

FY2012-2013 &
FY2013-2014
Years Three & Four

*of the FY2010-2014
Consolidated Plan*

City of Billings
Substantial Amendment to
Annual Action Plans



November 18, 2013

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Table of Contents

Introduction	3
Criteria for Amending the Consolidated Plan / Annual Action Plans	4
Timeliness.....	4
Citizen Participation	5
Consolidated Planning	6
Purpose of the Consolidated Plan	7
City Objectives & Outcomes.....	8
Community Development Division Vision / Mission.....	9
Current Programs	9
Community Development Contact Information.....	9

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Introduction

The City of Billings is required by the US Department of Housing and Urban Development (HUD) to prepare a Consolidated Plan to address the use of federal funding through the Community Development Block Grant (CDBG) and HOME Investment Partnerships programs (HOME). Focused on CDBG and HOME activities, the Consolidated Plan combines the planning and application requirements for the CDBG and HOME Programs. Consolidation of the submission requirements for the CDBG and HOME Programs allows program planning and citizen participation to take place in a comprehensive context covering both programs.

This Substantial Amendment to the City of Billings' Annual Action Plans for FY2012-2013 and FY2013-2014 documents how the City plans to transfer \$175,000 in CDBG funds from the Manufactured Home Loan Repair program to the First Time Homebuyer program to meet expenditure goals. Recent changes in the City's Manufactured Home Repair Loan program include revisions from grant to loan financing. These changes have significantly slowed the expenditure rate for the program.

Allocations to the program were \$133,819 in FY2012-2013 and \$130,963 in FY2013-2014. As of September 30, 2013 approximately 80% of the allocation is still available for commitment to low income households needing repairs to their manufactured homes.

In order to increase the City's ability to meet expenditure goals set by HUD for CDBG funding by May 1, 2014, staff recommends transferring a total of \$175,000 in funding allocated to the Manufactured Home Repair Loan program to the First Time Homebuyer program. This funding transfer would still leave approximately \$40,000 in the Manufactured Home Repair Loan program to assist homeowners meeting current guidelines until June 30, 2014. A substantial amendment to the FY2013-2014 Annual Action Plan / Consolidated Plan requires both a public hearing and action to accept and utilize CDBG funding as proposed.

Staff also proposes convening a program design subcommittee through the Community Development Board to revisit current loan limitations in order to make the program more accessible to homeowners while protecting the City's financial investment. Changes to the program would be identified and implemented through the City's FY2014-2015 CDBG and HOME allocation process.

Staff recommends this transfer in order to expedite funding expenditures in order to meet HUD's upcoming timeliness check on CDBG expenditures. The City must have no more than 1.5 times last year's CDBG allocation in HUD's drawdown system as of May 1, 2014. Transferring the funds would assist City staff in meeting this timeliness expenditure without being required to submit a plan for expenditures to HUD for approval.

The geographic area covered in the Action Plan and amendment is the City of Billings municipal boundaries. The City intends to utilize grant funding in a manner that complies with regulations established by HUD, including the commitment and expenditure of funds in a timely manner.

Criteria for Amending the Consolidated Plan / Annual Action Plans

24 CFR part 91.105(c) of the Final Rule requires grantees of CDBG and HOME programs make public the criteria the City will use for determining what changes in planned or actual activities constitute a substantial amendment to the Five-Year Consolidated Plan / Annual Action Plans. An amendment to the approved plan will occur when the City of Billings decides:

- Not to carry out a project or activity described in the plan.
- To carry out a project not previously described.
- Substantially change the purpose or scope of a project.

Prior to the submission of any substantial change in the proposed use of federal housing and community development funds, the City of Billings will hold a public hearing to allow citizens reasonable notice of, and opportunity to comment on, proposed amendments. Public comment periods will not be less than thirty (30) days.

Substantial changes are defined as the creation of any new budget line item to be funded under the City's HOME and CDBG programs, or a budget amendment resulting in an increase or decrease in a previously approved line item of more than \$25,000.

