

BEFORE THE DEPARTMENT OF COMMERCE
OF THE STATE OF MONTANA

2015-2016 ANNUAL ACTION PLAN AMENDMENT
AND
2016-2017 ANNUAL ACTION PLAN
PUBLIC MEETING

TRANSCRIPT OF THE PROCEEDINGS

Heard before Jennifer Olson, Presiding Officer
Montana Department of Commerce
301 South Park
Helena, Montana

March 25, 2016
11:00 a.m.

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1 WHEREUPON, the proceedings were had as follows:

2 MS. OLSON: We're going to go ahead and begin
3 with the presentation. I want to make sure that you also
4 know, at the end, if you have any comments, I will ask you
5 to state your name and who your affiliation is with again.
6 But if you do come in during the -- you know, have any
7 comments, please do, to help our court reporter who is
8 here, state your name so that we can accurately reflect
9 where those statements are coming from.

10 So again, thank you all for joining us this morning.
11 We have two different action plans that we're going to be
12 discussing. One is the 2015-2016 Action Plan Amendment,
13 and the other one is the 2016-2017 Action Plan. So thank
14 you for coming to our hearing.

15 The HUD programs that these action plans affect are
16 ESG, CDBG, and HOME. And so, as you all know, DPHHS
17 administers the CDBG -- or excuse me, the ESG program, and
18 then the Department of Commerce administers the HOME and
19 CDBG program. And specifically under CDBG, we review and
20 provide funding for housing and community development
21 activities, such as public facilities and community
22 facilities and also economic development.

23 We're just going to pause, we're just going to work
24 through some little technical glitches.

25 (Off the record briefly.)

1 MS. OLSON: All right. We're going to continue
2 to go ahead, but please, if you do have any trouble
3 hearing, you can call 841-2770; we can definitely get you
4 some assistance right away. And then also, if you want to
5 chime in and type help, I can't hear, or tell us what your
6 issue is on the webinar, Stephanie, who is running our
7 webinar, can definitely help you as well.

8 So the Consolidated Plan is the five-year plan that we
9 create regarding all of those programs, CDBG, ESG, and
10 HOME, and it's a five-year plan that really establishes
11 our goals and objectives, as well as does a market
12 analysis, a strategic plan for any housing needs that the
13 State is reviewing, or, frankly, needs as it relates to
14 the community development interests of the ESG, CDBG, and
15 HOME programs.

16 That five-year plan actually started just this past
17 year. If you'll recall, last fall, Department of Commerce
18 went through a public hearing process. That will take us
19 until April -- actually, it will take us through
20 March 31st, 2020. So under that Consolidated Plan, then,
21 each year, there's an annual action plan update of that
22 Consolidated Plan. So when you think about it, you have a
23 five-year plan, and then each year, the State is required
24 to provide an update to that plan to specifically modify
25 or provide an opportunity for comments to be received from

1 the public to modify how the State is administering those
2 programs.

3 So the five-year plan, as I said, goes from 2015 to
4 2020. It is available on the Commerce website. And the
5 Action Plan that we're looking at particularly related to
6 each one of those years that fall under the Five-Year
7 Consolidated Plan is the 2016 through 2017 Action Plan and
8 the 2015 through 2016 Amendment to that Action Plan. The
9 comment period, as you all probably became aware, began on
10 March 3rd, and it will end April 4th of 2016.

11 We have a lot of communication that goes out via a
12 Consolidated Plan e-mail ListServ, so if you are not on
13 that ListServ, please contact us at DocConPlan@mt.gov, and
14 we'll be happy to get you connected with us. You can
15 also, if you know of other interested parties, refer them
16 to the website or refer them to us, and we'll be happy to
17 add them to the Consolidated Plan ListServ so that you
18 know all about the actions and activities that the State
19 is taking in relation to the Consolidated Plan and Action
20 Plan.

21 Also, just kind of a little look forward -- Oh,
22 actually, I apologize. I want to mention one other thing,
23 is that the Action Plan documents are available online,
24 but they're also available at a number of different
25 repositories across the state. The reason that they're

1 available is only to provide, I guess, extended
2 opportunities. If somebody doesn't have e-mail access or
3 doesn't know how to contact us in order to review the
4 plan, then they can go to a number of different selected
5 repositories across the state to actually review the
6 document itself. If they go to the repository, the
7 repository is only required make it available. They don't
8 accept the comments; the comments must come to Department
9 of Commerce in order for us to receive them. So the
10 function of the repository is really just to make them
11 available.

12 And within our Action Plan and also on our website,
13 there is a list of repositories. So if you ever know of
14 people that are interested or particularly if your
15 organization is working with specific clientele,
16 definitely, we encourage you to make that information
17 available and known so that people can help participate
18 and provide their own comments to the individual level or
19 organizational level as it pertains to the Consolidated
20 Plan and Action Plan.

21 Looking forward, the Consolidated Annual Performance
22 and Evaluation Report, otherwise known as the CAPER, is a
23 report about the accomplishments that the State completed
24 according to what we planned to do in the Action Plan. So
25 the Action Plan Amendment and the Action Plan itself, if

1 those two things are finalized in whatever form they get
2 sent to HUD, then HUD reviews them and approves them. And
3 so then the CAPER is a document that the Department of
4 Commerce and Public Health and Human Services publishes in
5 order to document how did we distribute funds, where were
6 those activities funded, and what was the use of those
7 funds in regards to the beneficiaries across the state.

