



## **State of Montana**

### **HOME-ARP Allocation Plan**

Public Comment Period

January 17, 2023 – February 17, 2023

**Montana Department of Commerce**

[DOCConPlan@mt.gov](mailto:DOCConPlan@mt.gov)

<https://commerce.mt.gov/Consolidated-Plan>

2020–2024 Montana Consolidated Plan  
for Housing and Community Development

<b>Plan Year 1 (2020)</b>	April 1, 2020 – March 31, 2021
<b>Plan Year 2 (2021)</b>	April 1, 2021 – March 31, 2022
<b>Plan Year 3 (2022)</b>	April 1, 2022 – March 31, 2023
<b>Plan Year 4 (2023)</b>	April 1, 2023 – March 31, 2024
<b>Plan Year 5 (2024)</b>	April 1, 2024 – March 31, 2025

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## **State of Montana HOME-ARP Allocation Plan**

### **April 2023**

The State of Montana Department of Commerce (Commerce) is eligible to receive \$11.46 million in federal funding from U.S. Department of Housing and Urban Development (HUD) to assist individuals who are homeless, at risk of homelessness, fleeing or experiencing domestic violence, and in other similar situations with their housing needs. These funds can be used to develop affordable housing, provide supportive services, reduce homelessness, and increase housing stability across Montana. This document, the State of Montana HOME-ARP Allocation Plan, summarizes how these funds will be allocated in Montana. Note the Cities of Billings, Great Falls and Missoula each received separate HOME-ARP allocations directly from HUD.

HUD Notice CPD-21-10 states that HOME-ARP funds are to benefit “qualifying populations”, which are defined as:

- Homeless individuals and families;
- Individuals and families who are extremely low income and do not have sufficient resources or support networks (family, friends, faith-based organizations) to prevent them from becoming homelessness and are living in temporary housing situations;
- Those who are fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking;
- Other residents who need resources to prevent homelessness and/or have the greatest risk of housing instability.
- Veterans are included in the qualifying populations among the above categories.

### **Consultation**

Before developing its HOME-ARP allocation plan, states must consult with:

- Continuums of Care serving the state,
- homeless service providers,
- domestic violence service providers,
- veterans’ groups,
- public housing agencies (PHAs),
- public agencies that address the needs of the qualifying populations, and
- public or private organizations that address fair housing, civil rights, and the needs of persons with disabilities.

States are not required to consult with every PHA or CoC.

***Describe the consultation process including methods used and dates of consultation:***

Consultation took place from Summer 2021 to Winter 2023 and was primarily conducted by virtual meetings with diverse organizations and agencies that represent and serve qualifying populations throughout the state.

Commerce staff presented an overview of the HOME-ARP program to state legislators on October 27, 2021 as part of the Economic Transformation and Stabilization and Workforce Development Programs and Advisory Commission (EWAC) public hearing process and has continued to keep that Commission updated on progress toward the submission of this Plan to HUD. On September 20, 2022, Commerce presented the results of its survey, its consultation process, and data regarding qualifying populations in Montana. Those public meetings were held in person at the state capitol with the ability for interested parties to attend virtually.

Commerce staff also presented the HOME-ARP overview to the statewide Continuum of Care board members, to the statewide Human Resource Development Council Association, to the Interdepartmental Housing Integration Project (IHIP), to the Montana Housing Coordinating Team and to the group of Montana's seven most populous cities that are involved with Housing is Healthcare efforts to identify the Frequent Users Systems Engagement (FUSE) populations in their communities.

Commerce distributed a survey to its Listserv that reaches over 4,000 individuals and organizations requesting 1) information about the unmet housing and service needs of qualifying populations in their area and 2) what eligible activities should be supported with Montana's HOME-ARP allocation. Nearly two-thirds of respondents identified the need for development of rental housing as the top priority, followed by non-congregate shelter. Using HOME-ARP funds for supportive services was the amongst the top three choices for the majority of respondents.

Finally, Commerce staff met one-on-one with a dozen organization and agencies, as listed in the table below. In order to determine what the highest needs of qualifying populations are and how HOME-ARP funds could help address the gaps between available resources and needs, Commerce staff asked representatives to identify:

- which qualifying population(s) their agency or organization serves,
- what current resources they utilize to serve that population,
- the housing needs of the qualifying populations they serve, and
- the supportive service needs of the qualifying populations they serve.

Through consultation and needs assessment, Commerce staff developed its Allocation Plan in preparation for the public participation process.

