loan balance."

TENANT BASED RENTAL ASSISTANCE

HOME funds may be used for tenant based rental assistance (TBRA). TBRA is a rental subsidy program used to help an eligible tenant with rent costs and security deposits. TBRA payments make up the difference between the amount the family can afford to pay for housing costs (30 percent of adjusted annual income) and the rent standard of the housing selected by the family. The subsidy payment contract with the tenant cannot exceed 24 months. Prospective tenants must be notified that the TBRA assistance is temporary, not permanent in nature.

Because TBRA is a two-year program, it should be viewed as a short-term solution to a community's housing needs. Applicants must describe how local market conditions led to the choice to use HOME funds for a TBRA program and must demonstrate how a TBRA Program would be used to initially resolve a need and how the community plans to address that need through more permanent means.

OTHER FORMS OF INVESTMENT

The state does not intend to use other forms of investment other than those described in 24 CFR §92.205(b):

> *A participating jurisdiction (the state of Montana) may invest HOME funds as equity investments, interest-bearing loans or advances, non-interest-bearing loans or advances, interest subsidies consistent with the purposes of this part, deferred payment loans, grants, or other forms of assistance that HUD determines to be consistent with the purposes of this part. Each participating jurisdiction has the right to establish the terms of assistance, subject to the requirements of this part.*

AFFIRMATIVE MARKETING AND MINORITY/WOMEN'S BUSINESS OUTREACH

Each grantee receiving HOME funds must describe its affirmative marketing plan as a condition of receiving HOME funds. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status or disability. The affirmative marketing plan must include:

- Methods for informing the public, owners, and potential tenants about federal fair housing laws and the participating jurisdiction's affirmative marketing policy;
- Requirements and practices each owner must adhere to in order to carry out the affirmative marketing procedures and requirements;
- Procedures to be used by owners to inform and solicit applications from persons in the housing market area who are not likely to apply for the housing without special outreach;
- Records that will be kept describing actions taken by HOME grantee and by owners to affirmatively market units and records to assess the results of these actions; and
- A description of how the HOME grantee will annually assess the success of affirmative marketing actions and what corrective actions will be taken where affirmative marketing requirements are not met.

In addition, each HOME grantee must describe its procedures for outreach to minorities and women and entities owned by minorities and women in all contracts entered into by the HOME grantee and the steps that will be taken to ensure that minority business enterprises and women business enterprises are used when possible in the procurement of property and services.

REFINANCING

Currently, the state does not intend to use its HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds.

AMERICAN DREAM DOWNPAYMENT INITIATIVE

Planned Use of the ADDI Funds

As previously described, the majority of the MDOC's ADDI funds will be granted as part of the set-aside for single family programs. A household may receive a maximum of $10,000 in ADDI funds; however, grantees may combine ADDI funds with regular HOME funds to provide more assistance to a household. In addition, the MBOH is providing a pool of lower-interest rate first mortgage funds to work with the state's ADDI funds.

A portion of Montana's ADDI funds will be allocated non-competitively to the state's three entitlement cities: Missoula, Great Falls, and Billings, which are not large enough

to receive an ADDI allocation directly from HUD. Since the MDOC's allocation of ADDI funds is based upon the number of low-income renters in the state relative to the number of low-income renters in the nation, the MDOC will grant funds to Missoula, Great Falls, and Billings based on the number of low-income renters in each city relative to the number of low-income renters in Montana. The cities will not be required to submit applications to the MDOC, but will be required to demonstrate a viable plan for disbursing the ADDI funds in a timely manner.

Targeted Outreach

Grantees that receive ADDI funds must demonstrate that they are conducting outreach to residents of public and manufactured housing.

Suitability of Families

Homebuyer recipients of ADDI funds must complete a homebuyer education course and must provide documentation to verify they are first-time homebuyers.

IX. MONITORING

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

CDBG projects will be monitored on-site during the plan year. A basic requirement of the Montana CDBG Programs, Housing and Neighborhood Renewal, Public Facilities and Economic Development, is that state program staff will monitor each project at least once. CDBG operates under a comprehensive monitoring system, meaning that all elements of the local CDBG project are reviewed in up to eleven different areas. Within each of these areas, staff completes an extensive checklist whereby each project element is reviewed for compliance with HUD and state program requirements. Following the monitoring visit, staff issues a formal letter to the chief elected official of the local government reporting on the monitoring visit, noting any "Concerns," "Questions of Performance," or "Findings", as may be applicable. Local governments are asked to respond promptly regarding any questions of performance or findings.

For CDBG economic development projects, the method of project monitoring has been modified over the years in response to the many nonprofit community development organizations that are managing CDBG economic development loan funds for one or more local governments. More emphasis is placed on loan documentation and financial evaluation procedures, requiring additional technical assistance from the state and other federal partners. A revolving loan fund checklist has been developed for CDBG economic development projects that have received loan repayments. Loan fund managers can also use it as a reference guide. In addition, when appropriate, CDBG economic development projects may be monitored in areas only where performance problems are anticipated.

HOME INVESTMENT PARTNERSHIPS PROGRAM

At a minimum, all HOME projects will be monitored annually and at the conclusion of the project. Monitoring includes determining compliance with housing codes and applicable federal and state regulations and policies, assessing affirmative marketing actions and outreach to minority and women owned businesses, and ensuring that all funds have been properly expended and accounted for. The HOME Program staff will specifically check HOME funds drawn on a minimum of 15 percent of the drawdown requests for each HOME-funded project. In addition, monitoring visits verify that participants' incomes and rents, purchase price or after-rehabilitation values are within HOME limits.

On-site visits of rental units are conducted throughout the period of affordability; the frequency of the visits is based on the number of project units. On-site visits of TBRA units are performed each year during an active TBRA grant. During on-site visits, HOME staff members verify that properties meet HQS inspection requirements, house income-qualified tenants, and charge rents that meet HOME requirements. HOME staff also validates program income or CHDO proceeds reports during on-site visits.

Annually, grantees that received funds for rental or homebuyer assistance programs are required to certify that their projects still meet affordability requirements. For rentals, grantees must certify that tenant incomes and project rents meet HOME limits and that the property continues to meet housing quality standards. Homebuyer projects must certify that recipients of HOME funds continue to use the assisted property as their permanent residence and report any program income or CHDO proceeds resulting from property sales.

EMERGENCY SHELTER GRANT PROGRAM

The MDPHHS provides on-site monitoring of the ESG Program via regularly scheduled monitoring visits by program staff, using a monitoring tool. Staff reviews the matching requirements, budget, and performance (both financial and operational) against contacted activities in the approved ESG work plans. Staff reviews fiscal accountability and timeliness of report submission. This monitoring is part of a comprehensive annual review of all programs funded by the Intergovernmental Human Services Bureau.

X. OTHER ACTIONS

ADDRESSING OBSTACLES TO MEETING UNDERSERVED NEEDS

New Freedom Initiative

President Bush, in announcing his *New Freedom Initiative*, identified a major discrepancy in the general rate of homeownership of 71 percent and the rate of households headed by people with disabilities, which stands at 10 percent. The Montana Home Choice Coalition believes these national figures are generally applicable

to the homeownership gap present in Montana, and is committed to closing this gap for people with disabilities and their families.

Like other citizens, people with disabilities can benefit from homeownership. Efforts to provide homeownership opportunities and choices can be supported through a combination of funding programs and new initiatives. Individuals with disabilities may need access to more financial assistance than the average first-time homebuyer due to limitations on work and related earning power due to their disability. Working in support of homeownership for persons with disabilities, the Montana Home Choice Coalition's homeownership initiative involves four major general strategies:

- Provide community outreach and education to the disability community;
- Provide individual homeownership counseling and referral services;
- Provide access to the Fannie Mae MyMontanaMortgage HomeChoice option for Persons and Families with Disabilities. This mortgage product has flexible features specifically designed to meet the needs of homeowners with disabilities. It provides a flexible mortgage option for potential homeowners with disabilities and adds existing mortgage options available through Montana Board of Housing, HUD, and Rural Development; and
- Educate and advocate with affordable homeownership providers, the housing finance industry, and housing builders. Within the public housing resource needs identification process, identify the interest in and need to include homeownership as an option for people with disabilities, including the development of accessible housing stock incorporating Universal Design.

The Montana Home Choice Coalition is committed to assisting eligible persons with disabilities to become homeowners. The coalition works to bring together a variety of community resources including HUD-funded homebuyer assistance programs in communities across Montana, working closely with the Montana Homeownership Network, MBOH, MDOC Housing Division, Fannie Mae, USDA Rural Development, Section 8 contractors, lenders, and Realtors®. The coalition works to support implementation of the Section 8 Homeownership Voucher Program. In partnership with the MDPHHS Developmental Disability Program (DDP), the coalition has a special initiative to provide homebuyer assistance to eligible persons with developmental disabilities served by certain DDP-funded services who desire to become homeowners.

U.S. Supreme Court Olmstead Decision

In 1999, the U.S. Supreme Court Olmstead Decision established that states must work to provide people with disabilities who currently reside in institutions or other intensive levels of care, like nursing homes, with appropriate and meaningful opportunities for full access to community life. A fundamental piece of creating appropriate community living options is appropriate housing. The Bush Administration's *New Freedom Initiative* calls for swift implementation of the *Olmstead* decision and calls on federal agencies, including HUD-funded programs to identify and remove obstacles that prevent people with disabilities from full participation in community life and to work cooperatively to

assist the states in creating appropriate *Olmstead* solutions across the country. In Montana, the major institutions serving people with severe disabilities include the Montana State Hospital, Warm Springs, and the state Nursing Care Center, Lewistown, which serve people with mental illness, and the Developmental Center, Boulder, serving people with developmental disabilities. *Olmstead* also covers people with disabilities who are inappropriately served levels of restrictive care that are higher than necessary.

