



Pathways to Removing Obstacles to Housing

Action Plan

2026

Montana Department of Commerce

P.O. Box 200523

Helena, MT 59620-0523

Phone: 406-841-2700 | Fax: 406-841-2701

commerce.mt.gov

Montana 711: montanarelay.mt.gov

Table of Contents

Action Plan Summary	4
Resources and Budget	9
Table 1 — PRO Housing Grant Budget	9
Table 2 — Leveraged Funds Breakdown.....	11
Need	12
Governor’s Housing Task Force	13
Senate Bill 382 The Montana Land Use Planning Act.....	14
House Bill 819.....	15
Senate Bill 245.....	16
Senate Bill 323.....	16
Senate Bill 407	16
Senate Bill 528.....	16
Community Technical Assistance Program	16
Community Planning Platform.....	17
Montana Housing Counseling and Education	17
Fair Market Rent Reevaluation.....	18
Acute Demand for Affordable Housing	19
Map 1 — Net Migration as a Percent of Population by County from 2020 to 2022.....	21
Table 3 — Montana’s Affordable Housing Need	22
Map 2 — Federal Reserve Bank of Minneapolis — Price of Housing	23
Table 4 — Total Households.....	24
Housing Needs Summary Tables	26
1. Housing Problems (Households with one of the listed needs).....	26

Table 5 — Housing Problems 1	26
2. Housing Problems 2 (Households with one or more Severe Housing Problems: Lacks kitchen or complete plumbing, severe overcrowding, severe cost burden).....	28
Table 6 — Housing Problems 2	28
3. Cost Burden >30%.....	29
Table 7 — Cost Burden >30%	29
4. Cost Burden >50%.....	29
Table 8 — Cost Burden >50%	29
5. Crowding (more than one person per room)	30
Table 9 — Crowding Information — 1 of 2.....	30
Table 10 — Crowding Information 2 of 2	31
Table NA-30 — Total Number of People Experiencing Homelessness.....	32
Key Barriers	33
Use of Funds — Soundness of Approach.....	38
What is your vision?	38
National Objectives	45
What is your geographic scope?	45
Map 3 — Montana's Regional Centers and Their Surrounding Counties	46
Who are your key stakeholders? How are you engaging them?	48
Table 11 — Race and Ethnicity.....	50
What are your budget and timeline proposals?	51
Timeline	51
Use of Funds — Method of Distribution (State grantees only).....	52
Table 12 — Distribution of Activity 1 and 2 Funds	53
Grantee and Partner Capacity	57

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Staffing Plan	59
Stakeholder Engagement and Public Participation Summary.....	64
Long-Term Effect	65
Substantial and Non-Substantial Amendments (if applicable)	68

Action Plan Summary

The State of Montana was awarded \$7 million in Pathways to Removing Obstacles to Housing funding to implement long-term transformational change in how Montana's fastest growing and increasingly unaffordable communities plan for, regulate, approve and incentivize housing. Through the implementation of the new Montana Land Use and Planning Act, also known as the Act or MLUPA, Montana will demonstrate how shifting the cost and responsibility of site-specific development impact analysis and public input through the comprehensive planning and community-wide zoning processes to community wide comprehensive planning and zoning processes will streamline housing development approvals, create certainty in the development process and reduce carrying costs for the development industry. For the first time in the state's legislative history, Montana communities will be required to quantify their housing needs and permit sufficient densities through zoning codes to accommodate by-right construction to address identified housing needs.

MLUPA requires Montana's most populous communities in the fastest-growing regions of the state to enact a minimum of five zoning reforms that will lead to the development of more affordable housing. These reforms must come from a statutorily codified list of 14 reforms that include: reducing or eliminating requirements related to parking, building height, lot coverage, setbacks, minimum unit size, minimum lot size, floor area ratio and other common land use controls; rezoning to allow multifamily or mixed-use residential development in office, commercial and light industrial zones; allowing duplexes, triplexes or fourplexes by-right in all areas zoned primarily for single-family homes; allowing accessory dwelling units by-right; and eliminating or reducing impact fees for accessory dwelling units or multi-unit dwellings.

Finally, once a community has fully implemented its plans and regulations in compliance with MLUPA, all development will be administratively reviewed and approved, according to Title 76, Section 25 of Montana Code Annotated. Appeal of administrative decisions is strictly limited to those issues not already addressed during the comprehensive planning process, and appellants must raise all issues on appeal that they would raise in court or

lose the ability to challenge a project on those grounds. This certainty is only available through successful implementation of MLUPA by a community.

The project has been, and will continue to be, a collaborative effort by a statewide consortium of housing developers, realtors, surveyors, housing advocates, municipalities, land use planners, the legislature and the governor. From the creation of the Land Use Planning Working Group in 2018 to the passage of MLUPA in 2023, these groups have worked tirelessly to create a new framework for the development, review and approval of housing development across the state. Since MLUPA passed in 2023, the communities required to comply with MLUPA have collectively engaged in thousands of hours of staff time and public participation work and invested millions of dollars in ensuring the successful implementation of the new statutory framework. PRO Housing funding will bring these communities across the finish line with that work and begin the next phase of incentive programming to further develop, evaluate and implement their housing policies and improve local strategies to facilitate affordable housing production and preservation.

The PRO Housing application was submitted collaboratively by the State of Montana and the Montana League of Cities and Towns on behalf of 10 cities subject to MLUPA and one additional city that voluntarily voted to comply with MLUPA. The 11 cities were identified, described and evaluated as part of the original PRO Housing application submitted to and approved by HUD. The League is operating as a pass-through entity to the 11 subrecipient MLUPA cities identified in the PRO Housing application and will not conduct an open competitive subgrant process. To implement the PRO Housing award and funding, the State of Montana, through its partnership with the League, will provide \$4.93 million in PRO Housing funds to 11 MLUPA communities to complete the planning and public participation work needed to meet the deadline of May 17, 2026, for compliance with MLUPA, through Activity 1 and Activity 2 with completion and estimated closeout by May 31, 2027. This includes finalizing the land use plans and maps; collecting the data and analyzing the impacts of proposed development patterns on local services and facilities, the local economy, natural resources, the environment and

any hazards to development; provide public participation and comment on those impacts and necessary mitigation; and implementing the land use plan through the adoption of specific zoning ordinances and subdivision regulations. In fulfillment of the League's responsibilities as a pass-through entity under the federal regulations and PRO Housing 2 Notice of Funding Opportunity, the League shall conduct documented pre-contractual determinations and ongoing monitoring processes to confirm that all subrecipient activities remain consistent with the HUD-approved application, applicable federal and state requirements and the goals of the PRO Housing Program. These determination and monitoring processes will be documented for each subrecipient.

The State of Montana will use the remaining \$2.07 million in PRO Housing funds to establish the Housing Technical Assistance Program to provide tools, resources and grant funds and planning assistance to non-MLUPA communities statewide to further incentivize affordable housing development. The State will provide a list of options that communities can choose from to incentivize increased affordable housing development.

This entire project is a collaborative effort to use PRO Housing funding in ways that will help the State alleviate its housing supply and affordability challenges. The following activities will be completed, as originally established in the PRO Housing application and identified by each MLUPA community:

- Activity 1: Conduct remaining data compilation, analysis, housing needs projections and public participation in developing land use plans and maps that support streamlined housing development by right in 11 MLUPA communities.
- Activity 2: Update zoning ordinances and subdivision regulations that codify at least five zoning reforms that support increased housing development and implement administrative approval of housing development within 11 MLUPA communities.



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- Activity 3: Establish the Housing Technical Assistance Program to develop and deliver tools, resources and direct technical planning assistance to support all Montana communities in their efforts to reduce barriers and incentivize the development of affordable housing.

The total project cost is \$30,381,099. The State was awarded \$7 million from HUD, of which \$4.93 million is to help implement land use planning reforms with 11 MLUPA communities, \$1.93 million for the Housing Technical Assistance Program’s pilot program to jumpstart housing development at the local level and \$140,000 for the Montana Department of Commerce’s administrative expenses. The State is providing \$2,440,979 in leverage through its Community Technical Assistance Program, and \$993,648 in grants to 37 communities across the state, which includes \$284,150 in grants to the 11 MLUPA communities through the Montana Community Reinvestment grant program. The assisted MLUPA communities are providing a combined total of \$19.9 million through local funds and in-kind staff time and resources as leverage for the project activities 1 and 2.

The only reimbursed administrative costs would be the \$140,000 allocated to Commerce. The League did not request any administrative costs related to this grant. The State of Montana and its partner have proactively chosen to minimize costs allocated to grant administration to maximize the potential for success in local regulatory reform and incentivizing housing production.

Agency	Role	Name	Contact information
Montana Department of Commerce	Administrator for Community MT and PRO Housing overseer	Galen Steffens	Email: galen.steffens@mt.gov Phone: 406-841-2770


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Agency	Role	Name	Contact information
Montana League of Cities and Towns	Liaison with MLUPA communities to provide technical assistance and support for activities 1 and 2	Jerry Grebenc	Email jerry.grebenc@mtleague.org Phone: 406-594-9505
Montana Department of Commerce	Liaison for the Housing Technical Assistance Program development and implementation	Ann Schwend	Email: ann.schwend@mt.gov Phone: 406-841-2819
Montana Department of Commerce	Liaison for the Housing Technical Assistance Program development and implementation	Jacob Cote	Email: jacob.cote@mt.gov Phone: 406-841-2777
Montana League of Cities and Towns	Liaison with MLUPA communities to provide technical assistance and support for activities 1 and 2	Jennifer Olson	Email: jennifer.olson@mtleague.org Phone: 406-431-4504

Agency	Role	Name	Contact information
Montana Department of Commerce	DRGR data entry	Stephanie Crider	Email: scrider@mt.gov Phone: 406-841-2908

Resources and Budget

The total project cost is estimated at \$30,381,099. The State of Montana will leverage \$23,381,099 as part of the grant. A budget breakdown can be found in Table 1.

Table 1 — PRO Housing Grant Budget

Activity	Amount
MLUPA Community planning reform (activities 1 and 2)	\$4,930,000
Pilot programs to jumpstart housing development (activity 3)	\$1,930,000
Administrative expenses	\$140,000
Total	\$7,000,000

The budget for activities 1 and 2 was developed based on the scope of work required for each community to complete remaining planning activities necessary to achieve full compliance with MLUPA, as established in the Montana Code Annotated. The League reached out to each of the 11 MLUPA communities to determine the level of effort and estimated costs needed to complete the comprehensive planning work necessary to achieve MLUPA compliance.

Many of the MLUPA communities began planning work immediately after the passage of MLUPA in 2023 and under the statute are required to complete this work no later than May 2026. By aligning PRO Housing activities with the remaining work required for MLUPA compliance, the funding was well poised to provide a targeted investment in locally identified planning activities that are required to comply with and implement

MLUPA. Because MLUPA planning activities vary depending on the community's existing planning efforts, their approach to selecting the MLUPA actions allowed under state law and the complexity of their local community needs, there is no single applicable national industry standard for planning costs and services. Instead, the reasonableness of cost was determined through locally procured professional services and use of qualified in-house staff. Each community identified the most cost-effective approach to completing the required work, either through competitively procured planning consultants consistent with applicable state procurement requirements or by electing to use existing local government staff with expertise in land use planning, housing policy and public engagement.

Budgets for activities 1 and 2 are directly tied to defined land use planning deliverables that support and implement MLUPA. This includes the local investment that is leveraging activities 1 and 2 by the MLUPA communities. These leveraged dollars can include costs related to other work completed for MLUPA compliance using city staff and contracted services for land use planning. This coordination of federal funding and local investment strengthens the competing fiscal needs in each community. Compliance with MLUPA is a complex undertaking, and the Act provided only until May 2026 for the communities to achieve compliance. Many communities could only fund a portion of the MLUPA work due to the large workload and timeframe established to comply with MLUPA; therefore, many communities used a combination of existing staff and procured land use planning contractors. Funding amounts are appropriate to the scope of work necessary to achieve statutory compliance and reflect typical costs for expert planning services in Montana.

