

U. S. Department of Housing and Urban Development



Community Planning and Development

Region VIII, Denver
1670 Broadway Street
Denver, Colorado 80202-4801

Phone: 303-672-5414
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December 4, 2018

Gregory T. Doyon, City Manager
City of Great Falls
#2 Park Drive South, Room 201
Great Falls, Montana 59403

RECEIVED
FEB 13 2019
CITY MANAGER

Re: Annual Community Assessment

Dear Mr. Doyon:

The U.S. Department of Housing and Urban Development (HUD), Region VIII, Office of 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 most important responsibilities in this ongoing process is the periodic assessment of our grantees' 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 Great Falls for its 2017 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
- Timeliness
- Caps on Obligations – Community Development Block Grant (CDBG) 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
- Integrated Disbursement and Information System (IDIS)

Based upon our analysis and examination of the data available to us, we have determined that the City of Great Falls' overall progress has been satisfactory during the most recent program year.

While the City of Great Falls appears to be administering most elements of its program in a manner consistent with the applicable regulatory requirements, the enclosed Annual Community Assessment contains one Finding. The Finding includes the required Corrective Action. The Finding is briefly described below and addressed in greater detail in the attached assessment.

FINDING #1 – HOME ON-SITE MONITORING INSPECTIONS DID NOT OCCUR

Condition – The City of Great Falls had scheduled HOME assisted rental housing on-site monitoring visits for the Meadowlark Apartments, Portage Apartments and Sand Hills, but they did not occur during the program year. The Meadowlark Apartments and Portage Apartments were monitored in October of 2018; however, Sand Hills is yet to be monitored. We have also learned that the project completion monitoring for Neighbor Work's First Avenue Estates, IDIS Activity number 1385, has not occurred and this project was completed more than 12 months ago.

During the period July 1, 2017 through June 30, 2018, the City of Great Falls has carried out its programs satisfactorily as described in its Consolidated Plan and has the continuing capacity to carry out its approved programs 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 long horizontal flourish extending to the right.

Aaron B. Gagné
Regional Director

Enclosure

ANNUAL COMMUNITY ASSESSMENT

JURISDICTION – City of Great Falls

PROGRAM YEAR START – July 1

PERIOD COVERED BY ASSESSMENT – July 1, 2017 – June 30, 2018

U.S. Department of Housing and Urban Development (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 2017 program year performance, the third year of the five-year 2015-2019 Consolidated Plan.

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

The City of Great Falls is meeting the primary objective of the Community Development Block Grant (CDBG) Program and HOME Investment Partnerships (HOME) 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. The HOME funded projects are making progress towards local goals through the development of affordable homeownership and rental units for low-income households.

Projects funded in the 2017 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 third year of the Consolidated Plan:

Goals and Accomplishments

Objective	5-year goal	1-year goal	Actual Accomplishments
Economic Development Jobs Created/Retained	15 jobs	4 jobs	2017: 4 jobs / 5-Year goal: 25 jobs created and retained
Economic Development Businesses Assisted	10 businesses assisted	0 businesses assisted	2017: 0 businesses assisted / 5-Year goal: 4 businesses assisted
Rental Units Constructed	8 household housing units		5-Year goal: 11 household housing units
Housing Code Enforcement/Foreclosed Property Car	200 household housing units		5-Year goal: 511 household housing units

Homeowner Housing Added	50 household housing units	4 household housing units	2017: 0 household housing units / 5-Year goal: 14 household housing units
Homeowner Housing Rehabilitated	75 household housing units	7 household housing units	2017: 8 household housing units / 5-Year goal: 25 household housing units
Direct Financial Assistance to Homebuyers	25 households assisted		5-Year goal: 63 households assisted
Rental Units Rehabilitated	75 household housing units	0 household housing units	2017: 74 household housing units / 5-Year goal: 74 household housing units
Public Facility or Infrastructure	1,600 persons assisted	4,624 persons assisted	2017: 8,710 persons assisted / 5-Year goal: 29,940 persons assisted
Public Service	15,000 persons assisted	491 persons assisted	2017: 556 persons assisted / 5-Year goal: 29,579 persons assisted
Transitional housing	5,200 persons assisted	10 persons assisted	2017: 0 persons assisted / 5-Year goal: 141 persons assisted

The Consolidated Annual Performance Evaluation Report (CAPER) indicates that the City of Great Falls is performing capably in terms of meeting goals, and we congratulate the city for the accomplishments. The city's 11 objectives are listed above. Nine objectives have met or exceeded the annual goals. Six of the objectives have already exceeded the five-year goals, and another is close to meeting its five-year goal. Of the four objectives not meeting annual and/or 5-year goals only one seems possible to achieve its five-year goal. We encourage the city to reassess the lower performing objectives to determine what are the current needs and inhibiting factors. We commend the city's success with most of their objectives. Additionally, we are pleased to see that the Integrated Disbursement and Information System (IDIS) contains the required performance data.

