



MONTANA HOUSING

OVERVIEW OF RENTAL ASSISTANCE PROGRAMS

Local Government Interim Committee
September 7, 2023

MISSION

Montana Housing works with community partners across the state and together we ensure Montana families have access to safe and affordable homes



Board of Housing - 32.25 Total FTE

Operations (2.75 FTE)

Multifamily Development (7 FTE)

Mortgage Servicing (12 FTE)

Accounting (4.5 FTE)*

Internet Technology (1 FTE)*

FY24 Proposed Budget: \$27,019,445

Board of Housing
Board of Directors
Policy Setting for
Board Programs

Rental Assistance - 22 Total FTE

Operations (2.5 FTE)

Housing Choice Voucher / TBS8 (8.5 FTE)

Special Programs / PBS8 (8.5 FTE)

Accounting (1.5 FTE)*

Internet Technology (1 FTE)*

FY24 Proposed Budget: \$29,656,870 (TBS8)

FY24 Proposed Budget: \$28,456,063 (PBS8)

Community Housing - 6 Total FTE

HOME (3 FTE)

HTF (3 FTE)

FY24 Proposed Budget: \$10,108,509

*FTEs in Director's Office but funded under Montana Housing budget.

Note: FTE totals do not include personal services support of 0.33 FTE of three (3) fulltime Communication positions in the Director's Office.



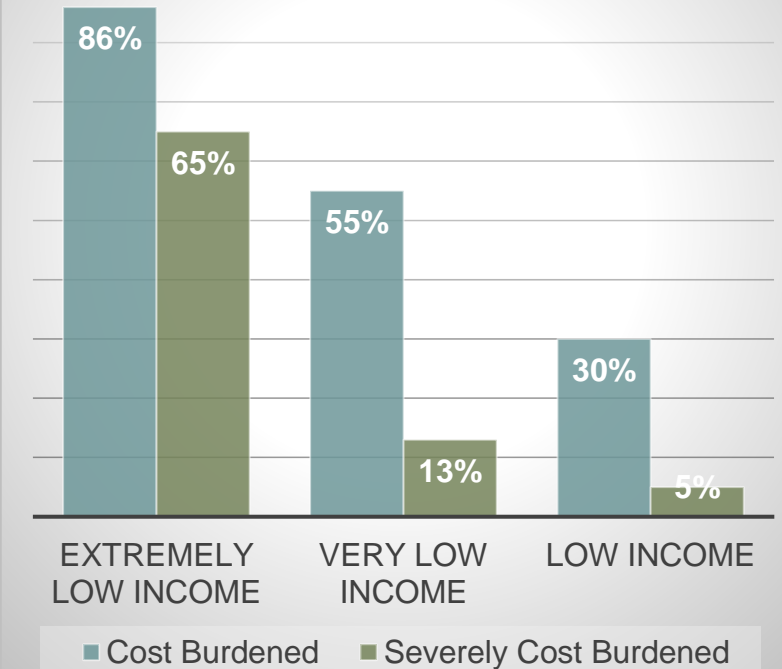
WHAT IS THE NEED?

135,060	Total # of Montana renter households (31% of population)
28,632	Number of Extremely Low-Income renter households (< 30% AMI)
12,891	Number of affordable and available rental homes
-15,741	Deficit of affordable & available rental homes for ELI renter households

HUD FY2023 Income Limits – Montana Family of Four

Median Family Income =	\$89,700
Low-Income (80%) =	\$68,350
Very Low-Income (50%) =	\$42,700
Extremely Low-Income (30%) =	\$25,600

Housing Cost Burden by Income Group



Sources:

NLIHC tabulations of 2021 5-year ACS PUMS
<https://nlihc.org/housing-needs-by-state/montana>
<https://nlihc.org/gap/state/mt>



RENTAL ASSISTANCE PROGRAMS

Federal Programs:

- Housing Choice Vouchers (HCV) also known as Section 8 Vouchers
 - Veteran Affairs Supportive Housing (VASH and PB VASH)
 - Mainstream Vouchers
 - Emergency Housing Vouchers (EHV)
- Project-Based Section 8 Contract Administration (PBS8)
- Moderate Rehabilitation Contract Administration (Mod Rehab)
- Section 811 Project Rental Assistance (PRA)



OBJECTIVE & GOALS

Objective: Maximize use of federal rental assistance programs to serve Extremely Low- and Very Low-Income Montanans

2025 Biennium Goals:

1. Increase training and coordination with field agency partners
2. Pursue maximum flexibility for HUD Fair Market Rents / Voucher Payment Standards within parameters of federal regulations
3. Release Request for Proposals (RFP) for project-basing Housing Choice Vouchers and other to-be-identified RFPs for improved service delivery for HCV participants and landlords
4. Expand rental assistance special programs as federal opportunities arise, in partnership with the Department of Public Health & Human Services, Montana Continuum of Care and other partners



