



Economic Transformation, Stabilization, & Workforce Development Advisory Commission

September 20, 2022

Cheryl Cohen
Montana Housing
Executive Director / Administrator



Program Updates:

Emergency Rental Assistance 1 & 2

Homeowner Assistance Fund

ARPA Gap Financing for Affordable Housing

Emergency Housing Vouchers

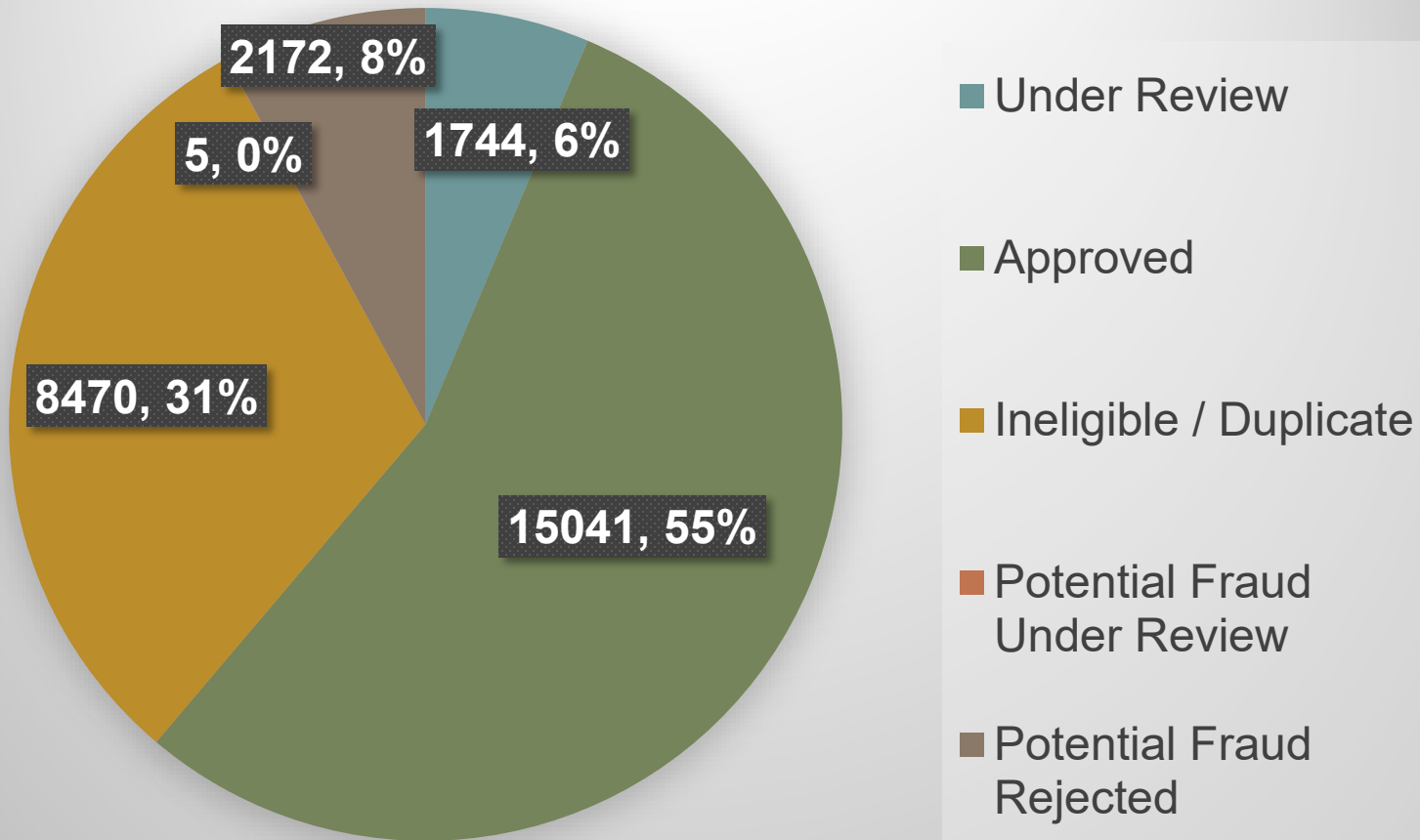
Recommendation for Consideration:

HOME-ARP



EMERGENCY RENTAL ASSISTANCE 1 & 2

Application Status



Nearly **9,900** Households Financially Assisted with over **\$81M** - **\$8,264** Average Award

Over **\$41M** in Potentially Fraudulent Applications Isolated & Denied

Over **2,600** Households Received Housing Stability Services

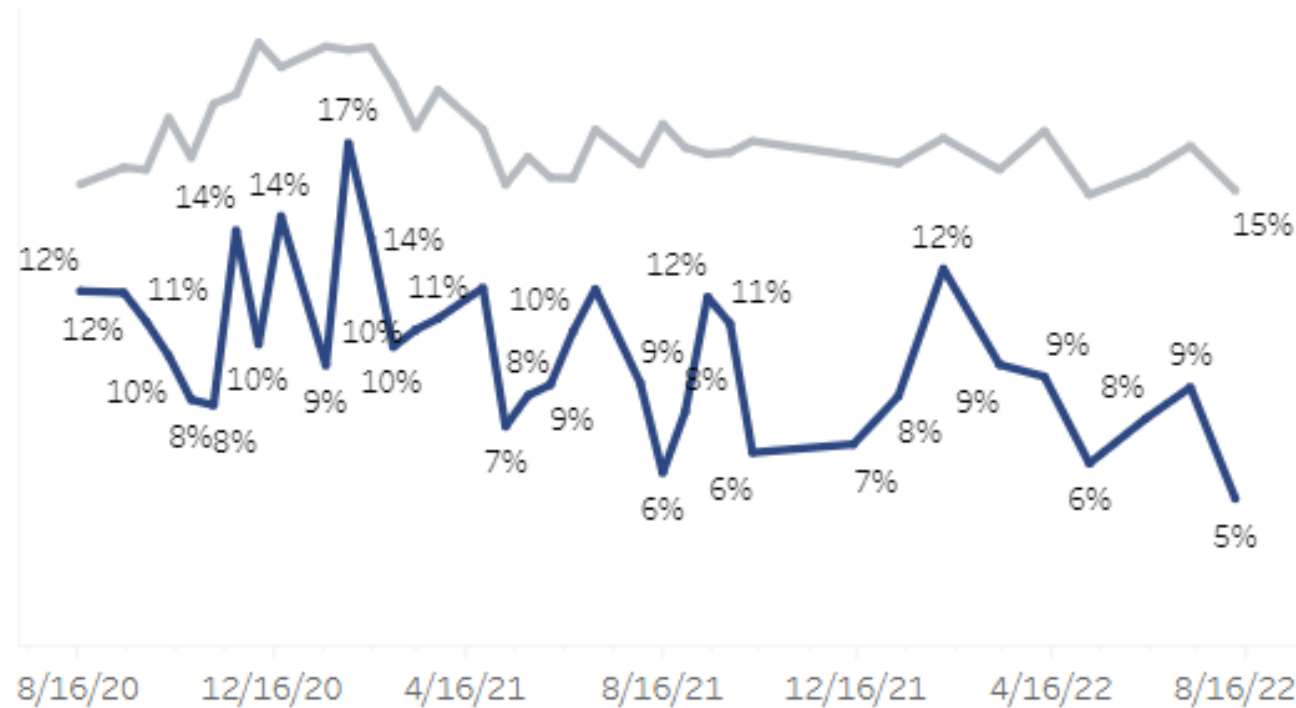
Over **500** Households Engaged in Eviction Prevention & Diversion



EMERGENCY RENTAL ASSISTANCE 1 & 2

Renter Households Behind on Rent

United States | Montana



Source: <https://nationalequityatlas.org/rent-debt>



ERA1 – CLOSE OUT

ERA1 Expenses



ERA1 “Excess Funds” Determinations

ERA1 Total Allocation	\$200,000,000
Round 1 - December 2021	(\$7,691,299)
Round 2 - February 2022	(\$45,342,837)
Round 3 - June 2022	(\$45,262,040)
Total “Excess Funds” Returned	(\$98,296,176)