As the pass-through entity, the League is responsible for carrying out its responsibilities to follow the applicable state and federal regulations under 2 CFR Part 200 and the PRO Housing Notice of Funding Opportunity. The League reviewed each proposed scope of work and associated budget for all 11 MLUPA subrecipients as part of the application approved by HUD and will continue to evaluate the cost effectiveness of each through the reimbursement review processes. This will include reviewing

documented progress, completed scope of work documents and verification of staff and consultant time and costs. All 11 MLUPA subrecipients must agree to comply with applicable federal, state and local laws and regulations including but not limited to:

- 2 CFR Part 200
- Including applicable state and local procurement laws
- Section 504 of the Rehabilitation Act
- Age Discrimination Act of 1975
- Americans with Disabilities Act
- Montana Workers' Compensation Act
- Applicable state and federal auditing and accounting statutes

Reimbursable costs are limited to eligible planning activities allocable to the project in accordance with federal and state regulations. The League's reimbursement and monitoring processes ensure that expenditures are supported by appropriate documentation and tied to completion of individual MLUPA community's scope of work.

A breakdown of the estimated leverage funds for this grant is found below in Table 2. This breakdown includes both in-kind and cash contributions.

Table 2 — Leveraged Funds Breakdown

Source	Activity	Amount
Montana Department of Commerce	Personnel (direct labor)	\$240,864
Montana Department of Commerce	Fringe benefits	\$58,950
Montana League of Cities and Towns	Contracts and subrecipients	\$22,330,622
Montana Department of Commerce	Other direct costs	\$709,498
Montana Department of Commerce	Indirect costs	\$41,695
	Total	\$23,381,099

Personnel (direct labor)

Community MT Division staff's costs for administering the PRO Housing grant.

Fringe benefits

Related to Personnel Direct Labor costs.

Contracts and subrecipients

Activities 1 and 2 include matching funds for PRO Housing work.

The MLUPA communities will document matching funds for activities 1 and 2 as part of their budget for the implementation of MLUPA work.

Other direct costs

Commerce will provide matching funds for activity 3 that can include hours and wages for staff administering the grants and additional funding sources to support the development of documents.

Indirect costs

Commerce agency staff's costs for administering the PRO Housing grant. The current indirect rate is 17%.

Need

The State of Montana currently has multiple initiatives underway and has put significant resources in place that demonstrate the progress and commitments to overcoming local barriers to facilitate the increase in affordable housing production and preservation. The initiatives are listed below.

Governor's Housing Task Force

Gov. Greg Gianforte's Housing Task Force provided three reports, starting in 2022, to provide recommendations for making housing more affordable and attainable for Montanans. The task force held over 40 public meetings between July 2022 and August 2024, which included opportunities for public comment and subcommittee sessions; additionally, the public could submit written comments to the task force for consideration. A brief summary of recommendations include:

- Reduce pre-application technical review process delays, streamline subdivision reviews and administrative process and improve exempt division or land aggregation applications timing.
- Provide funding to support home buyers earning 60%-140% area median income by buying down mortgages, provide lower interest rate loans for the new construction or preservation of affordable housing, including mobile home parks.
- Support fair and affordable rents for residents and businesses.
- Establish a process for municipalities to create development plans for water and wastewater systems to meet future growth expectations.
- Exempt the Montana Department of Environmental Quality from reviewing subdivisions for Montana Environmental Protection Act requirements when a subdivision meets certain requirements.
- Support local governments with implementation of the Act, including the development of land use plans to support zoning reform and streamlined development approval; create certainty in processes and reduce development costs.
- Increase the income limits and market value limits for primary residences eligible for the Property Tax Assistance Program and create an optional seven-month property tax payment schedule for primary residences.
- Develop a housing improvement district as a new identified tool to help support long-term housing development.

Senate Bill 382 The Montana Land Use Planning Act

Through MLUPA, Montana will demonstrate how shifting the cost and responsibility of development impact analysis and public input to the comprehensive planning and community-wide zoning processes and away from site-specific permit review will streamline development approvals, create certainty in the development review process and reduce carrying costs for developers and builders. For the first time, Montana's largest communities will be required to quantify their housing needs and amend their zoning codes to create sufficient density to accommodate the construction of those housing needs by-right.

At the same time, the Act requires Montana's most populous communities in its fastest-growing regions to enact a minimum of five zoning reforms that will lead to the development of more affordable housing. These reforms must come from a statutorily codified list of 14 reforms that include reducing or eliminating requirements related to parking, building height, lot coverage, setbacks, minimum unit size, minimum lot size, floor area ratio and other common land use controls; rezoning to allow multifamily or mixed-use residential development in office, commercial and light industrial zones; allowing duplexes, triplexes or fourplexes by-right in all areas zoned primarily for single-family homes; allowing accessory dwelling units by-right; and eliminating or reducing impact fees for accessory dwelling units or multi-unit dwellings.

This project has been and will continue to be a collaborative nonpartisan effort of housing developers, realtors, surveyors, housing advocates, municipalities, land use planners, the legislature and the governor throughout and across all of Montana. From the creation of a statewide Land Use Planning Working Group in 2018 to the passage of the Act in 2023, these groups have worked tirelessly together to create a new framework for the development, review and approval of housing development across the state. Since the Act was passed in 2023, the communities required to comply with the Act have engaged in thousands of hours of staff time and public participation work and invested millions of dollars to ensure the successful implementation of the new statutory framework.

House Bill 819

The 2023 Legislature passed the Home Ownership Means Economic Security Act, which contained a variety of programs designed to increase the production of affordable housing in Montana. The Home Ownership Means Economic Security Act legislation included:

- Fifty million dollars to create a statewide mortgage buy-down program for homebuyers earning 60%-140% of median household income. Six million dollars of this allocation goes directly to communities that house state inmates or behavioral health patients.
- One hundred and six million dollars to establish a revolving loan fund account to provide financing to pay for infrastructure for development that achieves a minimum gross density of 10 units per acre. All funds allocated for this program have been obligated, with a total of 1,051 deed restricted units constructed to date, 797 of which are in or proposed to be annexed into one of the 10 communities subject to the Act. All units meet either Low Income Housing Tax Credit income requirements or have been constructed on community trust-owned lands.
- Twelve million dollars to construct or purchase workforce housing for employees who work at state-owned facilities that house state inmates or behavioral health patients. All funds allocated for this program have been obligated, with a total of 56 units approved and construction to begin this fall.
- Fifty million dollars in additional authorization from the state of Montana Coal Trust Tax Fund to the existing \$15 million Coal Trust Multifamily Homes loan program to provide lower interest rate loans for new construction or preservation of affordable housing, including mobile home parks. The State has loaned \$65 million to 23 projects.
- One million dollars to provide planning grants to local governments and tribal governments for planning and zoning reforms to increase housing supply.

Commerce awarded 37 planning grants for comprehensive planning, housing needs assessments and updating zoning and subdivision regulations. Ten of the communities implementing the Act received grants from this allocation, for a total of \$284,150 in leverage towards the proposed project.

Senate Bill 245

Senate Bill 245 requires Montana's largest municipalities to allow mixed-use residential development in all commercial zones. Municipalities can only require one off-street parking space for each residential unit in such a mixed-use development.

Senate Bill 323

Senate Bill 323 requires Montana's largest municipalities to allow duplexes to be developed in all single-family zones within their jurisdiction.

Senate Bill 407

Senate Bill 407 requires any local design review standards to be clear, objective and necessary to protect public health or safety or to comply with federal law. The new statute also requires that a development proposal's compliance with design review standards be analyzed by internal staff and not by external volunteer review boards.

Senate Bill 528

Senate Bill 528 requires all municipalities in Montana to allow for an accessory dwelling unit to be built on any lot that contains a single-family dwelling without any additional off-street parking requirements.

Community Technical Assistance Program

The State of Montana provides professional planning assistance to communities across Montana in support of sound land use and development decisions, economic

revitalization and overall community resilience through its Community Technical Assistance Program. The Community Technical Assistance Program has three staff planners and retains planning consultants to help communities initiate or complete their planning documents. The Community Technical Assistance Program helps communities by reviewing and providing guidance on planning and regulatory documents; creating model documents and planning resource publications for use statewide; advising the public and private sectors on navigating administrative rules and state planning and zoning statutes; hosting on-site training workshops; and maintaining a resource library.

Community Planning Platform

The State of Montana recently created the Community Planning Platform, a clearinghouse of planning information, mapping tools and data for communities statewide. Working across all state agencies, the Community Planning Platform leverages new technologies to draw relevant data from thousands of locations into a single platform that puts this information at Montanan's fingertips. This single online location enables both the public and private sectors to find a wide range of data for community and economic development planning purposes, including data compilation required for comprehensive community planning and the implementation of the Act. The Community Planning Platform represents a commitment to improving the efficiency and effectiveness of planning and data access throughout Montana. This platform will continue to evolve over the years as better technology and more electronic data becomes available.

Montana Housing Counseling and Education

The State of Montana contracts with its nonprofit partner NeighborWorks Montana to provide first-time homebuyer education. People that complete the first-time homebuyer education course often apply for homebuyer assistance programs with Commerce and other agencies. The homebuyer education course is required for all borrowers receiving loans through set-aside programs, all borrowers who don't have established credit, all

borrowers in the Regular Bond Loan Program, unless they meet the criteria for an exception, and all borrowers using the Montana Veterans' Home Loan Program. Classes are currently available to attend in person and virtually.

The State's HOME Investment Partnerships Program also contracts with various Community Resource Development Councils; most of these organizations have HUD certified housing counselors on staff, to provide downpayment and or closing cost assistance to homebuyers at 80% area median income and below. In program year 2023, the HOME Program provided downpayment assistance to 14 households.

Fair Market Rent Reevaluation

In August 2024, the State initiated a request for proposals for a vendor to help conduct a statewide fair market rent reevaluation. This was done in response to the HUD-published Fair Market Rents falling significantly below the actual market rents that various programs are experiencing. The Housing Choice Voucher Program has struggled with voucher utilization even with multiple waivers in place to increase the payment standards. In 2023, Commerce was approved for a Success Rate Fair Market Rents to establish their payment standards. Commerce was able to combine the higher payment standard base with an approved waiver to multiply the Fair Market Rents by 120%. Commerce was also approved for several Exception Area Small Market Fair Market Rents, which further increased the payment standards for the Housing Choice Voucher program.

The Fair Market Rent survey results were submitted to HUD on Jan. 8, 2025, along with Commerce's official Fair Market Rent reevaluation request. The survey results determined that the 40th percentile rent for fiscal year 2025 is \$374 more than median state nonmetropolitan HUD fiscal year Fair Market Rents and \$634 more than the median U.S. nonmetropolitan HUD fiscal year 2025 Fair Market Rents. This begs the question as to HUD's justification for utilizing the lower of the two standards for state

minimum rents, particularly in a situation such as this when a local survey proves how profoundly mismatched they are to the actual market.

On March 28, 2025, the Federal Register was updated with Montana's new Fair Market Rent amounts. The average Fair Market Rent increase across the state was 16%. In some more rural areas, the increase was more than 30%. As of today, Montana is the first geographically large state to submit and be approved for a statewide Fair Market Rent increase.

Commerce staff and contracted field agency partners worked together, and from July 1 through Dec. 31, 2025, Commerce and its partners pulled approximately 3,400 families from our waiting list and screened all of them for program eligibility. By the end of the year, Commerce was able to increase nearly 700 rental assistance vouchers to eligible Montanans, helping them secure a rental home on the private market.

Acute Demand for Affordable Housing

Montana has an acute demand for affordable housing in every city, town and county across the state, and there is need for a coordinated and impactful response to provide disadvantaged Montanans with an opportunity to find and attain reliable, long-term affordable housing. According to the Montana Labor Day Report, Montana's housing market has been characterized by significant price increases due to the rapid growth in population and income that has only intensified housing needs. This growth compounded with supply chain constraints and labor shortages, limited housing production, which resulted in a dramatic increase in housing prices and an inability to meet the surge in demand.