***List the organizations consulted:***

<b>Agency/Org Consulted</b>	<b>Type of Agency/Org</b>	<b>Method of Consultation</b>	<b>Feedback</b>
<b>MT Continuum of Care</b>	Continuum of Care Serving all qualifying populations, including veterans	Phone Conversation 9-23-22	Rural areas of the state are under served by the statewide CoC. Urban areas that have CoC funds for rental assistance have difficulty in finding suitable rental units.
<b>MT Dept of Corrections</b>	State Agency Serving those at risk of homelessness and who need services to prevent homelessness	Virtual meeting 1-14-2022	Those leaving the state penitentiary have difficulty finding landlords willing to rent to them. Dept of Corrections has rental assistance funds but needs more homes. The highest need is for additional rentals.
<b>MT Dept of Public Health and Human Services – Human and Community Services</b>	State Agency Serving all qualifying populations	Virtual meeting 9-19-22	Need additional affordable rentals that will accept ESG and Housing Choice Vouchers; longer term rental assistance; mental health funding for services so that case managers are able to make referrals more easily.
<b>MT Dept of Public Health and Human Services – Behavioral Health and Devl Disabilities Division</b>	State Agency Serving those who need services to prevent homelessness	Virtual meeting 9-22-22	Recovery homes are in need of repair; those in rural areas need supportive services.
<b>MT Dept of Commerce - Tenant Based Rental Assistance Program</b>	State Public Housing Authority	Virtual meeting 12-9-22	Need for more units where tenant-based vouchers are accepted and that meet property standards and rent standards. This will help improve utilization of all voucher types (Section 8, Section 811, VASH, MERA, etc).
<b>State association of Human Resource Development Councils (HRDCs)</b>	Community Action Agencies Serving all Qualifying Populations, including veterans	In person meeting 9-26-22	There is a lot of need across the state, but short supply of units that pass inspection and are willing to accept rent standards causes the most need.

<b>Samaritan House</b>	Homeless Services Providers	Virtual Meeting 9-27-22	Not enough housing of any sort – need more shelter, transitional and permanent homes. Case managers have very heavy loads and supportive services are a high need.
<b>North Central Independent Living Services</b>  <b>Montana Independent Living Project</b>  <b>Living Independently for Today and Tomorrow</b>  <b>Summit Independent Living</b>	Disability Service Providers	Virtual meeting 9-21-22 Survey responses	Need permanent housing and shelter space with low-barrier entry for those with justice system history; space for personal service/tenant care providers; need for visitable homes and to make home modifications. Supportive services for activities of daily living, as well as mental health services, eviction prevention services, and legal services.
<b>SAFE</b>	Domestic Violence Service Providers	Virtual meeting 10-19-22	Need for more units for emergency shelter and for permanent housing, with and without supportive services; no need for additional TBRA.
<b>Great Northern Development Corporation</b>	Community Development Organization Serving all qualifying populations in rural counties	Virtual meeting 9-22-22	Need for rental units; keeping the existing housing stock maintained, especially properties with rental assistance; financing is difficult from commercial lenders in blighted areas. In the most rural areas of the state, mental health services and substance use treatment is a high need; child and elder care.
<b>Veterans Affairs</b>	Veterans Service Providers	Survey	No response.
<b>Montana Fair Housing</b>	Montana Fair Housing	Survey response	Need for supportive services and accessible housing.

***Summarize feedback received and results of upfront consultation with these entities:***

Most of the feedback received identified a high need for all types of housing – affordable and market rate, permanent and emergency shelter, newly constructed and rehabilitated – and for all types of supportive services – case management, legal advice and eviction prevention counselling, employment retention and transportation, counselling to address mental health and substance use. All those consulted identified 1) a strong need for increases in affordable housing, particularly for households with extremely low incomes, and 2) a continual gap in homes for unsheltered individuals and families. The survey results lend further support for using HOME-ARP funds for rental housing and then non-congregate shelter as the top two priorities.

After consultation with stakeholders, the Allocation Plan retains flexibility for use of some HOME-ARP funds for supportive services for qualified populations, dependent on eligible and competitive applications submitted.

Given other currently available rental assistance sources, Tenant-Based Rental Assistance is not recommended at this time. While some respondents indicated the need for rental assistance, they all recognized the difficulty in finding appropriate rentals for residents with vouchers through existing programs in Montana, such as ESG, Continuum of Care, Housing Choice Vouchers, Montana Emergency Rental Assistance, and Veterans Affairs Supportive Housing.

## **Public Participation**

***Describe the public participation process, including information about and the dates of the public comment period and public hearing(s) held during the development of the plan:***

- ***Date(s) of public notice:*** 1/17/2023
- ***Public comment period:*** start date - 1/17/2023 end date - 2/17/2023
- ***Date(s) of public hearing:*** 1/26/2023

***Describe the public participation process:***

All public participation efforts were done in accordance with Commerce’s Citizen Participation Plan, which describes the steps that must be taken to ensure comprehensive feedback from stakeholders and community members. In addition to the consultation efforts described above, the State published its HOME-ARP Allocation Plan documents for public review on Commerce’s website at <https://housing.mt.gov/Community-Housing/HOME-ARP> . Citizens or groups that have subscribed to Commerce’s HOME-ARP listserv were notified by e-mail of the document’s availability for comment. The State’s mailing list includes social service organizations, local jurisdictions, low-income housing consumers, neighborhood groups, previous participants and

commentators, businesses, developers, and other interested parties. Commerce placed legal advertisements in the eight major newspapers statewide announcing the availability of the HOME-ARP Allocation Plan, the date of the public hearing, and the dates of the public comment period. Affidavits of publication for the following publications are attached to the HOME-ARP Allocation Plan: the Billings Times, the Bozeman Daily Chronicle, the Great Falls Tribune, the Helena Independent Record, the Missoulian, the Ravalli Republic, the Butte Montana Standard, and the Daily Interlake.