ERA1 Voluntary Reallocations Approved

Fort Belknap Tribal Housing Authority	(\$1,000,000)
Apsaalooke’ Nation Housing Authority	(\$3,075,223)

Total program expenditures to-date is \$56.6M

Total Administrative Costs \$4.6M = 8% of overall expenditures

Remaining cash balance of \$41M as of August 31, 2022



HOMEOWNER ASSISTANCE FUND

- Pilot program initiated in January 2022 funded \$551,379 in reinstatement loans for 52 Montana Housing borrowers
- Final Treasury HAF compliance and reporting guidance released May 9, 2022
- Collaborative Agreements with over 70 mortgage servicers executed
- Statewide program launched July 12, 2022
- 162 applications submitted to statewide program as of September 14, 2022
- 22 applications approved for \$82,551 in financial assistance as of September 14, 2022
- Software development / testing of features for Federal Treasury reporting underway
- Statewide marketing campaign to include radio, social media and print publications to launch very soon



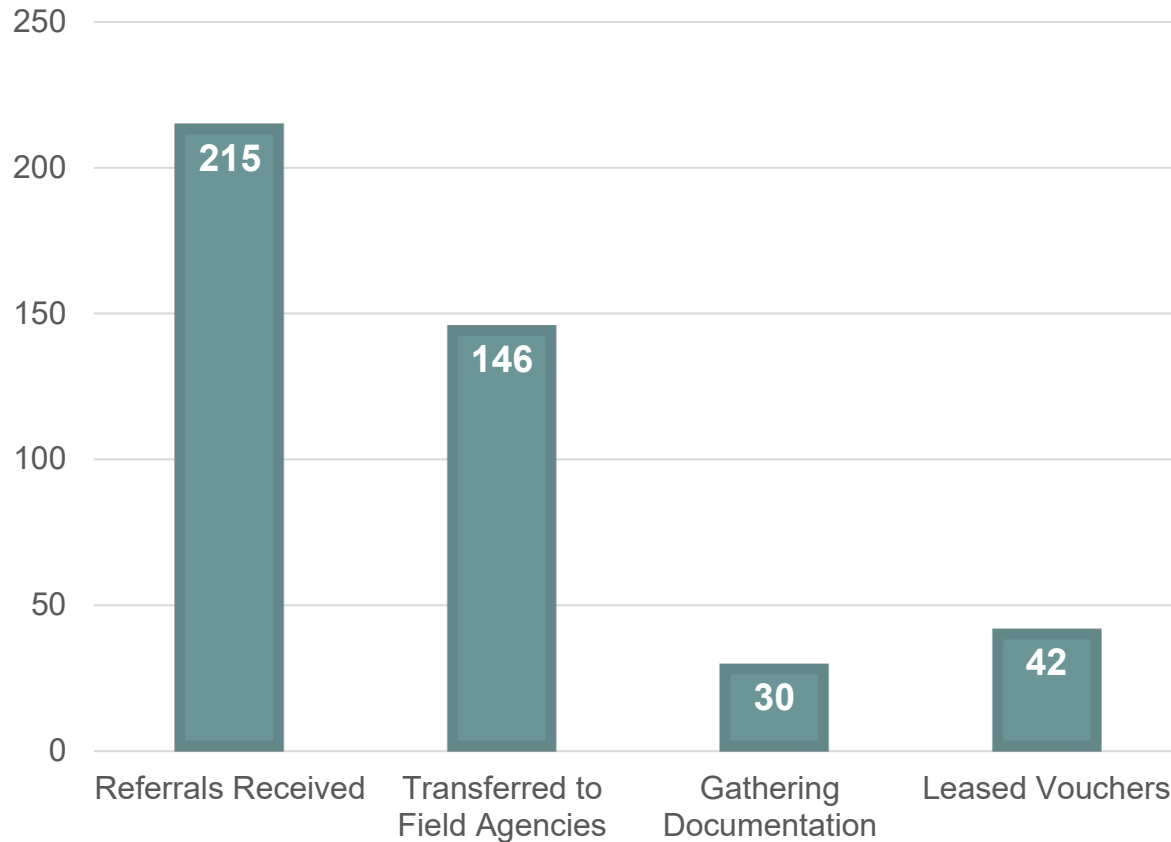
ARPA GAP FINANCING

- May 27, 2021: ARPA State Local Fiscal Recovery Fund Interim Final Rule released
- October 29, 2021: Governor approved EWAC's recommendation for \$15M in SLFRF
- January 2022: Executed subaward agreements & released \$15M funds to 11 subrecipients
- January 6, 2022: ARPA SLFRF Final Rule released with April 1, 2022 effective date
- March – June 2022: Executed amendments to subaward agreement in response to Final Rule issues
- July 27, 2022: Treasury released new guidance on use of SLFRF for affordable housing
- September 2022: Working with legal counsel to finalize second amendments to subaward agreements to incorporate increased flexibility permitted by new guidance



EMERGENCY HOUSING VOUCHERS

VOUCHER STATUS



Current Status:

- 109 voucher for homeless / at-risk of homelessness population
- \$1,231,896 Federal Allocation
- 38.5% Voucher Leasing Utilization (42/109)

Challenges:

- Shortage of affordable, attainable rental units meeting HUD's Housing Quality Standards
- Target population may have other barriers to housing

Next Steps:

- Increase referrals from partner organizations
- Landlord outreach campaign
- Implement FY2023 Fair Market Rent / Voucher Payment Standard increases



HOME-ARP

- Purpose:** Congress appropriated \$5 billion in ARP funds to be administered through the HOME Investment Partnership Program (HOME) to primarily address homelessness and supportive services needs.
- Allocation:** State of Montana will receive \$11,459,768
Five (5) percent now available for administrative costs (\$572,988)
Additional 10 percent (\$1,145,976) available for administrative costs after HOME-ARP Allocation Plan approved by HUD.
