



CONSOLIDATED PLAN
2007 ANNUAL ACTION PLAN
EXECUTIVE SUMMARY

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

Submitted: February 13, 2007

http://housing.mt.gov/Hous_CP.asp



Montana's Official State Website



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2007 ANNUAL ACTION PLAN

EXECUTIVE SUMMARY

INTRODUCTION

This Executive Summary is being provided pursuant to the March 13, 2006 revisions to the Consolidated Plan regulations. Those regulations require that an Executive Summary be prepared and must include:

- A summary of the citizen participation and consultation process;
- Objectives and outcomes and an evaluation of past performance; and
- Summary of comments on the plan and responses to comments.

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-month period beginning April 1, 2007 and ending March 31, 2008 (federal fiscal year 2007) and is designed to meet the requirements set forth by the U.S. Department of Housing and Urban Development (HUD). Each year, Montana submits an action plan illustrating how the HUD Community Planning and Development (CPD) resources it receives will be utilized to improve communities throughout the state. Information on Montana's Consolidated Plan can be accessed at http://housing.mt.gov/Hous_CP.asp.

The Annual Action Plan, developed with the input of citizens and community groups, serves as the state's application for funds available through the three HUD formula grant programs that are administered by the state of Montana:

- The Community Development Block Grant (CDBG) Program, administered by the Community Development and Business Resources Divisions of the MDOC;
- The HOME Investment Partnerships (HOME) Program, including the American Dream Downpayment Initiative (ADDI), administered by the Housing Division of the MDOC; and
- The Emergency Shelter Grant (ESG) Program, administered by the Human and Community Services Division of the Montana Department of Public Health and Human Services (MDPHHS).

FFY 2007 Funds	Formula Grant Program
\$ 6,935,714	Community Development Block Grant Program
\$ 4,376,646	Home Investment Partnerships Program
\$ 82,255	American Dream Downpayment Initiative
\$ 398,241	Emergency Shelter Grant Program

Based FFY 2006 allocations; FFY 2007 allocations not yet available due to the lack of an approved HUD budget.

This Action Plan includes information about the overall goals and objectives for the coming year with a description of the available resources and proposed actions to address identified needs. In addition, it includes information about the specific activities and allocation of resources available for the three federal block grant programs covered by Montana's Consolidated Plan.

The state's overall goals include:

- Increasing the supply of decent, safe, sanitary, affordable housing, especially for low- and very low-income families, individuals, and special needs populations such as the elderly, disabled and homeless;
- Expanding economic opportunities in order to improve the living conditions for low- and moderate-income groups;
- Expanding and improving community facilities and services, principally for low- and moderate-income persons, which are essential for sound community development and for development of viable communities; and
- Preventing homelessness through direct services and by providing resources to shelters to maintain facilities.

The primary objective of the **CDBG Program** is to develop viable communities by providing decent housing; providing a suitable living environment; and expanding economic opportunities that principally benefit low- and moderate-income persons (persons at or below 80 percent of the area median income). The CDBG Program will assist communities to expand affordable housing and economic opportunities, provide infrastructure, and improve community facilities. With the participation of its citizens, communities can devote funds to a wide range of activities that best serve their own particular community development needs and priorities.

The purpose of the **HOME Program** is to expand the supply of affordable housing for low- and very low-income households (persons at or below 80 percent of the area median income). The HOME Program distributes funds to communities and nonprofit community housing development organizations (CHDOs) around the state for acquisition, rental rehabilitation, new construction of multi- and single-family housing, tenant based rental assistance, homeowner rehabilitation, and homebuyer assistance.

ESG funds are distributed to Montana's 10 Human Resource Development Councils (HRDC). The HRDCs use the funds at the local level to meet the needs of the homeless or those at risk of becoming homeless.

SUMMARY OF CONSOLIDATED PLAN REVISIONS FOR 2007

The revisions that are proposed for the Consolidated Plan for 2007 are summarized below. As noted previously, Congress did not pass a budget for HUD, so the state has not yet received the annual HUD allocations for federal fiscal year (FFY) 2007. The best information and guidance currently available is that HUD programs will be funded during

FFY 2007 through a continuing resolution. Therefore, the FFY 2006 HUD allocations are used as the basis for the FFY 2007 Consolidated Plan budget. The final FFY 2007 HUD allocations may vary from the FFY 2006 figures to some extent, but the hope is these variations will be minimal. The state has decided to move forward based on these assumptions rather than delay the planning and submission process.

Community Development Block Grant Program

- 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 shelters for the homeless, 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.
- In plan year 2007, the CDBG program will alter its scoring system for the housing and neighborhood renewal category 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 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:

	<u>Points</u>
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.....	<u>175</u>
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.

- The CDBG program altered the scoring for Housing and Neighborhood Renewal and Public Facilities Planning Grants. The score of the Benefit to Low- and Moderate-Income criterion was increased 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	<u>100 Points</u>
	SUB-TOTAL POINTS: 375 Points
5. First-Time Recipient and/or Innovative Proposals	Bonus Points: <u>50 Points</u>
	TOTAL POINTS: 425 Points

- 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 economic development 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.

Home Investment Partnerships Program

No significant changes are proposed for plan year 2007.

Emergency Shelter Grant Program

No significant changes are proposed for plan year 2007.

OBJECTIVES AND OUTCOMES

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 Action Plan will meet the requirements of the framework.

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.