A virtual public hearing was held on January 26, 2023 to inform stakeholders and the public about the HOME-ARP program, the results of State's survey and consultation efforts, and Commerce's plan for the use of funds. Anyone wishing to provide public comment was invited to do so during the public comment period, which ran from January 17 to February 17, 2023.

***Describe efforts to broaden public participation:***

Notice of the public meeting and comment period was published in multiple newspapers around the state, via press release on Commerce's website, and through email blasts to partners and stakeholders on the State's mailing list. The public comment period was extended from 15 to 30 days.

The public hearing was held virtually to accommodate potential and actual beneficiaries, and those with disabilities around the state. To accommodate non-English speaking persons, alternative formats of the HOME-ARP Allocation Plan were provided upon request.

In addition to the hundreds of hours spent consulting with stakeholders, as outlined in the previous Consultation section of this HOME-ARP Allocation Plan, Commerce staff also provided updates to the EWAC during its public meetings starting in October 2021, with an initial summary of the HOME-ARP requirements, and most recently in September 2022, with draft recommendations for use of HOME-ARP funds in Montana. These public meetings held by the Montana Legislature were additional forums where the public had the opportunity to receive information and updates on the HOME-ARP funding source, as well as provide comments to Commerce staff. Members of the public asked questions and provided input to the plan during these meetings and through the state of Montana's American Rescue Plan Act website: <https://arpa.mt.gov>.

Presentations and updates were provided throughout 2022 at the Montana Housing Coordinating Team meetings, at the Montana Continuum of Care board meetings, at the Human Resource Development Council board meetings, at Interdepartmental Housing Integration Project meetings, and at statewide Housing is Healthcare meetings.



**Summarize the comments and recommendations received through the public participation process either in writing, or orally at a public hearing:**

Comments received during the public hearing were generally positive and confirmed that the highest priority use of the State's HOME-ARP funds is development of rental units in rural areas. Agencies that provided comment reiterated that the lack of affordable rental units makes it challenging to make use of existing rental assistance programs, and that services needed to keep qualifying populations housed are concentrated in urban areas and entitlement communities. It was suggested that Commerce consider allowing HOME-ARP funds to be used for the acquisition and development of non-congregate shelter, which Commerce has accepted and will accept applications for this activity.

**Summarize any comments or recommendations not accepted and state the reasons why:**

Agencies asked about the process to request supportive services funding not associated with any other eligible activity. In order to maximize the production and preservation of housing for qualifying populations with this one-time funding source, supportive services will be an eligible HOME-ARP expense for projects financed with HOME-ARP funds.

## Needs Assessment and Gaps Analysis

States must evaluate the size and demographic composition of all four of the qualifying populations within its boundaries and assess the unmet needs of each of those populations. States must identify any gaps within current shelter and housing inventory as well as the service delivery system. States should use current data, including point in time count, housing inventory count, or other data available through CoCs, and consultations with service providers to quantify the individuals and families in the qualifying populations and their need for additional housing, shelter, or services.

<b>Table 1: Housing Needs Inventory and Gap Analysis Table</b>			
<b>Non-Homeless</b>	<b>Current Inventory</b>	<b>Level of Need</b>	<b>Gap Analysis</b>
	# of Units	# of Households	# of Households
Total Rental Units	136,685		
Rental Units Affordable to HH at 30% AMI (At-Risk of Homelessness)	8,400		
Rental Units Affordable to HH at 50% AMI (Other Populations)	7,550		
0%-30% AMI Renter HH w/ 1 or more severe housing problems (At-Risk of Homelessness)		18,910	
30%-50% AMI Renter HH w/ 1 or more severe housing problems (Other Populations)		7,295	
<b>Current Gaps</b>			26,205

**Data Sources:** 1. American Community Survey (ACS); 2. Comprehensive Housing Affordability Strategy (CHAS)

<b>Table 2: 2021 Point-in-Time Counts by Shelter Type</b>				
<b>Community</b>	<b>Sheltered – Emergency Shelter</b>	<b>Sheltered – Transitional Housing</b>	<b>Unsheltered</b>	<b>Total Number of Homeless</b>
Great Falls	165	8	31	204
Billings	179	40	228	447
Helena	101	70	55	226
Bozeman	120	32	4	156
Kalispell	68	58	117	243
Missoula	206	45	114	365
Hamilton	6	15	50	71
Butte	55	0	34	89
<b>Total</b>	<b>900</b>	<b>268</b>	<b>633</b>	<b>1,801</b>

