

Voucher Utilization for Rental Assistance Programs

Section A Interim Budget Committee
March 13, 2024

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Federal Rental Assistance Programs

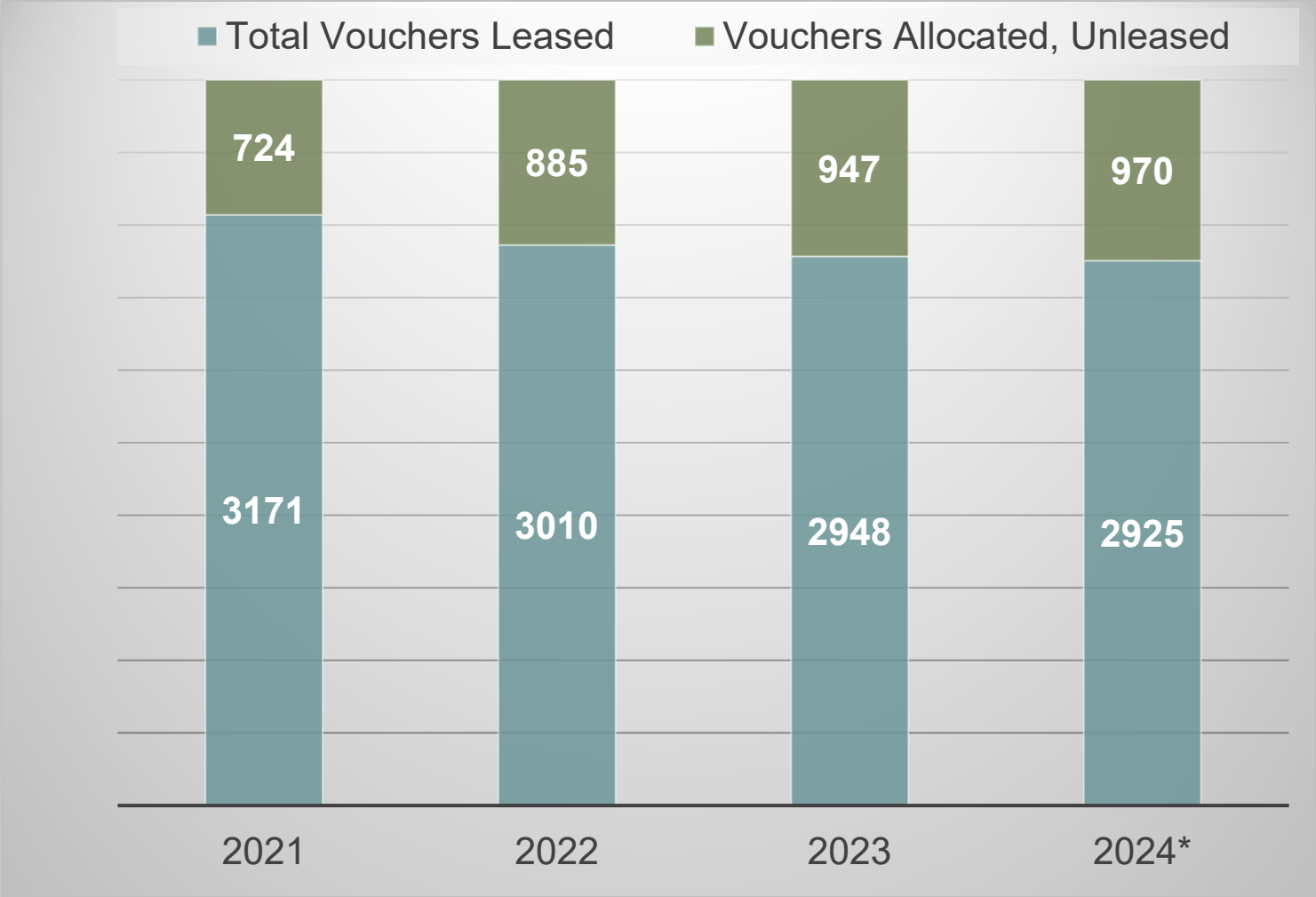
- Housing Choice Vouchers (HCV) also known as Section 8 Vouchers
 - Veteran Affairs Supportive Housing (VASH and PB VASH)
 - Mainstream Vouchers
 - Emergency Housing Vouchers (EHV)
- Moderate Rehabilitation Contract Administration (Mod Rehab)
- Section 811 Project Rental Assistance (PRA)
- Project-Based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

Nearly 28,000 Montana renters are considered severely housing cost burdened, paying more than 50% of their income toward housing costs