Coordination with Low Income Housing Tax Credits

The Montana Board of Housing, which administers the LIHTC Program, is administratively attached to the MDOC and is co-located with the Housing Division, which administers the HOME Program. The MDOC Community Development Division administers the housing portion of the CDBG Program and is located next to the Housing Division. The programs work well together and often jointly fund housing projects around the state. The programs developed the Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs, which contains the common forms and checklists the applicant must submit when seeking financial assistance from any of the funding programs. The programs developed this packet of common forms and checklists to reduce the time, effort, and expense incurred when applying to multiple agencies for financial assistance. In addition, the programs participate in various workshops and meetings, providing insights, input, and recommendations on how the programs can better work together and reduce the administrative burden on applicants.

Transportation

In a state as large as Montana, transportation can be a significant barrier. A network of public transportation needs to be created to move workers and members of their families between their homes and the hub(s) for education, employment, access to services, and recreation/entertainment. Cost-effective transportation that allows flexibility to increase efficiency of the systems is needed. In the short-term, these transportation systems will require substantial subsidies; as greater use is made of the public transportation systems, these subsidies will be reduced greatly.

One of the high priorities for public transportation should be to serve Montana's tribal communities, with high unemployment and poverty rates. Throughout the state, access to jobs is denied to residents of reservations due to lack of reliable transportation to work. In these situations, a job only 10 or 20 miles away may be out-of-reach for tribal members. The same holds true in these communities for access to training and educational programs and certain social services.

In eastern Montana, projects are underway to revitalize the economy of the area. One of these projects involves creation of economic "hubs", which could provide infrastructure for multiple businesses. Employees for these companies are expected to commute to the hub(s) for training and jobs. Employees would not move to the hub, but would commute for work, and then return with their paychecks to their own communities. This would bring new wealth to these communities, which would increase local tax bases

and provide money for much needed infrastructure. In addition, retail businesses in towns would grow to meet the increased demands for goods and services.

Although the central and western parts of Montana are not suffering the economic woes of the eastern part of the state, public transportation networks along the major corridors would provide greater access to health facilities and institutions of higher education.

FOSTERING AND MAINTAINING AFFORDABLE HOUSING

Faced with the overwhelming demand for affordable housing, the state will implement programs and deliver resources to in-need populations around Montana in an attempt to continually foster and maintain affordable housing. No single objective has the same priority in all of Montana's communities. Likewise, no single action can meet the specific housing needs and objectives of any given community. Nevertheless, the MDOC is committed to moving forward with the following housing objectives and actions designed to meet those objectives.

- **State Objective:** Provide homeownership opportunities to low- and moderate-income households throughout Montana.

  Actions:

  - Continue to make HOME funds available for homebuyer programs throughout the state, assisting an estimated 110 homebuyers per year.
  - Continue to make MBOH bond funds available to assist approximately 1,500 low- to moderate-income homebuyers each year with $130 million in low interest rate loans.
  - Continue to operate the Mortgage Credit Certificate (MCC) Program, which was reauthorized in January 2006. The MBOH anticipates use of the MCC will continue to grow over the next several years.
  - Continue to make funds available through the MBOH's Single Family Recycled Mortgage Program to lower income persons and families who do not have the financial capabilities to purchase safe and sanitary housing through other single-family programs. The MBOH expects to make approximately $30 million available for financing to 300 very low-income families per year.
  - Continue to make funds available through the MBOH's Disabled Accessible Affordable Homeownership Program to provide architecturally accessible homes for persons with permanent disabilities and mobility impairments. The MBOH expects to finance 50 homes with nearly $3.25 million in recycled mortgage funds over the five-year period.
  - Continue to make HOME and CDBG funding available for homeowner rehabilitation programs throughout the state, assisting an estimated 30–40 homeowner units per year.
  - Continue to leverage HOME and CDBG funds with weatherization programs administered throughout the state.

- Continue to promote housing that is modified or constructed to meet federal and state energy efficiency standards.
- Implement application scoring for the HOME and LIHTC that incorporates additional points for energy efficiency and green building.
- Continue to require homebuyer education classes for all homebuyers assisted with HOME funds as a condition of receiving the funds.
- Continue to collaborate on obtaining funds for organizations that provide homebuyer training
- Continue to explore creative means to deliver homebuyer training in rural areas. Increase the use of web casts and video conferencing for homebuyer education, especially in remote areas.
- Increase awareness of and monitor the level of predatory lending practices by continuing to support legislation to reform the payday and title loan industry, including participating in the Montana Alliance for Responsible Finance and the Montana Financial Education Coalition.
- Continue to support the Section 8 Homeownership Voucher Program.
- Coordinate with educational institutions to facilitate technical construction, weatherization, and home-improvement courses.
- Continue to support private foundations committed to leveraging federal dollars for affordable housing throughout the state.
- Continue to support programs such as the Montana House™ - Montana Made Homes Program, a partnership between the MBOH, the Anaconda Job Corps, Blackfeet Community College, and private nonprofit housing providers around the state. The MBOH provides financing for vocational students to construct 1,200 square foot modular homes at the Anaconda Job Corps Center and the college. These homes will then be sold to qualifying homebuyers on the Blackfeet Reservation and around Montana. The homebuyers will work with a private, nonprofit housing provider in their area that will help them identify a location for the home and prepare the site for delivery of the home.

➢ **State Objective:** Improve the quality and availability of affordable rental housing for low- and moderate-income households.

Actions:

- Utilize HOME funds to rehabilitate existing and construct new rental housing, approximately 140 units per year. Preserve rental units subject to expiring HUD or 515 Rural Development contracts to ensure these units continue to remain viable, affordable units.
- Utilize the LIHTC Program to construct or preserve an estimated 220 units of rental housing per year. Annual authority is estimated at $2,275,000 plus any inflation factor the IRS may calculate, which provides an equity infusion of approximately $18 million per year for production of affordable housing.

- Continue to promote housing that is modified or constructed to meet federal and state energy efficiency standards; new construction using HOME and CDBG funds are required to conform to federal and state energy efficiency standards.
- Implement application scoring for the HOME and LIHTC that incorporates additional points for energy efficiency and green building.
- Continue to support the Section 8 housing choice voucher program, which provides essential rental subsidy to very low and low-income Montanans.
- Continue to offer permanent mortgage financing for affordable rental housing in partnership with the MBOH and HUD's Risk Sharing Program, which provides mortgage loan insurance.
- Continue to offer permanent mortgage financing through the MBOH's General Obligation Program, which issues tax-exempt bonds to finance projects that do not have mortgage insurance.
- Continue support the Mountain Plains Equity Group, Inc. (MPEG). The MBOH joined with the North Dakota Housing Finance Agency and the Wyoming Community Development Authority to form the MPEG. The purpose of the investment group is to support the development of affordable multi-family housing in communities throughout the tri-state area. Smaller projects, particularly in rural communities, can be expensive and difficult for housing authorities, nonprofit entities, and other developers to put together. MPEG is expected to ease the development of multi-family housing. MPEG is structured as a nonprofit corporation to make investments in LIHTC projects and potentially historic tax credit projects.

➢ **State Objective:** Provide housing options for the elderly and special needs populations.[42]

Actions:

- Continue to market and support the Reverse Annuity Mortgage Loan Program, which enables Montana homeowners over 68 years old to provide for their own in-home support by utilizing cash from a Reverse Annuity Mortgage.
- Address the perceived need for assisted living housing for the elderly by promoting a study on elderly housing issues in rural areas.
- Continue to utilize HOME and CDBG funds to develop projects targeted to physically, developmentally and mentally disabled households.
- Increase rental housing, supported living arrangements, group living, and homeownership opportunities for persons with severe and disabling mental illness (SDMI), developmental disabilities, mobility impairments, and other

[42] HUD defines special needs households as a household where one or more persons have mobility impairments or disabilities, i.e., mental, physical, developmental, persons with HIV/AIDS; or with alcohol or other drug addiction that may require housing with supportive services.

disabilities, especially through cooperation with the Montana Home Choice Coalition and other organizations, as appropriate.

- Continue to make funds available through the Disabled Accessible Affordable Homeownership Program to provide architecturally accessible homes for persons with permanent disabilities and mobility impairments. The MBOH expects to finance 156 homes with nearly $10 million in recycled mortgage funds over the five-year period.
- Continue to offer the Fannie Mae MyMontanaMortgage (MMM) product through a partnership with the MBOH and Fannie Mae and its lending network. This includes the HomeChoice option targeted at the homeownership needs of individuals and families with disabilities to provide a below market interest rate mortgage to persons with disabilities that do not require architecturally accessible homes or other physical modifications be made to the home.
- Continue to support education offered by Montana Fair Housing, the Montana Home Choice Coalition, and other organizations regarding universal design and accessibility requirements in order to increase the number of accessible multi- and single-family units available.

➢ **State Objective:** Affirmatively further fair housing and implement objectives and actions identified in the *Analysis of Impediments to Fair Housing*.[43]

Actions:

- Continue to require all HOME and CDBG grantees to abide by fair housing laws and take actions to provide housing services and programs free of discrimination;
- Continue to maintain records reflecting the analysis and actions taken;
- Work to improve the understanding of fair housing law and proper construction practices by:
  - Improving the general public's understanding of fair housing law through further outreach and education.
  - Exploring the feasibility of incorporating homebuyer training at the secondary education level. Communicate how credit markets work, how to avoid credit problems, and what predatory lending practices are to an audience entering the rental or homebuyer market.
  - Designing educational training sessions for specific subgroups, including consumers and providers of housing to improve the fair housing educational experience.
  - Continuing to publish and distribute fair housing educational materials and guides.
  - Continue to update and promote the *Montana Housing Resource Directory*[44], which includes descriptions of a variety of federal, state, and local housing

[43] *Analysis of Impediments to Fair Housing and Housing Choice*, Western Economic Services, LLC, November 2004; **http://housing.mt.gov/Hous_CP_AnalysisImpedFrHsg.asp**

programs available in Montana and a section on "Housing Rights, Fair Housing Advocates, Legal Assistance, and Other Resources."