**Data Source:** 2021 Continuum of Care Point-in-Time Count

<b>Table 4: 2021 Point-in-Time Counts by Household Type</b>	
<b>Household Type</b>	<b>Number of Homeless</b>
Adult Individuals	1,270
Family Households	196
Veterans	110
Disabled	299
<b>Total</b>	<b>1,801</b>

**Data Source:** 2021 Continuum of Care Point-in-Time Count

<b>Table 5: 2015-2019 Comprehensive Housing Affordability Survey Data</b>		
Total Renter Households	137,320	31% of total population
Very Low-Income Renters	56,727	41% of renter households
Cost Burdened VLI Renters	38,007	67% of VLI renter households
Severely Cost Burdened VLI Renters	13,047	23% of VLI renter households
Extremely Low-Income Renters	33,598	24% of renter households
Cost Burdened ELI Renters	27,886	83% of ELI renter households
Severely Cost Burdened ELI Renters	21,502	64% of ELI renter households

**Data Source:** Comprehensive Housing Affordability Strategy (CHAS)

**Describe the size and demographic composition of qualifying populations within the PJ's boundaries:**

#### **Homeless as defined in 24 CFR 91.5**

- 2021 Point-in-Time<sup>1</sup> (PIT) data indicates that there was a total of 1,801 homeless persons in 1,286 households around the state, with half of those (900) in emergency shelters. This is an 11% increase over the 2020 total, which reported 797 individuals and families in emergency shelters. Point-in-Time data also reports a 27% increase in unsheltered individuals and families between 2020 and 2021.

<sup>1</sup> [HUD 2021 Continuum of Care Homeless Assistance Programs Homeless Populations and Subpopulations](#)

- 2022 PIT<sup>2</sup> data shows a slight decrease in the total number of homeless persons and families in Montana, but an increase in the number of those in emergency shelters. There were a reported 1,585 persons in 1,233 households facing homelessness in the state, with 1,072 of those in emergency shelters.
- Data for 2022 also shows a decrease in the number of individuals and families in transitional housing, which supports the need for more affordable units for qualifying populations around the state. In 2021 there were 268 persons in 184 households residing in transitional housing, but in 2022 that decreased to 220 persons in 137 households.
- The majority of sheltered individuals are reported to be non-Hispanic and over the age of 24. In 2022, there were 784 white individuals, 177 Native Americans, 25 Black/African Americans, four Asian, 13 Native Hawaiian/Pacific Islanders, and 69 individuals reporting multiple races in emergency shelters.
- Of the 1,072 individuals reported in emergency shelters in 2022, 638 are male and 428 are female. Individuals in transitional housing are evenly distributed with 101 male and 117 females.
- PIT data for 2022 also reports that 293 persons in 243 households are unsheltered. This data has been unknown in previous years due to challenges in locating unsheltered populations around the state.
- The accuracy of Montana's data can vary between sources due to the challenges in locating homeless individuals and families. Shelters that participate in the State's Continuum of Care program and Coordinated Entry System are primarily located in metro areas around the state, but anecdotal data through consultation suggests that a significant portion of the homeless population is unreported due to their location in rural areas with limited access to shelters and services.

#### ***At Risk of Homelessness as defined in 24 CFR 91.5***

- According to the 2019 American Community Survey<sup>3</sup> (ACS), Montana has 136,400 renter-occupied housing units. 40% of those households, or 54,844, are in rental units considered to be unaffordable and pay more than 30% of their income in rent.
- 2019 Comprehensive Housing Affordability Strategy (CHAS) data shows that 33,290 renter households are at or below 30% of the Area Median Income (AMI). CHAS data also reports that 60% of all renter households are cost burdened and paying 30% or more of their income in rent. Of those cost burdened renter households, 24,385 have incomes at or below 30% of AMI. This means that 73% of renter households at or below 30% AMI are cost burdened and at increased risk of homelessness.
- CHAS data shows that regardless of income, 57,125 renter households are facing at least one housing problem, with 32,195 of those facing a severe housing problem.

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<sup>2</sup> [HUD 2022 Continuum of Care Homeless Assistance Programs Homeless Populations and Subpopulations](#)

<sup>3</sup> [Comprehensive Housing Affordability Strategy "CHAS" Data 2015-2019](#)

This equates to nearly 42% of renter households across the state are cost burdened, face overcrowding, or have inadequate kitchen or plumbing facilities. Of those renter households facing at least one housing problem, more than half (25,200) have incomes at or below 30% AMI.

- Of the renter households facing at least one severe housing problem, 82% are white, 9% are Native American, and the remaining 9% are Black/African American, Asian, or Hispanic.
- The Joint Center for Housing Studies<sup>4</sup> (JCHS) reports that 11.3% of renters are behind on their rent payments at the time of the survey in 2021.

***Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking, as defined by HUD in the Notice***

- According to the National Coalition Against Domestic Violence (NCADV) Fact Sheet<sup>5</sup> for Montana, 37.2% of Montana women and 34.6% of Montana men experience intimate partner violence, intimate partner sexual violence and/or intimate partner stalking in their lifetime.
- On September 9, 2021, the National Network to End Domestic Violence<sup>6</sup> (NNEDV) completed a survey with seven out of 20 programs identified throughout the state. In a single day, 197 victims were served with four unmet requests for services due to lack of resources. The annual survey conducted on September 10, 2020<sup>7</sup>, reported 457 victims served in a single day.
- While it appears that the number of requests for services has decreased from 2020 to 2021, and more of those requests were met, only 35% of domestic violence programs across the state participated in the NNEDV 2021 annual survey. The same survey conducted in 2020 had a 70% participation rate with 14 out of 20 agencies involved. The most recent data on domestic violence in Montana may not be an accurate reflection of the true numbers due to the lack of participation in things such as the NNEDV annual survey.

***Other populations requiring services or housing assistance to prevent homelessness and other populations at greatest risk of housing instability, as defined by HUD in the Notice***

- Individuals returning to their communities after incarceration often have acute needs relating to but not limited to health, employment, and education in order to prevent homelessness. Gaps in services between the needs of this population and the available resources often result in recidivism, re-incarceration, and even death, putting this population at greater risk of housing instability.

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<sup>4</sup> [Joint Center for Housing Studies of Harvard University – The Financial Pressures on Households Vary Considerably by State](#)

<sup>5</sup> [National Coalition Against Domestic Violence \(2020\). Domestic Violence in Montana](#)

<sup>6</sup> [National Network to End Domestic Violence 16th Annual Domestic Violence Counts Report - Montana Summary](#)

<sup>7</sup> [National Network to End Domestic Violence 15th Annual Domestic Violence Counts Report - Montana Summary](#)

- The Montana Emergency Rental Assistance (MERA) program supports Montanans who have experienced financial hardships directly, indirectly, or during the COVID-19 pandemic and are at risk of housing instability. Eligible households can receive assistance for past due and future rent, utility bills, and internet service, as well as late fees, unpaid security deposits, and rental application fees. The MERA program is making policy adjustments to extend this temporary program.
- The MERA program prioritizes assistance for households with incomes less than 50% of Area Median Income (AMI). Of the 13,064 households that have received this benefit to date, 11,508 were households earning less than 30% AMI, 3,767 earned between 30% and 50% AMI, and 2,302 earned between 50% and 80% AMI.
- Of the households assisted through the MERA program, more than 66% were white and 15% were Native American or Alaska Native. Nearly 5% were Asian, Black or African American, Native Hawaiian or Pacific Islander, or Mixed Race. The remaining 13% declined to provide race information.

***Describe the unmet housing and service needs of qualifying populations:***

***Homeless as defined in 24 CFR 91.5***

- The 2021 Continuum of Care Homeless Assistance Programs Housing Inventory Count<sup>8</sup> (HIC) reports 1,262 year-round emergency shelter beds in Montana. 609 are family beds, and 653 are adult-only beds. The same inventory count reports a total of 248 seasonal shelter beds. At most, this totals 1,510 emergency shelter beds available for a homeless population estimated to be 1,801 in the same year.
- The homeless population in Montana is estimated to be 1,585 in 2022. While this is less than the PIT count for 2021, the number of households and individuals in emergency shelters still exceeds the number of available beds around the state.
- Between 2021 and 2022, the number of households in emergency shelter increased from 687 to 853. During the same period, the number of households in transitional housing decreased from 184 to 137. While this suggests that Montana faces a shortage of emergency shelter beds, information gathered from homeless shelters and service providers during consultation shows that the lack of affordable rental units plays a large role in the changing number of households experiencing homelessness.
- The number of chronically homeless individuals in Montana jumped from 59 in 2021 to 238 in 2022. There were also a reported 293 unsheltered persons in Montana in 2022, but there is no information on the same population for 2021. This suggests a significant need for supportive services and permanent supportive housing for these individuals.

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<sup>8</sup> [HUD 2021 Continuum of Care Homeless Assistance Programs Housing Inventory Count Report](#)

***At Risk of Homelessness as defined in 24 CFR 91.5***

- 75% of the responses to Commerce’s survey on the use of HOME-ARP funds identified Tenant-Based Rental Assistance (TBRA) as an area of need around the state. Existing programs that provide rental assistance are short-term and do not provide assistance long enough for individuals and families to get to the top of a voucher waitlist, which can take as much as five years in some parts of Montana. However, 65% of the survey responses selected the development of affordable housing as the number one priority use of HOME-ARP funds because of the extreme lack of rentals available to households assisted with TBRA.
- Of the 4,269 Housing Choice Vouchers (HCVs) available through the State, less than 3,000 are currently in use due to the lack of qualified rentals that meet property standards and accept HCV rent standards. 3,495 households are on waitlists around the state, and 1,170 are under eligibility review. This further supports the need to direct HOME-ARP funds toward development of affordable rental housing to put more vouchers to use, move households off waitlists, and reduce the vulnerability of qualifying populations.

***Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking, as defined by HUD in the Notice***

- The NNEDV fact sheet reports that on a single day in September 2019, programs around the state served 400 adults and children but 21 requests for service went unanswered due to lack of resources. The same fact sheet for 2020 reports that 75% of the unmet requests for services were for housing or emergency shelter.

***Other populations requiring services or housing assistance to prevent homelessness and other populations at greatest risk of housing instability as defined by HUD in the Notice***

- Multiple agencies noted that those who are justice involved are particularly vulnerable to housing challenges. Consultation provided anecdotal evidence that individuals end up staying in hotels or couch surfing while they wait for assistance with permanent housing, but due to the lack of affordable rentals and willing landlords this intermediary time can be quite long. This puts those individuals at high risk of recidivism and increases their need for supportive services.
- Consultation also identified recovery residences as a need around the state. Current recovery homes serve an average of 75 individuals transitioning out of residential treatment and correctional facilities each year. However, the program has not yet been standardized which creates challenges with funding the agencies that provide on-site services and case management for a very high need population.
- Households earning less than 50% of AMI that were eligible for assistance through the MERA Program no longer have access to this assistance due to diminished funding and the end of the program. To date, there are 3,458 applications that have been submitted

for assistance and are being reviewed. Through consultation, it is clear that there is still a significant need for this assistance even after funding for the program ends.

***Identify any gaps within the current shelter and housing inventory as well as the service delivery system:***

- The lack of affordable housing around the state is the largest gap in the current shelter and housing inventory. A shortage of landlords and property owners who are willing to rent to voucher holders further limits the housing opportunities for qualifying populations. Of the 4,269 Housing Choice Vouchers available through the State, less than 3,000 are currently in use due to the lack of affordable rentals. 3,495 households are on waitlists around the state, and 1,170 are under eligibility review. Multiple agencies that were consulted reported that this makes it extremely difficult for individuals and families attain permanent affordable housing.
- Those experiencing homelessness face a higher risk of substance use, addiction, and behavioral and mental health challenges, and therefore have a higher need for services. The range of service needs covers everything from permanent supportive housing for the highest need individuals and families, to housing navigation and eviction prevention for those at risk of homelessness or facing homelessness for the first time. Existing service providers are concentrated in urban areas, leaving the majority of Montana, a rural state, underserved at every service level.
- The current shelter system provides 1,262 beds across the state, but the total population of individuals and families experiencing homelessness is estimated at 1,801. The level of need varies across homeless subpopulations, but additional shelter beds are required to support the current population.

***States may provide additional characteristics associated with instability and increased risk of homelessness in their HOME-ARP allocation plan. These characteristics will further refine the definition of “other populations” that are “At Greatest Risk of Housing Instability,” as established in the HOME-ARP Notice. If including these characteristics, identify them here:***

Commerce does not intend to further define ‘other populations’ beyond what is established in the HOME-ARP Notice.

***Identify priority needs for qualifying populations:***

Through consultation and public comments, three main needs have been identified as priorities for qualifying populations – non-congregate shelter, supportive services and rental housing units. State funding for supportive services has not kept up with the increasing need, making it difficult for case managers to make referrals. Existing service providers are centralized in larger communities where the need is highest, but that leaves rural communities underserved. Since much of Montana is rural, vulnerable populations must travel to access services which may not be feasible and puts additional strain on existing providers. While the homeless population in

rural areas is unknown due to gaps in the annual Point-in-Time survey, it's clear that the homeless population across the state exceeds the capacity of existing shelters. There are extensive waitlists for Housing Choice Vouchers and transitional housing programs are seeing an increase in the average length of stay. With few landlords willing to accept vouchers and fewer housing options available, the other priority need for qualifying populations is rental housing units. Developing more units that accept vouchers and provide permanent housing for vulnerable populations would relieve the pressure on transitional housing and work to move people from waitlists and into housing opportunities.

***Explain how the PJ determined the level of need and gaps in the PJ's shelter and housing inventory and service delivery systems based on the data presented in the plan:***

Quantitative data sources include the 2015-2019 Comprehensive Housing Affordability Strategy (CHAS), 2019 and 2020 American Community Survey (ACS), 2021 and 2022 Continuum of Care Homeless Assistance Program. Additionally, Commerce used data from NCADV and NNEDV. Point-in-Time data for both 2021 and 2022 was used since only statewide detail was available for the most recent survey. PIT data for both years is incomplete due to lack of capacity for the Statewide Continuum of Care to conduct a survey of the balance of state. Therefore, Commerce relied heavily on the consultation process to fill in gaps in the quantitative data and better understand the need around the state. All of this information points toward an extreme need for more affordable rental housing inventory around the state, primarily in the underserved rural communities.