Timeliness

The City is required to both commit and expend CDBG and HOME funding in a timely manner. The CDBG program mandates that the City carry less than 1.5 times the previous year's award in the HUD payment system at the beginning of May each year. HOME funding allocated to the City must be committed to specific projects via contract (which must be approved through City Council) within 24 months of allocation and funds must be expended within five years of initial allocation. Failure to comply with commitment and expenditure deadlines will result in funding being recaptured by HUD.

The City must draw down funds at acceptable rates to prevent funding recapture. Therefore, the City will adhere to the following procedures regarding timeliness:

- Allocating funding to grantees that can expend funding expeditiously.
- Prioritizing applications for funding based on timeline for expenditure.
- Reallocating funding from projects that have not expended funds to new projects.
- Draw funding from HUD systems at least quarterly to ensure compliance.
- Perform a timeliness review at the end of each calendar year and plan to move funding to progressive accounts / projects if timeliness will become an issue.
- Work with Community Housing Development Organizations (CHDO) to pre-allocate future mandatory CHDO reserve funding.
- Communicating the importance of timeliness to applicants, the Community Development Board and the City Council.

Citizen Participation

The Citizen Participation Plan for the City of Billings is designed to assure citizen involvement in the planning and reporting on the City's programs covered under HUD's Consolidated Plan requirements. The purpose of the Citizen Participation Plan is to assure that citizens, nonprofit organizations, and other interested parties are afforded adequate opportunity to review and comment on plans, programs, activities and reports regarding the City's federally funded housing and community development programs.

The primary objectives of the Community Development Division's Consolidated and Citizen Participation Plans are to:

- Encourage citizen participation in the development of the Consolidated Plan, Consolidated Plan Amendments and the Comprehensive Annual Performance and Evaluation Report (CAPER) with emphasis on participation from individuals and households identified as low to moderate income, residents of blighted areas, minorities, those with limited English proficiency, the disabled, and those residing in areas where funding will be utilized.
- Provide citizens with reasonable and timely access to meetings, information and records relating to the City's plan for utilizing funding in addition to allowing reasonable opportunity to comment on the Consolidated Plan, Amendments, the Citizen Participation Plan and the CAPER.
- Finalize consultation with the Billings Housing Authority on the development and implementation of the Consolidated Plan and amendments to the Annual Action Plan, which includes input from residents of public and assisted housing.
- Provide technical assistance to neighborhood task forces which represent the low to moderate income and the highest concentrations of the minority populations in Billings.
- Provide public hearings to obtain citizen views and to respond to proposals and questions at all stages of the Community Development program. All hearings shall be provided in areas where accommodations for the disabled can be provided.

The City will hold a public hearing on November 18, 2013, during the City Council meeting at 6:30pm, in order to hear public comments and to approve the City's proposed use of CDBG funding. Public notices announcing the proposed use of CDBG funding have been published on October 17, 24 and 31, 2013. The public comment period will be held from October 18 through November 18, 2013.

Public comments received during the public hearing held on November 18, 2013 include...

No other comments were submitted to the Community Development Division. The drafted Substantial Amendment was published on the City of Billings - Community Development website located here: www.ci.billings.mt.us/CDreports.

Consolidated Planning

Five-year Consolidated Plans and one-year action plans are required by the United States Department of Housing and Urban Development (HUD) for the City of Billings to participate in and receive funding through the Community Development Block Grant (CDBG) and HOME Investment Partnership programs (HOME).

The City of Billings, acting primarily through the Community Development Division, will continue to act as the lead agency for administration of the City's CDBG and HOME program activities targeted to meet the goals of the Consolidated Plan. The City works closely with the Housing Authority of Billings, nonprofit organizations, private developers, lending institutions, and neighborhood groups to garner feedback on proposed strategies and also to meet the goals established in Consolidated and Annual Action Plans.