STRATEGIES, INITIATIVES & MEASURES

Strategies	Initiatives	Measures
<ul style="list-style-type: none"> • Implement process improvements • Customer service, accountability and efficiency 	<ul style="list-style-type: none"> • Released competitive Request for Proposals for local program administration & field inspection services in Q4 2022 • Executed new performance-based contracts with selected Field Agency partners effective July 1, 2023 • Deploying baseline survey to Housing Choice Voucher participants and landlords by September 30, 2023 	<ul style="list-style-type: none"> • # of open and leased Housing Choice Vouchers • Baseline survey results and on-going surveys
<ul style="list-style-type: none"> • Increase voucher utilization 	<ul style="list-style-type: none"> • Maximize Voucher Payment Standards • Release competitive Request for Proposals to project base Housing Choice Vouchers by September 2024 	<ul style="list-style-type: none"> • # of open and leased Housing Choice Vouchers
<ul style="list-style-type: none"> • Interdepartmental / Interagency collaboration 	<ul style="list-style-type: none"> • Continue monthly Interdepartmental Housing Integration Project (IHIP) calls with DPHHS, Montana Continuum of Care and Montana HealthCare Foundation • HUD-VASH Roundtables 	<ul style="list-style-type: none"> • Utilization and growth of special program vouchers



FAIR MARKET RENTS

- HUD uses Fair Market Rents (FMR) to determine payment standard amounts for the Housing Choice Voucher program (typically between 90 and 110 percent of FMR)
- FMRs are based on Standard Quality, Recent Mover rents
 - Standard Quality rents from 5-Year American Community Survey
 - Adjustment from smallest area with statistically valid 1-Year Recent Mover data
 - Consumer Price Index (CPI) Adjustment
 - Trend Factor based on HUD forecast of expected growth in gross rents in 4 Census Regions
- In September 2022, HUD released a Notice of FY2023 Fair Market Rents. Numerous commenters submitted concerns around the accuracy of HUD's FMR methodology in rural areas
- HUD reiterated its commitment to improving the accuracy of FMR calculations for all areas. However, HUD's response also indicated that "Assessing the accuracy of FMRs is difficult because at any given time the true 40th percentile rent paid by recent movers is unknown."



2023 FAIR MARKET RENT COMPARISON

Lewis & Clark County example:

	LIHTC 60% AMI Rent Limits*	HUD Fair Market Rent	Voucher Payment Standards (HUD-approved 120% FMR waiver)
Studio / Efficiency	1,093	683	819
1 Bedroom	1,171	791	949
2 Bedroom	1,405	1,003	1,203
3 Bedroom	1,624	1,292	1,550
4 Bedroom	1,812	1,498	1,797

- During COVID-19, HUD instituted a waiver to the 90-110% of FMRs calculation.
- Under this waiver, PHA's could request up to 120% of FMR, which Montana Housing fully utilized.
- It is unclear whether HUD will allow the 120% waiver to continue going forward.
- Resulting Voucher Payment Standards, even at 120% of FMR, are insufficient to cover even a 60% AMI restricted rent in a LIHTC property.

*Applicable limits for LIHTC projects placed-in-service prior to 1/1/2009.

The LIHTC program has slight difference in rent limits based on place-in-service year due to federal HERA legislation.