## **HOME-ARP Activities**

***Describe the method(s) that will be used for soliciting applications for funding and/or selecting developers, service providers, subrecipients and/or contractors:***

Commerce will accept HOME-ARP applications on a competitive basis and prioritize proposals from eligible entities through a ranking process. Applications will be ranked to determine how closely a project aligns with the HOME-ARP program goals and objectives, and Commerce's criteria. HOME-ARP Program requirements, grant application and guidelines, and other relevant information and resources are available on the Commerce website at <https://housing.mt.gov/Community-Housing/HOME-ARP>.

***Describe whether the PJ will administer eligible activities directly:***

The State of Montana will not administer eligible activities directly. Instead, Commerce will oversee the administration of HOME-ARP funds and accept applications for eligible projects on a competitive basis.



***If any portion of HOME-ARP administrative funds are provided to a subrecipient or contractor prior to HUD's acceptance of the HOME-ARP allocation plan because the subrecipient or contractor is responsible for the administration of the HOME-ARP grant, identify the subrecipient or contractor and describe its role and responsibilities in administering all of the HOME-ARP program:***

Not applicable.

Use of HOME-ARP Funding	Funding Amount	Percent of the Grant	Statutory Limit
Supportive Services	\$ 1,300,000		
Acquisition and Development of Non-Congregate Shelters	\$ 2,000,000		
Tenant Based Rental Assistance (TBRA)	\$ 0		
Development of Affordable Rental Housing	\$ 7,013,792		
Non-Profit Operating	\$ 0	0 %	5%
Non-Profit Capacity Building	\$ 0	0 %	5%
Administration and Planning	\$ 1,145,976	10 %	15%
<b>Total HOME ARP Allocation</b>	<b>\$ 11,459,768</b>		

***Describe how the PJ will distribute HOME-ARP funds in accordance with its priority needs identified in its needs assessment and gap analysis:***

The above funding amounts are estimates based on feedback during consultation and may be adjusted depending on the number and types of applications received. The majority of funding will be allocated to development of new rental housing units as the highest priority need in the State, followed by development of non-congregate shelter and supportive services.

***Describe how the characteristics of the shelter and housing inventory, service delivery system, and the needs identified in the gap analysis provided a rationale for the plan to fund eligible activities:***

- The majority of the existing shelter and housing inventory is in the larger urban communities around the state, leaving rural areas underserved. The same can be said of the service delivery system, where agencies that provide necessary services to qualifying populations are in urban areas making it difficult to access for those in rural areas. While there is still a need in these urban areas, most are entitlement communities and receive a direct allocation of funds from HUD to provide housing and services in their jurisdiction. Therefore, Commerce intends to open the competitive HOME-ARP application process to non-entitlement communities first, and if all funds are not distributed to eligible projects a second competitive application process will be opened to all communities regardless of entitlement status.
- All agencies consulted with identified additional affordable housing units as a high need, which if combined with existing rental assistance programs, may help alleviate the

housing needs for qualifying populations. Tenant based rental assistance is a lower priority because of low utilization rate of existing HCV and Continuum of Care voucher programs.

- The consultation agencies agreed that homes for qualifying populations in either non-congregate shelter or permanent supportive housing require supportive services. The existing shelter space across the state is inadequate for the number of people experiencing homelessness, indicating a need for more shelter beds. However, these agencies also noted that if there were more affordable rental units available, people could transition out of shelter faster which would increase the efficiency of the current shelter system. Commerce intends to accept applications for eligible non-congregate shelter projects to address this need.

## **HOME-ARP Production Housing Goals**

***Estimate the number of affordable rental housing units for qualifying populations that the PJ will produce or support with its HOME-ARP allocation:***

The State of Montana estimates that 35 rental units will be produced with HOME-ARP funds. This is based on an estimated average \$200,000 per unit development cost. While there is no per unit subsidy limit under HOME-ARP, this estimate aligns with HUD's HOME Program per unit subsidy limits for efficiency, one- and two-bedroom units. However, Commerce expects these funds will be leveraged with other private and public funds to develop additional homes for qualifying populations.

***Describe the specific affordable rental housing production goal that the PJ hopes to achieve and describe how the production goal will address the PJ's priority needs:***

Commerce anticipates that 25 new units of rental housing will be constructed, and as many as 10 units will be rehabilitated. This will increase the number of housing options available to qualifying populations, which is the highest priority need identified in Montana. While eligible projects may be financed solely through HOME-ARP, it is expected that projects will leverage other funding sources to further increase the affordable housing stock around the state.