The typical home value in Montana reached \$470,000 in the first half of 2024 — representing a 70% rise in home values over the last five years. Rising home values and increases in the cost of borrowing have reduced the affordability of new mortgages and rent. Given the limitations on housing development, there remains a critical need for

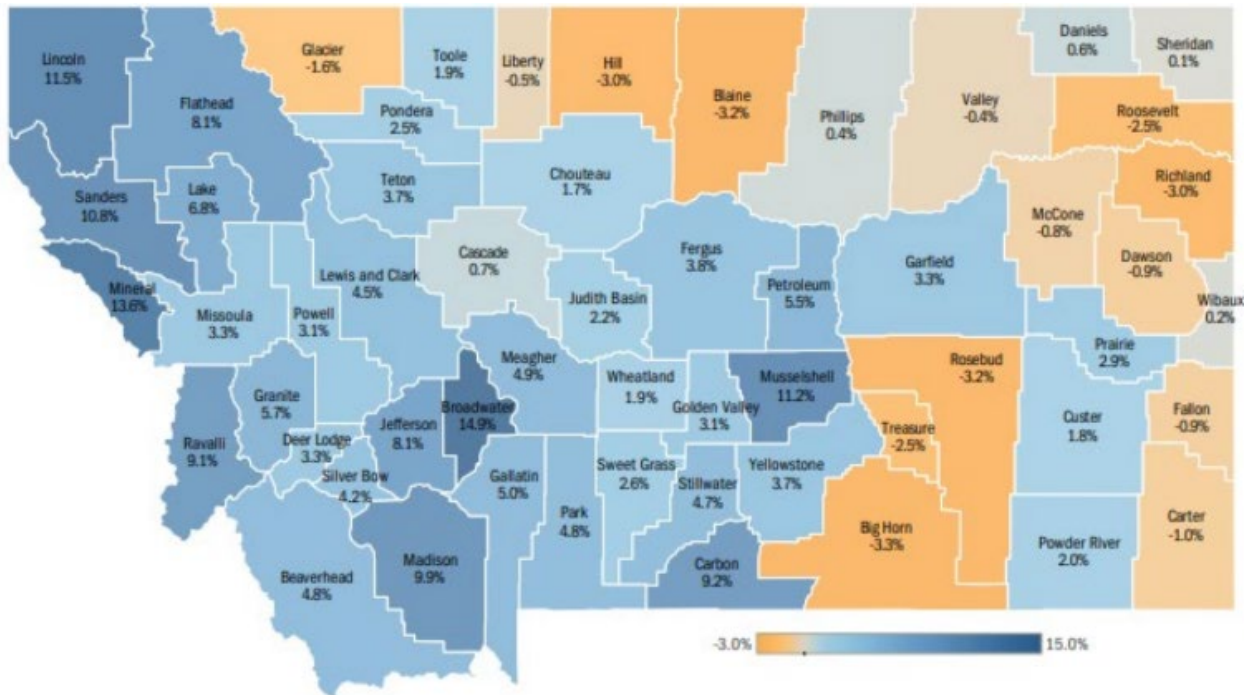
new residential construction to increase availability of affordable housing. To further understand the acute demand for affordable housing in Montana, it is important to look at the following factors impacting demand, such as population, income and employment and housing characteristics.

Montana's consistent net migration population growth has made the demand for affordable housing an ever-increasing priority. During the last decennial census, Montana's total population was 1,087,211; however, 2024 Census Bureau data estimates Montana's growing population at 1,137,233. The population growth is driven mostly by net in-migration. Montana ranks fourth in the nation for the highest rate of in-migration since 2020. Additionally, when considering the nearly 46,000 new residents that have moved into the state over the recent four-year period, the impact is significant to the local municipalities that must provide increased services and resources, including affordable housing. Another way to consider this level of growth, in a rural state, is to compare the total number of new individuals, 46,000, to 2023 population data for each incorporated city or town in Montana. The number of new Montanans, over this four-year period, is a larger population than all but four of the 128 incorporated cities and towns in Montana, or a larger population than 49 of Montana's 56 counties, or a larger population than all eight Montana Indian Reservations. While the population growth has not occurred in one Montana jurisdiction, the net migration growth has been in areas with higher population densities and has significantly impacted the local governments that provide services and resources to existing residents as well as new residents. Specifically, these growth factors contribute to the strained development that is occurring inside and outside of communities that provide services and directly impact housing affordability and availability.

The map below shows population changes from 2020-2022 from Census Bureau data. The locations in blue and dark blue show 1%-15% population increases. The map highlights the areas where populations are increasing in Montana, which includes all of Montana's largest incorporated municipalities. When considering the population growth in these areas, the demand for available housing becomes more acute. The impact on

the lowest income and disadvantaged residents in those areas becomes urgent when considering income and poverty and available and suitable housing units for purchase or rent.

Map 1 — Net Migration as a Percentage of Population by County from 2020 to 2022



Source: Census Bureau, Annual Resident Population Estimates, Estimated Components of Resident Population Change, and Rates of the Components of Resident Population Change for States and Counties: April 1, 2020, to July 1, 2022.

The demand for affordable and available housing has risen to a level of crisis. Montana’s population changes have also impacted the income and poverty rates across the state. According to the Census Bureau, the national official poverty rate in 2022 was 11.5% while Montana’s poverty rate was 11.8%. Montana’s poverty rate has gradually decreased by 1% over the past five years; however, the poverty rate for individuals 65 years has increased by 1.9% over the same period. Notably, Montana’s median household income has increased by approximately \$13,500 over the past five years, or approximately a 24% increase. Many of Montana’s communities have become an attractive area for working age individuals to move, with the largest employing industries

of newcomers (34%) are accommodations, food service and retail. According to the Montana Department of Labor and Industry, about 73% of people who recently moved to Montana are employed or actively seeking employment, which is higher than the labor force participation rate of existing residents, and 50% of them are between the ages of 25 to 54. This means that individuals moving to Montana have employment necessary to secure housing; however, there may not be housing available to secure, or the costs of housing are too high for the wages they are earning.

When looking at Montana’s housing cost trends for the past five years, the rising housing costs pose a major challenge. According to the Federal Reserve Bank of Minneapolis, Montana Housing Dashboard, Montana has seen some of the nation’s fastest-increasing housing-affordability challenges. In July 2019, the typical home value in Montana was \$268,223; however, at the beginning of 2024 the typical home value increased to \$446,293, which is a 66% increase. When considering the 24% increase in median household income with the 66% increase in housing prices, homeownership is no longer an option for many families. According to the 2022 American Community Survey, Montana’s housing stock included 358,555 single-family units, 21,528 condominiums and townhouse units and 50,349 mobile home units. Montana saw a 23.4% decrease in the number of mobile home units in the overall housing stock since 2000. Of the 517,430 housing units counted in Montana during the 2020 census, 443,917 units were occupied, with 306,432 counted as owner-occupied and 137,485 counted as renter occupied. This equated to a homeownership rate of 69%. The Rental Vacancy Survey indicated a vacancy rate throughout the state of 4.3%. Additionally, according to the U.S. Census Bureau Household Pulse Survey, Week 48, Montana ranks third out of all states for the percentage of renters whose monthly rent increased \$250 or more in the previous 12 months ([newstalkkgvo.com/rent-increases-in-montana-are-among-the-highest-in-the-nation](https://www.newstalkkgvo.com/rent-increases-in-montana-are-among-the-highest-in-the-nation)).

Table 3 — Montana’s Affordable Housing Need

135,060	Total number of renter households (31%)
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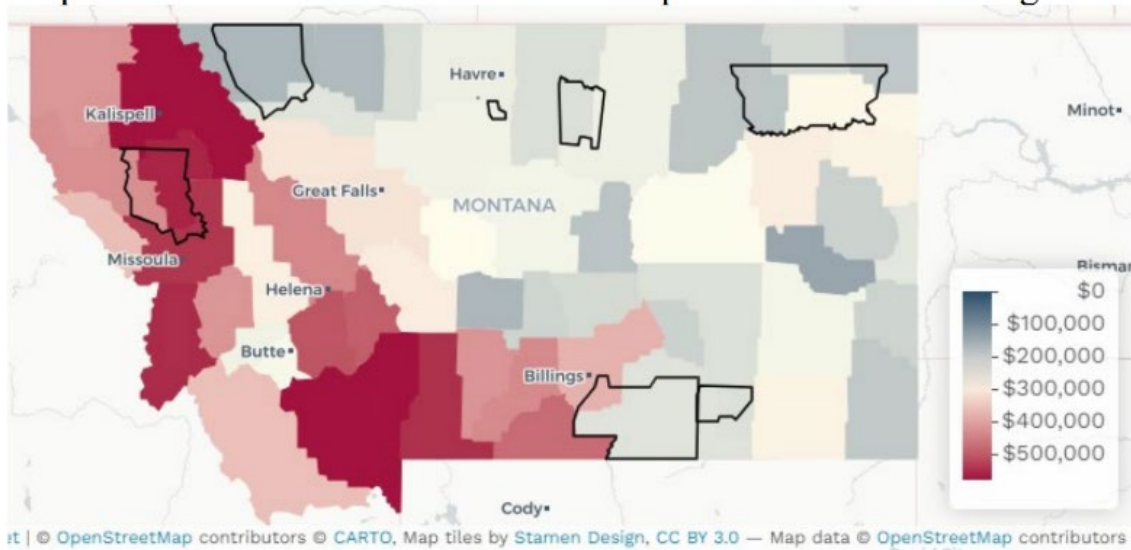
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54,928	Number of very low-income renters (41%)
55%	Very low-income cost burdened
31,337	Number of extremely low-income renters (23%)
86%	Extremely low-income cost burdened
65%	Extremely low-income severely cost burdened
-15,741	Shortage of rental homes affordable and available for extremely low-income renters

Source: National Low Income Housing Coalition tabulations of 2021 American Community Survey Public Use Microdata Sample

As seen on the map below, the highest prices of housing are shown in counties displayed in pink to bright red. These red counties are experiencing the highest percentage of population increases, as discussed earlier, and include the most populated municipalities in the state. Home prices in these areas are far out of reach for low- to moderate-income households.

Map 2 — Federal Reserve Bank of Minneapolis — Price of Housing





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Between 2017 and 2022, Montana’s housing supply (total housing units) increased by just 3.7% (plus 18,759). Combined with household changes, these figures suggest that Montana has had a general housing deficit of just over 22,000 housing units from 2017 to 2022. In turn, American Community Survey data shows rental housing vacancy rates hit a record low of 4.8% in 2022 and in that same year rents were often higher for renters who moved more recently. Montana’s median monthly gross rent was \$1,005 in 2022 and has grown by 10.6% since 2017. However, when looking further into rental factors, housing problems such as overcrowding, lack of plumbing or kitchen facilities and cost burden exacerbate the acute need for safe, decent and sanitary available and affordable rental units. Using HUD’s Comprehensive Housing Affordability Strategy, the data demonstrates the extent of housing problems and housing needs, particularly for low-income households and are provided in Tables 4 through 10.