8 So this is based on an annual report that is, is per
9 our plan year. So our plan year begins April 1st and it
10 ends March 31st, so once that year is completed, then we
11 begin to publish that. So you'll hear some more
12 information coming out about the CAPER in the coming
13 months, since our plan year is set to end next week. And
14 we'll start to do more advertising about the CAPER in the
15 coming months. We'll also be -- just a little commercial
16 break -- having a public hearing during the Housing
17 Conference to encourage a lot more participation in the
18 outcomes of the, that the State accomplished through the
19 Annual Action Plan as reported in the CAPER.

20 So I kind of have described that, but feel free to
21 definitely provide any comments or questions if you do not
22 understand the Action Plan. But it really is important
23 for the public to participate. We really encourage that
24 on each annual action plan update, because that's really
25 how we're announcing, and I say we, Department of Commerce

1 and Department of Public Health and Human Services, how we
2 are proposing to, you know, award funds and to complete
3 activities and projects with various entities across the
4 state for this coming plan year; again, April 1st, 2016,
5 through March 31st, 2017.

6 So there's three specific congressionally mandated
7 goals that these funds fall under, ESG, HOME, and CDBG,
8 which is provide decent housing, provide a suitable living
9 environment, and expand economic opportunities. So from
10 that perspective, that's what our Annual Action Plan
11 focuses on, as well our Consolidated Plan.

12 I want to specifically take a moment just to really
13 exclusively talk about the Action Plan Amendment. The
14 2015-2016 Action Plan was approved by HUD last fall. And
15 we, through the course of carrying out some activities
16 regarding HOME and CDBG funds, have proposed two
17 modifications to the Action Plan. This will allow the
18 State to -- if we receive comments and the public is
19 agreeable or we provide responses, we'll have that
20 conversation. But once it's adopted, that will allow us
21 to further enhance the ability for those programs to make
22 a better impact and meet the goals established in the
23 Consolidated Plan.

24 The Amendment proposes -- it's actually available
25 online, but the Amendment proposes to do two things. It's

1 to modify the HOME ceiling. So previously, the HOME
2 ceiling was set at \$750,000, but we are modifying it to
3 actually remove the ceiling. Some thought process or
4 rationale as to the why behind that is because the program
5 itself sets up criteria and standards to create a capacity
6 limit so that we don't over-subsidize. And so, so we want
7 to make sure that if a project has greater need and can
8 sustain from the HOME program -- meeting the HOME program
9 requirements, that they can request as much as necessary.

10 The program for this change, the proposed modification
11 is to help entities who are using HOME funds to carry out
12 activities. They can do that in a manner that is really
13 most advantageous for the long-term sustainability of the
14 project. We don't want to undercut that unintentionally.
15 So we're trying to have a better conversation about
16 subsidy limits, capacity determinations, and per-unit
17 investment at a project application level rather than
18 beginning to create a ceiling that may unintentionally
19 circumvent some hardships -- or unintentionally cause
20 hardships in the future.

21 So this amendment is just -- or, excuse me, this
22 modification is just for this amendment. However, I will
23 say that in the Action Plan for 2016-2017, you'll see that
24 there's no HOME ceiling there as well. So I don't want to
25 confuse you, but this is amending what we said, which was

1 the limit of 750,000 in the 2015-2016 Amendment. We're
2 going to continue forward with that idea in the 2016-2017
3 Annual Action Plan.

4 Additionally, in the 2015-2016 Action Plan, lead-based
5 paint requirements had changed. The HOME and CDBG program
6 had established an additional level of lead-based paint
7 requirements for completing any HOME or CDBG activities.
8 And so in the course of the past few months, as we're in
9 our plan year, we've received some comments and feedbacks
10 from a number of entities or organizations that are
11 completing activities with HOME and CDBG that have
12 expressed these additional requirements or levels of
13 lead-based paint reporting and remediation have presented
14 a hardship.

15 So what we're doing is proposing to modify the
16 lead-based paint to be retroactive so that those projects
17 can be completed with less, but still meeting the basic
18 HOME requirements for lead-based paint and the CDBG
19 requirements for lead-based paint. So we're kind of
20 backing off a little bit, getting just back to the basics
21 of lead-based paint. So that's what that modification is
22 really getting to, is helping those activities be
23 completed still under this plan year. The other thing
24 that I'll say is, like the HOME funding ceiling, we're
25 also moving that same language into the 2016-2017 Annual

1 Action Plan, so you'll see that language is then similar.

2 So as we get to the comment period, we'll talk a
3 little bit about if you're talking about the Amendment or
4 if you're talking about the Action Plan. But moving on to
5 the 2016-2017 Annual Action Plan that's been proposed --
6 So again, as we've talked about, the Consolidated Plan is
7 the five-year plan and the Action Plan is the, is the
8 years that are amended each year, that proposes an
9 amendment as to how the State will carry out the
10 activities for CDBG, HOME, and ESG. And one of the things
11 that I wanted to mention is that you'll notice that it
12 looks significantly different than maybe if you've been
13 around in the 2000-to-2005 or 2005-to-2010 Consolidated
14 Plan or Action Plans.

15 The reason that it looks very, kind of scripted and
16 formatted is because of the change in the Econ Plan. We
17 all saw that in the Consolidated Plan and the first year's
18 action plan. And you'll see that there's a lot of
19 consistency in this next action plan year. So that's
20 really a great way for, I think, the public to be able to
21 read it, because HUD has formatted that template or that
22 action plan so that there's more consistency in how you're
23 able to read it, and then you're also able to find
24 information more accurately based on that template. So it
25 looks in that format for a specific reason. And I think

1 that that's been a really positive change for how this
2 Action Plan Amendment and also Action Plan Draft has been
3 able to be presented.