## **Preferences**

A preference provides a priority for the selection of applicants who fall into a specific QP or category (e.g., elderly or persons with disabilities) within a QP (i.e., subpopulation) to receive assistance. A *method of prioritization* is the process by which a state determines how two or more eligible applicants qualifying for the same or different preferences are selected for HOME-ARP assistance. States must describe the planned use of any preferences in its HOME-ARP allocation plan.

***Identify whether the PJ intends to give preference to one or more qualifying populations or a subpopulation within one or more qualifying populations for any eligible activity or project:***

Montana does not intend to give preference to any qualifying population or subpopulation. However, Commerce recognizes that individual applicants may implement preferences for projects that utilize HOME-ARP funds. To ensure a preference is not present in funding decisions and all qualifying populations are able to benefit from HOME-ARP funds, scoring criteria has been developed which awards the most points to projects that serve all qualifying populations. If projects with preferences are submitted, prior to recommending those projects for funding, Commerce will determine if a substantial amendment is required.

***If a preference was identified, explain how the use of a preference or method of prioritization will address the unmet need or gap in benefits and services received by individuals and families in the qualifying population or subpopulation of qualifying population, consistent with the PJ's needs assessment and gap analysis:***

Not applicable as the State of Montana does not intend to use any preferences. While projects with preferences may be funded, Commerce will determine if a substantial amendment to the HOME-ARP Allocation Plan is required before making recommendations for funding.

## **Referral Methods**

A state is not required to describe referral methods in the plan. However, if a state intends to use a coordinated entry (CE) process for referrals to a HOME-ARP project or activity, the state must ensure compliance with HUD requirements.

***Identify the referral methods that the PJ intends to use for its HOME-ARP projects and activities. PJ's may use multiple referral methods in its HOME-ARP program. (Optional):***

Commerce will oversee the administration of HOME-ARP funds and accept applications on a competitive basis for eligible projects. Applicants for HOME-ARP funding will utilize different referral methods for their programs as appropriate.

***If the PJ intends to use the coordinated entry (CE) process established by the CoC, describe whether all qualifying populations eligible for a project or activity will be included in the CE process, or the method by which all qualifying populations eligible for the project or activity will be covered. (Optional):***

The State of Montana does not intend to use CE as the State will not administer any program activities directly. Eligible projects that are awarded HOME-ARP funds may use coordinated entry processes established by local Continuums of Care that are specific to the applicant's jurisdiction and consistent with the HOME-ARP requirements. This process must be described in the application for funding to ensure compliance.

## Limitations in a HOME-ARP rental housing or NCS project

***Describe whether the PJ intends to limit eligibility for a HOME-ARP rental housing or NCS project to a particular qualifying population or specific subpopulation of a qualifying population identified in section IV.A of the Notice:***

The State of Montana will not further restrict the use of HOME-ARP funds by limiting eligibility for a rental housing or NCS project to a particular qualifying population over any others. Commerce anticipates that some applicants for HOME-ARP funds may implement a limitation for individual projects based on the specialized services offered, such as development of a non-congregate shelter for individuals and families fleeing or attempting to flee domestic violence, dating violence, sexual assault, and human trafficking as defined by HUD. These services and any associated limitations must be described in the application for HOME-ARP funds and must be consistent with the program requirements. Prior to recommending projects with limitations, Commerce will determine whether a substantial amendment to the HOME-ARP Allocation Plan is required.

***If a PJ intends to implement a limitation, explain why the use of a limitation is necessary to address the unmet need or gap in benefits and services received by individuals and families in the qualifying population or subpopulation of qualifying population, consistent with the PJ's needs assessment and gap analysis:***

Not applicable as the State does not intend to implement any limitations.

***If a limitation was identified, describe how the PJ will address the unmet needs or gaps in benefits and services of the other qualifying populations that are not included in the limitation through the use of HOME-ARP funds (i.e., through another of the PJ's HOME-ARP projects or activities):***

Not applicable as the State does not intend to implement any limitations.

## HOME-ARP Refinancing Guidelines

The State of Montana will not allow HOME-ARP funds to be used to refinance existing debt. Through consultation, the highest and best use of funds is development and construction of affordable rental units and non-congregate shelter.

- ***Establish a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing to demonstrate that rehabilitation of HOME-ARP rental housing is the primary eligible activity.***

Not applicable as Montana's HOME-ARP funds will not be used to refinance existing debt.

- ***Require a review of management practices to demonstrate that disinvestment in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving qualified populations for the minimum compliance period can be demonstrated.***

Not applicable as Montana's HOME-ARP funds will not be used to refinance existing debt.

- ***State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.***

Not applicable as Montana's HOME-ARP funds will not be used to refinance existing debt.

- ***Specify the required compliance period, whether it is the minimum 15 years or longer.***

Not applicable as Montana's HOME-ARP funds will not be used to refinance existing debt.

- ***State that HOME-ARP funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.***

Not applicable as Montana's HOME-ARP funds will not be used to refinance existing debt.

- ***Other requirements in the PJ's guidelines, if applicable:***

Not applicable.