- Encourage partnerships among the disabled community, housing developers, builders, and other housing providers.
- Increase the MDOC's role as an information clearinghouse by including additional information on the Housing Division website, including:
  - Montana Landlord/Tenant Law;
  - Federal and Montana fair housing laws; and
  - ADA and 504 design and construction standards.

➢ **State Objective:** Decrease housing environmental hazards, such as methamphetamine contamination, lead-based paint and asbestos.

Actions:

- Enforce all applicable federal and state environmental laws;
- Present information on the LBP regulations and lead-safe work practices at its application and grant administration workshops;
- Continue to require the appropriate notification, inspection, testing, interim controls or abatement, and clearance activities are followed;
- Continue to promote and support lead-based paint training and certification; and
- Provide information on methamphetamine at workshops and conferences, when feasible.

➢ **State Objective:** Improve the efficiency of the MDOC housing programs**.**

Actions:

- Market the resources available to acquire, build, preserve, or rehabilitate affordable housing units by continuing the participation of the HOME and CDBG Program staff in joint affordable housing application workshops each year. Other participating programs include the MBOH's Low Income Housing Tax Credit and Homeownership Programs and USDA Rural Development Housing Programs. At least three workshops a year will be held.
- HOME, CDBG, MBOH, and USDA Rural Development staffs expect ongoing, active participation in the efforts to simplify and standardize housing program delivery in Montana. The Uniform Application is in use, and efforts during the coming year will focus on standardizing environmental review processes, contents of grant administration manuals, and compliance monitoring.

[44] *Montana Housing Resource Directory*, Montana Department of Commerce, January 2007; **http://housing.mt.gov/Hous_CP_HsgResDir.asp**

- Examine the allocation procedure in order to simplify and maximize the efficiency with which HOME funds are allocated and to ensure that they are being leveraged to the greatest extent possible.
- Continue to encourage CDBG housing funds be used as part of an overall neighborhood or community renewal effort.
- Continue to utilize technical assistance providers to the fullest extent possible. Emphasis will continue to be on community needs assessment and project development. Staff members of each MDOC program continue to market the programs and educate potential participants in the programs. The CDBG Program proposes to continue to provide capacity building training and other technical assistance to local governments. This training relates to general community planning, capital improvement planning, provision of affordable housing, fair housing education, and environmental compliance.
- Increase training opportunities in housing construction as part of an overall economic development strategy that specifically targets training to at-risk populations, such as participants in the Job Corps, inmates in the prison system and residents of Indian Reservations.

BARRIERS TO AFFORDABLE HOUSING

Regulatory barriers do not have a significant impact on housing costs in Montana. Only a limited number of municipalities have adopted zoning. Local governments are not permitted to adopt their own building codes and must enforce the uniform codes adopted by the state, which are national or international codes[45] adopted by reference. Few, if any, counties enforce building codes outside of municipalities. Few, if any, counties have adopted countywide zoning regulations or impact fees. Therefore, there is little need for the state to undertake actions that might change what a jurisdiction has in place.

The Montana Code Annotated [MCA] 76-1-601 governs growth policy for the state. Specifically, a growth policy may cover all or part of the jurisdictional area. A growth policy must include the elements listed in the code by October 1, 2006. The extent to which a growth policy addresses the elements that are listed below is at the full discretion of the governing body. A growth policy must include:

a. Community goals and objectives;

b. Maps and text describing an inventory of the existing characteristics and features of the jurisdictional area, including land uses; population; housing needs; economic conditions; local services; public facilities; natural resources; and other

[45] National Electrical Code, as amended; Uniform Plumbing Code, as amended; International Mechanical Code; International Building Code; International Residential Code (one- and two-family dwellings and townhouses up to three stories in height); residential energy standards adopted and amended by the State of Montana, incorporating the International Energy Conservation Code; International Existing Building Code, and; International Fuel Gas Code (natural gas/propane installation).

characteristics and features proposed by the planning board and adopted by the governing bodies;

c. Projected trends for the life of the growth policy for land use; population; housing needs; economic conditions; local services; natural resources; and other elements proposed by the planning board and adopted by the governing bodies;

d. A description of policies, regulations, and other measures to be implemented in order to achieve the goals and objectives established;

Clearly, the greatest barrier to affordable housing in the state is the lack of resources available. The state works to maximize limited resources by working with lenders, landlords, Realtors™, other state agencies.

ADDRESSING LEAD-BASED PAINT

The HUD lead-based paint (LBP) regulations for pre-1978 homes, known as Title X, Section 1012/1013, went into effect on September 15, 2000. The state of Montana has a commitment to ensure that recipients of HOME, CDBG, and ESG funds administer programs that adequately limit the risks associated with lead-based paint. Recipients of funding through these block grant programs are required to comply with all federal, state and local lead-based paint regulations.

Based on the number of houses in Montana that were built in 1979 or before[46], it is estimated that there are nearly 285,500 Montana housing units at risk of containing lead-based paint. Although this is approximately 69 percent of the housing units in the state, it is important to note that one cannot assume all of these units contain lead-based paint and the presence of lead-based paint alone does not indicate the extent of exposure hazards. Education and awareness of the potential hazards and the need to properly maintain, control, and abate lead based paint is crucial.

Applicants for CDBG and HOME funds are made aware of the requirements of the lead-based paint regulations before they apply for funds. If funded, applicants receive additional information on dealing with lead based paint hazards. Technical assistance is available through the life of the project. The MDOC also promotes the free lead training whenever it is offered in Montana. Both the CDBG and HOME Programs allow funds to be used to assist with the cost of lead-based paint removal activities, depending upon the type of activity being funded.

The MDOC HOME Program requires grantees dealing with potential lead based paint hazards to perform, at a minimum, visual inspections to identify possible lead-based paint hazards for projects wishing to use HOME funds. Personnel conducting visual inspections are required to complete HUD's on-line Lead-Based Paint Visual Assessment Training[47], an on-line, self-paced training module for people performing

[46] *Housing Condition Study*, Center for Applied Economic Research, Montana State University-Billings, February 2005; **http://housing.mt.gov/Hous_CP_HsgCondStdy.asp**. Note: Data only available in 10-year increments: 1960-1969, 1970-1979, etc.

[47] **http://www.hud.gov/offices/lead/training/training_curricula.cfm**

visual assessments for deteriorating paint, dust, and debris. In addition, housing quality standards (HQS) inspections are performed annually at HOME, Section 8 and other rental properties throughout the state, and all homes being purchased with the assistance of HOME funds.

The MDOC has adopted a policy on lead hazard reduction in keeping with federal regulations. For projects involving a home constructed prior to 1978, grantees are required to notify project beneficiaries about the hazards of lead-based paint. In addition, if housing built prior to 1978 is being rehabilitated, the housing must be inspected for defective paint. If surfaces are found to be defective, they must be treated in the course of rehabilitation.

Full abatement of lead-burdened housing is a worthwhile goal. However, it is costly and caution must be taken to ensure that the work is performed in a safe manner by certified workers.

The more populated areas of the state have workers trained in lead-safe work practices, qualifying them to work on rehab projects costing less than $25,000. This covers most of the single-family rehabilitation projects conducted with federal funds. Rural areas of the state, where rehabilitation is often the largest part of housing strategies, remain under-prepared to address lead-based paint hazards. Significant portions of rehabilitation program budgets now go to addressing LBP hazards.

There is a limited number of EPA certified Inspectors and Risk Assessors available in Montana to work on projects costing more than $25,000. In response, the MDOC in 2005 funded the establishment of an accredited EPA Inspector and Risk Assessor training program at Montana State University in Bozeman. The MSU program is the first and only EPA accredited training program of its type in Montana.

The MDOC does not have a lead testing or abatement program in place at this time and does not plan to test or study housing units located in the state. However, for projects assisted with HOME or CDBG funds, grantees are required to ensure that the appropriate notification, inspection, testing, interim controls or abatement, and clearance activities are followed. In addition, the HOME and CDBG Programs present information on the LBP regulations and lead-safe work practices at its application and grant administration workshops. Further, the MDOC promotes lead-based paint training whenever possible.

The state does have one accredited lead analysis laboratory, Northern Analytical Laboratories of Billings, which can perform analyses on paint chips, dust wipes, and soil. The state also has several individual contractors and a few companies certified to perform LBP activities within the state; however, coverage is spotty, and the construction industry and the persons involved in construction are constantly changing.

Additional information about lead-based paint abatement is available in the 2005-2010 Consolidated Plan, through the federal Environmental Protection Agency, HUD, and the National Paint and Coating Association at **http://www.leadsafetraining.org**.

REDUCING THE NUMBER OF POVERTY LEVEL FAMILIES

Montana has a high proportion of families who live near the official poverty level. It is the goal of the state to assist these families to improve their standard of living and escape poverty. The state utilizes a number of strategies to accomplish this goal.

First, Montana is committed to utilizing employment as the primary strategy for poverty reduction. The state has a well-coordinated employment and training system, which ensures that resources for advancement through employment, such as the Workforce Investment Act (WIA), Temporary Assistance for Needy Families (TANF), and state resources such as higher education and economic development, are available to low-income families. Administrators of these programs meet regularly to ensure coordination and results.

Second, the state provides a series of work supports to stabilize families as they increase their skills and seek better employment. These supports include TANF, food stamps, energy assistance, health care, childcare, housing assistance and advocacy.[48]

Finally, the Executive Branch is committed to a comprehensive approach to poverty reduction. Agencies serving low-income families have been included in a series of economic development activities. In addition, the Governor has supported a comprehensive effort to end chronic homelessness in Montana.