4 So there are three major sections to the Action Plan:
5 Setup, process, and the annual action plan. In the setup,
6 it's really just the administrative details. That's where
7 you see who is doing what and who is part and parcel to
8 the whole action plan process. Also, the process gives
9 you an idea of how you can participate in the Amendment or
10 in this plan so that you understand when we're making
11 public hearing announcements or how we've done that, when
12 we held them. It will also give you an idea of where
13 those comments will sit that any of you might provide and
14 where the agency responses will go, so then you can find
15 it really quickly in the Action Plan.

16 Additionally, the Action Plan itself really
17 establishes those expected resources that we have. And
18 actually, we have -- HUD has announced what the amounts
19 are. So the amounts won't change in regards to the full
20 amount of award for HOME or CDBG or ESG, but now you can
21 see even further how the State has decided to take that
22 resource that's coming from HUD, the financial resource,
23 and how we're deciding to set aside funds specific to
24 those subactivities, if you will; like I talked about,
25 economic development, housing, public facilities specific

1 to CDBG.

2 It also further confirms the goals and objectives that
3 have been listed in the Consolidated Plan and reaffirms
4 them again, or could modify them slightly, in the Action
5 Plan. So I want to point that out to you, because as
6 we're going to be receiving applications for CDBG and
7 HOME, those are the goals and objectives that we're going
8 to be looking forward to seeing in your responses in the
9 applications.

10 So specifically, some Annual Action Plan goals and
11 objectives, it really identifies the need for the
12 program -- or the needs for the programs and the goals for
13 the programs. It also, like I said, establishes the
14 specific funding for each of the subcategories, and then,
15 also, what those indicators are for meeting those goals.
16 Like I had just talked about, the CAPER is the report of
17 those goals. So this is where we're saying these are how
18 we're going to hopefully meet those goals. And it also
19 identifies how the funds are prioritized for those
20 individual programs; how much money we're looking at for
21 housing for CDBG versus public facilities, single-family
22 assistance for HOME versus competitive applications.

23 So the method of distribution is really quite a
24 critical part to read in, I think, the Action Plan. I'd
25 encourage you to go and read that section.

1 We also talk in our Action Plan about the barriers to
2 affordable housing and any specific program requirements.
3 So the barriers to affordable housing, we want to make
4 sure that that really kind of overlays into how those
5 activities are going to be carried out and also will
6 reference back to our analysis of impediments that was
7 completed as part of our Five-Year Consolidated Plan.

8 The program specific requirements, you'll see that
9 that's where we talk about lead-based paint as well. As I
10 said, we're modifying that in the Annual Action Plan for
11 2015-2016. You'll see that that's where we're talking
12 about lead-based paint and any other program specific
13 requirements for, for CDBG, HOME, or ESG. Specifically,
14 the recapture provisions that were just modified with HUD
15 to the State are listed in there, which will help guide
16 how the HOME program establishes how we can use those
17 single-family funds in regards to the use of homebuyer
18 assistance.

19 So comments can be received by the Department of
20 Commerce, and the individuals involved with the HOME and
21 CDBG program at the Community Development Division are
22 Kelly Lynch, myself, and Allison Mouch is the planning
23 bureau chief. The ESG program that is operated and
24 administered out of Department of Public Health and Human
25 Services, Jamie Palagi and Kane Quenemoen. So when we

1 receive those comments that you have about the ESG
2 program, we share them right away with DPHHS so that they
3 can help provide that response that's going to be inserted
4 and included into the Annual Action Plan.

5 Again, the open public comment period began March 3rd.
6 It ends April 4th. So if you want to think about your
7 comments today and you don't have anything verbally, you
8 send can them in in writing; we will definitely accept
9 them. I'll give you an address in a second. But we also
10 want to make sure that if you have any verbal statements
11 today, please do state your name, spell it for our court
12 reporter so that she can hear it and follow along, and
13 also state the organization that you're representing.

14 This is the address where you can submit public
15 comments. And the other thing that I would share is that
16 this PowerPoint is available on our website, so please
17 don't be in haste to write that down. It's out there on
18 our website. We can definitely provide that to you, as
19 well as if you send an e-mail to DocConPlan@mt.gov. So
20 you can send them in by postal mail or you can send your
21 comments in via e-mail as well; we'll accept them there,
22 or fax.

23 So I'm going to open up the floor, not only on the
24 conference call, but also here, and encourage anybody who
25 has a comment to definitely please come forward and share

1 them with the group, and we'll get it recorded and, and
2 continue our process. And also, if you're on the
3 conference, you can definitely type your answers -- or
4 your comments into the webinar section, so...

5 MR. O'NEIL: I'm Michael O'Neil, O apostrophe
6 N-E-I-L. I'm here today representing AWARE, Incorporated.
7 We're the largest provider of disability services in the
8 state of Montana, a nonprofit operating in communities
9 across the state of Montana. I also will partially
10 represent NeighborWorks Montana. I'm the current board
11 president of the board of directors there.