Table 4 — Total Households

Household Type	0-30% HAMFI*	>30-50% HAMFI*	>50-50% HAMFI*	>80-100% HAMFI*	>100% HAMFI*
Total households	57,615	58,015	81,580	48,600	190,240
Small family households	11,725	14,360	24,035	16,990	92,365
Large family households	2,470	14,360	5,540	3,215	12,860
Household contains at least one person 62-74 years of age	14,000	14,680	21,790	13,115	50,280


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Household Type	0-30% HAMFI*	>30-50% HAMFI*	>50-50% HAMFI*	>80-100% HAMFI*	>100% HAMFI*
Household contains at least one person age 75 or older	10,015	11,030	11,450	5,735	15,075
Households with one or more children 6 years old or younger	6,815	7,795	11,605	6,280	24,865

Source: 2016-2020 Comprehensive Housing Affordability Strategy; Table 5, 7 and 13

*HUD Area Median Family Income

Housing Needs Summary Tables

1. Housing Problems (Households with one of the listed needs)

Table 5 — Housing Problems 1

Housing problems	Renter					Total*	Owner				
	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI			0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	
Substandard housing lacking complete plumbing or kitchen facilities	1,605	810	455	285	3,155	435	315	615	165	1,530	
Several overcrowded with >1.51 people per room (and complete kitchen and plumbing)	485	345	305	80	1,215	85	95	205	85	470	
Overcrowded with 1.01-1.5 people per room (and	415	595	370	455	1,835	145	515	785	410	1,855	


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none of the above problems)										
Housing cost burden greater than 50% of income (and none of the above problems)	17,830	5,030	725	120	23,705	12,205	6,115	3,665	955	22,940
Housing cost burden greater than 30% of income (and none of the above problems)	4,955	11,670	7,670	890	25,185	4,815	6,885	11,320	5,555	28,575
Zero / negative income (and none of the above problems)	1,750	0	0	0	1,750	2,215	0	0	0	2,215

Source: 2016-2020 CHAS; Table 3

*Total less than 100% AMI

2. Housing Problems 2 (Households with one or more Severe Housing Problems: Lacks kitchen or complete plumbing, severe overcrowding, severe cost burden)

Table 6 — Housing Problems 2

Housing problems	Renter					Total*	Owner				
	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI			0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total*
Having one or more of four housing problems	25,325	18,265	9,755	1,745	55,090	17,680	13,930	16,590	7,170	55,370	
Having none of the four housing problems	5,605	8,710	21,425	12,875	48,615	5,040	17,110	33,810	26,805	82,765	
Housing has negative income, but none of the other housing problems	1,750	0	0	0	1,750	2,215	0	0	0	2,215	

Source: 2016-2020 Comprehensive Housing Affordability Strategy; Table 7

3. Cost Burden >30%

Table 7 — Cost Burden >30%

	Renter				Total*	Owner			
	0-30% AMI	>30-50% AMI	>50-80% AMI			0-30% AMI	>30-50% AMI	>50-80% AMI	
Housing problems									
Small related	5,545	4,670	2,300	12,515	3,370	3,495	5,330	12,195	
Large related	900	1,000	245	2,145	670	855	1,175	2,700	
Elderly	6,050	4,020	1,700	11,770	9,505	6,440	5,595	21,540	
Other	12,055	7,870	4,400	24,325	3,880	2,525	3,205	9,610	
Total need by income	24,550	17,560	8,645	50,755	17,425	13,315	15,305	46,045	

Source: 2016-2020 Comprehensive Housing Affordability Strategy; Table 7

4. Cost Burden >50%

Table 8 — Cost Burden >50%

	Renter				Total*	Owner			
	0-30% AMI	>30-50% AMI	>50-80% AMI			0-30% AMI	>30-50% AMI	>50-80% AMI	
Housing problems									
Small related	4,255	1,425	90	5,770	2,745	1,685	1,035	5,465	
Large related	615	205	20	840	505	365	125	995	


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Elderly	4,305	1,245	540	6,090	6,295	2,845	1,790	10,930
Other	9,910	2,495	230	12,635	2,910	1,305	780	4,995
Total need by income	19,085	5,370	880	25,335	12,455	6,200	3,730	22,385

Source: 2016-2020 Comprehensive Housing Affordability Strategy; Table 7

5. Crowding (more than one person per room)

Table 9 — Crowding Information — 1 of 2

Crowding (more than one person per room)	Renter					Total*	Owner				
	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI			0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	Total*
Single family households	740	670	710	405	2525	175	525	795	375	1870	
Multiple unrelated family households	115	8	130	35	288	55	110	230	105	500	
Other, non-family households	160	95	75	10	340	8	0	20	14	42	
Total need by income	1015	773	915	450	3153	238	635	1045	494	2412	

Source: 2016-2020 Comprehensive Housing Affordability Strategy; Table 10

Table 10 — Crowding Information 2 of 2

	Renter				Total*	Owner			Total*
	0-30% AMI	>30-50% AMI	>50-80% AMI			0-30% AMI	>30-50% AMI	>50-80% AMI	
Housing problems									
Households with children present	8,688	9,188	9,503	27,397	5,845	9,468	17,620	32,933	

Source: Montana Department of Commerce analysis of 2016-2020 American Community Survey Microdata via IPLUMS*; Using FY23 HUD Income Limits for Montana

*Steven Ruggles, Sarah Flood, Matthew Sobek, Daniel Backman, Annie Chen, Grace Cooper, Stephanie Richards, Renae Rogers, and Megan Schouweiler. IPUMS USA: Version 14.0 [dataset]. Minneapolis, MN: IPUMS, 2023.

doi.org/10.18128/D010.V14.0

The 2023 Point-in-Time Count and Housing Inventory Count for Montana counted 2,178 homeless persons, including 494 homeless individuals belonging to a family with children, one unaccompanied homeless youth aged under 18 and 1,683 homeless adults without children. Of the 2,178 homeless people counted, 558 are considered chronically homeless. Montana’s 2023 count of 2,178 homeless persons represents a 37.4% increase in homeless persons since 2022 and a 60.5% increase since 2019.



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The face of homelessness in Montana varies across the state. With over 2,100 people counted in the 2023 Point-in-Time survey, the number of people experiencing homelessness that were counted in the annual snapshot has seen an increase by 23% since the last planning period. While Point-in-Time counts cannot capture the complete homeless population, it does give insight into the trends of the number of people experiencing homelessness in the state. Overall, Montana has seen an increase in the number of people experiencing homelessness since 2018, with an additional 700 people counted in 2023 versus 2018. In fact, 2023 showed the highest number of people experiencing homelessness during the Point-in-Time count since the survey began in 2005. While some of this increase may be due to changes in count strategies, it points to a growing level of need for supportive housing services for people experiencing and at risk of homelessness in Montana.

Table NA-30 — Total Number of People Experiencing Homelessness

	2018	2019	2020	2021	2022	2023
Sheltered	1,032	1,012	1,085	1,168	1,292	1,683
Unsheltered	373	345	460	633	293	495
Total	1,405	1,357	1,545	1,801	1,585	2,178

Source: 2018, 2019, 2020, 2021, 2022, 2023 HUD Continuum of Care Point-in-Time

Homelessness continues to be an important issue within Montana, with Point-in-Time numbers on the rise. Additional information regarding the needs of households experiencing homelessness and service providers will be added to this section pending survey results and public input opportunities. The continued increase in rents, in development and rehab costs of housing, in interest rates, etc. while assistance from federal programs remaining stagnant or decreasing, especially relative to inflation, all conspire to limit the supply of affordable housing which will inevitably result in more Montanans unable to secure and retain stable, affordable places to live.

Key Barriers

There are several key barriers that still exist and need to be addressed to produce and preserve more affordable housing in Montana. These barriers are listed below.

1. Restrictive land use regulations and codes and review processes that limit housing development.

The Draft Equity Plan Issue 5: Barriers to Providing Adequate Community Support, sub part 5.1, Lack of Resources, has identified an overall lack of federal, state, local and private resources available to fulfill the needs of the state.

The proposed project is specifically designed to address this key barrier. The Act, once implemented, will remove duplicative discretionary approval processes and multiple public hearings, increase processing times for local review and approval, institute by-right zoning regulations for adequate housing units in each community and require additional zoning reforms that will lead to the development of more affordable housing.

Once implemented by the 11 MLUPA communities to be assisted with this PRO Housing funding, the removal of these barriers will become a model for other communities across the state by demonstrating how much faster, simpler and less controversial development review and approval can be through the framework created by MLUPA.

Additionally, the Housing Technical Assistance Program, developed and administered by Commerce, will provide direct technical assistance to all Montana communities that are interested in identifying and quantifying their housing needs, site plans and infill opportunities, and will provide technical assistance with code reforms to incentivize infill development and removing barriers for affordable housing options.

2. Capacity of affordable housing developers and partners.

The success of home building in Montana depends on these entities recognizing each other's unique expertise and position in the development of communities. Planning and code enforcement are essential to the prudent development of communities prioritizing the needs of the whole community in the present and future. At the same time, the lack of public infrastructure, increases in material and labor prices and development standards may create challenges for establishing the capital stack needed to make affordable housing development successful. There is a need for a more coordinated and consistent approach to give municipalities and housing developers the tools and support to increase available affordable housing. The activities proposed in this grant will help create more consistent, proactive and communicative approaches that will assist developers and municipalities with more efficient and effective housing development.

3. Limited infrastructure investment for affordable housing.

The lack of available infrastructure is a critical barrier to the creation of housing. Allowing modest and gradual additions of housing units, especially through internal divisions, backyard additions, etc., in areas already served by existing infrastructure is fiscally responsible, fair and cost effective. Prioritizing infill for the wise and efficient use of existing infrastructure allows for some of Montana's housing needs to be met without the need to build, and finance, additional road, water and sewer infrastructure.

The State continually recognizes the need for infrastructure investment by targeting water and wastewater infrastructure upgrades and improvements in its CDBG grant

programs and state-funded Montana Coal Endowment Program and Renewable Resource Grants and Loans Program. The State also created and allocated \$106 million in its Home Ownership Means Economic Security Act bill in the 2023 legislative session to establish a revolving loan fund account to provide financing to pay for infrastructure for development that achieves a minimum gross density of 10 units per acre. This link deposit program is the model for creation of the Housing Improvement District framework, which will allow the state and local governments to partner with the private sector to access lower interest rates for infrastructure financing to serve housing developments with affordable units and higher density designs.

4. Barrier in Availability of Financing

The availability of financing and subsidies for affordable housing development and preservation in Montana are primarily limited to federal resources, often set at the small population state minimums. The State of Montana strives to maximize its use and leverage of these scarce federal resources. For example, the need and demand for 9% Low-Income Housing Tax Credits significantly exceeds credit availability.

- In 2021, 14 Letters of Intent were submitted requesting \$72.4 million in 2022 Housing Credits to produce 433 rental homes, but only \$28.85 million to support 162 homes was available to award.
- In 2022, 14 Letters of Intent were submitted requesting \$80.9 million in 2023 Low-Income Housing Tax Credits to produce 403 homes, but only \$30.1 million to produce 158 homes was available to award.
- In 2023, 13 Letters of Intent were submitted requesting \$71.7 million in 2024 Low-Income Housing Tax Credits to produce 375 homes, but only \$32.4 million to produce 139 homes was available to award.

This lack of funding over the last three Low-Income Housing Tax Credit applications cycles resulted in over 750 affordable rental homes not being developed.

The Low-Income Housing Tax Credit 4% Program can only be triggered using the tax-exempt private activity multifamily Housing Bonds. Private Activity Bonds are issued under the Montana Unified Volume Bond Allocation Plan under 17-5-1, Montana Code Annotated.

- In 2021, the Montana Board of Housing issued \$135,388,504 to support 756 affordable rental homes.
- In 2022, \$49,958,689 was issued to support 352 affordable rental homes.
- We currently have 11 applications requesting nearly \$200 million in tax-exempt bonds in our pipeline for three proposed developments in Bozeman, two in Missoula, two in Great Falls and one each in Big Fork, Billings, Hamilton and Havre.

Montana Housing and the Community MT Division, both housed within Commerce, administer a variety of HUD Community Planning and Development program funds that can be used as financing for rental development, including CDBG for housing activities and planning, HOME and federal HTF. These HUD programs provide grant funds to communities and nonprofits to rehabilitate single- and multifamily homes, finance new construction and rehabilitation of single- and multifamily homes and provide down payment assistance and closing assistance to eligible homebuyers. Additionally, the CDBG Planning Grant Program provides funding for land use, zoning and subdivision regulations, housing needs assessments and community and regional housing plans and infrastructure planning essential to providing housing.

Montana's CDBG allocation under the 2021-2022 Annual Action Plan was \$6,790,917, which decreased to \$6,537,201 under the 2022-2023 Annual Action Plan. The 2024-2025 allocation further decreased to \$6,172,506 from \$6,541,090 the previous program year. As another example, the state of Montana's fiscal year 2022 HOME allocation of \$3.4 million was slightly higher than allocations to the seven lowest allocated states: Alaska, Delaware, Hawaii, North Dakota, Nevada, South Dakota and Vermont. We are in the tier of the lowest awarded states for federal Housing Trust Fund dollars. In the

2023-2024 Annual Action Plan, Montana's HUD allocation was \$6,541,090. In 2024-2025, the allocation decreased to \$6,172,506. To put Montana's HUD allocations in perspective, the City of Oakland at population of 440,646 received \$3.38 million in HOME and \$7.45 million in CDBG for a combined \$10.83 million, whereas Montana's combined HOME and CDBG allocation was \$9.95 million. Unfortunately, these modest federal allocations are insufficient to significantly increase affordable housing supply.