Additionally, in November 2006, Montana voters approved initiative 151, which raised the minimum wage from the federally mandated $5.15 per hour to $6.15 per hour. The initiative also calls for year adjustments tied to the cost of living. The wage, which went into effect on January 1, 2007, would be adjusted each September based on the national Consumer Price Index. It did not change the $4-an-hour minimum wage for a business whose annual gross sales are $110,000 or less.

DEVELOPING INSTITUTIONAL STRUCTURES

The state remains committed to developing and enhancing institutional structure in the state, including private industry, nonprofit organizations, public institutions, and local governments. The state supports policies and programs that support decent, safe, affordable housing, services for the homeless, and other non-housing community development activities, such as infrastructure enhancement and economic development. Throughout the year, CDBG, HOME and ESG and other MDOC and MDPHHS staff participate in various working groups, committees, and councils that further promotes developing and enhancing institutional structure, as discussed in the section on Consultation and Coordination. The state maintains its commitment to inform others of their responsibility to participate in the consolidated planning process and to promote affordable housing, adequate infrastructure, and economic development in

[48] The *Montana State Plan for the Temporary Assistance for Needy Families Program*: **http://www.dphhs.mt.gov/publications/tanfstateplan092006.pdf**

local communities and supports a broad-based “team” approach to address community development and housing issues.

Housing

The MDOC Housing Division administers the HOME and statewide Section 8 Programs. The Montana Board of Housing is administratively attached to the MDOC and is co-located with the Housing Division. The MDOC Community Development Division, located next to the Housing Division, administers the housing portion of the CDBG Program. The Montana Department of Public Health and Human Services administers the ESG Program and the HOPWA Program, funded through a competitive HUD grant.,

The MBOH, the Housing and Community Development Divisions of the MDOC, USDA Rural Development, and others continue improving coordination in the area of joint applications, workshops, reporting forms, and project monitoring.

The MDOC HOME Program continues to advise nonprofit groups on how to form certified Community Housing Development Organizations (CHDOs). Local units of government (cities, towns, and counties), public housing authorities (PHAs), and CHDOs are eligible to apply for HOME grant funds under the HUD-approved program description.

Community and Economic Development

The Community Development Block Grant Programs, administered by the Community Development and Business Resources Divisions of the MDOC, work with eligible units of local government in distributing CDBG funds. Funds are awarded on a competitive basis throughout the state. The CDD conducts training for recipient communities after grant awards to acquaint the recipients with the federal requirements that accompany the funds. Issues addressed include environmental review, labor standards, procurement standards, and civil rights, fair housing and equal opportunity.

In addition, the CDBG programs conduct an annual public hearing on proposed application deadlines, allocation of funds, and program changes for the upcoming year. Local government officials and staff, community and economic development agencies, and other organizations and individuals interested in the Montana CDBG Program are notified in advance of the hearing and are invited to comment, either in person or in writing.

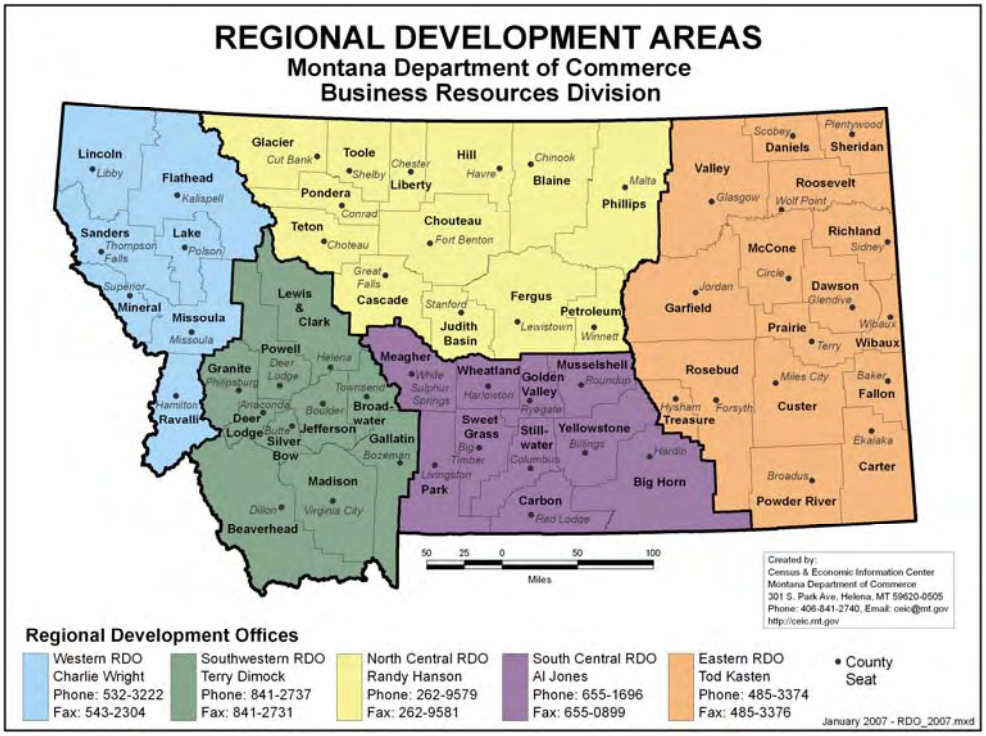
Montana Finance Information Center

The Montana Finance Information Center (**www.mtfinanceonline.com**) provides summary information for the most significant financing resources available from state, federal, and local institutions. The website is organized as much as possible by source and point of application. Preference for organizational purposes is given to the actual level that provides funding to businesses and local governments. For example, the state of Montana Microbusiness Development Loan Program is listed under local resources

because the business applicant applies locally within each of the MicroBusiness Development Corporation (MBDC) regions, not directly to the state. The financing decision is made locally. Direct web links are provided wherever possible for direct connection to funding sources.

Regional Development

Montana is divided into five regions (see following map) with a Regional Development Officer (RDO) assigned to each area as a representative of the MDOC. The RDOs live in their regions and are a resource to businesses, local development corporations, and communities in the area. The program serves as an access point to all relevant MDOC resources and other relevant business and community development resources. The primary purpose of this program is to provide technical assistance to businesses for obtaining financing for start-ups, expansions, business locations from out of state, and retention projects.



Goals and objectives for regional development include:

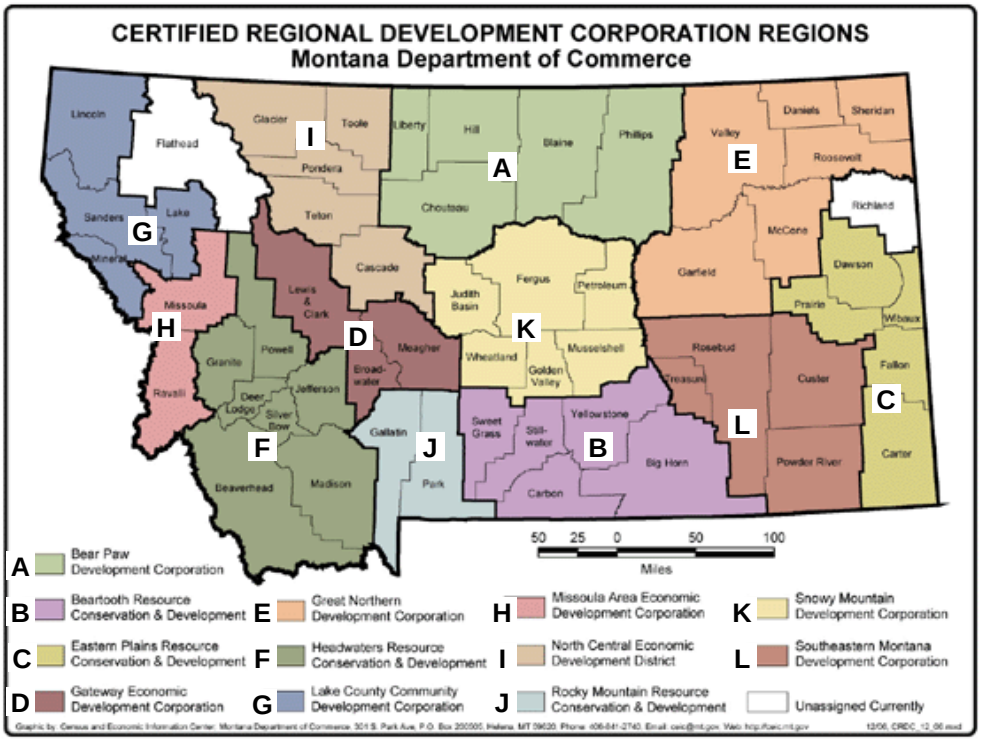
- Ensuring that all areas of Montana have reasonably equal access to funding and technical assistance resources.
- Developing close and effective working relationships with businesses and the resources that benefit them in their efforts to grow and create new employment in Montana.
- Working closely with the Governor's Office of Economic Opportunity with its economic development activities, including business recruitment efforts.

- Assisting MDOC programs with efforts to maximize leverage of other funds, help businesses create higher paying and sustainable jobs, and provide equal access to information and programs across Montana.
- Improving the capacity of local development efforts through technical assistance and working with the Certified Regional Development Corporations Program.

Certified Regional Development Corporations

The 2003 Montana Legislature created the Certified Regional Development Corporations program. The legislative intent of the CRDC program is to encourage a regional approach to economic development that facilitates the efficient delivery of economic development programs by supporting regional capacity building.

CRDCs are required to have the support of all counties and a majority of the incorporated cities and towns in their region to obtain and maintain certification. Twelve CRDCs have been formed (see following map) and placed under contract to provide technical assistance within their respective regions.