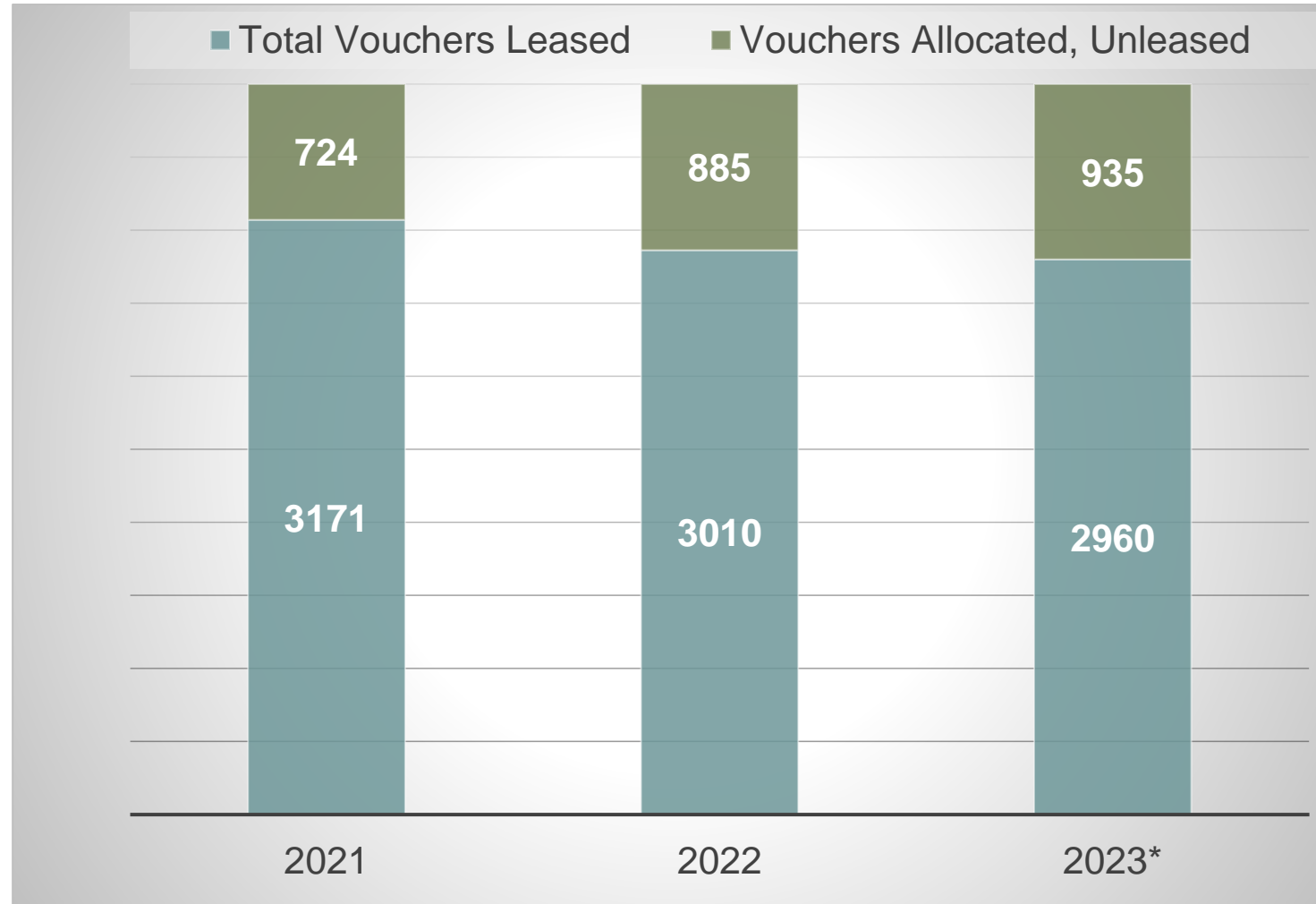


FACTORS IMPACTING VOUCHER UTILIZATION

- Overall shortage of affordable, attainable rental housing stock
- Rental home must comply with HUD Housing Quality Standards
 - HUD shifting to new NSPIRE standard, requiring additional training for PHA inspectors & landlords
 - [Montana Structures with Parcel Earliest Build Year Dashboard](#) indicates most of Montana's housing stock was built between 1961 - 2000
- Voluntary landlord / property owner participation
 - Landlords can realize more rental income by leasing units at market rate
 - No source of income protection at state or local level
- Limited housing navigation assistance to aid participants with apartment search
 - HCV participants may have challenges with prior rental history, poor credit etc.
 - Limited resources for security deposits, application fees and other participant needs to secure housing
- Stereotypes or stigma associated with "Section 8"



