

# U. S. Department of Housing and Urban Development



Community Planning and Development

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April 20, 2017

Dale Bickell, Chief Administrative Officer  
City of Missoula  
435 Ryman Street  
Missoula, Montana 59802

Re: Annual Community Assessment

Dear Mr. Bickell:

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

This review examines information provided by the City of Missoula for its 2015 program year. In conducting this assessment, we examine your activities for consistency with the priorities and objectives outlined in the Consolidated Plan and Annual Action Plan. We use the information contained in the Consolidated Annual Performance and Evaluation Report (CAPER), and the Integrated Disbursement and Information System (IDIS) as well as any monitoring reviews conducted during the course of the program year.

Our assessment report that is enclosed covers the following areas:

- Meeting the statutory purposes of the programs
- Consistency with strategies and goals in the Consolidated Plan and Annual Action Plan
- Performance Measures
- Fair Housing and Equal Opportunity
- Community Development Block Grant (CDBG) – Benefit persons of low- and moderate income (LMI), Timeliness and Caps on Obligations and Expenditures for Administration and Public Service
- HOME Investment Partnerships Program (HOME) – Program Income, Administrative Cap, Commitment and Expenditure Requirements

- Community Housing and Development Organization (CHDO) – Set-aside, Commitment and Expenditure Requirements
- IDIS

Based upon our analysis and examination of the data available to us, we have determined that the City of Missoula's overall progress has been satisfactory during the most recent program year. The review also contains suggestions for improving the quality and analysis of data provided, as well as strengthening program results.

No HOME monitoring was reported in the 2015 program year. This is a finding.

### **FINDING #1 – NO ANNUAL HOME MONITORING WAS COMPLETED**

The City of Missoula described its policy and procedures for monitoring periodically, but there is no record of HOME monitoring occurring in the 2015 program year.

**Corrective Action:** The City of Missoula is required to complete HOME monitoring of each contractor and subrecipient, and any on-site inspections of housing in accordance with 24 C.F.R § 92.504(a) and (d). Please provide a copy of the monitoring report to this office within 30 days of receipt of this report.

The City of Missoula appears to be administering its programs in a manner consistent with the applicable regulatory requirements. During the period July 1, 2015 through June 30, 2016, the City of Missoula has carried out its program modestly as described in its Consolidated Plan and has the continuing capacity to carry out its approved program in a timely manner. These conclusions on the overall program performance are based solely upon the information available to this office and do not constitute a comprehensive evaluation or approval of specific activities.

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

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

If you have any questions or require assistance, please contact Don Morris, Senior Community Planning & Development Representative at 303-672-5418, or via email at don.r.morris@hud.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Aaron B. Gagné", with a stylized flourish extending to the right.

Aaron B. Gagné  
Director

Cc: Eran Pehan, Director  
Housing and Community Development

Enclosure

## ANNUAL COMMUNITY ASSESSMENT

**JURISDICTION** – City of Missoula, Montana

**PROGRAM YEAR START** – July 1

**PERIOD COVERED BY ASSESSMENT** – July 1, 2015 – June 30, 2016

HUD requires an annual review of performance by grant recipients according to the provisions of the Housing and Community Development Act and the National Affordable Housing Act. We must determine that each recipient is in compliance with the statutes and has the continuing capacity to implement and administer the programs for which assistance is received. This reports the results of our review of the 2015 program year performance, the second year of the five-year 2014-2018 Consolidated Plan.

### **Part I. Summary of Consolidated Plan/Action Plan Review and Assessment**

The City of Missoula is meeting the primary objective of the Community Development Block Grant (CDBG) Program, which is the development of viable urban communities by providing decent housing, a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. HOME Investment Partnerships (HOME) Program is making progress towards local development of homes and communities by developing affordable homeownership and rental units for low-income households.

Projects funded in the 2015 program year are consistent with strategies and goals in the Consolidated Plan and Annual Action Plan. The Action Plan provided for the following objectives in the second year of the Consolidated Plan:

#### **City of Missoula**

<b>Objective</b>	<b>5-year goal</b>	<b>1-year goal</b>	<b>Actual Accomplishments</b>
Homelessness	500 persons assisted	0 persons assisted	2015: 0 persons assisted / 5-Year goal: 546 persons assisted
Rental Housing Units Constructed	27 rental units	20 rental units	2015: 0 units / 5-Year goal: 8 units
Tenant-based rental assistance / Rapid Rehousing	100 households assisted	34 households assisted	2015: 51 households assisted / 5-Year goal: 51 households assisted
Housing for People with HIV/AIDS	6 housing units added	0 housing units added	2015: 0 housing units added / 5-Year goal: 8 housing units added