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

Specific Obj. #	Outcome/Objective	Sources of Funds	Performance Indicators	Program Year	Expected Number ¹	Actual Number	Percent Completed
	Specific Annual Objectives						
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% <i>minimum required</i>	<ul style="list-style-type: none"> ▪ 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% <i>min. required</i>	<ul style="list-style-type: none"> ▪ 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		
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% <i>min. required</i>	<ul style="list-style-type: none"> ▪ 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% <i>min. required</i>	<ul style="list-style-type: none"> ▪ 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		

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, which may or may not be an accurate reflection of future fund distributions.

Specific Obj. #	Outcome/Objective	Sources of Funds	Performance Indicators	Program Year	Expected Number ¹	Actual Number	Percent Completed
	Specific Annual Objectives						
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		
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		

Specific Obj. #	Outcome/Objective	Sources of Funds	Performance Indicators	Program Year	Expected Number ¹	Actual Number	Percent Completed
	Specific Annual Objectives						
SL-2 Affordability of Suitable Living Environment							
SL-2.1	Improve the sustainability of the suitable living environment through rehabilitation of existing public facilities ² by targeting direct benefits to serve a specific LMI clientele.	CDBG	<ul style="list-style-type: none"> ▪ 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		
SL-3 Sustainability of Suitable Living Environment							
SL-3.1	Improve the sustainability of suitable living environments through rehabilitation of existing public facilities ³ to benefit a geographic area with an LMI percentage of 51% or higher.	CDBG	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ Number of emergency shelters/domestic violence facilities assisted that provide shelter, food and individual support services through Shelter Maintenance funding 	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	<ul style="list-style-type: none"> ▪ 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		

² Water and wastewater projects, nursing homes, Head Start centers, senior centers, county hospitals, etc.

³ Water and wastewater projects

Specific Obj. #	Outcome/Objective	Sources of Funds	Performance Indicators	Program Year	Expected Number ¹	Actual Number	Percent Completed
	Specific Annual Objectives						
EO-3	Sustainability of Economic Opportunity						
EO-3.1	Provide economic opportunity through improved or new sustainability	CDBG	<ul style="list-style-type: none"> ▪ 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			

EVALUATION OF PAST PERFORMANCE

Plan year 2007 will be the first year the state will implement HUD's framework for the outcome measurement system. The state will link the appropriate goal and objective, identify the applicable outcome statement, collect data on performance indicators for each funded activity, and report performance in the annual performance report for plan year 2007, which ends March 31, 2008.

In June 2006, the MDOC **HOME** Program began requesting that its current grantees use revised set-up and completion reports that include new data fields for the outcome measurement system. As of October 1, 2006, all HOME grantees are required to use the revised set-up and completion reports with the additional data fields.

Beginning October 1, 2006, the MDOC **CDBG** Program began the transition to a new, revised setup and completion report for grantees to provide information for the outcome performance measurement system.

The MDPHHS **Emergency Shelter Grant** Program began collecting the expanded data fields in April 2006 through reporting requirements to match the IDIS system data elements. Additionally, the MDPHHS has been implementing the Homeless Management Information System (HMIS) in Montana. HMIS will be used by ESG grantees to collect information regarding individuals participating in the program. Implementation is expected to be completed in 2007. This will improve data collection and enable the ESG Program to report the actual results.

To the extent possible given the limited timeframe in which data has been collected, the state will report performance in the annual performance report for plan year 2006, which ends March 31, 2007. Additional information on the state's past performance is contained in the state's Annual Performance Report for the year ended March 31, 2006, available on the web at: http://housing.mt.gov/Hous_CP_Apps.asp.

CITIZEN PARTICIPATION SUMMARY

Montana's Citizen Participation Plan, found in Appendix A to the Annual Action Plan, lays out the general guidelines around which the Consolidated Plan was developed and outlines methods for citizens to guide and assist the state in formulating the plan. The objective of the Citizen Participation Plan is to ensure that Montana citizens are given the opportunity to and are encouraged to participate in planning for and preparing the Five-Year Consolidated Plan, the Annual Action Plans, including amendments to the plan, and the Annual Performance Reports. All interested parties are urged to participate, but a special emphasis is placed on participation by the following groups:

- low- and moderate-income persons;
- low-income households living in slum and blight areas;
- units of local government;

- statewide and regional institutions and other organizations, including businesses, developers, and community and faith-based organizations;
- public and private agencies that provide assisted housing, health services, and social services; and
- public housing agencies.

The Consolidated Plan is developed through public input solicited at meetings throughout the state. Three meetings occurred before development of the draft report, thereby collecting distinct issue input and aiding policy formation. Notification of all the meetings was made in advance of the meetings through display advertisements in major newspapers around the state, mailed notices and personal invitation letters, e-mail notices, and postings on the state's e-calendar and Consolidated Plan website.

The meetings were scheduled to encourage participation by as many groups and individuals as possible. Meetings were held during the lunch hour or in the morning before the start of the normal workday to encourage low- and moderate-income residents, citizens, and organizations whose primary job may not be directly related to creating such a plan and who may be unable to attend daytime meetings due to work conflicts. Food was provided for attendees to further encourage attendance and participation.

Another meeting was held after the draft report was released, allowing interested parties an opportunity to review how the strategy was designed and presented. This METNet videoconference meeting was held during normal business hours in 10 locations around the state and was open to the public. The meeting offered interested parties an opportunity to participate without having to travel long distances.

The state provided a public comment period from early April through June 19 to solicit input on developing the Annual Action Plan. An additional comment period, from November 27 to December 31, was provided after release of the draft Annual Action Plan. Comments received through the public meetings and written comments, were addressed, as appropriate, and considered for incorporation into the 2007 Action Plan.