Part II. Summary of Grantee Performance

Community Development Block Grant

Consistent with this primary objective, not less than 70 percent of the aggregate of the Federal assistance 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 2017. The entitlement City of Great Falls has met the aggregate standard, by expending 91.3 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 Great Falls had 1.45 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 of Great Falls is limited to 20 percent obligation and expenditure of grant funds and current year's program income for administrative expenses. The city obligated 19.9 percent of grant funds for administration and is within the allowed amounts. Public service obligations and expenditures are likewise limited to 15 percent of grant funds and prior year program income. The city obligated and spent 8.6 percent of funding on public service activities and is within the allowed amount.

For origin year 2015 grants and subsequent years, no more than 20 percent of any origin year grant shall be expended for planning and program administrative costs. Program income is not included in this calculation. The City of Great Falls's 2015, 2016 and 2017 grant year expenditures for administration and planning are \$145,467.72, \$135,436.80 and \$140,541 respectively. The city exceeded the regulatory spending cap set at 24 C.F.R. § 570.200(g)(1) for origin year 2015 with 20.3 percent for administration and planning. This requirement is not enforced until grant closeout; however, the City should contact its CPD Representative to mitigate further liability.

The City of Great Falls is showing satisfactory progress in meeting the goals set out in the third year of the Consolidated Plan. Most of the activities and projects are meeting annual goals, and eight of the 11 objectives have met or are on track to meeting the five-year goals.

HOME Investment Partnerships Program

The City of Great Falls did not meet 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 reserved 0.0 percent to its CHDO for grant year 2016; a shortfall of \$27,837.45. A letter was sent to the City Manager notifying that the city had missed its September 30, 2018 CHDO reservation requirement deadline. The city had 15 days of the date of the letter to provide documentation of any CHDO reservations that were executed before the deadline that were not entered into the IDIS prior to deadline. Documentation was provided however the documentation did not meet the definition of commitment at 24 C.F.R. § 92.2 and the subsidy layering and underwriting requirements at 24 C.F.R. § 92.250(b). The funds not reserved will be deobligated. Grant year 2017 is currently at 0.0 percent with a deadline of October 31, 2019 to meet the next CHDO reservation requirement.

In addition to the CHDO threshold, Participating Jurisdictions are limited to 10 percent of their fiscal year award and program income for program administration costs. The City of Great

Falls has committed 0.0 percent of HOME funding for these costs. Data was provided on program income. The city received \$56,032 in program income for the reporting period.

The CAPER stated that three HOME assisted rental housing on-site monitoring project visits were scheduled for program year 2017 (Meadowlark Apartments, The Portage Apartments and Sand Hills) however they did not occur. This is a finding.

FINDING #1 – HOME ON-SITE MONITORING INSPECTIONS DID NOT OCCUR

Condition – The City of Great Falls had scheduled HOME assisted rental housing on-site monitoring visits for the Meadowlark Apartments, Portage Apartments and Sand Hills, but they did not occur during the program year. The Meadowlark Apartments and Portage Apartments were monitored in October of 2018; however, Sand Hills is yet to be monitored. We have also learned that the project completion monitoring for Neighbor Work’s First Avenue Estates, IDIS Activity number 1385, has not occurred and this project was completed more than 12 months ago.

Criteria – 24 C.F.R. § 92.504(d)(ii)(A)

The on-site inspections must occur within 12 months after project completion and at least once every 3 years thereafter during the period of affordability.

Cause – The City of Great Falls had a delay in monitoring because of a lack of staffing availability.

Effect – The City cannot determine compliance with the property standards of 24 C.F.R. § 92.251 and to verify the information submitted by the owners in accordance with the requirements of 24 C.F.R. § 92.252.

Corrective Action – The Planning and Community Development Department shall provide documentation that on-site inspections have been completed for Sand Hills and First Avenue Estates within 60 days of the Annual Community Assessment letter transmitting this report. The City shall also provide a progress report on its 2018 monitoring plan.

The City of Great Falls provided the jurisdiction's affirmative marketing actions for HOME units, and other actions taken to foster and maintain affordable housing. Housing projects containing five or more units were required to affirmatively market units. The city found programs expending HOME funds during this reporting period to be using every available option to market housing units. The city updated the approval process for the NHS grant activities to create transparency. All graduates of the homebuyers’ clubs having low- to moderate-incomes were eligible to apply for purchase newly constructed or rehabilitated homes. A letter notifying of the purchase application time frame and procedures were mailed to all eligible graduates. In addition, information on all NHS services was included in their newsletters and on their website.

Integrated Disbursement and Information System

The IDIS reports indicate that the City of Great Falls is consistently entering data and information into the 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 85.0 percent of funds were expended from the total available in program year 2017 for the city. The PR 26 report did convey correct information regarding the planning and administration cap requirements. The use of the ‘liquidated/unliquidated’ fields in the IDIS are vital to calculating planning and administration correctly.

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 2017 indicates that activity descriptions are mostly entered and maintained. Overall, the City of Great Falls is using the IDIS in a satisfactory and useful manner.