HOUSING CHOICE VOUCHERS

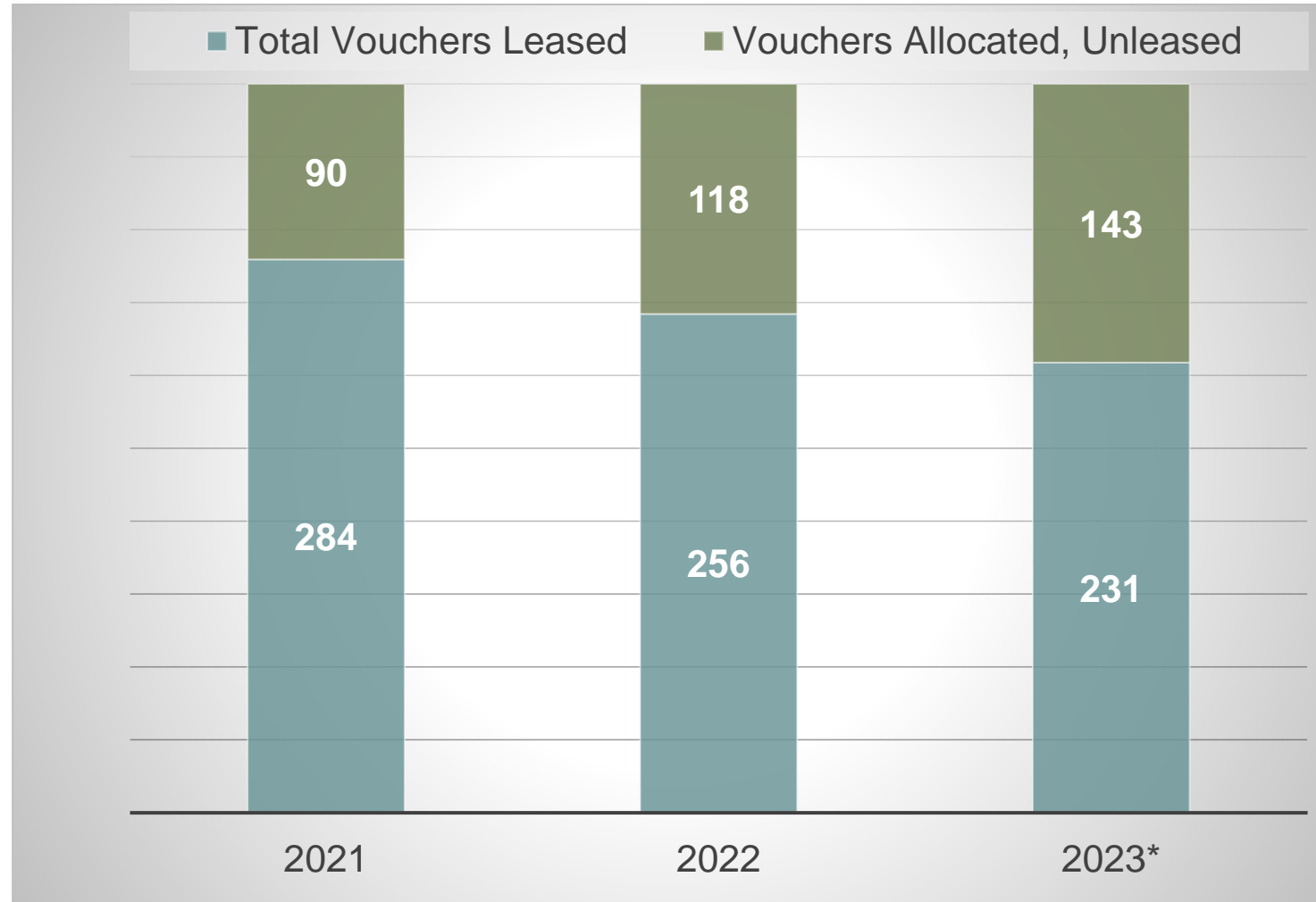


Total Allocated
3,895

*Through June 2023



VETERAN AFFAIRS SUPPORTIVE HOUSING



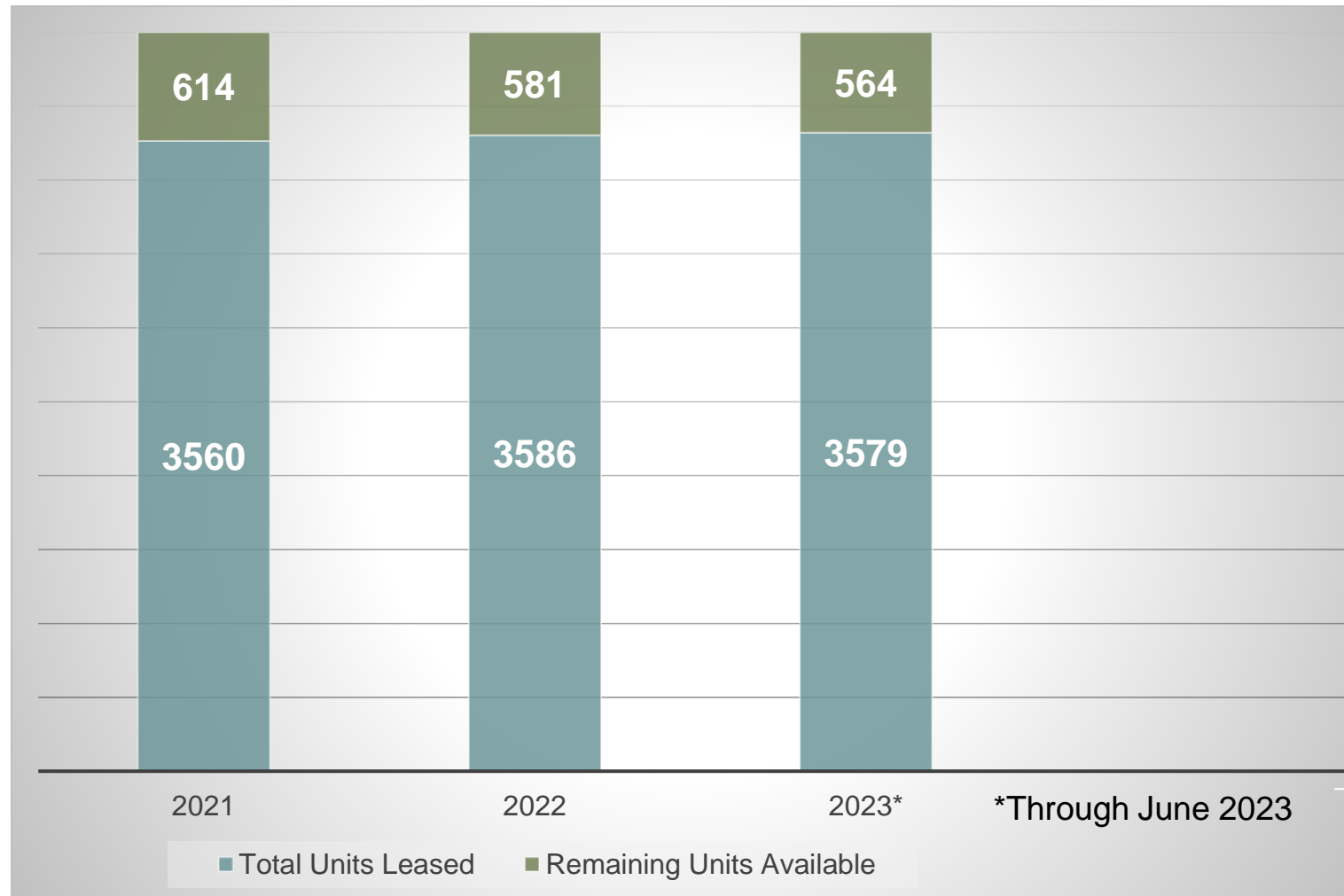
Total Allocated
374

*Through June 2023



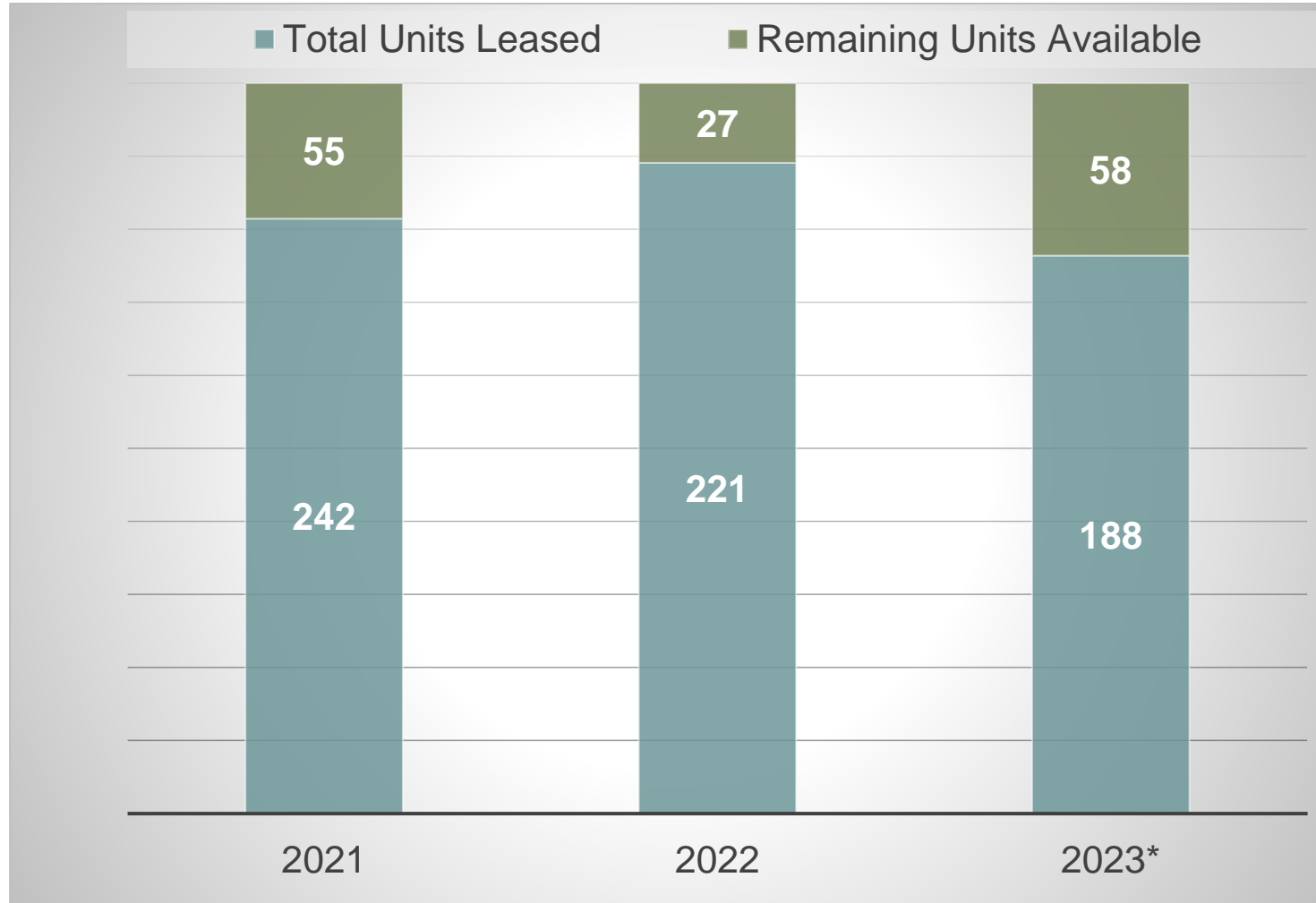
PROJECT BASED SECTION 8

Total Units
4,143



MODERATE REHABILITATION

Total Units
208

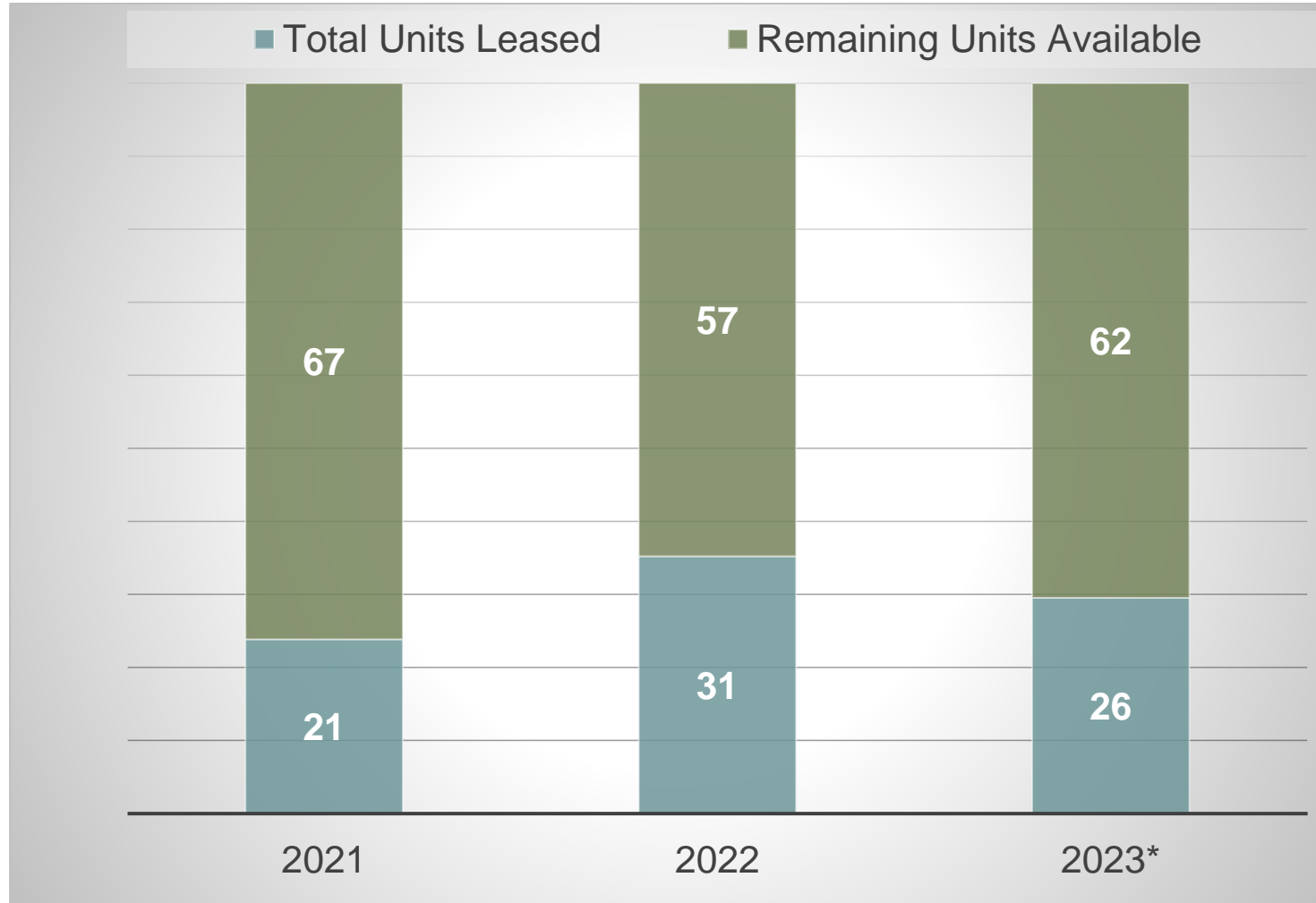


*Through June 2023



SECTION 811

Total Units
88

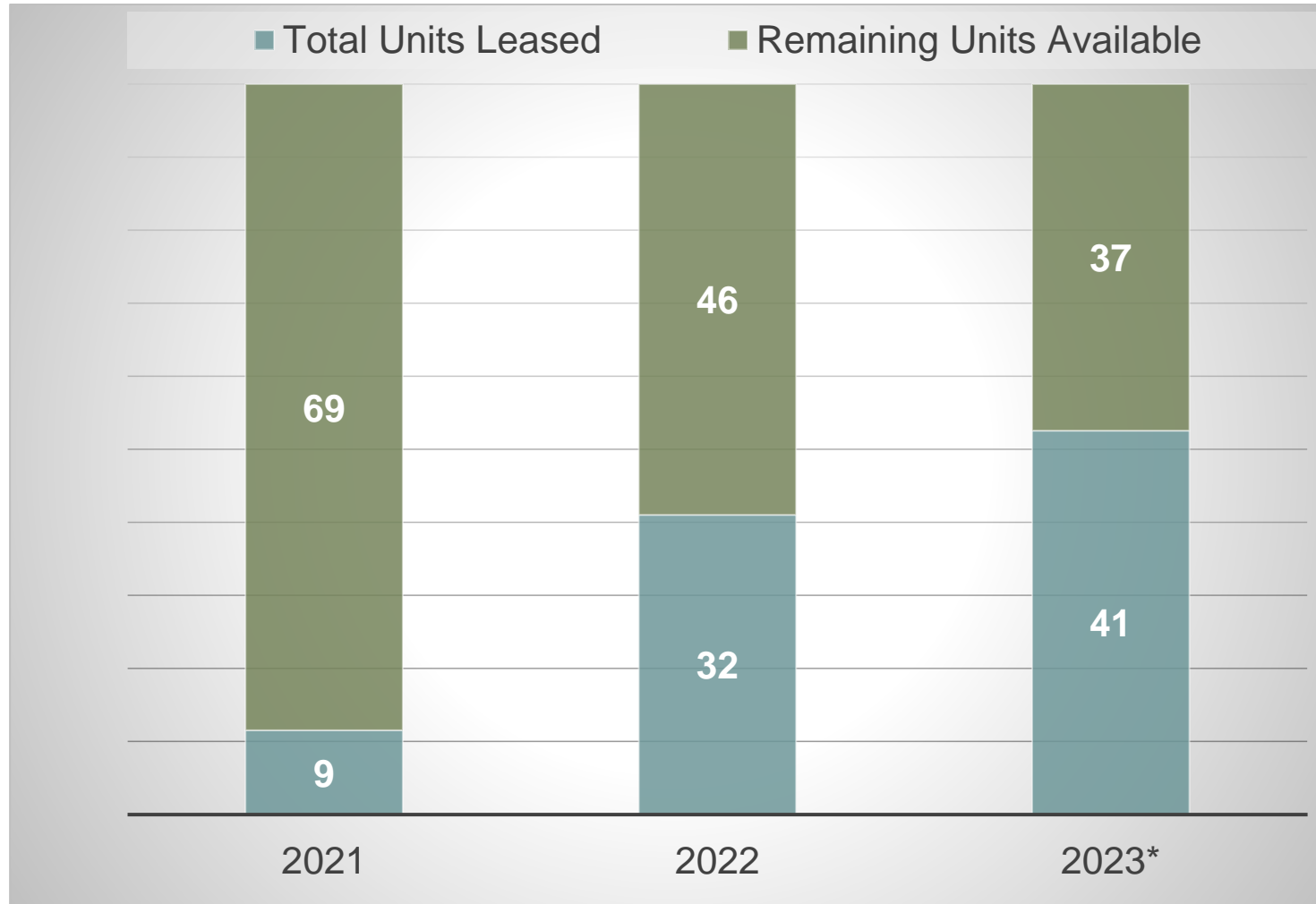


*Through August 2023



MAINSTREAM

Total Vouchers
78

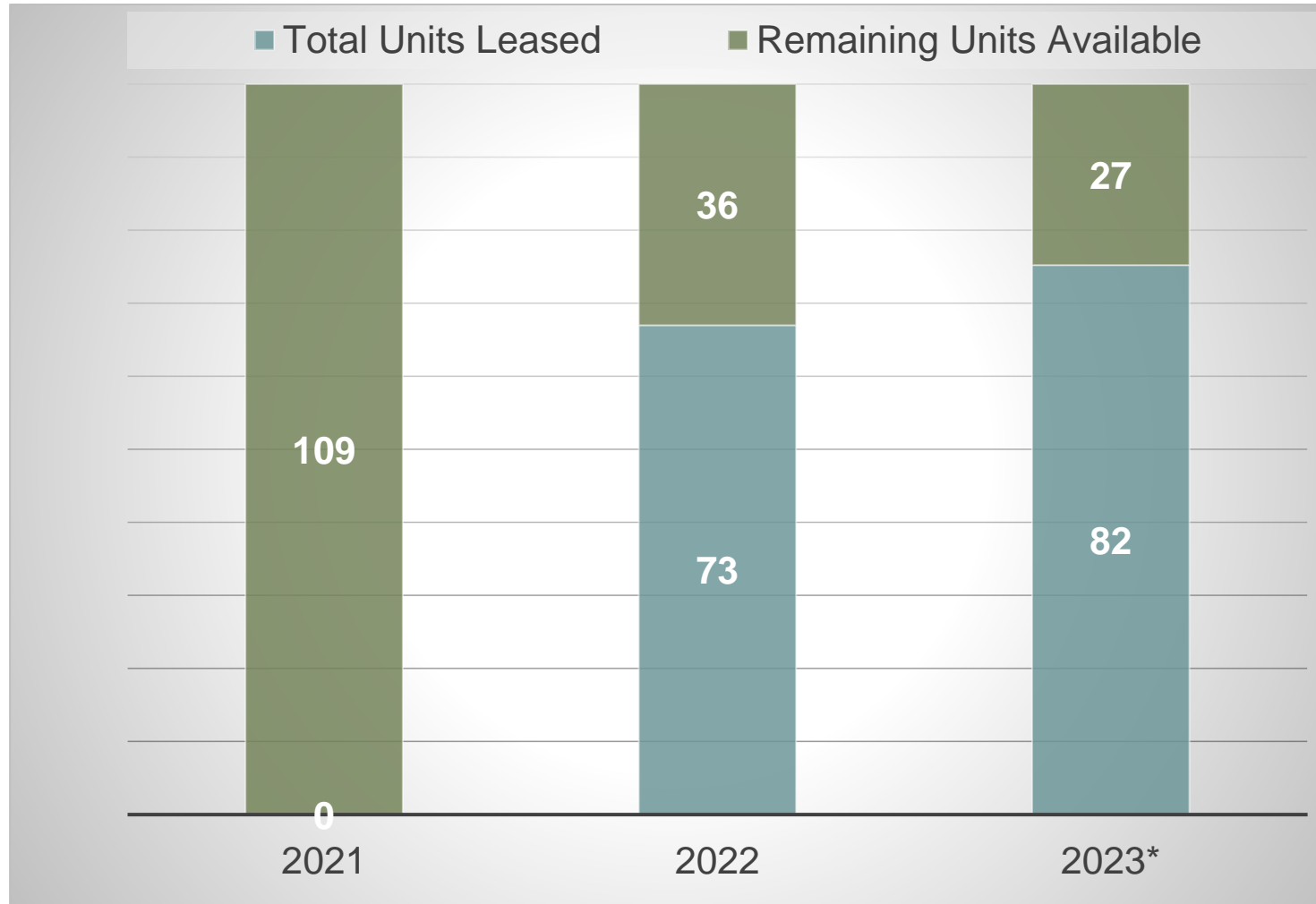


*Through June 2023



EMERGENCY HOUSING VOUCHERS