12 I'd like to just begin with, with some encouragement
13 and comment about the consolidated plan process. I've
14 made this comment in recent years. I see some -- I
15 appreciate today's PowerPoint providing a little insight
16 as to what changes might be highlighted. But in general,
17 I would ask that the Consolidated Plan take steps kind of
18 going back to some older methods to make the process as
19 transparent and understandable to all citizens of Montana,
20 particularly highlighting proposed changes in programs in
21 easily understood language; stating the rationale for a
22 proposed change and some potential impacts of those
23 changes highlighted. Maybe not in the document itself.
24 You could show cross-out, now that you've adopted a new
25 template. Or a better format is, in advance of the

1 hearing, a memo or something that would go out along with
2 the announcements highlighting.

3 These documents are, are dense, somewhat complicated.
4 I have about 25 years in the field; I found it difficult
5 to track the changes. And I still haven't had a chance to
6 read closely through the whole document. But without
7 highlighting, it makes me anxious that I have to read
8 every word carefully. That's being said for myself alone.
9 And I'm a frequent consolidated plan participant,
10 applicant to all these programs, and I have a hard -- I
11 have a lot of challenges participating in this process.

12 But when we look at the consolidated plan process, and
13 what I really appreciate about it, that in law, in
14 24 CFR 91.115, the purpose of this process, one of the
15 primary purposes, is designed to encourage participation
16 by low and moderate-income persons, potential
17 beneficiaries of these CP programs, including persons with
18 disabilities. The State is expected to, and I quote,
19 "take whatever actions are appropriate to encourage
20 participation of all of its citizens." In presenting
21 changes without highlighting them -- And it's a simple
22 making any proposed changes be easily identified in
23 consolidated plan documents and make it understandable to
24 everyone as to their impact. I think it's the least we
25 can do to encourage citizen participation for all citizens

1 of Montana.

2 In addition, I would encourage the more informal
3 processes that allow us to make good public policy and be
4 collaborators and partners in making public policy. I
5 noted that it was a major topic at the Governor's Housing
6 & Construction Key Industry Network, that ability to
7 collaborate with industries and, and stakeholders on
8 making public policy. And there's always, there is
9 existing structures within Department of Commerce that
10 have long been used as a clearinghouse on ideas that could
11 be related to changes to programs, and I think the Housing
12 Coordinating Team is an excellent venue for making those
13 changes, among a whole variety of other things, including
14 e-mails and making contact with folks being impacted.

15 That's my comments on process. But I would expect to
16 see change in that transparency in the process coming
17 forward.

18 One of the things -- AWARE is a longstanding community
19 and housing development organization in the state,
20 creating housing for people with disabilities. And
21 there's a major change in this proposal that -- Actually,
22 I had to have it drawn to my attention at the very last
23 moment yesterday. I missed it. I thought it was only
24 impacting homebuyer assistance.

25 But the community housing development organization is

1 an innovative piece of the HOME program. When the program
2 was developed originally in, I think, 1991, the community
3 housing development organization structure, which is a
4 legal organization that you have to seek approval from the
5 State, Montana Department of Commerce, and maintain a
6 certain eligibility through the structure of your board
7 and other, other things in terms of who -- and also your
8 focus of your organization. The idea was to create
9 flexibility in better meeting housing needs. And the CHDO
10 was designed to create that flexibility. And one of the
11 primary things made available was that a CHDO could
12 directly apply for funds.

13 Overall, if I'm reading the Consolidated Plan Annual
14 Action Plan change correctly, it would require that all
15 applications to the HOME program be submitted on behalf of
16 CHDOs by local government. I believe this just generally
17 would impact all housing activities: Home ownership
18 assistance, renovations, and also new construction of
19 housing for both rental and home ownership. I believe
20 that this would place an additional burden and potential
21 barrier in making application.

22 Throughout my, my history of opening up housing
23 opportunities for people with disabilities, nimbyism is
24 very strong sometimes in that regard, and that local
25 governments at times have not been our allies to actually

1 open up community living opportunities for people with
2 disabilities. And so in making application, it would be a
3 significant time and cost burden to get the local
4 government to sponsor your application.

5 In the implementation of the project during the
6 project stages, it adds additional administrative burden.
7 I can't imagine local government is going to want to do
8 this for free; they would probably take any administration
9 fee. And so, again, CHDOs, where in Montana we provide no
10 support for CHDO administrative activity, would lose all
11 or part of that administrative funding that would come
12 through the funding. And also, the barrier -- I think it
13 actually makes it less clear and less transparent for the
14 HOME program to administer the actual project, the
15 processing of invoices and things like that, and the
16 accounting for program funds. Then finally, it adds that
17 administrative burden in the compliance period, which is
18 upwards of 20 years in some cases, where you would have to
19 go through -- again, through local government to be
20 submitting that annual paperwork.

21 All in all, I think the folks who originally designed
22 the HOME program and put in federal legislation to create
23 the program, in creating community housing development
24 organizations, wanted the flexibility that community
25 housing development organizations present, and the

1 proposed change to make those applications go through
2 local governments would undermine the very nature of that
3 independence and flexibility in addressing affordable
4 housing needs. So that's a general against -- Please
5 maintain the current ability for CHDOs to directly apply
6 for housing assistance without going through an
7 intermediary local government.

8 One of the major impacts of this proposed change is it
9 would undercut the ability of innovative programs to
10 address housing needs statewide or nearly statewide. As I
11 said, I'm the current board president of Neighborworks
12 Montana. And for a variety of historical reasons, the
13 ability for local -- small local governments or local
14 organizations, for the most part, to provide homebuyer
15 assistance in their local areas alone, because of changes
16 in the banking industry and lending industry and the need
17 for an organization to have a certain capacity, that
18 Neighborworks Montana, at the behest of local areas, local
19 organizations, has really become a leader in providing
20 that assistance in communities statewide, along with
21 Missoula HRDC for the Missoula tri-county area and for the
22 Bozeman HRDC.