Housing Choice Vouchers

Total Allocated
3,895

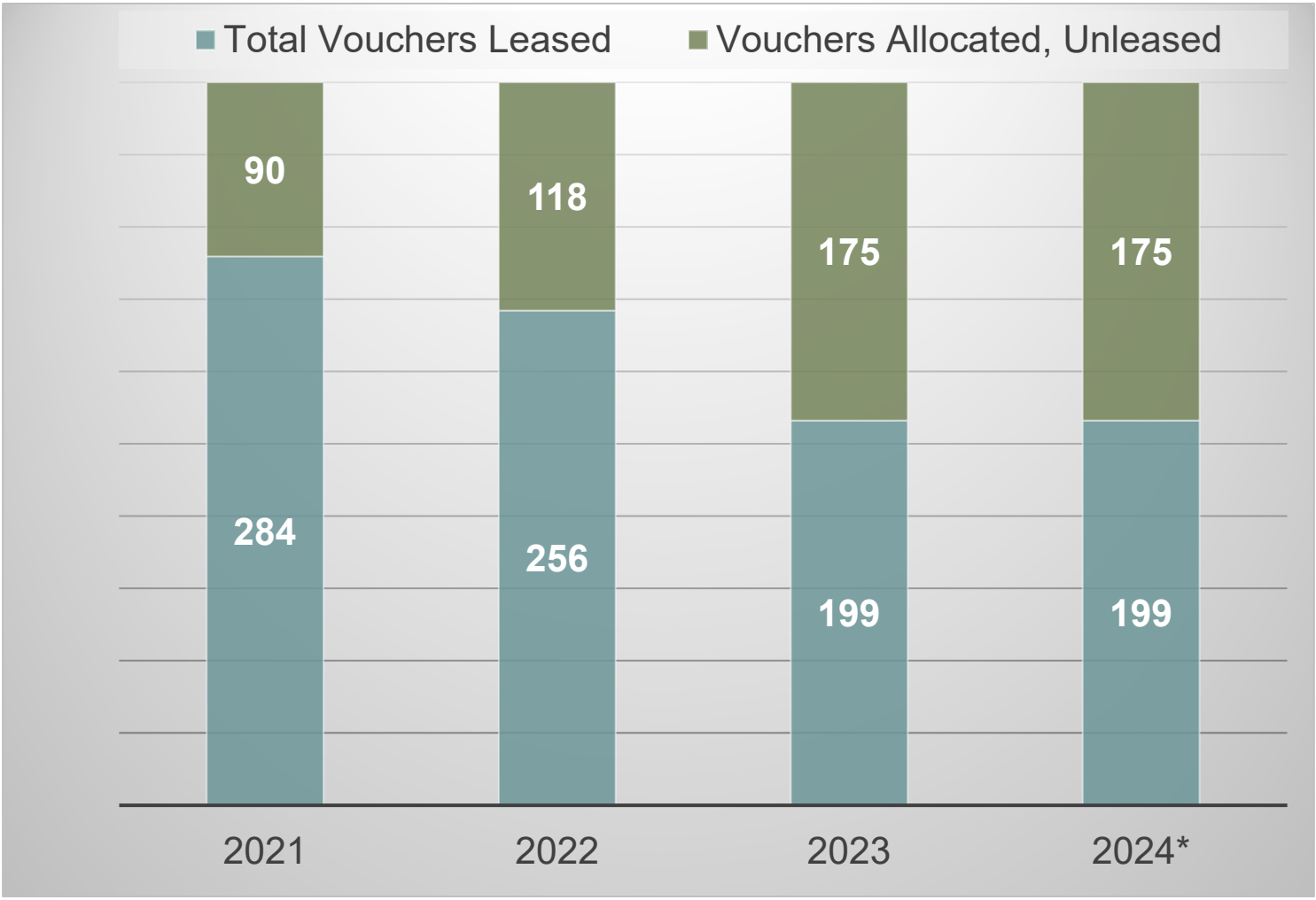


*Through January 2024



Veteran Affairs Supportive Housing

Total Allocated
374

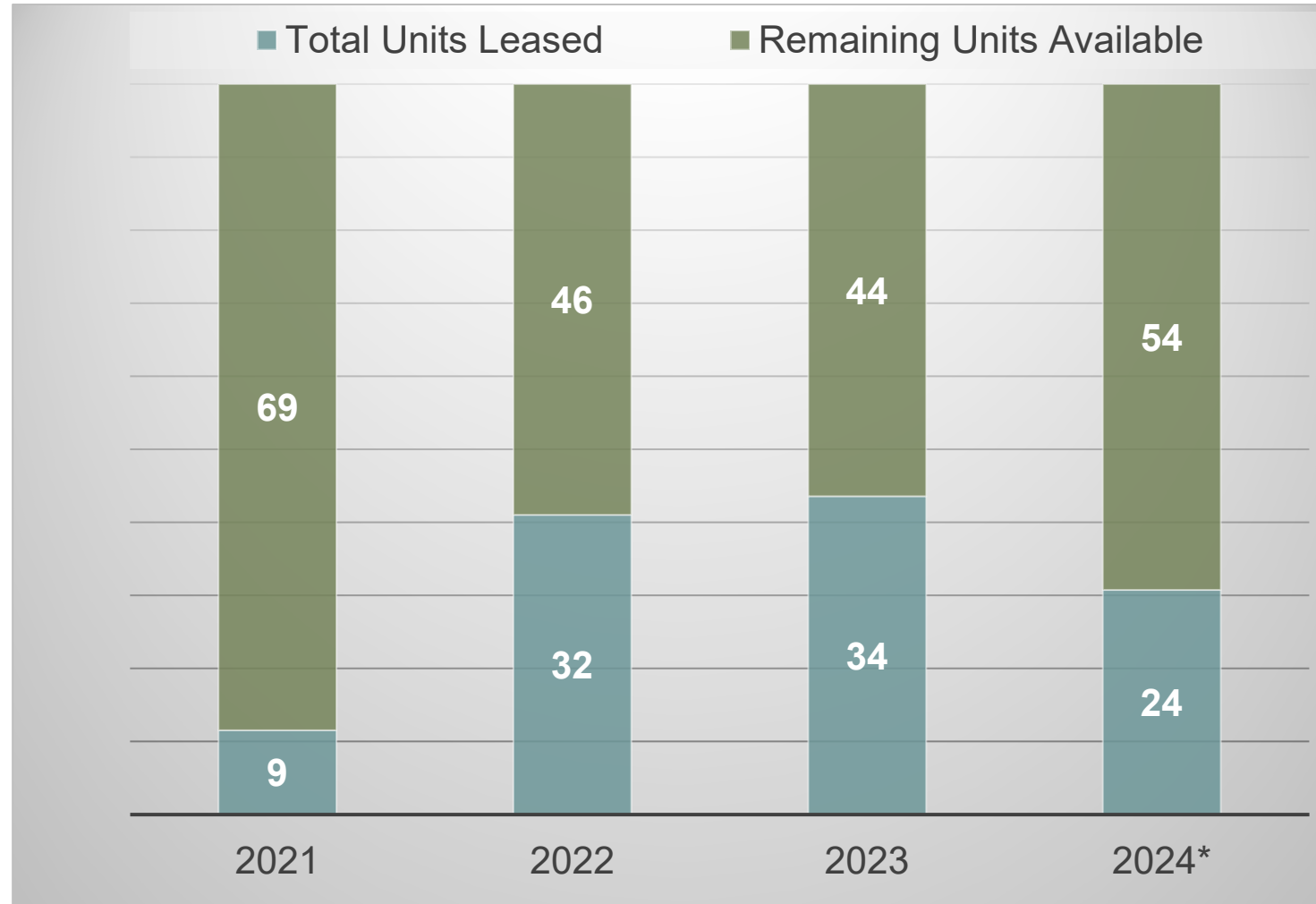


*Through January 2024



Mainstream

Total Vouchers
78

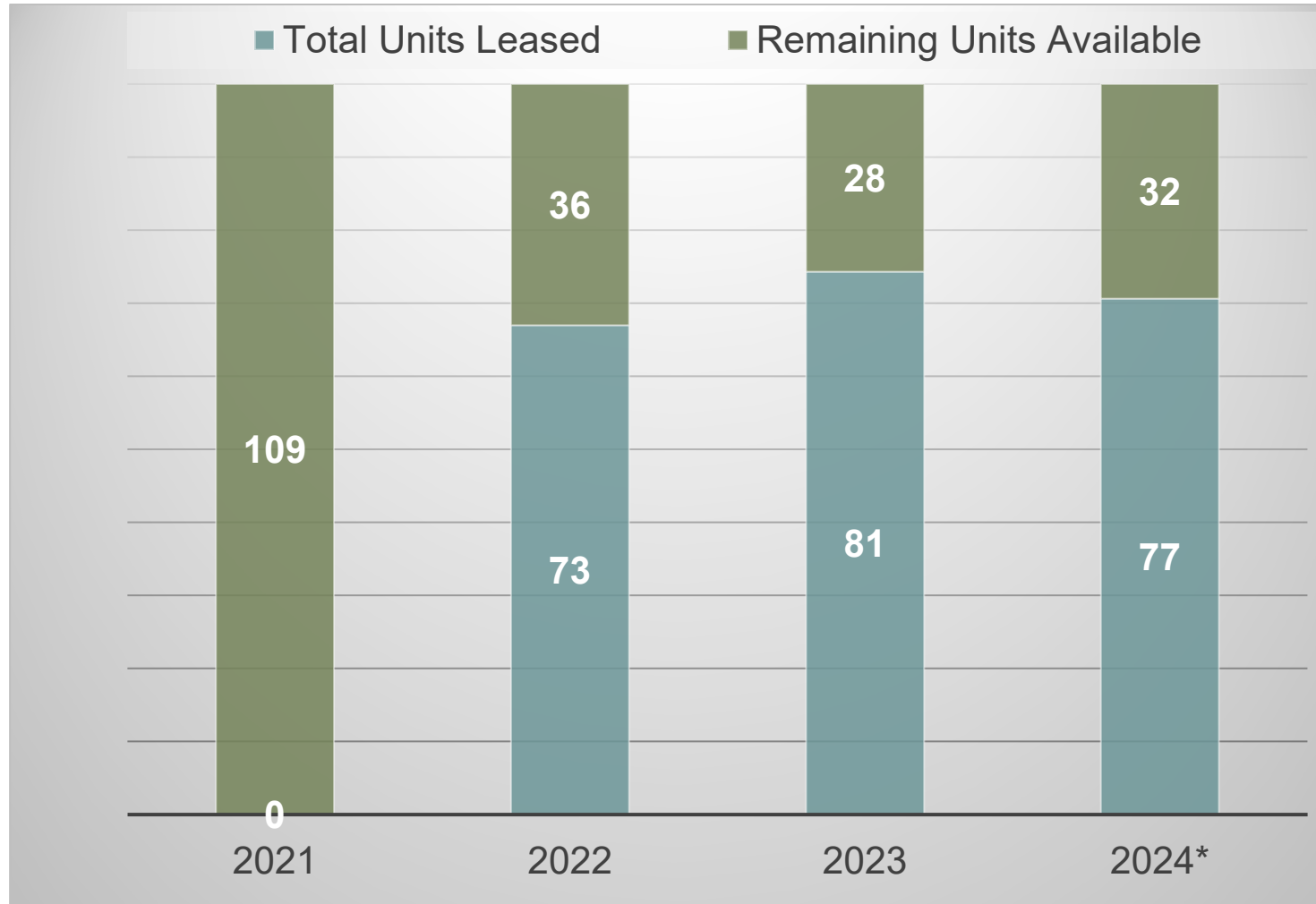


*Through January 2024



Emergency Housing Vouchers

Total Vouchers
109

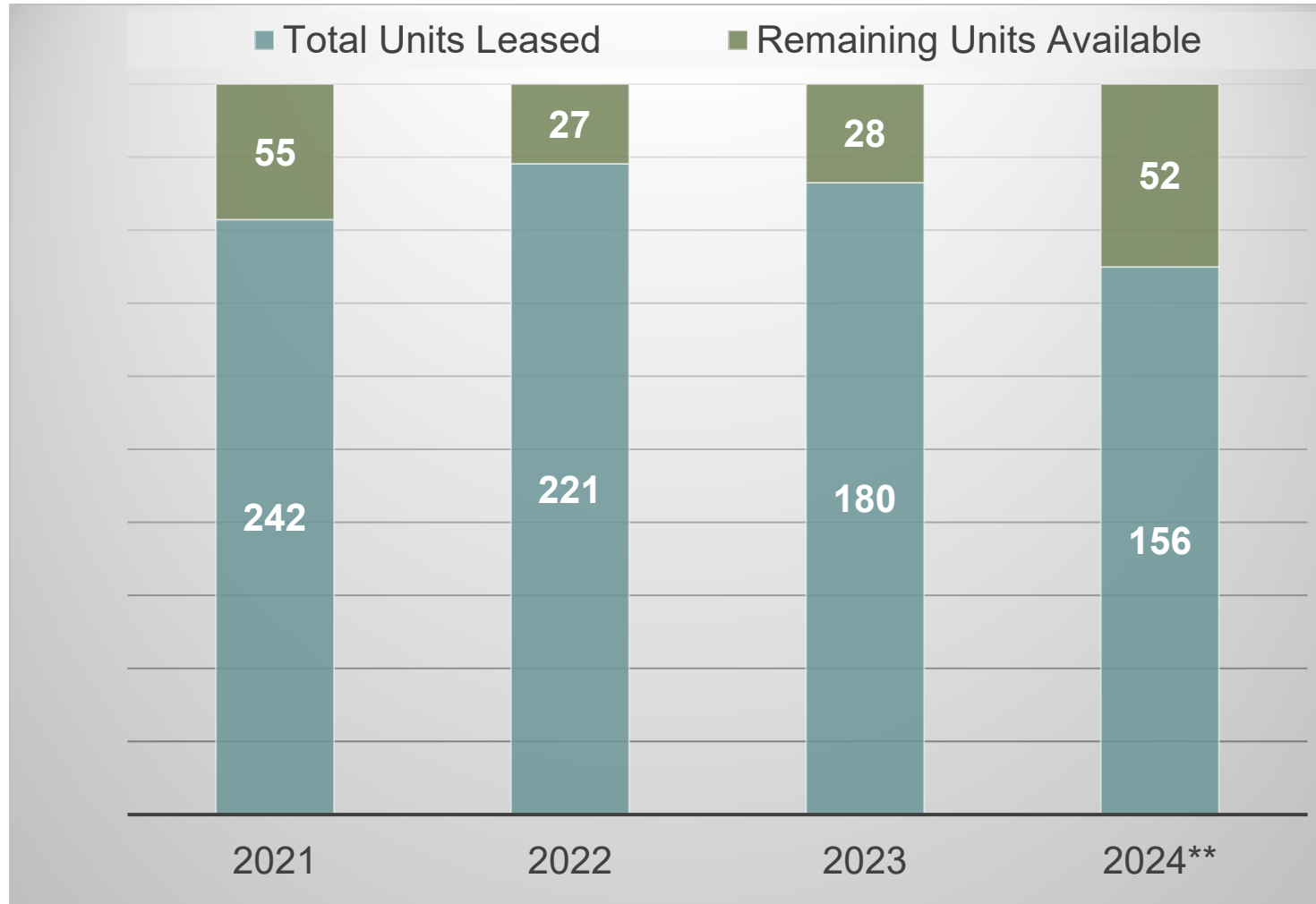


*Through January 2024



Moderate Rehabilitation

Total Units
208

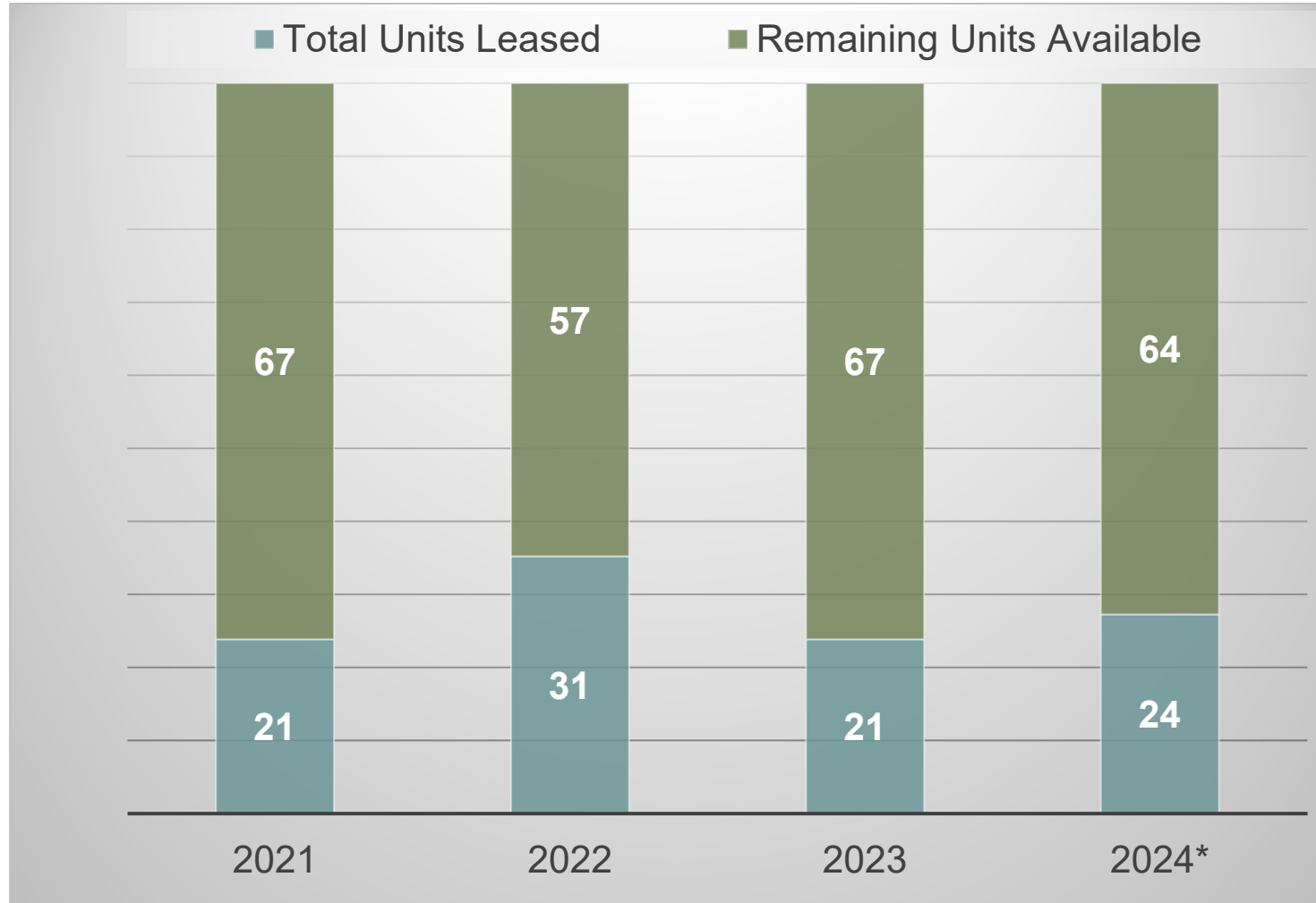


*Through June 2023



Section 811

Total Units
88



*Through January 2024