CRDCs are responsible for helping local officials, communities, and businesses "assess, plan, and facilitate action" within their regions. CRDCs facilitate the identification of priority needs of local communities. There is a clear recognition that local strategic planning is critical in developing local economies. CRDCs foster collaboration and bring elected officials, business leaders, and stakeholders together to prepare and implement regional development strategies.

CRDCs also provide business technical assistance and financing, leveraging financial resources from a variety of sectors that include government (federal, state, county, and local), the private sector, philanthropic community, and academia to aide in the expansion of their regions economy. For example, CRDCs manage revolving loan funds (RLF) that are designed to assist new and/or expanding businesses. Business financing through an RLF assists in making a project a reality and thereby creating new local employment opportunities.

The MDOC has taken a position to encourage regional planning efforts and coordination among local development entities and local governments. To encourage better communication in local planning efforts, the MDOC has added one additional requirement to CDBG-ED applications for program year 2007. Applicants must provide a copy of a resolution of support passed by the board of their regional Certified Regional Development Corporations (CRDCs). If an applicant's area is not covered by a CRDC, the applicant must provide narrative explaining why it does not participate in a regional planning effort.

Also beginning in plan year 2007, local governments applying for assistance within the CDBG public facilities or housing categories are encouraged to obtain a resolution of support from the appropriate CRDC.

Go to **http://businessresources.mt.gov/BRD_CRDC.asp** for more information on the CRDCs.

Public Institutions

The Montana Department of Public Health and Human Services is the primary state agency overseeing a number of programs impacting Montanans' daily lives. The mission of the MDPHHS is to improve and protect the health, well-being, and self-reliance of all Montanans. Programs and services administered by the MDPHHS include aging services, long-term care, disability services, drug and alcohol addiction, mental health, foster care, adoption, childcare, protection and support, energy assistance, public health and safety, food stamps, and public assistance. For additional information on the MDPHHS, go to **http://www.dphhs.mt.gov/**

Senior and Long Term Care

The Senior and Long Term Care Division advocates and promotes dignity and independence for older Montanans and Montanans with disabilities by providing information, education, and assistance; planning, developing and providing for quality long-term care services; and operating within a cost–effective service delivery system. The division administers aging services, adult protective services, and the state's two veterans' homes. It also helps to fund care for elderly and disabled Montanans who are eligible for Medicaid and Supplemental Security Income (SSI).

Disability Services Division

The mission of the Disability Services Division (DSD) of the MDPHHS is to provide services that help Montanans with disabilities to live, work, and fully participate in their communities. DSD provides or contracts to provide a wide variety of services for Montanans of all ages who have physical, mental, or developmental disabilities.

Services are provided through five primary programs: Developmental Disabilities, Vocational Rehabilitation including Blind and Low Vision Services, Disability Determination, the Montana Telecommunications Access Program, and the Montana Developmental Center in Boulder. Among the services DSD provides are residential services, community supports, home-based services for families, case management, a variety of employment outcome-related services, telephone relay service and equipment, rehabilitation counseling, and specialized services for blind and visually impaired individuals, which includes low vision evaluations & equipment for older individuals with visual impairments to maintain independence.

Addictive & Mental Disorders Division

The mission of the Addictive and Mental Disorders Division (AMDD) of the Montana Department of Public Health and Human Services is to implement and improve an appropriate statewide system of prevention, treatment, care, and rehabilitation for Montanans with mental disorders or addictions to drugs or alcohol. AMDD provides chemical dependency and adult mental health services by contracting with behavioral health providers throughout Montana. It also provides services through three inpatient facilities: the Montana State Hospital in Warm Springs, Montana Chemical Dependency Center in Butte, and Montana Mental Health Nursing Care Center in Lewistown.

Human & Community Services Division

Primarily through the Human & Community Services Division (HCSD), the MDPHHS administers a number of public assistance programs aimed at helping low-income Montanans move out of poverty and become self-sufficient. These include childcare assistance, Children's Health Insurance Plan (CHIP), energy assistance, food stamps, Medicaid, Special Supplemental Nutrition for Women, Infants & Children (WIC), and Temporary Assistance for Needy Families (TANF), and homeless programs.

The mission of the HCSD is to support the strengths of families and communities by promoting employment and providing the assistance necessary to help families and individuals meet basic needs and work their way out of poverty. The HCSD provides cash assistance, employment training, food stamps, Medicaid, childcare, meal reimbursement, nutrition training, energy assistance, weatherization, and other services to help families move out of poverty and toward self-support. The HCSD administers a federal Community Services Block Grant to fund local projects aimed at addressing the causes of poverty and the Emergency Shelter Grant to help local shelters and Human Resource Development Councils provide lodging for individuals and families who are without, or at risk of being without, housing. The HCSD also provides coordination and

support for the Montana Continuum of Care Coalition for the Homeless, the Montana Council on Homelessness, and the tri-state HOPWA program that is funded through HUD's competitive grant process.

CONSULTATION AND COORDINATION

The MDOC is committed to improving coordination between not only public and private housing entities and social service agencies serving low- and very low-income households, but also between entities addressing non-housing community development needs.

Throughout the year, the MDOC interacts with other agencies and organizations with a commitment to better develop housing and community development strategies. The MDOC maintains its commitment to inform others of their responsibility to participate in the consolidated planning process and to promote affordable housing, adequate infrastructure, and economic development in local communities. The MDOC supports a broad-based "team" approach to address affordable housing issues through the formation of the **Consolidated Plan Steering Committee** and **Housing Coordinating Team**. The MDOC has also been a long-standing member of the **Water, Wastewater and Solid Waste Action Coordinating Team**, which was formed in 1982 to address infrastructure issues. These committees and groups provide direction and input to the Consolidated Plan.

Members of the **Consolidated Plan Steering Committee**, with representatives from the HOME, CDBG and ESG Programs, Montana Board of Housing and other Housing Division programs, the Montana Council on Homelessness the Montana Home Choice Coalition/A.W.A.R.E., Inc., and Fannie Mae's Montana office met during the plan development process to review the status of and provide input to the Consolidated Plan. In addition, other agencies, such as the Montana Departments of Environmental Quality (MDEQ), Natural Resources and Conservation (MDNRC), and Labor and Industry (MDOLI), and the MDPHHS are solicited as needed for input on specific topics contained in the action plan and supporting studies.

The **Housing Coordinating Team** (HCT), also chartered by the MDOC, continues to facilitate statewide coordination in the delivery of housing services to individual housing providers and local organizations. Participating organizations include the MDOC and MDPHHS, HUD, Fannie Mae, USDA Rural Development, human resource councils, and local housing authorities. Areas of cooperation include

- Evaluating the effects of energy costs on affordable housing
- Coordinating monitoring requirements within the MDOC programs
- Making adjustments to the common application for housing projects (Uniform Application)
- Providing housing resource education and training, in the areas of program application requirements, green building, energy efficiency, accessibility requirements

The **Water, Wastewater and Solid Waste Action Coordinating Team** (W_2ASACT) is a group of professionals from state and federal governments, and nonprofit organizations that finance, regulate, and/or provide technical assistance for infrastructure, principally drinking water and wastewater systems. W_2ASACT currently meets bimonthly to explore and coordinate a wide range of activities linked to improving the environmental infrastructure of local governments and unincorporated communities across Montana. W_2ASACT regularly sponsors and coordinates annual seminars statewide to explain the various financial programs and resources available to assist local governments in funding their infrastructure needs. Civil engineers, local government representatives, and technical assistance providers are invited to present comprehensive information regarding environmental infrastructure projects.

W_2ASACT subcommittees continue to address issues of community planning and environmental regulation in order to streamline the application and project implementation process for small rural communities. A current goal is to consolidate multiple, separate environmental mandates into one coordinated environmental review process, including the development of a common environmental assessment form that would be accepted by all funding agencies.

In addition, staff from the MDOC and/or the Housing Division regularly attends and participates in meetings held by the **Montana Continuum of Care**, the **Montana Home Choice Coalition**, the **Montana Homeownership Network**, **Mental Health Oversight Advisory Council,** and the **Montana Council on Homelessness**.

The **Montana Continuum of Care** (MT CoC) for the Homeless Coalition is a statewide collaboration of diverse homeless service providers, nonprofit organizations, and local and state governments. The coalition was formed to address homelessness with very few resources to cover Montana's vast geographical area.

The Montana **Home Choice Coalition** is a coalition of Montana citizens working together to create better housing opportunities for Montana citizens with disabilities. A.W.A.R.E., Inc. coordinates the coalition, which receives support and sponsorship from Fannie Mae and the MDPHHS. The Coalition develops new housing and resources directly and in partnership with other entities, provides education, advocacy and housing counseling, and collects data to support its goal of creating better housing choices for Montanans with disabilities.

An affiliate of Neighborhood Housing Services, Inc. of Great Falls (NHS), the **Montana HomeOwnership Network** (MHN) is a nonprofit housing provider offering affordable homeownership opportunities to lower income individuals and families around the state. Its partners include the Resource Conservation & Development districts, homeWORD, tribal housing authorities, USDA-RD, HUD, Assiniboine and Sioux Tribal Enterprise, NeighborWorks America, cities of Great Falls and Billings, Fannie Mae, First Interstate BancSystem Foundation, Heritage Bank, US Bank, Wells Fargo Bank, Stockman Bank, Mountain West Bank, Montana Building Industry Association, Montana REALTOR® Association, Career Training Institute, Helena Area Housing Task Force, Elkhorn Housing Development Corporation, Human Resource Development Councils, and the

MBOH. NHS/MHN and partners also work together support and host the statewide biennial housing conference, which brings together a wide variety of housing professionals.