The State has, and continues to, take steps to increase state resources for affordable housing production. During the 2023 Legislative Session, an additional \$50 million was authorized for the Coal Trust Multifamily Homes Program and \$106 million for the HOMES Act. The Coal Trust Multifamily Homes Program provided loans at below-market interest rates, 3.75%-4%, for the construction or rehabilitation of affordable multifamily rental properties. To ensure stability of the state's Coal Trust Tax Fund, the interest rate for the program was tied to the average performance yield of the Coal Trust Tax Fund. The Home Ownership Means Economic Security Act provided favorable financing for developers to support the infrastructure for new housing growth (i.e., water, sewer, streets). Both programs were well received and utilized by affordable housing developers throughout the state to increase the supply of new homes.

These efforts continued with the 2025 Legislative Session with passage of House Bill 924, the Montana Growth and Opportunity Trust. This legislation provides direct state appropriations for affordable housing development for the first time in Montana's history. Within the Montana Growth and Opportunity Trust, or GO Trust, is a Montana Housing Trust, or GO Housing Trust. The Coal Trust Multifamily Homes Program was shifted to the new GO Housing Trust, allowing the Montana Board of Housing to set program interest rates. The board worked quickly after session concluded to convene meetings with stakeholders to inform development of Administrative Rules for the program. These rules were adopted, and the first competitive application round is underway with applications due April 13, 2026. Board staff are expecting approximately 20 applications requesting over \$46 million for this first competitive cycle. The board will have approximately \$42 million to award.

Use of Funds — Soundness of Approach

What is Your Vision?

The State of Montana’s vision is to use the \$7 million in PRO Housing funding to implement long-term transformational changes in how housing is planned for, regulated, approved and incentivized in Montana’s fast-growing and increasingly unaffordable communities. PRO Housing funding will then bring these communities across the finish line and begin the next phase of incentive programming to further develop, evaluate and implement their housing policies and improve local strategies to facilitate affordable housing production and preservation. In this application, three activities will realize this vision:

- Activity 1: Conduct remaining data compilation, analysis, housing needs projections and public participation in developing land use plans and maps that support streamlined housing development by right in the 11 MLUPA communities.
- Activity 2: Update zoning ordinances and subdivision regulations that codify at least five zoning reforms that support increased housing development and implement administrative approval of housing development within 11 MLUPA communities.
- Activity 3: Establish the Housing Technical Assistance Program to develop and deliver tools, resources and direct technical planning assistance to support all Montana communities to reduce barriers and incentivize the development of affordable housing.

Activity 1

Conduct remaining data complication, analysis, housing needs projections and public participation in developing land use plans and maps that support streamlined housing development by right in 11 MLUPA communities.

During the 2023 Legislative Session, a package of bills known nationally as the “Montana Miracle” were passed into law. These bills were the result of a collaborative bipartisan coalition of developers, realtors, surveyors, housing advocates, municipalities, land use planners, the legislature and the governor working together to identify both immediate and long-term land use reforms to encourage and streamline the development of housing across the income spectrum. The crowning achievement of this package was Senate Bill 382, MLUPA, the first comprehensive modernization of Montana’s land use and planning statutes since their original enactment in the 1920s.

MLUPA eliminates the current reliance on site-specific housing development review and approval with discretionary conditional permitting, developer-required impact analysis and multi-year state and local-level review processes. MLUPA reverses this, moving the majority of site analysis and public participation to the beginning of the review process during the comprehensive planning work and away from site-specific development proposals and analysis. MLUPA requires 10 Montana MLUPA communities, for the very first time, to quantify their housing needs over the next 20 years and zone the community to allow for those units to be built by right. The City of Lewistown voted to voluntarily participate in MLUPA and thus the total number of MLUPA communities is 11. MLUPA requires each of the 11 MLUPA communities to adopt at least five of 14 specific zoning reforms to lead to the development of more affordable housing. Finally, after the community comes into compliance with the adoption of a land use plan, zoning ordinance and subdivision regulations under MLUPA, all review and approval of development in substantial compliance with those plans and regulations will be administrative.

To ensure the development of comprehensive plans based upon robust public participation and thorough analysis of development impacts, these MLUPA communities must invest significantly with funding and staff time heavily at the front end to meet Montana’s constitutional right to know and public participation laws, and to facilitate administrative review of applications. Without financial support to engage in a thorough level of analysis and public participation, the success of the new planning and

regulatory framework is at risk of litigation, opening applications to further public hearings and additional development costs for site-specific analysis. These potential obstacles could again slow down development approval, inject uncertainty into the process and increase carrying costs for new development. The PRO Housing funds will help ensure thorough, defensible and successful implementation of MLUPA.

The 11 MLUPA communities subject to this transformational new state planning framework must complete this work by May 17, 2026. Any local government entity in Montana may voluntarily choose to comply with the new Act; to date, one entity, the City of Lewistown, has voluntarily elected to implement MLUPA and has been included in this activity. The State of Montana, through its partnership with the League, will provide \$4.93 million in PRO Housing funds to 11 Montana MLUPA communities to complete the planning and public participation work needed to meet MLUPA's compliance deadline of May 17, 2026. This includes developing land use plans and maps and providing robust public participation and comment on the impacts and mitigation of the development envisioned under those plans.

The \$4.93 million in PRO Housing funds will be used to reimburse costs of contracted land use planning services and MLUPA community staff completing work to become compliant with MLUPA. The League is supporting the MLUPA communities as the pass-through entity and providing technical assistance to comply with MLUPA. The League will not be completing any planning documents; it is the responsibility of the specific community to complete the planning documents and public engagement. No MLUPA community will complete any construction activities as part of the PRO Housing grant.

The work to be completed under Activity 1 includes the eligible activities outlined in (1) Planning and Policy activities supporting affordable housing, subsections A and B.

Activity 2

Update zoning ordinances and subdivision regulations that codify at least five zoning reforms that support increased housing development and implement administrative approval of housing development within 11 MLUPA communities.

In conjunction with Activity 1, the 11 Montana MLUPA communities complete their comprehensive planning projects, MLUPA then requires those communities, for the very first time, to actually zone their entire jurisdictions to allow for their housing needs to be built by right over the next 20 years. MLUPA also requires that the communities adopt at least five of 14 possible specific zoning reforms that lead to the development of more affordable housing. Finally, after each community comes into compliance with the adoption of a land use plan, zoning ordinance and subdivision regulations under MLUPA, all review and approval of development found to be in substantial compliance with those plans and regulations will be administrative only. The \$4.93 million PRO Housing funding will assist the MLUPA communities to complete Activity 2, as applicable, concurrently with Activity 1.

First, the new zoning codes in each MLUPA community must be updated to provide the number of housing units needed in the community over the next 20 years based on the analysis in the land use plan. This zoning will ensure that local use regulations do not stand as an obstacle to the development of the minimum number of housing units needed to accommodate the existing and projected population of the community. MLUPA allows the community to identify those areas within the existing jurisdictional boundaries and in those areas that the city is likely to annex over the next 20 years with the applicable zoning needed to facilitate housing.

Second, MLUPA also sets forth a statutory menu of 14 zoning reforms that will lead to the development of more affordable housing, from increasing densities and allowing accessory dwelling units to eliminating unnecessary development standards and reducing building fees. The 11 MLUPA communities must adopt at least five of these reforms covering a majority of their jurisdiction in their updated zoning code. These

reforms will encourage the development of more housing units throughout the jurisdiction across a variety of types, densities and income levels.

Thirdly, MLUPA sets forth a drastically streamlined, narrowed subdivision review process, focused exclusively on those impacts of land division that cannot be addressed through zoning authority. These include the design and arrangement of the lots, legal and physical access, installation of utilities and other public improvements and grading and erosion control. Once local subdivision regulations are updated and adopted under MLUPA, subdivision review will become less controversial and no longer play a duplicative role in zoning review, further streamlining the development process.

Finally, once a community completes its planning documents and implementing regulations are adopted pursuant to MLUPA, all development in substantial compliance with zoning will be approved administratively. Applicants that propose housing developments in compliance with zoning will take advantage of the previously completed impact analysis and public comment on development of that use at that site and be able to obtain approval with no additional public comment, hearings or discretionary review.

Instead of the current process of site-specific applications going to public hearing in front of the elected governing body, the new process will bring such decisions only to that body upon appeal of both the administrative decision and appeal to an advisory board. Those appeals will also be increasingly narrowed in scope and topic, requiring appellants to raise all issues at the first appeal that will later be raised in court or lose the legal ability to challenge a development on those grounds.

The State of Montana, through its partnership with the League, will provide \$4.93 million in PRO Housing funds to 11 MLUPA communities to complete the planning and public participation work needed to meet MLUPA's compliance deadline of May 17, 2026. This includes updating the zoning and subdivision regulations to reflect each community land use plan and map.

The work to be completed under Activity 1 includes the eligible activities outlined in (1) Planning and Policy activities supporting affordable housing, subsections C, F, H, I, J, K, L, M, N, Q and U.

The \$4.93 million in PRO Housing funds will be used to reimburse costs of contracted land use planning services and MLUPA communities staff completing work to be compliant with MLUPA. The League is supporting the MLUPA communities as the pass-through entity and providing technical assistance to comply with MLUPA. The League will not be completing any planning documents on behalf of the communities; it is the responsibility of the specific community to complete the planning documents and public engagement.

Activity 3

Establish the Housing Technical Assistance Program to develop and deliver tools, resources and direct technical planning assistance to support all Montana communities in their efforts to reduce barriers and incentivize the development of affordable housing.

Building on the success and format of Commerce's Community Technical Assistance Program that provides direct planning technical assistance, the Housing Technical Assistance Program will implement several of the recommendations developed through an extensive public process led by the Governor's Housing Task Force (October 2022, December 2022 and June 2024). The State will develop and deliver a menu of options to assist communities in identifying their housing needs, site assessments and the planning resources to implement and incentivize affordable housing options. Commerce has allocated \$1.68 million of the funds for a direct grant program to communities to hire consultants to plan for and implement strategies to remove barriers and encourage affordable housing options. Based on the previously identified recommendations from the Governor's Housing Task Force, these options may include:

- Zoning reform tools and incentives to prioritize infill, density and infrastructure investments
- Site assessments and development plans, including for Brownfields/infill development and site reuse
- Incentives and designs for adaptive reuse and ADA compliance of historic properties

Commerce has allocated \$1.68 million for the implementation of the “cafeteria menu” through the Housing Technical Assistance Program. The Housing Technical Assistance Program will follow a public process to develop the approach to competitively award the \$1.68 million through an application process to any Montana community that will determine funding amount and use.

Commerce will also use a portion of the \$1.9 million, \$250,000, to contract with a consulting firm(s) to develop a toolkit and training opportunities to support all Montana communities. The toolkit will include innovative housing tools such as:

- Model documents for development of housing improvement districts
- Permit and shelf ready small housing development design standards suitable for infill development
- Strategies for adaptive reuse of downtown or historic buildings for housing development

The end planning documents will be publicly available from Commerce for all communities to replicate.

The work to be completed under Activity 1 includes the eligible activities outlined in (1) Planning and Policy activities supporting affordable housing, subsections D, E, G, M, O, R, V, the eligible activities outlined in (2) Development activities, subsections A and E, the eligible activities outlined in (3) Infrastructure activities, subsections A and B and the eligible activities outlined in (4) Preservation activities, subsections C, E, F, H, K and L.