Objectives and 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 and 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 (Complete) Executed new performance-based contracts with selected Field Agency partners effective July 1, 2023 (Complete) Deploying baseline survey to Housing Choice Voucher participants and landlords by September 30, 2023 (Complete) 	<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 (WIP) Release competitive Request for Proposals to project base Housing Choice Vouchers by September 2024 (WIP) 	<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 (WIP) HUD-VASH Roundtables (Done) 	<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"



Voucher Participant Survey Results – Areas for Improvement

Theme: Staffing levels and response time

- “More employees so they are not so overworked and understaffed.”
- “Maybe you guys should hire more people?”
- “Need more staff to handle the amount of tenant utilizing programs.”
- “(Delayed responses) due to lack of staff and workload they carry.”
- “Communications via phone/email were slower than I expected.”
- “More timely correspondence back.”

Theme: Voucher Payment Standards insufficient

- “The assistance allotment needs to keep up with the cost of living better.”
- “Pay attention to actual rental rates in the area. I’m homeless and having a hard time finding something in my allotment.”
- “Can’t find anything (within voucher allotment).”
- “Higher rents need to be approved in Kalispell.”



Voucher Participant Survey Results – Positive Feedback

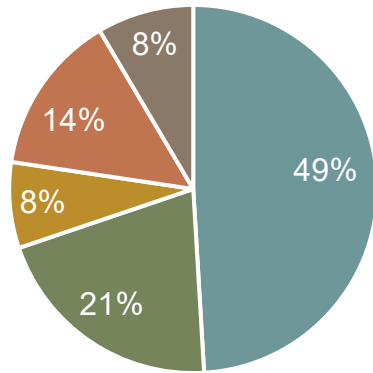
- “Thank you for all each of you do! I feel so blessed and grateful for the program and for the specific staff members who have contributed towards my secure placement in housing.”
- “No complaints with the program; thank you for all of the assistance for my family’s comfortable living.”
- “No, I'm very happy and grateful for the help I've received locating and moving into the apartment I have! Thank you so much! It really feels great to have my own place to live for my son and myself.”
- “Nothing; opportunities were great! Very helpful and I was able to understand everything I was told that was needed of me.”
- “They always talk to me the very day that I call, and they always answer all of my questions.”
- “Very friendly and answers all questions.”
- “Commerce answered questions in a timely manner and solved all my issues with the field agency.”
- “Very quick to get something done when a change is needed, or something happens that causes a forced change like my medical disability.”
- “In home visit / inspection was very informative and inspector was very thorough with a great attitude.”
- “(Field Agent) is a gem. She is kind, caring, and knows what she is doing.”
- “I find the people in the field agency extremely good at their jobs and cannot think of anything that needs improving, that I'm aware of.”