Total Vouchers
109



*Through June 2023



COAL TRUST MULTIFAMILY HOMES PROGRAM

\$12,523,677 funded | \$1,932,000 reserved | \$52,852,195 available

Developer	Borrower	Original Principal	Interest	City	Units
NW Great Falls	Golden Valley Homes	\$803,060	2.92	Belt	22
NW Great Falls	Quiet Day Manor	\$872,500	2.92	Cascade	20
Wishcamper Dev Partners	Firetower	\$2,674,631	2.65	Helena	44
HRDC9	Livingston Cottages	\$900,000	3.56	Livingston	12
Affiliated Developers	Oakwood Village	\$2,100,000	1.94	Havre	60
GL Development	Spruce Grove	\$5,173,486	2.25	Joliet / Laurel	62

Developer	Borrower	Est. Closing Date	Reserve Loan Amount	Interest Proposed	City	Units
Echo Enterprises	Highland Manor	Summer 2023	\$1,932,000	2.25	Havre	32



HB 819 UPDATE

- Montana Housing is already accepting new applications for the CTMH program
- Loans will be subject to the requirements of HB 819 to be implemented through the Administrative Rules of Montana (ARM)
- All CTMH loan commitments will be contingent upon meeting the final ARM requirements and will not be allowed to close until the ARM process has been completed
- Current schedule has notice of proposed rule to be published on September 8, 2023