23 But what that does is that it allows that capacity to
24 be built up to have the expertise, the compliance, all the
25 things that go into managing that fund. The change to

1 make that each county -- having to apply through local
2 counties and local cities would make that arrangement to
3 be nearly impossible to pull off. It would undermine the
4 ability to get housing, homebuyer assistance out across
5 the state in an efficient, effective fashion. So again,
6 we would ask that CHDOs, like Neighborworks Montana and
7 HRDCs, along with local governments, could apply for
8 homebuyer assistance and other housing activities.

9 Another comment I would like to make is specific to a
10 change related to the homebuyer assistance. It's proposed
11 that they would place a limit of \$30,000 per purchase on
12 homebuyer assistance. We've had the ability and we've
13 worked -- AWARE has worked alongside Neighborworks to
14 promote home ownership for people with disabilities, and
15 there has been allowance in the Neighborworks Montana
16 program, for example, that allowed for upwards of \$40,000
17 of homebuyer assistance to go to families with a family
18 member with a disability living in the household. That
19 has opened -- has been, in many cases, the difference in
20 making home ownership possible or not.

21 For some, that may seem like high, but when we look in
22 our rental programs, we subsidize at a much greater rate
23 than what we would do there. And in reality, it
24 frequently allows individuals and families with
25 disabilities to have housing that better meets their

1 needs, and at a much lower cost to themselves and
2 sometimes to other government programs.

3 So this would create a barrier for many people and
4 have a disparate impact on people with disabilities'
5 ability to buy homes. And so we would ask that you would
6 not cap at \$30,000 and leave that flexibility for higher
7 needs for people with disabilities and for high-cost
8 areas.

9 We appreciate the response of the HOME program in
10 relation to the lead-based paint issue. Lead-based paint
11 is a major concern of all of us, as it should be. The
12 current rules as it relates to homebuyer assistance in
13 terms of visual inspection or the previous rule which is
14 now being readopted or --

15 MS. OLSON: Amended?

16 MR. O'NEIL: Whatever we're doing there, but
17 allowing us to just do visual inspections is very
18 important.

19 One thing I would encourage is that -- I'm very
20 familiar with the EPA lead-safe rules, and I find, in
21 trying to get it implemented, that in these rules is a
22 requirement for any renovation, not just federally
23 assisted housing, but any renovation on housing older than
24 1978 or in child care facilities, that the contractor be
25 certified lead-safe. And when you go out trying to find

1 contractors, who are doing renovations all over the state,
2 it's rare to find one that says that they're lead-safe.
3 And so I would encourage that inter-departmental and
4 cross-departmental efforts be made with the Department of
5 Labor on the building trades folks to encourage greater
6 compliance with that. I think that will get more bang for
7 our buck there. Maybe even sponsoring some of the
8 training, certifications, so contractors will have that in
9 place.

10 I think that's the remainder of my remarks. But I'll
11 take a chance to continue reading through the documents at
12 my leisure and reserve the right to submit some public
13 comment.

14 Thank you for allowing my testimony.

15 MS. OLSON: Thank you.

16 So we have two comments that are online, so I'm going
17 to have Stephanie read them for the record. And please
18 definitely state who they're coming from.

19 MS. CRIDER: I'll just read them verbatim. The
20 first one is from Ruth Burke, District XI HRC.

21 MS. BURKE: I agree that participants of the
22 process should receive highlights of the changes and we
23 should not have to look for the needle in the haystack and
24 have to read the whole document to find the changes.

25 MS. CRIDER: That was her first comment. And

1 then a second comment from Ruth Burke, District XI HRC.

2 MS. BURKE: I agree that requiring that a CHDO
3 apply for HOME funds through a local government is a
4 barrier. District XI HRC administers HOME homebuyer funds
5 in three counties. If we have each local jurisdiction
6 sponsor the homebuyer program, this would create
7 jurisdictional gaps in services, where, for example, you
8 may be able to get assistance in Stevensville but not
9 Hamilton.

10 This is an unnecessary restriction that would have a
11 negative effect on the program administration and a
12 disparate effect on our borrowers and unnecessary
13 bureaucracy.

14 MS. OLSON: Thank you for your comment, Ruth.

15 Is there anybody else that needs to be unmuted to have
16 a comment? Please do type it online if you want to
17 verbalize your comment, and Stephanie can work on unmuting
18 you. But we have a comment in the room.

19 MS. RUDE: This is Maureen Rude, executive
20 director of Neighborworks Montana.

21 And Michael made a few comments on behalf of our
22 board, who have talked a lot about these issues, because
23 the homebuyer assistance program, for us, is a really
24 critical program. In fact, yesterday I sent notes out to
25 a number of our partners. And I personally think that the

1 HOME program is the most important program available in
2 Montana for low-income individuals to be able to have the
3 dream of purchasing a home. We can help them with a
4 lot of -- help people with a lot of our other programs
5 that are in that higher-income level, but without HOME,
6 it's impossible to get somebody in that is truly low
7 income.

8 We have been successful at a lot of homebuyers being
9 able to purchase and obtain permanent, stable housing for
10 less than what they were paying in rent. And I think you
11 all should celebrate that the HOME program is so
12 successful at achieving those type of home ownership
13 situations.