The 1999 Montana Legislature directed the Montana Department of Public Health and Human Services to create the **Mental Health Oversight Advisory Council** (MHOAC). MHOAC provides input to the MDPHHS in the development and management of the public mental health system. MHOAC membership includes consumers of mental health services including those who currently receive or formerly received public mental health services, immediate family members of recipients of mental health services, advocates for consumers or family members of consumers, the public at large, mental health service providers, legislators, and MDPHHS representatives.

In response to the growing problem of homelessness in Montana, former Governor Judy Martz issued an Executive Order in June 2004, establishing the **Montana Council on Homelessness**. The MTCoH was structured to establish vital links among the efforts and resources of state and federal agencies, communities, tribes, nonprofits, and others. The MTCoH is charged with developing a 10-year plan to eradicate chronic homelessness in Montana and with addressing this multi-faceted issue through policy, protocols, recommendations for legislation and the creative use of new and existing resources. MTCoH members come from the public, private, and business sectors as well as state and federal agencies. They represent the Governor's Office, Montana Departments of Public Health & Human Services, Corrections, Labor and Industry, Public Instruction, Veteran's Affairs, and Commerce, as well as Social Security, the Board of Crime Control, the Montana Continuum of Care, the Montana-Wyoming Tribal Leaders Association, and the private and nonprofit sectors.

On December 21, 2006, Governor Brian Schweitzer signed the Executive Order to continue and amend the Montana Council on Homelessness. This will continue the MTCoH for the next two years, expiring December 2008. Hank Hudson, Administrator of the Human and Community Services Division of the DPHHS and Lt. Governor John Bohlinger will continue to serve as co-chairs of the MTCoH. The new council will include a variety of stakeholders chosen from a statewide pool. Sectors will include the business community/economic development, chemical dependency treatment, community law enforcement or corrections, a homeless or previously homeless person, the Continuum of Care, education, employment and training, the faith community, Healthcare for the Homeless, public housing, mental health treatment, urban Indian centers and veterans' organizations. In view of the need for participation of state agencies, the MTCoH will work with an Intergovernmental Team on Homelessness comprised of the state agencies that provide services to homeless individuals. Additionally, the MTCoH has the latitude to invite representatives of federal, tribal and local agencies to participate on the Intergovernmental team. The first charge of the new MTCoH will be to review, revise, adopt, and begin to implement the 10-year plan.

PUBLIC HOUSING INITIATIVES

Fostering Public Housing Resident Initiatives: The state does not have a public housing authority. Public housing authorities are set up under state law at the local level to better meet the needs of the local community. However, the MDOC is committed to improving coordination between public and private entities serving low- and very low-income households. See the previous discussions on the Housing Coordinating Team; the Montana Continuum of Care, Montana Council on Homelessness, Home Choice Coalition, and Tri-State HELP.

The Housing Assistance Bureau of the MDOC contracts with HUD as the statewide PHA using an annual Contributions Contract to provide program administration and services on Section 8 low-income housing programs on a statewide basis. The Tenant Based Section 8 Program, uses 35 local field agents in eleven locations throughout the state to provide field services: issue assistance documents, perform inspections, and examine annual income.

In the event the state is notified by HUD that a public housing agency in Montana is designated by HUD as “troubled”, the MDOC will determine if the MDOC can provide assistance to the public housing agency.

XI. IMPEDIMENTS TO FAIR HOUSING CHOICE

In the Fair Housing Act, it is a policy of the United States to prohibit any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap, or familial status. Montana law (Section 49, parts 2 and 4, MCA) also defines illegal housing discrimination and includes age and marital status as protected classes.

According to HUD, impediments to fair housing choice include actions or omissions in the state that constitute violations of the Fair Housing Act. Further, impediments mean actions or omissions that are counter-productive to fair housing choice or that have the effect of restricting housing opportunities based on protected classes.

The MDOC is responsible for:

- conducting the analysis of impediments;
- taking actions to address the impediments within its jurisdiction, and monitoring the results;
- certifying HOME and CDBG grantees affirmatively further fair housing; and
- taking actions to address the impediments within its jurisdiction and monitoring the results of those actions.

However, MDOC lacks the authority to solve these problems alone. The task of eliminating the impediments to fair housing rests on the shoulders of all Montanans.

In 2004, the MDOC updated the *Analysis of Impediments to Fair Housing and Housing Choice* (AI) for Montana's 5-Year Consolidated Plan (April 1, 2005-March 31, 2010). It is available on the web at **http://housing.mt.gov/Hous_CP_AnalysisImpedFrHsg.asp**.

XII. CONSOLIDATED PLAN DEVELOPMENT PROCESS

CITIZEN PARTICIPATION

As part of the plan update, numerous outside agencies and individuals were contacted. These organizations and individuals are encouraged to provide statistics, data, and other information to aid in preparing the action plan and related studies. The public participation plan is included in **Appendix A**.

The MDOC conducted three public input meetings before the 2007 Annual Action Plan was drafted. At a minimum, the meetings were noticed with general announcements sent to the Consolidated Plan mailing list; general newspaper ads in the state's six major newspapers (Billings, Bozeman, Butte, Great Falls, Helena, Kalispell); personal invitation letters to everyone on the Consolidated Plan mailing list living in the areas in which the meetings were being held; and specific newspaper display ads in the areas the meetings were being held.

On-Site Public Input Meetings			
Hardin	April 10, 2006	7:30 – 8:30 a.m.	Big Horn County Courthouse; 121 3rd Street W.
Great Falls	April 27, 2006	12:00–1:15 p.m.	US Bank Building; 300 Central Ave.
Butte	May 18, 2006	12:00–1:15 p.m.	Red Lion Hotel; 2100 Cornell Ave.

The draft Consolidated Plan Annual Action Plan for 04/01/2007–03/31/2008 was released to the public in late November 2006. The public review meeting was held via a videoconference on November 27, 2006. Originating in Helena, the meeting was broadcast live to nine other locations throughout Montana: Billings, Bozeman, Butte, Great Falls, Havre, Kalispell, Miles City, Missoula, and Poplar. The public comment period, originally open through December 22, 2006, was extended through December 31, 2006 after the meeting.

Meeting notifications were sent to individuals and organizations on the Consolidated Plan mailing list. Display advertisements were placed in key newspapers (Billings, Bozeman, Butte, Great Falls, Helena, Havre, Kalispell, Miles City, and Missoula) announcing the comment period, the website address for the draft Action Plan, how to obtain hard copies of the document, where to send written comments, and the date and locations of the public review meeting. The meeting notice was also posted on the *Discovering Montana* E-Calendar and the Consolidated Plan web page.

In order to maximize participation and minimize travel time and costs, the Consolidated Plan meeting was held immediately preceding a free joint housing application workshop sponsored by the MDOC's CDBG and HOME programs, MBOH, USDA Rural Development, and the Montana Department of Environmental Quality (energy efficiency program).

QUANTITATIVE ANALYSIS IN SUPPORT OF THE PLAN

Development of the Action Plan for the plan year beginning April 1, 2007 is partially based on current and past research studies and analyses of housing, infrastructure, and economic development needs, including the *Economic and Demographic Analysis of Montana.*[49] The *Economic and Demographic Analysis* provides current data and analysis for two primary uses: first, for the MDOC in preparing Montana's Consolidated Plan; and second, for communities and other organizations that apply for federal funds from the HOME and CDBG Programs for housing projects, public facilities, and economic development activities. This data may also be useful to other entities in need of statewide or county level analysis of economic, demographic, and housing trends.

The *Montana Housing Resource Directory*[50] includes descriptions of a variety of federal, state, and local housing programs available in Montana. New to the directory last year is a section on "Housing Rights, Fair Housing Advocates, Legal Assistance, and Other Resources". The directory and associated reference guide are meant to provide an overview of the available programs along with contact information.

Go to **http://housing.mt.gov/Hous_CP_HsgEconDemRptsStats.asp** to access the documents and studies prepared or updated in support of the Consolidated Plan and other related documents.

XIII. AMENDMENTS TO THE FIVE-YEAR CONSOLIDATED PLAN

In March 2006, HUD amended the Consolidated Plan Final Rule, 24 CFR Part 91, which included new state regulatory provisions for three and five year consolidated plans. Those regulations required that certain areas of the Five-Year Plan be amended.

CONSULTATION

The state believes it is meeting the requirements for consultation as described in its Five-Year Consolidated Plan for April 1, 2005 through March 31, 2010 (available at **http://housing.mt.gov/Hous_CP_Apps.asp**) and as updated in the Annual Action Plans.

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[49] *Economic and Demographic Analysis of Montana*, Center for Applied Economic Research, Montana State University-Billings

[50] *Montana Housing Resource Directory*, Montana Department of Commerce, January 2007; **http://housing.mt.gov/Hous_CP_HsgResDir.asp**

HOMELESS NEEDS

The state believes it is meeting the requirements concerning the needs of the chronically homeless persons as described in the Five-Year Consolidated Plan for April 1, 2005 through March 31, 2010 and as updated in the Annual Action Plans. See the updated discussion of homeless needs beginning on page 50 of this document.

MARKET ANALYSIS

The state believes it is meeting the requirements concerning the market analysis requirements for chronically homeless persons as described in the Five-Year Consolidated Plan for April 1, 2005 through March 31, 2010 and as updated in the Annual Action Plans. See the updated Homeless Continuum of Care Housing Gap Analysis Chart, which is updated annually, on page 104.

PRIORITIES

The priority needs outlined in the 2005-2010 Consolidated Plan were developed from local input across the state and address a variety of needs for affordable housing and community and economic development. The plan represents a wide array of needs; while one community may need rental housing production at a particular site, another community may need homeowner rehabilitation over scattered sites. For the state to address its community development needs, the three formula grant programs need a level of flexibility for eligible activities to be undertaken.