Voucher Participant Survey Results

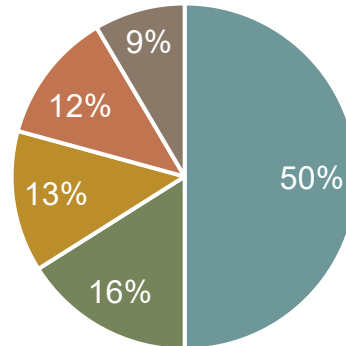
Project Based Section 8 and 811 Participants:
How Satisfied/Dissatisfied are you
with the following categories?

Unit/Home



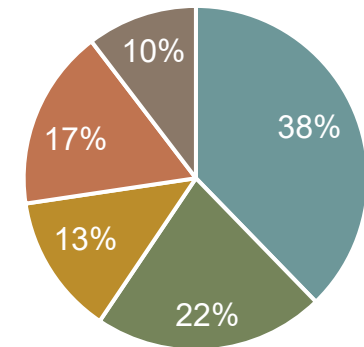
- Very Satisfied
- Somewhat Satisfied
- Neither Satisfied Nor Dissatisfied
- Somewhat Dissatisfied
- Very Dissatisfied

Neighborhood



- Very Satisfied
- Somewhat Satisfied
- Neither Satisfied Nor Dissatisfied
- Somewhat Dissatisfied
- Very Dissatisfied

Building/Property

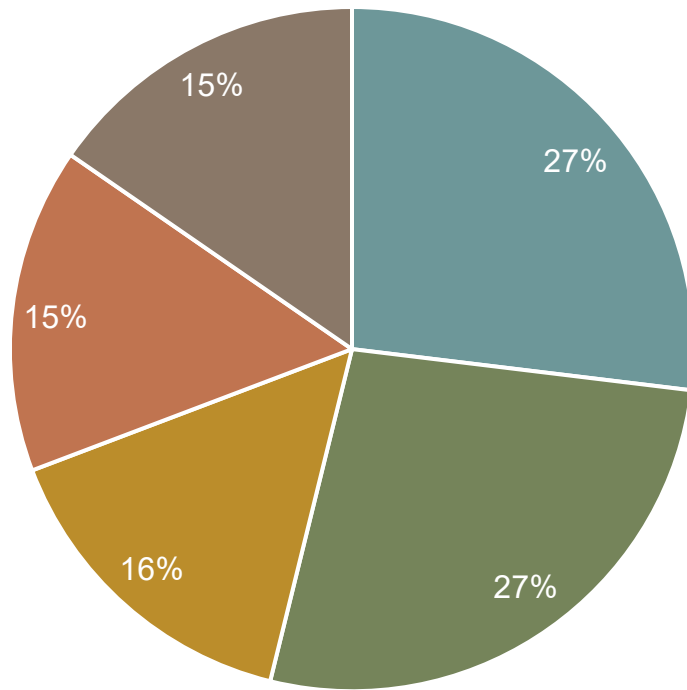


- Very Satisfied
- Somewhat Satisfied
- Neither Satisfied Nor Dissatisfied
- Somewhat Dissatisfied
- Very Dissatisfied



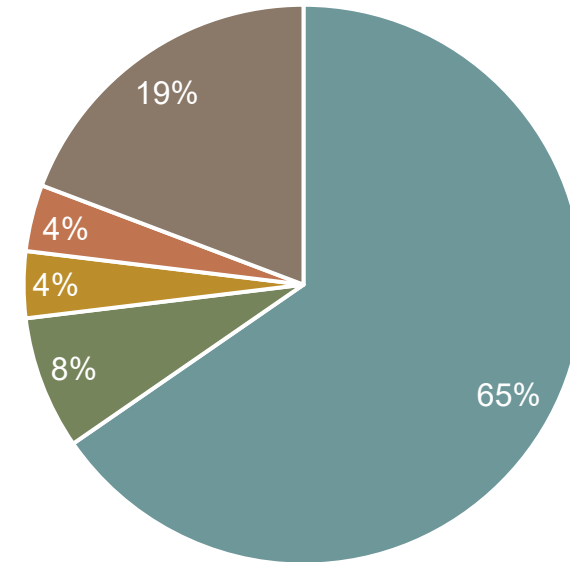
Landlord Participant Survey Results

Overall Experience Rating
HCV/EHV



■ 5 (Extremely Satisfied) ■ 4 ■ 3 ■ 2 ■ 1 (Unsatisfied)