14 So my first comment is related and is similar to the
15 other comments, and it relates specifically to the Annual
16 Action Plan, and that is the section where local
17 governments would have to be the applicant for this
18 homebuyer assistance. We work right now with 31 different
19 jurisdictions, and we have six more cued up who would like
20 to be part of our program. So having to have individual
21 contracts on the part of Department of Commerce with each
22 of those local governments and everything have to flow
23 through them would be a burden not only for us, but on
24 your staff, and I think it would be very difficult to
25 achieve.

1 I had some work done on our actual loan volume, and
2 we've had loans in nine counties, just in the counties --
3 I didn't even have them divide up into the individual
4 cities -- that we have separate agreements within those
5 counties. But to give you a flavor of it, we've had a
6 loan in Sweet Grass County, Powell County, five in
7 Lincoln County, one in Carbon County; and then in
8 Broadwater County, Butte-Silver Bow, Cascade, Flathead,
9 we've had 27 -- that was the old Glacier Foundation that
10 we now administer -- and then 17 here in Lewis and Clark
11 in the city of Helena. So, you know, we've been really
12 successful at making that program work, as have our
13 partner organizations who administer the program in their
14 areas.

15 My second comment is also reflected in Michael's
16 comments, but that is, in both the Amendment and the
17 Action Plan, there's a limit of 30,000 per unit. We
18 encourage that limit to be raised. Right now, we do
19 25,000 and then 40,000 in high-cost areas or for
20 households with a family member with a disability. And we
21 don't go up to that limit unless we need to, because we do
22 our calculations, and we only then give the amount that
23 they need. So maybe similar to what you're doing in terms
24 of how much entities can apply for, maybe rather than
25 having a hard limit, it's about serving them with how much

1 they really need in order to achieve home ownership rather
2 than having a dollar limit. So I urge you to consider
3 that.

4 And then lastly, I want to comment in a positive
5 manner about the changes made in the Amendment on the
6 lead-based paint. We've had a lot of heartache over that
7 and a lot of discussion. But I also think there's some
8 opportunity there, perhaps, in working with some other
9 entities, including a private contractor who is willing to
10 work with us on some kind of application to the EPA or
11 some other entity to try to obtain some funding to pay for
12 that testing, and they're willing to reduce their charges
13 for doing the testing. And I think that there is some
14 opportunities to work with the private sector on that.

15 And then I concur with the changing the ceiling or
16 lifting the ceiling on the total amount for CHDOs.

17 Thank you.

18 MS. CRIDER: Heather McMilin, she's unmuted and
19 she's got a comment.

20 MS. OLSON: So Heather, go right ahead.

21 MS. MCMILIN: Great. All right, if you guys can
22 hear me. I just want to echo support for Michael's and
23 Maureen's comments in regards to the homebuyer education
24 component with accessing those HOME assisted funds and how
25 networked they are throughout some of these cities and

1 counties. Going to the jurisdiction would complicate what
2 is already a somewhat complicated process that they
3 already really do well.

4 I will say, too, I love that you guys went through on
5 the webinar and pointed out the areas of change. So thank
6 you very much. It's helpful to understand.

7 We will be submitting comments in writing a little
8 more formally. But to be efficient right now, I do want
9 to point out and make comment that, and Michael spoke to
10 this, that CHDOs get kind of a -- they're special because
11 they can have some access, the HOME program is actually
12 quite innovative. The training that Nancy Harte and I
13 attended in Seattle with HUD trainers was very helpful in
14 understanding why and the intent of CHDOs.

15 I would like the Department of Commerce to consider
16 that not only is it set up to provide the ability to do
17 quality affordable housing, being a CHDO is not simple.
18 There's a lot of compliance that goes with that in staying
19 certified. So I think that you have a strong network of
20 CHDOs, and there could be more in Montana, and that
21 allowing direct access to state request with either an
22 explanation of why or getting letters of support or maybe
23 a deeper connection from the local jurisdictions would be
24 helpful to know that you're working within the community.

25 There may be projects, which Michael alluded to, that

1 might be a bit more of a challenge, so we're trying to
2 find models to work in different parts, in rural parts of
3 the state. We're really lucky in Missoula or Billings;
4 it's easy to go ahead and go through the local
5 jurisdiction because they're their own projects
6 jurisdiction. But it becomes complicated, and we had some
7 issues in Lewistown with just the mechanics of it. And
8 we'd love to chat and work with you guys on some
9 approaches to that, because I also recognize the reasons
10 why going to the local jurisdiction might be attractive.

11 And I would wholeheartedly support, and so would
12 HomeWord, the effort on the contractor procurement and
13 working with the Department of Revenue -- not Revenue, but
14 the Department of Labor and working as a group to look at
15 different delivery models. I know it's a Montana hiccup
16 on why we can't do HOME projects the way they are done in
17 other states, and we're exploring some delivery methods
18 that we're really excited about and would like to at least
19 open the door and do any policy work or have a group
20 discussion about how to approach making changes, if
21 necessary, to make that easier.

22 And as far as the rest of the comments, I do support
23 the changes on specific projects with that cap being
24 removed and getting to a deeper need or more units or in a
25 difficult-to-develop area. That's an excellent option for

1 HOME projects and you to allocate based on underwriting
2 and project need and circumstance. So I think that's a
3 good change.

4 And we'll submit the rest of our comments in probably
5 a shorter and more finite detail to you guys by the end of
6 the day.