Consolidated planning activities are also required for homeless programs funded under the McKinney-Vento Homeless Assistance Act and the Housing Opportunities for Persons with AIDS (HOPWA) Program. The City does not receive McKinney funds or HOPWA funds directly. Separate Consolidated Plans are prepared by the City of Great Falls, the City of Missoula, and the State of Montana for non-entitlement areas of the state. The structure and content of this plan are based on specific HUD requirement for the preparation of the Consolidated Plan. Many terms used in this document are specific to the Consolidated Plan process and HUD programs. The reader may consult with the City of Billings - Community Development Division for additional information.

Focused on CDBG and HOME activities, the Consolidated and Annual Action Plan combines the planning and application requirements for the CDBG and HOME programs. Consolidation of the submission requirements for the CDBG and HOME programs allows program planning and citizen participation to take place in a comprehensive context covering both programs. The CDBG and HOME programs covered by the Consolidated Plan have three basic goals:

1. **To provide decent housing**, including: maintaining the affordable housing stock in the community; increasing the availability of permanent housing that is affordable to lower-income households without discrimination; increasing support of housing which enables persons with special needs to live independently; and assisting homeless persons obtain affordable housing.
2. **To provide a suitable living environment**, which includes: improving the safety and livability of neighborhoods; increasing access to quality facilities and services; reducing the isolation of low-income households within areas by de-concentrating housing opportunities and revitalizing deteriorating neighborhoods; restoring and preserving natural and physical features of special value for historic, architectural, or aesthetic reasons; and conserving energy resources.
3. **To expand economic opportunities**, including: creating jobs accessible to lower-income individuals; providing access to credit for community development activities which promote long-term economic and social viability; and empowering lower-income persons living in federally assisted and public housing to achieve self-sufficiency.

All activities undertaken by the City utilizing CDBG and HOME funding must primarily benefit low-income persons. The strategies described in the Consolidated Plan outline a specific course of action for the community's housing and community development activities. The plan builds on local assets to meet the needs of the community and sets forth goals, objectives, and performance measures to ensure progress in achieving the strategies described in the plan.

Purpose of the Consolidated Plan

The purpose of the Consolidated Plan is to identify the housing and community development needs of low-income households in Billings and develop strategies for addressing those needs in a comprehensive, coordinated fashion utilizing available federal and nonfederal resources.

Consolidated plans are developed every five years and must be submitted to HUD not less than 45 days prior to the start of the grantee's program year start date (July 1 for the City). The City's five-year [Consolidated Plan for FY2010-2014](#) identifies activities to be carried out from July 1, 2010 through June 30, 2015 to address priority needs in the community and serves as a guiding document for the use of the City's CDBG Program and HOME funding.

This document constitutes an amendment to the City's one-year Annual Action Plans for FY2012-2013 and FY2013-2014 which identifies goals and strategies to be undertaken from July 1, 2012 through June 30, 2014. While both documents contain similar information, a more detailed presentation of needs and overarching strategies is described in the five-year plan. The Annual Action Plans describe identified resources to be utilized during the program years, which are not identified in the five-year plan. The City must also report on the performance of activities funded via the Comprehensive Annual Performance Evaluation Report (CAPER) in September of each year.

The FY2010-2014 Consolidated Plan and Annual Action Plans for FY2012-2013 and FY2013-2014 followed development processes which integrated priorities identified in the 2010 Billings Housing Needs Assessment and the 2013 Analysis of Impediments to Fair Housing Choice. The development process also included input from neighborhood groups and public hearings on housing and community development needs, relative to findings from both data studies.

The FY2012-2013 was open for public comment extending from March 23, 2012 through April 23, 2012. A public hearing was held on April 23, 2012 during the Billings City Council meeting to accept public comments on the Annual Action Plan, and Community Development Board recommendations for funding allocation. The plan was adopted by the Billings City Council on April 23, 2012.

FY2013-2014 Annual Action Plan was open for public comment extending from March 22, 2013 through April 22, 2013. A public hearing was held on April 22, 2013 during the Billings City Council meeting to accept public comments on the Annual Action Plan, and Community Development Board recommendations for funding allocation. The plan was adopted by the Billings City Council on April 22, 2013.