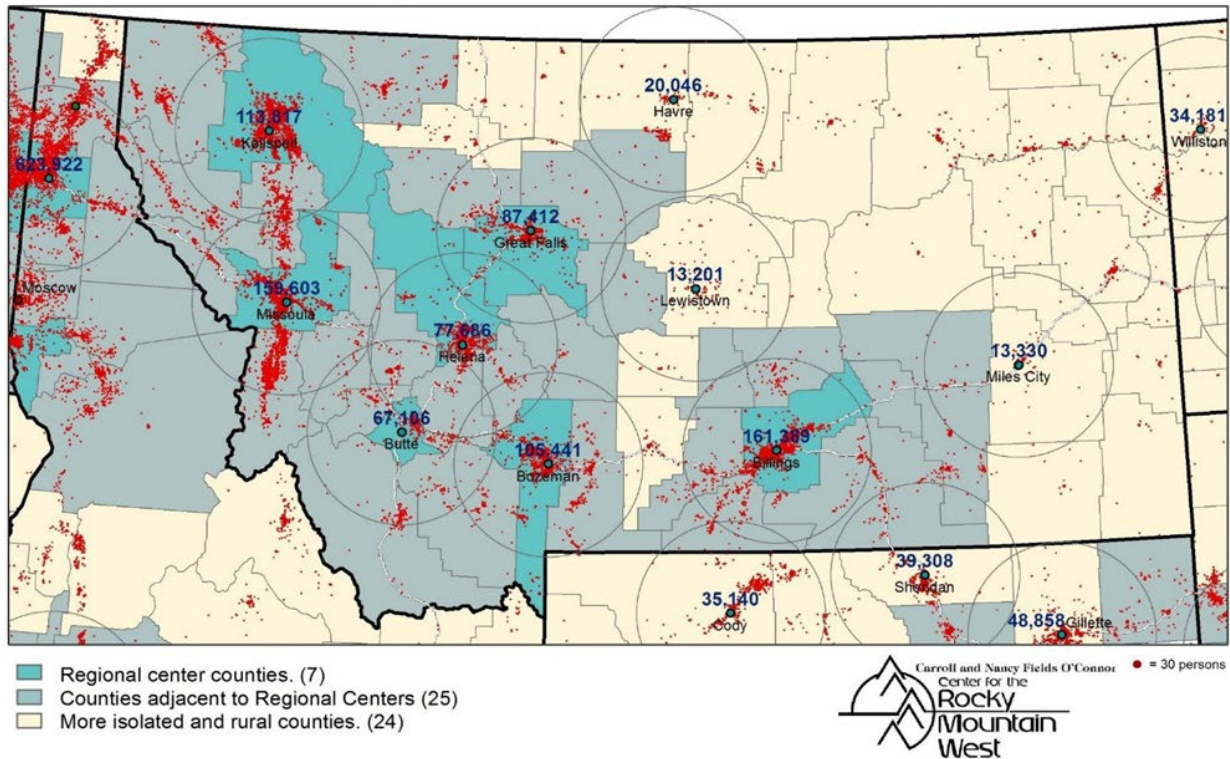
National Objectives

These proposed activities will result in locally prepared planning documents that will include analysis of and zoning reforms in areas where low- and moderate-income and disadvantaged populations predominately reside in the state of Montana. All MLUPA activities, particularly activities 1 and 2, will include analysis that considers the challenges of and barriers to LMI populations in achieving affordable housing goals. None of the activities carried out by the subrecipients will include construction. Activity 3 will further these planning activities with incentives to achieve site-specific housing financing and construction by supporting developers, potential homeowners, municipalities and housing organizations in developing programs to work within the reformed planning framework achieved under activities 1 and 2.

What is Your Geographic Scope?

Despite Montana's vast geographic area, 147,000 square miles, 56% of its population lives within seven "regional center" counties mainly in the western and southwestern part of the state, sometimes referred to as "the boot." It is the 10 largest cities within the six most populous of these regional centers are required to comply with MLUPA: Billings, Belgrade, Bozeman, Columbia Falls, Great Falls, Helena, Kalispell, Laurel, Missoula and Whitefish. An 11th city in a more rural county in the center of the state, the City of Lewistown, has voted to implement MLUPA. Together, the current population of these cities alone is 421,435. The total population of these regional cities and counties is 704,463 people, a full 62% of Montana's entire population. Sixty-nine percent of Montana's total population of persons of Hispanic origin live in these counties, as do 66% of Montana's Black population, 32% of Montanans with a disability and 29% of Montana's American Indian population.

Map 3 — Montana's Regional Centers and Their Surrounding Counties



Historically, residential development in Montana has been minimally regulated. The majority of the counties in Montana, including the majority of its developable land, are not governed by zoning codes and all development in those areas is typically reviewed on a site-specific basis through time-consuming and uncertain discretionary subdivision review process. Further, these areas are typically not served by any centralized water or wastewater treatment system, and they rely heavily on underfunded county-maintained roads for access. In the absence of any comprehensive planning in these areas, housing development is not maximized for density, location, services, access or any other benefit to the residents, and increases costs on the local jurisdictions to provide critical services after the fact.

As part of the PRO Housing Notice of Funding Opportunity, HUD provided data for 420 geographic areas in Montana. Of these 420 geographic areas, HUD identified 151 priority geographies comprised of 106 Census Designated Places, 28 municipalities and 17 counties. One of these priority geographies, the City of Laurel, will receive direct

funding from this grant to complete Activity 1 and Activity 2. However, the majority of the priority communities identified by HUD are Census Designated Places, which do not have the legal authority to implement land use regulations and typically have less services than the most populous centers discussed earlier. Additionally, nearly 40 HUD priority geographies are in close proximity or share jurisdictional boundaries with the 11 MLUPA communities that are carrying out the responsibilities under MLUPA. It is therefore easy to conclude that those 40 HUD priority geographies will be influenced or impacted by the work that the 11 MLUPA communities will do under this grant.

Further, the goal of the PRO Housing NOFO has several parts. It is primarily meant to enable promising practices dedicated to identifying and removing barriers to affordable housing production and preservation. It also includes facilitating collaboration and harnessing innovative approaches from jurisdictions, researchers, advocates and stakeholders. The geographic scope for the State of Montana becomes even more compelling even though the HUD priority geographies are not specifically receiving funding. This is because of the work being done by the most populous municipalities in the state directly working on reducing barriers to affordable housing to recreate a promising practice that other local governments can follow and over the long-term impacts the housing availability and affordability in their own communities and the Census Designated Places or counties. By increasing the ease, reducing the cost and making development in these municipalities faster, the State can protect its important rural character and economies by incentivizing new growth in higher density urban areas that have water and wastewater treatment systems. This pattern of development will also reduce costs for all existing taxpayers by making the provision of services more efficient through comprehensive planning of development and then spreading the costs of those services across more residents.

The geographic scope of this application is intentional and specific to maximize and leverage the existing work that has already been done by these 11 MLUPA communities and create real and lasting impact for the long term and in the surrounding areas that are identified by HUD as priority geographies. The model documents and grant program

being administered by the Housing Technical Assistance Program will be available to communities across Montana and therefore will cover all the geographies of the state.

Who Are Your Key Stakeholders? How Are You Engaging Them?

Our proposed activities further support the work of the Governor’s Housing Task Force. The Task Force includes state and local elected officials, state agencies, state boards, councils, commissions, housing-related professional associations, advisory groups and researchers, among others. The Housing Task Force held over 40 public meetings from July through December 2022 and again from October 2023 through August 2024. The public was invited to comment and provide feedback on proposed recommendations, including the activities in this proposal, throughout those meetings and discussions. Letters of support from many of these members were included with the application. Several recommendations from the Governor’s Housing Task Force reports have been identified and will be implemented through the Housing Technical Assistance Program competitive grant program. The recommendations were developed through a very robust public engagement process.

In addition, the development, drafting and passing of MLUPA was the successful culmination of a broad bipartisan coalition of developers, realtors, surveyors, housing advocates, municipalities, land use planners, the legislature and the governor. Those groups have all been engaged in the ongoing discussions of the implementation of MLUPA, including meeting monthly to discuss the status of each community’s work on MLUPA and providing updates to the legislative Local Government Interim Committee from June 2023 through September 2024. Letters of support from many of these organizations are included with this proposal.

Each community implementing MLUPA must develop a public participation plan that they will follow throughout the process of visioning, drafting, editing, evaluating and adopting each component of MLUPA, including their land use plan, zoning ordinance and subdivision regulations. In this way, the key stakeholders in each community and statewide stakeholders are engaged in the process, in most communities that process

has already begun, and the community is already engaged in the process. For example, the City of Whitefish coordinated with Whitefish High School to complete the land use plan effort as a senior project. Some of these projects were presented by the students at a Jan. 18, 2024, Community Development Board work session. Whitefish High School's art class then used the land use plan's topics for one of their art projects, with students depicting their visions for the City of Whitefish in 2045 and providing descriptions of their work. The city then displayed the art works at City Hall.

Lastly, the key statewide stakeholders have been engaged in the development of the Analysis of Impediments and the Consolidated Plan, which have also been included in the discussions related to the development of this grant that the state is currently undergoing. Given the limited narrative space in this application, a list of all stakeholders engaged can be found online at commerce.mt.gov.

Additional information will be added to this section to document the efforts taken by Commerce and the League to further engage stakeholders during the public comment period for this grant.


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Table 11 — Race and Ethnicity

	1990		2000		2010		2020	
	Trend		Trend		Trend		Trend	
Race/Ethnicity	#	%	#	%	#	%	#	%
White	556,529	91.4	618,450	89.2	666,393	87.8	657,407	83.3
Black	1,103	0.2	2,275	0.3	4,179	0.6	2,648	0.3
Hispanic	7,969	1.3	11,912	1.7	19,169	2.5	28,565	3.6
Asian or Pacific Islander	2,432	0.4	4,558	0.7	7,104	0.9	5,371	0.7
Native American	40,296	6.6	54,443	7.9	61,823	8.1	53,132	6.7

Source: HUD AFFH Tool, Census, ACS

The largest non-white group in Montana is American Indian/Alaskan Native. This ethnic group is largely located on seven Indian reservations, but the population is dispersed throughout all areas of the state and has a significant presence in select urban centers (e.g., City of Billings). While needs vary across income categories and geographic locations for this group, data show that American Indians/Alaska Natives in the 30% AMI and below brackets experience disproportionately greater need in comparison to other racial groups.

During the development of the latest Analysis of Impediments and the Consolidated Plan, Commerce conducted outreach and received comments regarding the importance and a need for subsidized housing, workforce housing and ADA compliance. Some public comments included a concern about the lack of developers who actually want to build affordable

housing and concerns about people who are creating accessory dwelling units without going through the proper channels and regulations to ensure that they are habitable per health and safety standards such as converting garages into accessory dwelling units, which could lead to potential toxic exposure. This grant will help address these concerns through the activities. Lastly, Commerce is affirming this project complies with, and is consistent with the latest, and upcoming, Consolidated Plan and Analysis of Impediments.

What Are Your Budget and Timeline Proposals?

The total project cost is \$11,882,822. The State is requesting \$7 million from HUD, of which \$4.93 million is to complete land use planning reforms with 11 MLUPA communities implementing the Act, \$1.93 million to develop the Housing Technical Assistance Program to jumpstart housing development at the local level and \$140,000 for the Montana Department of Commerce administration expenses. The State is providing \$150,000 in leverage through its Community Technical Assistance Program and \$284,150 in grants to the 11 MLUPA communities through the Montana Community Reinvestment Grant program. The assisted MLUPA communities are providing \$4.5 million in leverage through local funds and in-kind staff time and resources. The League will not be requesting any administrative costs related to this grant. The State of Montana and its partner have proactively chosen to minimize costs allocated to grant administration in order to maximize the potential for success in local regulatory reform and incentivizing housing production.

Timeline

All project activities will be completed no later than Dec. 31, 2029. Activity 1 and Activity 2 began with the announcement of the HUD award on Jan. 11, 2025. Activities 1 and 2 will be completed, and the estimated closeout will be May 31, 2027. Activity 3 will be initiated no later than March 2025 and be completed by Jun. 30, 2029. Project closeout and monitoring will be completed by Dec. 31, 2029.

Use of Funds — Method of Distribution (State Grantees Only)

Activities 1 and 2 — The 11 communities listed in Table 12 are required to follow the new statewide MLUPA, passed during the 2023 Legislative Session. \$4.93 million will be distributed to the 11 MLUPA communities to conduct remaining data compilation, analysis, housing needs projects and public participation in developing land use plans and maps that support streamlined housing development and update zoning ordinances and subdivision regulations that codify at least five zoning reforms that support increased housing development and implement administrative approval of housing development within the 11 MLUPA communities.

PRO Housing funds will reimburse costs associated with completing MLUPA planning efforts, such as staff time and contracted planning services needed to complete technical analysis, housing needs assessments, public engagement and preparation of updated plans, maps and development regulations required for MLUPA compliance. Communities intend to use a combination of qualified in-house staff and competitively procured consultants consistent with applicable federal, state and local procurement requirements.