Public Improvements	875 persons assisted	0 persons assisted	2015: 0 persons assisted / 5-Year goal: 0 persons assisted
Economic Development	6 jobs created	0 jobs created	2015: 0 jobs created / 5-Year goal: 0 jobs created
Sustainability and Environment	1 household assisted	0 households assisted	2015: 0 households assisted / 5-Year goal: 0 households assisted
Public Services	2,600 persons assisted	1,100 persons assisted	2015: 1,331 persons assisted / 5-Year goal: 2,539 persons assisted

The Consolidated Annual Performance Evaluation Report (CAPER) indicates that the City of Missoula is performing adequate in terms of meeting goals. The City of Missoula's eight objectives are listed above. Five of the objectives have no annual goal for the second year. We anticipate to see annual goals for these five objectives in the ensuing three years. Rental housing units constructed fell short of its annual goal by 60 percent. The City should determine the impediments and then solutions to constructing rental housing. Although homelessness did not have a stated annual goal, 546 persons were assisted, exceeding the stated five-year goal of 500 persons assisted. The objective housing for people with HIV/AIDS has also exceeded the five-year goal of six housing units added. The City's Tenant-based rental assistance (TBRA)/Rapid Rehousing objective has exceeded its annual goal, and is over halfway to achieving its five-year goal of 100 persons assisted. Public services exceeded the annual goal by 121 percent, and is very close to meeting its five-year goal. We commend the City's success with these objectives, and we encourage the City to significantly increase these annual and five-year goals. Additionally, we are pleased to see that the Integrated Disbursement and Information System (IDIS) contain the required performance data.

**Part II. Summary of Grantee Performance**

**Fair Housing and Equal Opportunity (FHEO)**

The review of the City of Missoula's CAPER by the Office of Fair Housing and Equal Opportunity (FHEO) revealed two comments. The City should review these comments and request any necessary technical assistance from FHEO to ensure they are taking appropriate actions to affirmatively further fair housing.

The City of Missoula received a risk rating of **Low**. The review did reveal the following comments:

1. Grantee discussed the formation of affirmatively furthering fair housing action plans assigned for implementation to the City staff in the Grants and Community Programs Departments. Grantee's program year (PY)13 CAPER stated that this plan would be implemented over five years, beginning in PY14 but the PY15 CAPER does not discuss any

actions taken by Grantee under any affirmatively furthering fair housing (AFFH) action plans nor does it discuss any specific quantitative results from its AFFH actions to demonstrate a measurable impact on persons in protected classes. FHEO recommends that Grantee contact its FHEO representative for technical assistance regarding the implementation of its AFFH action plans and the tracking and reporting of the quantitative results of the actions taken under those plans.

2. Grantee included data to demonstrate that racial and ethnic minorities are benefiting from Grantee's direct benefit activities in proportion to such group's relative representation in Grantee's population but did not provide information regarding female-headed households and persons with disabilities. Grantee's CAPER states Grantee collected this data and maintains it in IDIS but that it did not report this data in the CAPER. FHEO requests Grantee include this information in future CAPER submissions.

Please contact Mr. Warren Karberg, HUD Equal Opportunity Specialist, at warren.w.karberg@hud.gov or 303-839-2614 for any FHEO technical assistance required by the City of Missoula.

### **CDBG**

Consistent with the primary objective, not less than 70 percent of the aggregate of the CDBG funds shall be used for the support of activities that benefit persons of low- and moderate-income (LMI) for the one-year grant certification period of 2015. The entitlement City of Missoula has met the aggregate standard by expending 100 percent to benefit LMI persons.

The regulations at 24 C.F.R. § 570.902 require that sixty days prior to the end of the grantee's current program year, the amount of entitlement grant funds available but undisbursed by the U.S. Treasury be not more than 1.5 times the entitlement grant amount for the current program year. The City of Missoula had 0.57 times the grant funds remaining in the Line of Credit, therefore meeting the timeliness requirement. We congratulate the City on being timely and urge you to continue to meet this important measure of performance.

The City is limited to 20 percent obligation and expenditure of grant funds and current year's program income for administrative expenses. The City of Missoula obligated 19.3 percent of grant funds for administration, well within the allowable amounts. Public service obligations and expenditures are likewise limited to 15 percent of grant funds and prior year program income. The City of Missoula obligated and spent 15.0 percent of the funding on public service activities, and is within the allowed amounts.

The City of Missoula is showing adequate progress in meeting the goals set out in the second year of the Consolidated Plan. Activities and projects are timely and they meet a national objective.

## **HOME Investment Partnerships Program (HOME)**

The City of Missoula has met its commitment with no shortfall for the 2014 requirement year. The City is meeting its community housing development organization (CHDO) requirement to reserve not less than 15 percent of funds, as stated in 24 C.F.R. § 92.300. The City has disbursed 93.8 percent of its fiscal year (FY) 2015 allocation and has until September 30, 2023 to disburse 100 percent.