Acquisition and Demolition activities are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and/or Section 104(d) of the Housing and Community Development Act. We note two asbestos removal activities in the PR 03 report. In the event of an acquisition or demolition activity please insure that you follow the required processes. Contact Jade Santoro, Relocation Specialist at jade.a.santoro@hud.gov or (303) 672-5069 for information and assistance.

Fair Housing and Equal Opportunity

The Office of Fair Housing and Equal Opportunity (FHEO) is currently completing its review of the City of Great Falls’ program year 2017 CAPER submission. Their review will be based on the amount of information within the CAPER that sufficiently demonstrates compliance with FHEO non-discrimination and equal opportunity requirements, and the extent of the evidence available in the document to substantiate the accuracy of the city’s fair housing and civil rights certifications. An overall risk level for the city will be determined by FHEO.

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 Great Falls.

Part III. HUD Evaluation and Conclusions

A. OVERALL EVALUATION

Overall, the City of Great Falls appears to be making strides in providing affordable housing and addressing its community development needs with nine of its objectives through its 2017 program year activities. However, three objectives are falling short of achieving Five-Year goals.

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

Great Falls for its Consolidated Plan and 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 Great Falls has carried out its programs adequately 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 Great Falls has the continuing capacity to carry out its approved program in a timely manner.

U. S. Department of Housing and Urban Development



Community Planning and Development

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April 8, 2018

RECEIVED

APR 18 2018

CITY MANAGER

Gregory T. Doyon, City Manager
City of Great Falls
#2 Park Drive South, Room 201
Great Falls, Montana 59403

Dear Mr. Doyon:

We appreciate your response and comments received March 21, 2019 to your December 4, 2018 finding for the Department of Housing and Urban Development (HUD) HOME Investment Partnerships (HOME) Program. The following is a summary of the respective status of the finding:

FINDING #1 – HOME ON-SITE MONITORING INSPECTIONS DID NOT OCCUR

The City of Great Falls had scheduled HOME assisted rental housing on-site monitoring visits for the Meadowlark Apartments, Portage Apartments and Sand Hills, but they did not occur during the program year. The Meadowlark Apartments and Portage Apartments were monitored in October of 2018; however, Sand Hills is yet to be monitored. We have also learned that the project completion monitoring for Neighbor Work's First Avenue Estates, IDIS Activity number 1385, has not occurred and this project was completed more than 12 months ago. This was not in accordance with 24 C.F.R. § 92.504(d)(ii)(A).

Your response:

“Below is an explanation of monitoring that has taken place for each of the projects addressed in the Annual Community Assessment. You will see that Sand Hills as well as First Avenue Estates have had onsite monitoring completed since October 2018.

Sand Hills

On-site Monitoring was completed on October 3, 2018 and involved a physical property inspection, a thorough tenant file review, and a review of the organization's Fair Housing and Equal Opportunity policies and standards. On-site monitoring of this property will take place every two years throughout the 20-year affordability period ending in 2030. Attached is documentation from the most recent monitoring on October 3, 2018.

First Avenue Estates

The first on-site monitoring during the 20-year affordability period was completed on February 7, 2019 and involved a physical property inspection, a thorough tenant file review, and a review of the organization's Fair Housing and Equal Opportunity policies and standards. On-site monitoring will take place every two years throughout the

affordability period ending in 2036. Attached is documentation from the most recent monitoring on February 7, 2019.

In reference to the note in the Finding that project completion monitoring for NeighborWorks' First Avenue Estates has not occurred, we are outlining below what was completed for this item.

First Avenue Estates

Project completion monitoring was started and the Rental Set Up and Completion Form was completed along with the EXHIBIT 9-D CERTIFICATION OF COMPLETION AND STATUS OF FUNDS REPORT. The additional HOME Monitoring Checklist 6-A was initiated within the project file. The intent to complete was shown; however, it was not fully completed and submitted. We do not know the reason for this; however, it could have been due to a staffing change during that time period. We have attached copies of the documents that pertain to this item from the project file for your review.

Additionally, the 2018 monitoring plan you requested is attached. The HOME Monitoring Schedule maintained within our office is updated each time a monitoring is completed. It clearly outlines the monitoring frequency, last date monitored, as well as the due date for the next monitoring of each project.”

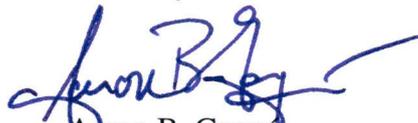
Our reply:

A review of the City of Great Falls' supporting documentation confirms that on-site monitoring inspections have been completed for Sand Hills and First Avenue Estates. An On-site monitoring inspection occurred on October 3, 2018 for Sand Hills and on February 7, 2019 for First Avenue Estates. The city also provided a current HOME Monitoring Schedule.

The City of Great Falls is in compliance with 24 C.F.R. § 92.504(d)(ii)(A). The finding is **closed**.

We thank you for your response to the finding noted in the Annual Community Assessment. 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,



Aaron B. Gagne
Regional Director

cc: Tom Micuda, Planning and Community Development