In the past 12 months, how many times have you
received a late payment from Commerce?
HCV/EHV

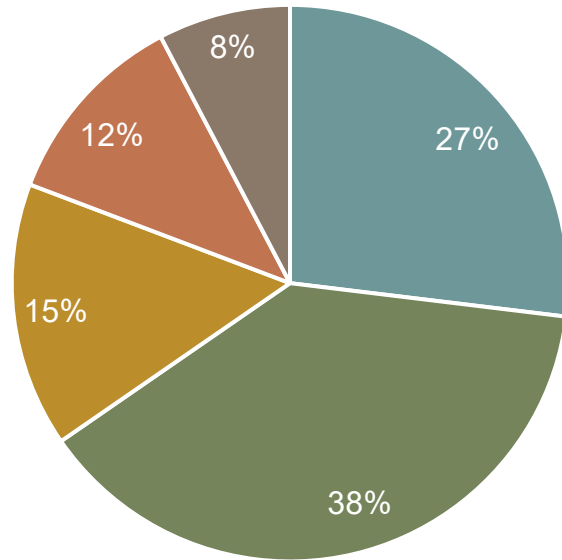


■ 0 ■ 1 ■ 2



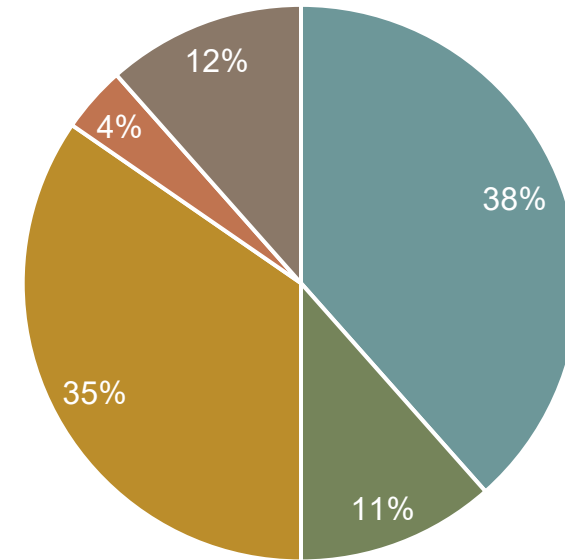
Landlord Participant Survey Results

In the past 12 months, how many times have you contacted your Field Agency?
HCV/EHV



■ 0 ■ 1-3 ■ 4-9 ■ 10-20 ■ More Than 20

On average, how would you rate the responsiveness of your Field Agency?
HCV/EHV

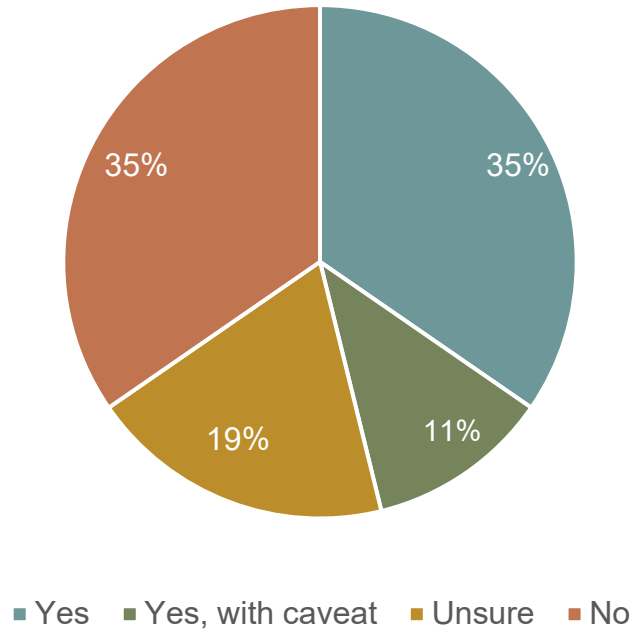


■ 5 (Highly Responsive) ■ 4 ■ 3 ■ 2 ■ 1 (Non-Responsive)



Landlord Participant Survey Results

Would Recommend Participation to Other Landlords?
HCV/EHV



HCV/EHV Landlords' Reasons For:

Yes – Guaranteed payments, helping people in need, inspection processes, lease enforcement.

Yes, with caveat – not easy process, tenant expectations.

No – Payment issues, quality of tenants/damage to property, delayed communication/responses, process too difficult.