The budget for this project was developed based on the scope of work required for each community to complete remaining planning activities necessary to achieve full compliance with the Act, as established in the Montana Code Annotated. The League contacted each of the 11 MLUPA communities to determine the level of effort and estimated costs needed to complete the outstanding planning work necessary to achieve MLUPA compliance. Many communities had already initiated planning work after the passage of MLUPA in 2023, understanding that this work must be completed no later than May 2026. By aligning PRO Housing activities with the remaining work required for MLUPA compliance, that funding is poised to provide a targeted investment in locally identified planning activities that are required to meet and implement MLUPA. Because MLUPA planning activities vary depending on the community, the current planning efforts will therefore vary depending upon the complexity of each community's needs. There is no single national industry standard for planning costs and services.

Instead, the cost reasonableness was determined through locally procured professional service and use of qualified in-house staff. Each community identified the most cost-effective approach to completing the required work, either through competitively procured planning consultants consistent with applicable state procurement requirements or through the use of existing local government staff with expertise in land use planning, housing policy and public engagement.

The League will distribute funds for eligible activities identified in Table 12. Because funding amounts vary by community, the use of funds identified for each community represents the maximum list of deliverables eligible for reimbursement. Communities may request reimbursement for individual completed deliverables, allowing them to prioritize the work most necessary to achieve MLUPA compliance by the May 2026 deadline while ensuring funds are tied to documented planning outcomes and compliance with the PRO Housing Program to reduce barriers to housing.

Table 12 — Distribution of Activity 1 and 2 Funds

Recipient	Amount	Use of Funds
Billings, City of	\$344,317	Create pilot program for incentives for infill development, complete a housing needs assessment, perform an Analysis of Impediments and engage public outreach and engagement for further analysis in support of the land use plan and map.
Belgrade, City of	\$422,571	Update its land use plan, including an update to its master utilities plan, finish updates to its zoning codes and complete the updates to its subdivision regulations necessary to comply with MLUPA.
Bozeman, City of	\$313,016	Update its land use plan and unified development code, including data


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Recipient	Amount	Use of Funds
		compilation, community engagement and come into compliance with MLUPA.
Columbia Falls, City of	\$391,270	Develop a land use plan, including updating the City water and wastewater system PERs, and update the zoning and subdivision regulations to come into full compliance with MLUPA.
Great Falls, City of	\$641,683	Develop a land use plan, including completing a comprehensive soils analysis of the City, and update the zoning and subdivision regulations to come into full compliance with MLUPA.
Helena, City of	\$391,270	Updating zoning and subdivision regulations to come into full compliance with MLUPA.
Kalispell, City of	\$1,095,555	Develop a land use plan, including completing a housing needs assessment and updating the city's water and wastewater facility plans and update the zoning and subdivision regulations to come into full compliance with MLUPA.
Laurel, City of	\$391,270	Develop a land use plan and update zoning and subdivision regulations to come into full compliance with MLUPA.
Lewistown, City of	\$156,508	Capitalize on the city's zoning reforms already enacted that allow accessory dwelling units and duplexes by right on over 50% of the residential lots within the city.


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Recipient	Amount	Use of Funds
Missoula, City of	\$391,270	Collect data and create modeling tools for an economic development and land use market feasibility analysis, revise the city's annexation policy and implement process mapping, system improvements and performance monitoring and evaluation.
Whitefish, City of	\$391,270	Develop a detailed land use plan, including detailed environmental resources and constraints analysis, vacant parcel inventory, housing needs assessment, commuter transit-oriented development study, community wildfire protection plan and a zoning for affordability analysis.
Total	\$4,930,000	

Commerce will provide \$2,440,979 in leveraged funds through the Community Technical Assistance Program and \$993,648 through the Montana Community Reinvestment Grant Program. The assisted communities are providing \$19.9 million in leverage through local funds and in-kind staff time and resources.

Activity 3 — \$1.93 million to create programs and tools that communities statewide can access to further incentivize affordable housing development while incorporating equity and accessibility throughout administering the grant. Of the \$1.93 million, \$250,000 will be utilized by qualified Community Technical Assistance Program consultants to develop toolkits and provide training opportunities to help all Montana communities better understand MLUPA and opt into implementation of MLUPA. The Community Technical Assistance Program consultants were chosen during an open solicitation request for proposals in March 2024. Commerce assigns work orders to consultants in the approved pool based on project-specific proposals, expertise and current workload.

The remaining \$1.68 million will fund a variety of options that communities can choose from, including:

- Zoning reform tools and incentives to prioritize projects that maximize infill, density and infrastructure investments
- Site assessments and development plans including Brownfields site reuse
- Incentives and designs for adaptive reuse and ADA compliance of historic properties

PRO Housing funds for Activity 3 are available for units of general local government via a competitive process that will review the applicant's proposed project, the feasibility and community need for the project and how the proposed project removes obstacles to affordable housing in the community. Commerce will provide further guidance in its application guidelines.

The work to be completed under Activity 1 includes the eligible activities outlined in (1) Planning and Policy activities supporting affordable housing, subsections D, E, G, M, O, R, V, the eligible activities outlined in (2) Development activities, subsections A and E, the eligible activities outlined in (3) Infrastructure activities, subsections A and B and the eligible activities outlined in (4) Preservation activities, subsections C, E, F, H, K and L.

To achieve the most effective and efficient use of PRO Housing funds, the director of Commerce may reallocate up to 10% of the total PRO Housing allocation grant categories, depending upon needs in the state and during any given plan year. A reallocation of more than 10% of the total allocation, or the creation or elimination of a grant category, will be considered a substantial amendment to this Action Plan and will require further steps as identified in [Montana's Citizen Participation Plan](#) (Appendix A of the application).

Grantee and Partner Capacity

Commerce and the League will jointly lead the implementation of proposed activities, utilizing their administrative abilities, experienced staff and energy to handle projects of such scale and complexity.

Commerce has strong capacity and established systems are in place to ensure smooth implementation of program and project management for this grant.

- Since the 1980s, Commerce has been the recipient and manager of HUD funds. Additionally, Commerce's CDBG, HTF and HOME programs offer a wide range of services to assist LMI people, including funding and awardee monitoring for their efforts to preserve and/or create affordable housing. Commerce has occasionally provided funding for pressing communal needs that could not be met by other means.
- The structure for award making and project administration are established by the organizational structure at Commerce, which includes decades of experience administering and managing federal and state grant and loan programs as described below.

Award making for Activity 3 will be done through the typical competitive award process and will be overseen by the Community MT Division administrator and planning staff. The competitive award process will similarly follow the established CDBG Planning Grant Program and will be announced in coordination with the same. The division administrator will oversee the contracting, reporting and site visit processes for all awards. In addition, the State of Montana has received HUD CPD funding since 1981. Commerce has the framework in place for project management, compliance and quality assurance that will enable immediate and timely implementation of the proposed activities. Commerce's capacity and expertise come from the specific administrative experience identified through the following:

- Community MT Division: Community MT will administer and oversee the management of this PRO Housing Program. Community MT administers

numerous federal and state funded community development programs such as CDBG, Montana Coal Endowment Program, Main Street Montana, Montana Historic Preservation, Hard Rock Mining Board and the Community Technical Assistance Program. The Community Technical Assistance Program provides professional planning assistance to communities across Montana in support of sound land use and development. The Community Technical Assistance Program assists communities in everything from the development of long-range plans to interpretation of statute to guidance on grant applications and review of technical documents. This assistance is provided at no cost to communities statewide. The proposal includes funding to hire a limited-duration consultant, who will assist Community MT to continue the progress towards addressing the housing needs and land use as discussed in Exhibit D of the application.

- **Housing MT Division:** Housing MT will support Community MT with any work related to this program. Housing MT also has extensive experience in applying for, implementing and managing large scale federal and state programs such as CDBG, Housing Trust Fund, HOME, Housing Choice Vouchers, Low Income Housing Tax Credits and many more housing programs. Housing MT works to support the development of deed restricted affordable housing units in a variety of types through acquisition and development of single family, multifamily and trusts, mixed income, rehabilitation projects and shelters. Housing MT collaboratively works with Community MT and the Montana Department of Public Health and Human Services to complete the Consolidated Plan, Annual Action Plan, Consolidated Annual Evaluation Report, Affirmatively Furthering Fair Housing Plan as well as IDIS and DRGR reporting experience.
- **Commerce Finance:** Finance consists of financial experts, which includes budget and finance managers that are dedicated to the work all of the divisions that oversee federal and state appropriations and budgets. Community MT, Housing MT and Finance work closely to manage the CDBG, HTF, HOME and other funds allocated to Commerce. In the last biennium, Commerce has successfully awarded and administered approximately \$100 million in CDBG, HTF, HOME and numerous other Commerce-funded programs.

- Commerce Legal: Legal assists Commerce in achieving its policy goals and serves the public interest by providing excellent, objective, timely and economical legal advice. Legal regularly supports Community MT and Housing MT divisions. This includes, but is not limited to, review and approval of contracts, administrative rules, loan terms and documents, land use, environmental review, implementation and administration of programs, policy and procedural changes related to all programs administered at the department.

Staffing Plan

- Division Administrator — Galen Steffens
 - Galen has over 15 years' experience in community planning and development at both a local and state level and managing planning programs. She has worked to ensure compliance with local, state and federal rules and regulations, managed multiple complex projects concurrently and developed and implemented new programs successfully.
- Operations Manager — Stephanie Crider
 - Stephanie has over 14 years' experience with both grant management, state and federal, and 10 years' experience with HUD grants and programs, including the Community Development Block Grant, HOME Investment Partnerships Program, National Housing Trust Fund and the Housing Choice Voucher Program. In her current role as operations manager, she develops, trains on and implements processes and procedures to ensure compliance, consistency and success for both internal and external teams.
- Planning Program Manager — Ann Schwend
 - Ann has extensive experience in comprehensive natural resources and community planning for 30 years. Her broad experience includes project and program development, funding and implementation; integrated land use and water planning; and extensive state and federal grant writing, administration and management. As the planning program supervisor, Ann

will coordinate the project partners and consultants to develop the suite of Commerce community programs, including the Housing Technical Assistance Program, resources and tools to incentivize affordable housing development across Montana

- Planner II — Jacob Cote
 - Jacob is an American Institute of Certified Planners-accredited planner with experience in the public and private sectors throughout the Mountain West. His mission to increase access to affordable housing has brought him to projects with unique and impactful outcomes in communities with varying needs and capacities. His diverse housing background provides him with crucial insight into the complicated and challenging mechanisms that support affordability. In his current role, Jacob assists local governments and non-government organization partners as they pursue planning projects in support of long-term goals, housing affordability and economic development.

The League has a strong ability and experienced staff, and established systems are in place to ensure smooth implementation of the project management for Activity 1 and Activity 2 of this grant. As shown in the organizational chart below, HUD awarded PRO Housing funding to the State of Montana, which is providing \$4.93 million to the League to administer as a pass-through entity to the 11 communities identified in the approved PRO Housing 2 application: Billings, Belgrade, Bozeman, Columbia Falls, Great Falls, Helena, Kalispell, Laurel, Lewistown, Missoula and Whitefish. Because these communities were identified and evaluated as part of the application approved by HUD, the League is not conducting a competitive subgrant process. Instead, the League will enter into a subaward agreement with each community and provide oversight consistent with federal requirements for pass-through entities under 2 CFR Part 200 and the PRO Housing 2 Notice of Funding Opportunity. The League has experience managing state and federal funding and has established procedures to review subrecipient capacity, including experience administering grants, financial management practices, staffing resources and the ability to complete the proposed scope of work for each community.

Oversight will include subaward agreements, regular progress updates, reimbursement review and documentation requirements appropriate for planning activities. These processes are intended to support communities in the completion of the MLUPA work while ensuring compliance with federal and state regulations to complete the identified scope of work for each community.

- Jerry Grebenc, land use services director at the League. Jerry brings more than 26 years of experience in land use planning and community development across the State of Montana. He has a graduate degree from the University of Montana with an emphasis on rural land use planning. He has had a diverse career in Montana. He served as the community development director for Lewis and Clark County, Montana, where he provided land use guidance to the County Commission and its land use boards and managed a staff of nine with a budget of almost \$1 million dollars. He served as the program manager for the Community Technical Assistance Program at Commerce, where in conjunction with the Community Technical Assistance Program attorney, he provided technical assistance and training to Montana cities and counties through onsite training, phone calls and emails. He also served as the planning bureau chief for Commerce where he managed the Community Technical Assistance Program in addition to several planning grant programs, including CDBG Planning Grants, and managed the professional engineers of the Community Development Division. He moved onto work for several nonprofit organizations, including the Sonoran Institute and Future West where he focused on conservation and community planning initiatives in Montana, Wyoming and Idaho. Projects included helping communities prepare for the impacts of energy development, creating wildlife corridors across the region's highway system and providing land use planning training and assistance. Prior to joining the League, Jerry served as the senior planner for Great West Engineering for over 10 years focusing on land use planning and land use code projects for Montana communities. His primary duties were the creation of growth policies, capital improvements plans and land

use code updates, along with providing day to day land use planning services such as subdivision and zoning application reviews.