Part 1, Priority Housing Needs, of Table 2A, State Priority Housing / Special Needs / Investment Plan Table, remains unchanged from the 2005-2010 Consolidated Plan (available at **http://housing.mt.gov/Hous_CP_Apps.asp**). Part 2, Priority Special Needs, and Part 3, Priority Housing Activities, have been added to meet HUD's requirements. At the state level, all needs are a priority, although any given need will not have the same priority in different areas of the state. The state firmly believes that **it is up to each locality, through detailed local analyses, studies and needs assessments, to determine its own area(s) of highest need and priority and seek funding to address those locally-determined needs.**

TABLE 2A State Priority Housing/Special Needs/Investment Plan Table			
Part 1. Priority Housing Needs			
Household Type		**MFI Range**	**Priority Level** (Indicate **H**igh, **M**edium, **L**ow, checkmark, **Y**es, **N**o
Renters	Small Related	0% - 30%	**H**
		31% - 50%	**M**
		51% - 80%	**M**
	Large Related	0% - 30%	**H**
		31% - 50%	**M**
		51% - 80%	**M**
	Elderly	0% - 30%	**H**
		31% - 50%	**M**
		51% - 80%	**M**
	All Other	0% - 30%	**H**
		31% - 50%	**M**
		51% - 80%	**M**
Owners		0% - 30%	**H**
		31% - 50%	**M**
		51% - 80%	**M**
Part 2. Priority Special Needs			
Elderly		✓	
Frail Elderly		✓	
Severe Mental Illness		✓	
Developmentally Disabled		✓	
Physically Disabled		✓	
Persons w/ Alcohol/Other Drug Addictions		✓	
Persons w/ HIV/AIDS		✓	
Victims of Domestic Violence		✓	
Other		✓	
Part 3. Priority Housing Activities			
CDBG			
Acquisition of existing rental units		✓	
Production of new rental units		✓	
Rehabilitation of existing rental units		✓	
Rental assistance			
Acquisition of existing owner units			
Production of new owner units		✓	
Rehabilitation of existing owner units		✓	
Homeownership assistance		✓	
HOME			
Acquisition of existing rental units		✓	
Production of new rental units		✓	
Rehabilitation of existing rental units		✓	
Rental assistance		✓	
Acquisition of existing owner units		✓	
Production of new owner units		✓	
Rehabilitation of existing owner units		✓	
Homeownership assistance		✓	
HOPWA		**N/A**	

PUBLIC HOUSING

In the event the state is notified by HUD that a public housing agency in Montana is designated by HUD as “troubled”, the MDOC will determine if and what type of technical assistance the MDOC can provide to the public housing agency. Public housing authorities within the jurisdictional boundaries of the cities of Billings, Great Falls, and Missoula, which must submit their own consolidated plans to HUD, should seek assistance from those cities.

HOMELESS

Montana's strategy for helping homeless persons (especially any persons that are chronically homeless) make the transition to permanent housing and independent living is governed by the Montana Council on Homelessness. According the MTCoH's 2007 report,[51] chronically homeless persons struggle with levels of disability and poverty that are likely to make them eligible for a number of mainstream programs, and yet homelessness presents many challenges to providers. To be effective, services must be accessible, coordinated and flexible. This might mean using non-office based settings or operating during non-standard hours. Effective strategies include accommodating changing needs over time and keeping case files open during periods of inactivity so that eligibility does not have to be reestablished. Other effective strategies include operating under a "no wrong door" philosophy. Strategies such as co-location of services in one-stop settings can help reduce fragmentation and increase access. See the additional discussion on the homeless beginning on page 50 of this document.

The MTCoH's plan for ending chronic homelessness by 2014 can be accessed on the web at **http://www.mtcoh.org**.

SPECIAL NEEDS

Housing Needs							
Household Type	**Elderly Renter**	**Small Renter**	**Large Renter**	**Other Renter**	**Total Renter**	**Total Owner**	**Total**
0 - 30% of MFI	3,659	4,704	1,218	6,288	**15,869**	**14,788**	**30,657**
% with any housing problem	53.1%	71.7%	79.3%	71.5%	**67.9%**	**73.7%**	**70.7%**
% with cost burden > 30%	49.9%	67.5%	58.0%	68.8%	**63.2%**	**70.4%**	**66.7%**
% with cost Burden > 50%	31.6%	49.6%	37.8%	55.6%	**46.9%**	**51.6%**	**49.2%**
31 - 50% of MFI	3,498	4,772	1,502	5,194	**14,966**	**19,392**	**34,358**
% with any housing problem	40.0%	57.9%	70.2%	63.2%	**56.8%**	**54.5%**	**55.5%**
% with cost burden > 30%	44.6%	52.5%	40.5%	60.3%	**52.2%**	**50.8%**	**51.4%**
% with cost Burden > 50%	14.8%	11.7%	10.4%	18.8%	**14.8%**	**27.1%**	**21.7%**
51 - 80% of MFI	2,728	6,616	2,085	6,426	**17,855**	**34,604**	**52,459**
% with any housing problem	27.2%	26.7%	47.0%	27.8%	**29.5%**	**40.7%**	**36.9%**
% with cost burden > 30%	25.6%	19.8%	14.6%	24.3%	**21.7%**	**36.8%**	**31.6%**
% with cost Burden > 50%	4.9%	1.0%	1.3%	2.3%	**2.1%**	**13.2%**	**9.4%**

Source of Data: CHAS Data Book; data current as of: 2000

Definitions:

- Any housing problems: Cost burden greater than 30% of income and/or overcrowding and/or without complete kitchen or plumbing facilities.
- Elderly households: 1 or 2 person household, either person 62 years old or older.
- Renter: Data do not include renters living on boats, RVs or vans. This excludes approximately 25,000 households nationwide.
- Cost Burden: Cost burden is the fraction of a household's total gross income spent on housing costs. For renters, housing costs include rent paid by the tenant plus utilities. For owners, housing costs include mortgage payment, taxes, insurance, and utilities.

[51] *no longer Homeless in Montana*, *a Report on the State of Homelessness and a Ten year Plan to End It*; Montana Council on Homelessness; January 2007: **www.mtcoh.org**

Homeless Continuum of Care: Housing Gap Analysis Chart

		Current Inventory	Under Development	Unmet Need/Gap
Individuals				
Example	**EMERGENCY SHELTER**	**100**	**40**	**26**
Beds	Emergency Shelter	440	0	0
	Transitional Housing	217	0	86
	Permanent Supportive Housing *(all beds / beds for chronically homeless only)*	216 / 21	18 / 18	281
	Total	873	18	393
Chronically Homeless		21	18	
Persons in Families With Children				
Beds	Emergency Shelter	231	0	0
	Transitional Housing	291	67	0
	Permanent Supportive Housing	90	0	0
	Total	**612**	**67**	**0**

Continuum of Care Homeless Population and Subpopulations Chart

(Date of last point-in-time count: 01/31/2006)

Part 1: Homeless Population	**Sheltered**		**Unsheltered**	**Total**
	Emergency	**Transitional**		
Homeless Families with Children (Family Households)	64	66	15	**145**
1. Number of Persons in Families with Children	221	196	42	**459**
2. Number of Single Individuals and Persons in Households without children	283	179	410	**872**
Total (lines 1 + 2a)	**504**	**375**	**452**	**1,331**

Part 2: Homeless Subpopulations	**Sheltered**	**Unsheltered**	**Total**
a. Chronically Homeless (For sheltered, list persons in emergency shelter *only*)	37	111	**148**
b. Severely Mentally Ill	108	* 59	**167**
c. Chronic Substance Abuse	83	* 73	**156**
d. Veterans	88	* 94	**182**
e. Persons with HIV/AIDS	5	* 3	**8**
f. Victims of Domestic Violence	104	* 29	**133**
g. Unaccompanied Youth (Under 18)	26	* 3	**39**

COMMUNITY REVITALIZATION

The state does not elect at this time to set forth community revitalization strategy areas. Local government grantees are urged to consider community revitalization activities as a complimentary activity to one of the basic eligible housing and neighborhood renewal or public facilities activities.

COORDINATION

The state believes it is meeting the requirements for coordination as described in its Five-Year Consolidated Plan for April 1, 2005 through March 31, 2010 (available at

http://housing.mt.gov/Hous_CP_Apps.asp) and as updated in the Annual Action Plans.

SPECIFIC OBJECTIVES

HUD has established a performance outcome measurement system for its programs. The MDOC and MDPHHS have adopted the framework of HUD's outcome measurement system as the foundation for establishing performance measures and outcomes for each of the three HUD formula grant programs covered by this plan.

Montana's HUD-funded formula grant programs fund a variety of activities. For the purposes of the performance management system, each activity is assigned to one of three **objective categories** that best illustrates the purpose and intent of the activity. The three objectives are:

- **Suitable Living Environment**: In general, this objective relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment.
- **Decent Housing:** The activities that typically would be found under this objective are designed to cover the wide range of housing possible under HOME, CDBG, or ESG. This objective focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of a larger effort, since such programs would be more appropriately reported under Suitable Living Environment.
- **Creating Economic Opportunities:** This objective applies to the types of activities related to economic development, commercial revitalization, or job creation.

Similarly, once the objective for the activity is determined, one of three **outcome categories** is selected that best reflects what will be achieved by funding the activity. The three outcome categories are:

- **Availability/Accessibility:** This outcome category applies to activities that make services, infrastructure, public services, public facilities, housing, or shelter available or accessible to low-and moderate-income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the affordable basics of daily living available and accessible to low- and moderate-income people where they live.
- **Affordability:** This outcome category applies to activities that provide affordability in a variety of ways in the lives of low- and moderate-income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care.
- **Sustainability - Promoting Livable or Viable Communities:** This outcome applies to projects where the activity or activities are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low- and moderate-income or by removing or eliminating slums or

blighted areas, through multiple activities or services that sustain communities or neighborhoods.