City Objectives & Outcomes

The City's objectives and outcomes are briefly identified below. Strategies, objectives and activities were determined utilizing a combination of data from housing needs and fair housing studies, in addition to seeking extensive public comment and input on the overall development of this plan. This year's focus is greatly reduced due to declining federal resources. Therefore, the City has prioritized affordable housing preservation and new affordable housing opportunities.

Strategy	Objective	Activity	Measurement Type	FY13-14 Goals
A: Promote the preservation of the existing supply of safe, affordable housing in the community.	Provide direct, affordable financing and assistance to low-income homeowners for the completion of needed repairs, citywide.	Housing Rehabilitation Loan Program	Housing Units	10
		Manufactured Home Repair Loan Program	Housing Units	5
		Foreclosure Acquisition / Rehabilitation Loan Program	Housing Units	1
B: Promote new affordable housing opportunities.	Encourage the development of new affordable single-family, multi-family and special needs housing in the community through private developers and non-profit organizations.	Affordable Housing Development Program	Housing Units	15 Units Total 4 CHDO Units
		Complete Kings Green single-family development	Housing Units	4
	Provide affordable financing and support to promote homeownership opportunities citywide.	First Time Homebuyer Program	Households	30 10 additional homes with amendment
		Homebuyer Education	Households	100
C: Active partnerships with non-profits, neighborhood groups and others to address housing and community development specific to lower income and special needs households.	Support partnerships and regular meetings to facilitate community participation and collaboration.	Affordable Housing Task Force	Quarterly Meetings	4
		Billings Partners American Indian Homeownership	Quarterly Meetings	4
		Fair Housing	Completed Annual Action Plan addressing issues	1
	Encourage activities that promote fair housing and increase awareness of the rights of protected classes.	Continue to support organizations with an interest in fair housing to apply for fair housing funding, dependent on staff availability	Grant application submitted	0 or 1
	Encourage collaboration to better address needs and to respond to opportunities for special needs populations.	Mayor's Committee on Homelessness	Bi-Monthly Meetings	6
		Assist in the implementation of Welcome Home Billings, the City's ten-year plan to impact homelessness.	Completed FY2013-2014 Staff Action Plan	1
			Completed FY2012-2013 Performance Report	1
		Facilitate AmeriCorps VISTA application and pursue project status	Annual submission of VISTA grant application / VISTA member placements	1
D: Promote the preservation and revitalization of the community's older neighborhoods.	Preserve housing stock in older, lower-income neighborhoods.	See objectives / activities / goals outlined in Strategy A		-
	Infill development of vacant lots and redevelopment of substandard properties.	Affordable Housing Development Program	See goals for Strategy B	-
		Redevelopment 27th Street Corridor	Redevelopment Projects	1

Community Development Division Vision / Mission

Vision: The Community Development Division acts as a catalyst for joining community partners with resources to increase access to housing, to create a sustainable community, and to promote neighborhood revitalization.

Mission: The Community Development Division strives to exceed the expectations of our stakeholders by supporting our housing and community partners with quality leadership, accountability, and innovative programs and services.

Current Programs

The City of Billings currently manages the following programs: first time homebuyer, housing rehabilitation, new affordable housing development, rehabilitation / conversion for multi-family units, property management, and foreclosure acquisition / rehabilitation. The Community Development Division's website is located here: www.ci.billings.mt.us/comdev.

The following community organizations are supported by the Community Development Division:

- **Affordable Housing Task Force** – advisory board made up of housing developers, realtors, lenders and other housing professionals, meet monthly
- **Adjacent Neighborhood Committee** – neighborhood task force officers meet every two months to discuss neighborhood issues
- **Billings Partners for American Indian Homeownership**
- **Mayor's Committee on Homelessness**

The City's latest Analysis of Impediments to Fair Housing Choice, Housing Needs Assessment, Consolidated and Annual Action Plans can be viewed online at www.ci.billings.mt.us/CDreports.

Community Development Contact Information

The Community Development Division is located on the 6th floor of the Miller Building, 2825 3rd Avenue North, Billings, Montana. Additional information can be obtained by visiting the office or by contacting:

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