- For projects applying for other funding with Montana Housing, developers are asked to include a CTMH loan in the capital stack and request approval of the loan commitment in conjunction with other fund sources
- CTMH Program Highlights linked below summarizes program requirements that will be included in the proposed rule
 - [CTMH Program Highlights](#)

[Montana Code Annotated 90-6-137](#) | [Administrative Rules Montana 8.111.801 to 807](#)



HB 244 UPDATE

- Housing Montana Fund has historically included two sub accounts:
 - Affordable Housing Revolving Loan Fund: Supports low- to moderate-income multifamily development. Interest rates range 2-6% based on income targeting.
 - TANF Housing Assistance Funds: Provides down payment assistance loans to families with minor children at a 2% per annum interest rate.
- HB 244 eliminates the TANF account with balance of funds - \$544,040 as of July 2023 – transferred to the Revolving Loan Fund
- Current schedule has notice of proposed rule to be published on September 8, 2023
- Montana Board of Housing approved a Housing Montana Fund loan for a new development in Bozeman, to include the transferred TANF account balance, at its August 14, 2023 meeting



FOR MORE INFORMATION



MONTANA HOUSING

Montana Department of Commerce
HOUSING.MT.GOV

Cheryl Cohen
Executive Director / Division Administrator
406.841.2844