- Jennifer Olson, government affairs director of the League, has over two decades of experience working at the federal, state and local nonprofit levels. She started her career with a community action organization providing resources, then worked at Commerce as the Community MT Division administrator to lead the division in its administration of CDBG, CDBG-DR, NSP, HOME, HTF and several infrastructure, planning and other community development state and federal funded programs. Her experience includes the design and development of HUD's CPD programs for the State of Montana and oversight and administration of the Consolidated Plan, Annual Action Plan, Consolidated Annual Evaluation Report, Analysis of Impediments/Affirmatively Furthering Fair Housing Plan as well as IDIS and DRGR reporting experience. Most recently she worked at HUD in Field Policy and Management connecting federal resources to individuals and communities. Jennifer will directly support the work of this grant, and her experience and expertise will ensure accurate and timely compliance and completion of this grant. The combined management and knowledge of the CDBG Program showcases the expertise and proficiency of Commerce and the League staff in coordinating various funding sources, contracting, community stakeholders and government agencies. Their capabilities encompass the development and oversight of competitive applications, administration of subrecipient awards and legal documentation, as well as the disbursement and accounting of funds. Furthermore, their adeptness extends to program and subrecipient monitoring, along with accurate reporting to HUD and other relevant entities. The capacity of these two organizations will ensure successful and accurate implementation of this grant. The staffing of this grant will include the aforementioned League staff and Community MT staff, including the Community MT Division administrator, a Community MT specialist to complete reporting and two Community Technical Assistance Program planning staff to carry out the implementation, reporting and monitoring of this grant. The League will not be receiving any administrative funding for this grant; all administrative costs listed

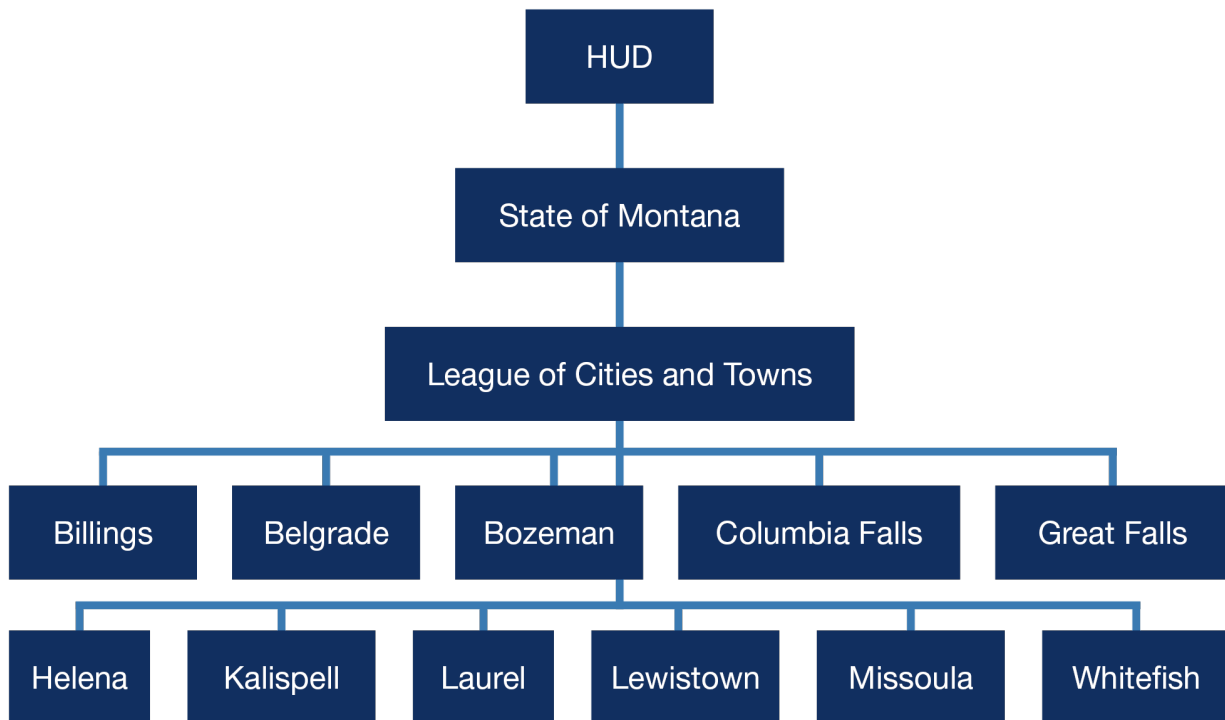
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in this grant will be exclusively for the related administrative expenses of Commerce and Community MT.

Jennifer Olson, government affairs director at the Montana League of Cities and Towns, in conjunction with Melissa Higgins, Housing Program executive, wrote this application on behalf of Commerce and the League. Coordination with Community MT, Housing MT, Finance Department, Legal and the League ensures that the problems, barriers and activities proposed are in alignment with current and future goals and objectives of Commerce and the League.

The chart below identifies how the organizations will administer the PRO Housing funding related to activities 1 and 2.

PRO Housing Funding Organizational Chart



Stakeholder Engagement and Public Participation Summary

The State of Montana and the League provided multiple avenues for public participation during the development of the PRO Housing application. Below is a list of the public participation opportunities:

- Sept. 10, 2024 — presented to the Local Government Interim Committee
- Sept. 23-Oct. 9, 2024 — public comment period
- Oct. 2, 2024 — The League presented a session called “Housing Finance and Zoning Reform: A Comprehensive Discussion and Federal Grant Application Hearing”
- Oct. 9, 2024 — Public meeting to discuss application

Key stakeholders included the Montana Legislative Local Government Interim Committee, recipients of Commerce’s Weekly Roundup newsletter, website postings, Commerce’s Facebook and LinkedIn and industry conferences. Throughout the public participation process, the PRO Housing application received three written comments, eight verbal comments and nine letters of support.

For activities 1 and 2, the MLUPA communities will follow the statutorily defined public participation process during the development of the land use plans, zoning regulations and related policy documents to have the greatest long-term impact upon land use strategies and decisions. MLUPA communities will use multiple ways to ensure residents, businesses, service providers, stakeholders and community partners and organizations that may be affected by the development of their MLUPA documents are included in the public participation. Outreach and public engagement methods may include public meetings, surveys, workshops, social and other media forums, individual information forums and messaging, links to locally maintained engagement records and other opportunities for input and feedback with partners, stakeholders, organizations and anyone that could be impacted by the land use planning decisions. Under MLUPA, communities are required to follow robust public participation strategies during the development of their plans. Only a portion of the MLUPA compliance is being funded by

PRO Housing activities. Thus, each community has conducted significant public engagement to follow the state law which created a much larger public participation process than is being carried out for the specific PRO Housing funded activity. The League will provide technical assistance and support for all communities to complete the PRO Housing activities 1 and 2.

For Activity 3, Commerce will host public input sessions with interested parties and key stakeholders to seek input on the approach to establish the Housing Technical Assistance Program and develop and deliver a menu of options to assist communities in identifying their housing needs, site assessments and the planning resources to implement and incentivize affordable housing.

Commerce will follow its Citizen Participation Plan to engage the public and stakeholders. Commerce will announce public engagement opportunities through its Weekly Roundup newsletter, PRO Housing website postings, Commerce's Facebook and LinkedIn and industry conferences as applicable.

Long-Term Effect

This grant proposal has three main activities that activate collaboration between state and local governments in coordination with developers and planners to elevate and enable local processes that will produce achievable long-term results dedicated to identifying and removing barriers to affordable housing production and preservation while considering the needs of disadvantaged populations and reducing discriminatory barriers. This grant not only activates and facilitates the increase in affordable housing production and preservation for the 11 MLUPA communities during this grant timeline, but more importantly it is also a catalyst for the long-term results for years to come. It is also a catalyst for other communities who will be able to learn and follow the path of the 11 MLUPA communities to initiate the same changes, creating a long-term and wide-spread impact to affect many more communities than this original grant seeks to accomplish.

Building on this foundation, activities 1 and 2 support the adoption of much more comprehensive community land use plans than Montana communities have ever undertaken. These plans will support the efficient use of zoning ordinances, subdivision regulations and administrative procedures to encourage the construction of various types of housing to meet the state's demand for housing. The impact of these monies will remain in effect for years beyond the grant period. The update of these plans and regulations is intended to create consistent, streamlined and predictable development standards and to align local regulations with current housing needs and reduce regulatory barriers that can delay or limit housing production. In addition, each of the 11 MLUPA communities will implement at least five zoning reforms required by Montana statute which will expand opportunities for housing development and establish administrative approval processes that will allow qualifying housing projects to move forward much more efficiently while maintaining the minimum local oversight to comply with each community's plans and regulations.

As the League is acting only as a pass-through entity to the communities identified in the HUD-approved application, this effort does not establish an ongoing subgrant program. Instead, funds support completion of the defined planning deliverables that result in the permanent regulatory changes required under MLUPA. Long-term outcomes include incorporation of housing needs projections into local planning documents, an analysis of infrastructure needed to support housing, an analysis of physical hazards and environmental issues that could affect housing development, the adoption of streamlined development regulations and full alignment between land use plans and implementing tools such as zoning and subdivision regulations. These changes will support the construction of a broad range of housing types, provide clearer development standards and create consistent administrative review processes that extend years beyond the period of performance.

By focusing on long-term statutory changes rather than temporary programs, the project establishes a durable framework that supports housing production and preservation over time. The anticipated result is a sustained reduction in regulatory barriers,

improved transparency in local decision-making and strengthened local capacity to address housing needs well beyond the grant term.

The implementation of the Act by the 11 Montana MLUPA communities and the modeling of pilot housing incentive programs at the state will enact transformational change across the state in seven ways.

1. For the first time, Montana's fastest-growing areas will quantify the number of housing units needed to house its projected population and incorporate those numbers into its comprehensive planning documents. Prior to implementation of MLUPA, housing needs were not required to be quantified and not required to be incorporated into land use plans.
2. For the first time, Montana's fastest-growing areas will be required to zone to allow, by right, the number of housing units needed to house its projected population over the next 20 years. This single statutory change will ensure that the regulations in these communities are not the barrier to developing the minimum number of units necessary to house its projected populations.
3. As part of their zoning code update necessary to implement MLUPA, Montana's fastest growing areas will adopt at least five zoning reforms from a list of 14 statutory reforms that will lead to the development of more affordable housing.
4. With implementation of MLUPA, all new development proposed that is found to be in substantial compliance with the zoning for a site will be administratively reviewed and approved with no additional public comment, hearings or discretionary review.
5. By demonstrating how to implement MLUPA and the success of this new development review framework, these 11 MLUPA communities will provide a model for encouraging other Montana jurisdictions to implement MLUPA and transform land use planning, reform zoning and streamline housing development in additional communities.

6. New or expanded incentives for affordable housing developers, such as providing lower interest rate loans for new construction or preservation of affordable housing, innovative home construction methods or improved infrastructure or infill development.
7. New tools and training to assist affordable housing developers and nonprofit organizations with affordable housing development.

Success at the end of the performance period will be:

1. All 11 MLUPA communities have fully implemented MLUPA and are reviewing and approving applications for zoning and subdivision review administratively.
2. A new toolkit has been developed and made available to support other communities with the implementation of MLUPA and innovative housing planning tools.
3. Increased affordable housing unit production. While the production of housing units is a long process, the total units produced from 2017-2022 will be compared against the total units produced during the term of this grant 2024-2029, with a specific focus on the housing unit production as it related to the 11 MLUPA communities implementing MLUPA.

Substantial and Non-Substantial Amendments (If Applicable)

The State of Montana has not made any substantial amendments to the original grant application.