Each outcome category can be connected to each of the overarching objectives, resulting in nine groups of **outcome/objective statements** under which to report the activity or project data to document the results of the activities or projects. Each activity will provide one of the following statements, although sometimes an adjective such as new, improved, or corrective may be appropriate to refine the outcome statement.

	Outcome 1: Availability or Accessibility	**Outcome 2**: Affordability	**Outcome 3**: Sustainability
Objective 1: Suitable Living Environment	Enhance Suitable Living Environment through Improved Accessibility (SL-1)	Enhance Suitable Living Environment through Improved or New Affordability (SL-2)	Enhance Suitable Living Environment through Improved or New Sustainability (SL-3)
Objective 2: Decent Housing	Create Decent Housing with Improved or New Availability (DH-1)	Create Decent Housing with Improved or New Affordability (DH-2)	Create Decent Housing With Improved or New Sustainability (DH-3)
Objective 3: Economic Opportunities	Provide Economic Opportunity through Improved or New Accessibility (EO-1)	Provide Economic Opportunity through Improved or New Affordability (EO-2)	Provide Economic Opportunity through Improved or New Sustainability (EO-3)

Each activity, project, and program funded by the three formula grant programs covered by the Consolidated Plan will meet the requirements of the framework. However, the three formula grant programs, particularly the HOME and CDBG programs, do not lend themselves to easily setting expected number of households, business, individuals, etc. that will be assisted over any given period of time. Since the HOME and CDBG programs allocate funds primarily through a competitive, first-come, first serve process, not only is it impossible to predict the geographic distribution of funds, it is also impossible to predict the types of activities that will be funded and the number and types of households, business, individuals, etc. that are expected to be assisted.

The state firmly believes that in a jurisdiction that is so geographically large and demographically diverse with housing and community development needs that vary widely, that it cannot predict the type and number of activities that will be funded over the coming years. The extreme diversity in the available infrastructure and housing, age of housing stock, and overall range in population further complicate the assessment of the type and degree of housing and community development needs. There is limited availability of resources, and the level of HUD resources the state will receive from year to year is not assured.

Table 3A - Summary of Specific Annual Objectives
Plan Years 2007, 2008, and 2009

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number[52]	Actual Number	Percent Completed
DH-1	**Availability/Accessibility of Decent Housing**						
DH-1.1	Enhance the availability / accessibility of decent housing through assistance for the acquisition / new construction of rental and homeownership units for LMI households	**CDBG**	▪ Number of units acquired and newly constructed	2005			
				2006			
				2007	0		
				2008	6		
				2009	4		
			MULTI-YEAR GOAL		**10**		
DH-2	**Affordability of Decent Housing**						
DH-2.1	Address the need for affordable decent housing by offering rehabilitation assistance to low and very low-income homeowner households	**HOME** **Local Match**: *5% minimum required*	▪ Number of units rehabilitated ▪ # of units meeting Section 504 standards ▪ # of units qualified as Energy Star	2005			
				2006			
				2007	40		
				2008	32		
				2009	25		
			MULTI-YEAR GOAL		**97**		
DH-2.2	Address the need for affordable decent housing by offering down payment and closing cost assistance to low and very low-income households	**HOME** **Local match**: *5% min. required*	▪ Number of households receiving homebuyer assistance ▪ # of first-time homebuyers ▪ # receiving homebuyer education/ counseling ▪ # coming from subsidized housing	2005			
				2006			
				2007	110		
				2008	88		
				2009	70		
			MULTI-YEAR GOAL		**268**		

[52] Since HOME and CDBG grant funds are primarily distributed through competitive and/or first-come, first-serve processes, the state cannot accurately predict the number of and distribution of grant assistance among specific objectives. The specific number of households, businesses, etc., expected to be assisted each program year is based on the historic number assisted in previous years, adjusted for anticipated declines in funding and rising costs, which may or may not be an accurate reflection of future fund distributions.

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number[52]	Actual Number	Percent Completed
DH-2.3	Address the need for affordable decent housing by offering tenant-based rental assistance (TBRA) to low- and very low-income households	**HOME** **Local Match**: *5% min. required*	▪ Number of households provided with rental assistance ▪ # designated for the homeless ▪ # for the chronically homeless	2005			
				2006			
				2007	55		
				2008	44		
				2009	35		
			MULTI-YEAR GOAL		**134**		
DH-2.4	Address the need for affordable decent housing by offering assistance for the acquisition, rehabilitation and new construction of rental housing to serve low- and very low-income households	**HOME** **Local Match**: *5% min. required*	▪ Number of rental units assisted ▪ # of units meeting Section 504 standards ▪ # of units qualified as Energy Star ▪ # designated for persons with HIV/AIDS ▪ # for the chronically homeless ▪ # designated for the homeless ▪ # for the chronically homeless	2005			
				2006			
				2007	135		
				2008	108		
				2009	86		
			MULTI-YEAR GOAL		**329**		
DH-2.5	Address the need for affordable decent housing by through down payment and closing cost assistance to low- and moderate -income households	**CDBG**	▪ Number of households receiving homebuyer assistance	2005			
				2006			
				2007	0		
				2008	0		
				2009	0		
			MULTI-YEAR GOAL		**0**		
DH-2.6	Address the need of families facing the possibility of homelessness by providing one-time payments for utilities, rent, or deposits through homeless prevention programs and services	**ESG**	▪ Number of individuals receiving one-time payments for utilities, rent, or deposits for families facing eviction/shut-off or foreclosure or to provide security deposits to enable families to move into a dwelling of their own.	2005			
				2006			
				2007	5,060		
				2008	5,000		
				2009	5,000		
			MULTI-YEAR GOAL		**15,060**		

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number[52]	Actual Number	Percent Completed
DH-3	**Sustainability of Decent Housing**						
DH-3.1	Improve the sustainability of decent housing through the rehabilitation of homeowner and rental units to benefit LMI households.	**CDBG**	▪ Number of LMI households assisted	2005			
				2006			
				2007	48		
				2008	39		
				2009	31		
			MULTI-YEAR GOAL		**118**		
SL-1	**Availability/Accessibility of Suitable Living Environment**						
SL-1.1	Enhance the availability / accessibility of suitable living environments through the new construction of public facilities to benefit a geographic area with an LMI percentage of 51% or higher	**CDBG**	▪ Number of persons with new access to the public facility or receiving a service provided by the public facility that is no longer substandard	2005			
				2006			
				2007	2,813		
				2008	1,430		
				2009	1,144		
			MULTI-YEAR GOAL		**5,387**		
SL-1.2	Enhance suitable living environment through availability and accessibility of essential services for the homeless	**ESG**	▪ Number of individuals assisted with essential services such as shelter, food and individual support services	2005			
				2006			
				2007	693		
				2008	690		
				2009	690		
			MULTI-YEAR GOAL		**2,073**		
SL-1.3	Enhance the availability/accessibility of decent housing by offering new construction and rehabilitation of non-rental shelters[53] to LMI households	**CDBG**	▪ Number of units constructed and rehabilitated	2005			
				2006			
				2007	**0**		
				2008	**3**		
				2009	**2**		
			MULTI-YEAR GOAL		**5**		

[53] Youth group homes, domestic violence facilities, mental health facilities, homeless shelters, etc.

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number[52]	Actual Number	Percent Completed
SL-2	**Affordability of Suitable Living Environment**						
SL-2.1	Improve the affordability of suitable living environment through rehabilitation of existing or new construction of public facilities[54] by targeting direct benefits to serve a specific LMI clientele.	**CDBG**	▪ Number of persons with improved or new access to the public facility or receiving a service provided by the public facility that is no longer substandard	2005			
				2006			
				2007	447		
				2008	127		
				2009	102		
			MULTI-YEAR GOAL		**676**		
SL-3	**Sustainability of Suitable Living Environment**						
SL-3.1	Improve the sustainability of suitable living environments through rehabilitation of existing public facilities[55] to benefit a geographic area with an LMI percentage of 51% or higher.	**CDBG**	▪ Number of persons with improved access to the public facility or receiving a service provided by the public facility that is no longer substandard	2005			
				2006			
				2007	563		
				2008	722		
				2009	578		
			MULTI-YEAR GOAL		**1,863**		
SL-3.2	Address the need for a suitable living environment by supporting existing facilities providing services as emergency shelters and domestic violence facilities as shelter maintenance programs	**ESG**	▪ Number of emergency shelters/domestic violence facilities assisted that provide shelter, food and individual support services through Shelter Maintenance funding ▪ Number of individuals assisted	2005			
				2006			
				2007	23		
				2008	23		
				2009	23		
			MULTI-YEAR GOAL		**69**		

[54] Water and wastewater projects, nursing homes, Head Start centers, senior centers, county hospitals, etc.

[55] Water and wastewater projects

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number[52]	Actual Number	Percent Completed
EO-1	**Availability/Accessibility of Economic Opportunity**						
	Not applicable						
EO-2	**Affordability of Economic Opportunity**						
EO-2.1	Provide economic opportunity through improved or new affordability	**CDBG**	▪ Number of loans/grants ▪ Number of new businesses assisted ▪ Number of existing businesses assisted ▪ Number of jobs created ▪ Number of jobs retained	2005			
				2006			
				2007	4		
				2008	4		
				2009	4		
			MULTI-YEAR GOAL		**12**		
EO-3	**Sustainability of Economic Opportunity**						
EO-3.1	Provide economic opportunity through improved or new sustainability	**CDBG**	▪ Number of loans/grants ▪ Number of new businesses assisted ▪ Number of existing businesses assisted ▪ Number of jobs created ▪ Number of jobs retained	2005			
				2006			
				2007	4		
				2008	4		
				2009	4		
			MULTI-YEAR GOAL		**12**		
CR-1	**Community Revitalization**						
	Not applicable						
O-1	**Other**						
	Not applicable						