The City of Missoula has committed 10.0 percent of HOME funding for administration. The CAPER mentioned HOME projects are monitored periodically, based on project size and amount of funds involved. HOME on-site monitoring continues until the affordability period is complete. However, no monitoring was reported in the 2015 program year. This is a finding.

### **FINDING #1 – NO ANNUAL HOME MONITORING WAS COMPLETED**

Condition – The City of Missoula described its policy and procedures for monitoring periodically, but there is no record of HOME monitoring occurring in the 2015 program year.

Criteria – 24 C.F.R § 92.504(a)

*(a) Responsibilities. The participating jurisdiction is responsible for managing the day to day operations of its HOME program, ensuring that HOME funds are used in accordance with all program requirements and written agreements, and taking appropriate action when performance problems arise. The use of State recipients, subrecipients, or contractors does not relieve the participating jurisdiction of this responsibility. The performance of each contractor and subrecipient must be reviewed at least annually.*

Cause – The City did not comply with federal regulations requiring that the performance of each subrecipient and contractor receiving HOME funds must be reviewed by the participating jurisdiction (PJ) at least annually nor its own policy and procedures of monitoring periodically.

Effect – Participating Jurisdictions (PJs) are responsible for managing the day-to-day operations of their HOME program and ensuring that HOME funds are used in keeping with program requirements. PJs must also monitor projects throughout the applicable affordability period. By not monitoring the City is in danger of not ensuring production and accountability; compliance with HOME and other Federal requirements; and project performance as well as project viability.

Corrective Action – The City of Missoula is required to complete HOME monitoring of each contractor and subrecipient, and any on-site inspections of housing. in accordance with 24 C.F.R § 92.504(d). Please provide a copy of the monitoring report to this office within 30 days of receipt of this report.

The City provided the jurisdiction's affirmative marketing actions for HOME units, and other actions taken to foster and maintain affordable housing. The City of Missoula makes a special point to seek proposals from minority and women's business enterprises. Affirmative

Marketing Action Plans are reviewed during program monitoring. Data was provided on the amount of program income the City of Missoula received, and the balance carried forward.

### **Integrated Disbursement and Information System (IDIS)**

The IDIS reports indicate that the City of Missoula is consistently entering data and information into IDIS. A comprehensive summary of the PR 26 – CDBG Financial Summary Report is included with the CAPER and made available to citizens. The PR 26 report reveals 59.2 percent of funds were expended from the total available in program year 2015 for the City of Missoula. The PR 26 report did not convey correct information regarding the planning and administration cap requirements. The use of the ‘liquidated/unliquidated’ fields in IDIS are vital to calculating planning and administration correctly. Technical assistance is available in this office for IDIS data entry to help alleviate consequences of exceeding administration or public service caps.

The Additional lists and tables included in the CAPER clearly summarize information, making the report more useful to citizens. Our review of the PR 03 – CDBG Activity Summary Report for Program Year 2015 indicates that thorough activity descriptions are entered and maintained, which also contributes to clarity. Reviewing the PR 09 – Program Income Details by Fiscal Year and Program a discrepancy was found. HOME program income of \$25,909 is recorded in the PR 09 report and program income of \$26,042.54 is recorded in the CAPER CR-15 – Resources and Investments screen. PR 46 – HOME Flagged Activities Report and the PR 49 – HOME Deadline Compliance Status Report were reviewed to ensure compliance. Overall, the City of Missoula is using IDIS in a satisfactory and useful manner.

### **Part III. HUD Evaluation and Conclusions**

#### **A. OVERALL EVALUATION**

Overall, the City of Missoula appears to be making strides in providing affordable housing and addressing its community development needs through its 2015 program year activities.

#### **B. CONCLUSIONS AND FINDINGS**

Community Planning and Development (CPD), Rocky Mountains, Denver, has reviewed available facts and data pertaining to the performance of the City of Missoula for its Consolidated Plan, Community Development Block Grant and HOME Investment Partnerships programs during the period specified above. Based on the overall review record and the information summarized above, CPD makes the following findings:

1. During the period specified above, the City of Missoula has carried out its program satisfactorily as described in its Consolidated Plan as approved and amended.
2. The Consolidated Plan, as implemented, complies substantially with the requirements of applicable laws and regulations.



3. The City of Missoula has the continuing capacity to carry out its approved program in a timely manner.
4. Reviewing the CAPER, the City of Missoula is missing the below information, and we ask that the City provides an addendum to their CAPER with the following:
  - A. Explain discrepancy of HOME program income of \$26,042.54 recorded in CAPER CR-15 – Resources and Investments and \$25,909 reported in PR 09 – Program Income Details by Fiscal Year and Program.
  - B. Provide a summary of the efforts to address “worst case needs” in relation to affordable housing.
  - C. Explain why there were no new initiatives in program year 2015 to encourage public housing residents to become more involved in the management of their residence.