7 MS. OLSON: Thank you so much, Heather.

8 And we have a comment here in the room.

9 MS. MENEZ: Tracy Menez, T-R-A-C-Y,
10 M-E-N-U-E-Z, with HRDC IX in Bozeman. First, I would, of
11 course, thank you as well for showing changes in the
12 Amendment. It's very helpful.

13 I'll start on my comments with the HOME program, for
14 the competitive program. Under methods of distribution,
15 we do strongly encourage the Department to reconsider the
16 requirement in the Consolidated Plan that the CHDO
17 applications be submitted by a unit of local government.
18 We're going through that on a project right now, and I can
19 attest that it's definitely added a layer of burden
20 between the two organizations. And, you know, with the
21 current CHDO guidance for administrative funds, it's an
22 unfunded burden as well. So we would strongly encourage
23 the Department to reconsider that requirement.

24 The application already requires that we work with the
25 local government as far as support. And I think that

1 that's great, to ask us to continue to get the support of
2 the local government and their assistance of the
3 environmental review, but not necessarily to the
4 application. I think that's probably a little bit further
5 than is, is workable for the communities. A lot of the
6 communities we work in are very small; they don't have
7 staff for this. And really, the administrative
8 requirements now flow both to the county or city and to
9 the organization. So from the audit perspective, those
10 are some big obstacles to overcome. And I think they
11 could stop a lot of projects in small communities.

12 We also are supportive of removal of the cap; we think
13 that's great. And we would like to continue working with
14 the Department to continue that exploration of how we can
15 utilize HOME funds under a resale method that we could use
16 in community land trusts. Because I think that HOME is a
17 great opportunity for community land trust projects, and
18 we'd like to figure out how to make those work. And I
19 know there's some changes.

20 Under the noncompetitive program, we'd echo the same
21 sentiment regarding the local government requirements that
22 have already been stated. You know, we work under
23 incredibly tight time frames, and adding another layer to
24 that process can certainly -- it's difficult, when we're
25 working with our lenders and our realtors, to get them

1 familiar enough with the process. So we would definitely
2 encourage you to not add another layer beyond what's
3 already in place. I think that the relationships are
4 working quite well as they are.

5 We would also support removing that cap for those
6 high-cost areas and for disabled families.

7 And we'd also encourage, you know, consideration of
8 allowing for conventional mortgages. Some of the
9 communities we work in, it's very difficult to secure FHA
10 or rural development, and so allowing for some other types
11 of mortgages would be very helpful.

12 We're supportive of the amendments on the lead-based
13 paint and, you know, all the comments that have been made
14 on lead-based paint. We've been very supportive.

15 I think that's it. I brought two people in case I
16 forgot something.

17 MS. OLSON: Thank you, Tracy.

18 So we have a comment coming from the webinar, and I'll
19 go ahead and ask Stephanie to read the comment.

20 MS. CRIDER: Actually, Nancy, you are unmuted, so
21 you go ahead and speak now.

22 MS. OLSON: Go ahead, Nancy Harte.

23 MS. HARTE: Hi, this is Nancy Harte, H-A-R-T-E,
24 and I am with the City of Missoula as well as Missoula
25 County; we are a combined city-and-county office. A

1 number of groups have weighed in about the requirement
2 that CHDOs apply through local government, and I don't
3 think you've gotten a comment from a local government yet,
4 so I thought I'd just put my two cents in.

5 We generally are more supportive of the CHDOs' point
6 of view, that adding an extra step in having CHDO
7 applicants come through the local government slows things
8 down. I think one of the main reasons for putting this
9 new policy into place was so that there would be better
10 communication with the local governments to know what
11 projects are going on in their communities, and I think
12 that's a laudable goal. But perhaps there just needs to
13 be some formal notification required so that the local
14 governments are aware.

15 Certainly, for an entitlement and PJ city like
16 Missoula, it's a little bit easier because we do have
17 staff that regularly deal with HOME programs. And I could
18 see this being quite a burden for smaller communities, and
19 certainly for projects that cross jurisdictions, multiple
20 counties and multiple cities and that kind of thing. And
21 I think it's particularly exacerbated by the fact that
22 there is no administration funding attached to this.

23 And the other concern that we have was whether that
24 would, would limit the number of applications that could
25 come from a community. For example, if there is a CHDO in

1 Missoula County, more than one CHDO that wants to apply,
2 currently, those CHDOs can apply on their own, and then
3 the County can apply on its own as well. I'd hate to see
4 it constricted so that there's only one application
5 allowed from a county, because different counties have
6 different needs, and some counties have greater needs than
7 others in terms of the need for affordable housing.

8 So I just wanted to put that in there in terms of the
9 local government perspective. I understand the motive,
10 and I think it's a good motive and something that ought to
11 be done so that local governments are kept into the loop.
12 For Missoula County and Missoula City, certainly, I don't
13 think affordable housing projects happen much without us
14 knowing about them, but that may not be true in other
15 areas. So I understand that, but let's not make it that
16 much more difficult.

17 Thank you.

18 MS. OLSON: Thank you, Nancy.

19 We have some comments that are typed in on our
20 webinar, so Stephanie is going to read them.

21 MS. CRIDER: Ruth Burke, District XI HRC.

22 MS. BURKE: On the limit of 30,000 per unit, I
23 encourage a higher limit. 60 percent of our homebuyers in
24 the last three years were over \$30,000. The borrowers are
25 limited in the program to borrowing only as much as

1 needed. Limiting the maximum to 30,000 will make working
2 with lower-income borrowers even more difficult than it
3 currently is.

4 MS. CRIDER: And then she has one more.

5 MS. BURKE: Ruth Burke, District XI HRC. We
6 support the changes to the lead-based paint requirement
7 and the removal of the cap of \$750,000.

8 MS. OLSON: Thank you, Ruth.

9 So again, you can type the comments on the screen, and
10 also, if you want, we can unmute you and you can verbally
11 provide your comments. As I mentioned earlier, we have a
12 court reporter here that can record your comment so that
13 we can include it as part of the Annual Action Plan public
14 comment process and the agencies can provide a response.

15 So it looks like we have another comment, and I will
16 go ahead and ask Stephanie to read it as it's coming in on
17 our Webinar.

18 MS. CRIDER: Comment from Andrea Davis, HomeWord.

19 MS. DAVIS: I want to support comments provided
20 by all the testimonials today. I don't want to repeat.

21 Thank you.

22 MS. OLSON: Okay. Great. And again, if you're
23 out in Webinar, please do definitely let us know if you
24 want to be unmuted; we can provide you an opportunity to
25 provide your comments verbally or you can type in your

1 question. And if there's anyone here in the room that
2 would like to add any further comment, even if you've
3 already provided a comment, you can definitely do so at
4 any time. And we'll just kind of give you a few minutes.

5 And I wanted to -- Maybe we'll take this opportunity
6 to keep on -- I have a few other slides, maybe we'll just
7 go through those, but that doesn't mean that you won't
8 have an opportunity still to provide comment.

9 The next steps that happen in regards to how this
10 document turns into a final draft is once the public
11 comment period has ended, Commerce and DPHHS will respond
12 to the comments made during the public comment period, and
13 that will be, as I said, within the comment process in the
14 Annual Action Plan, also in the Amendment to the Annual
15 Action Plan. So the 2015-2016 Amendment will have its own
16 comment process, those will be listed in there, and then
17 the 2016-2017 Annual Action Plan will have a comment
18 section, and the comments will be listed in there and
19 responses provided.

20 Based on the comments that we receive during the
21 public comment period, the Departments, Commerce and
22 DPHHS, can modify the document, the Final Annual Action
23 Plan, Draft Annual Action Plan Amendment, based on those
24 comments and then include those changes within the final
25 document. Then once the final document has been reflected

1 according to what the agency response is, a final document
2 is prepared. We'll publish that online and send it to
3 HUD.

4 And then HUD can either approve the proposed Action
5 Plan Amendment and the Action Plan itself for last year
6 and this year, and then if they don't approve it, then we
7 go through a conversation with them and follow any process
8 that they have established. But once they do approve it,
9 then at that time the document will be listed as final on
10 the website. And then also, at that point in time, we'll
11 receive an award from HUD, an actual official contract,
12 and then be able to begin obligating those HOME, CDBG, and
13 ESG funds.

14 I did want to provide just a little information.
15 During this public comment process, we've received some
16 comments actually as stated here today specific to the
17 homebuyer assistance for HOME having to go through a local
18 government. And for the homebuyer assistance, the
19 Department is intending on modifying that so that the
20 homebuyer assistance can be completed. Homebuyer
21 assistance is just a matter of information. It doesn't
22 have to be carried out by a CHDO; it can be carried out by
23 any nonprofit organization.

24 We've received a lot of great feedback during this
25 public comment period beginning March 3rd, and so the

1 Department intends on modifying that for the homebuyer
2 assistance section. Not to say that that won't be a
3 consideration for the other comments made today regarding
4 the other changes proposed; the Department will definitely
5 be considering that as well. But I did want to give a
6 little insight into what that modification of the
7 documents will include based on the comments that we've
8 already received.

9 So it will be more formally announced and clarified,
10 stated within the Action Plan Amendments, but again, the
11 Departments will consider all of them holistically and
12 then provide those responses entirely.

13 I want to check in with Stephanie to see if anybody
14 has provided any comments. No, it doesn't look like
15 anybody's out there on webinar. Anybody in the room
16 definitely can also provide comments.

17 I'm just going to go back to the comments page. So
18 again, if you have any written comments that you would
19 like to provide, if you would like to share that with
20 others so that they can also provide the comments, please
21 definitely let them know about this address or tell them
22 to visit our website, contact us directly, send an e-mail
23 to DocConPlan@mt.gov. Go to any one of our repositories
24 to review the document and send us those comments.
25 Comments must be submitted no later than April 4th at

1 5:00 p.m.

2 I want to thank you all for joining us today for the
3 changes that the State is proposing to both those
4 documents and look forward to hearing from you if you have
5 any formal comments that you haven't provided here today.

6 I will go ahead and end the hearing at this time.

7 (The proceedings concluded at 12:01 p.m.)

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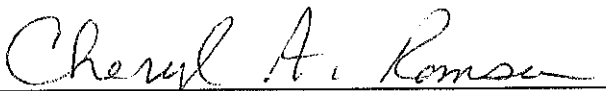
COURT REPORTER'S CERTIFICATE

STATE OF MONTANA)
) ss.
COUNTY OF LEWIS AND CLARK)

I, CHERYL ROMSA, Court Reporter, residing in Helena, Montana, do hereby certify:

That the foregoing proceedings were reported by me in shorthand and later transcribed into typewriting; and that the -40- pages contain a true record of the proceedings to the best of my ability.

DATED this 4th day of March, 2016.



CHERYL A. ROMSA