- Regulations:** HOME regulations apply except waivers provided by HUD, including no 24-month commitment deadline, no match requirement, and no per unit subsidy limit.
- Expenditure:** HUD expenditure deadline September 2030



QUALIFYING POPULATIONS

Qualifying Populations must occupy 70% of the HOME-ARP assisted units

- Homeless as defined at 24 CFR 91.5
- At risk of homelessness as defined at 24 CFR 91.5
- Fleeing or attempting to flee domestic violence, dating violence sexual assault, stalking or human trafficking
- Other households requiring services or housing assistance to prevent homelessness
- Other households at greatest risk of housing instability
- Veterans and families that include a veteran family member

Low-income households, who are not otherwise qualifying populations, may occupy up to 30% of the HOME-ARP assisted units



ELIGIBLE ACTIVITIES

Development of rental housing (single or multi-family)

- Acquisition, development, refinancing, related soft costs, relocation, capitalization of an operating reserve, ongoing operating cost payments

Development of non-congregate shelter

- Acquisition, demolition, development, related soft costs, capitalization of a replacement reserve

Tenant Based Rental Assistance

Supportive Services

- McKinney-Vento Supportive Services
- Homelessness Prevention Services as defined under ESG
- Housing Counseling Services by HUD-certified for homebuyer or renters

Operating support of non-profits (up to 5% of allocation) if undertaking a HOME-ARP activity

Capacity building for non-profits (up to 5% of allocation) if undertaking a HOME-ARP activity



UPDATED TIMELINE

- May 2022: HUD released further guidance on Preferences, Referral Methods and Allocation Plan Requirements
- August 2022: Montana Housing released a survey to solicit stakeholders on use of HOME-ARP funds
HUD released further guidance on Supportive Services Activities
- Sept. 2022: HUD released further guidance on Non-Congregate Shelter, TBRA and URA requirements
- Sept/Oct. 2022: Complete consultation phase
Present high-level recommendations on use of HOME-ARP funds to EWAC, in coordination with ARPA internal work group and Executive branch
- Dec. 2022: Develop HUD-required Allocation Plan and release for minimum HUD-required 15-day comment period
- Jan. 2023: Submit final Allocation Plan to HUD for approval
Create HOME-ARP application and build digitally in online system
- Feb/March 2023: Receive feedback and approval from HUD
Create HOME-ARP administration manual
- May 2023: Accept applications



HOME-ARP FOR RENTAL HOUSING

HOME-ARP funds may be used to acquire, construct and rehabilitate **rental housing** for occupancy by individuals and families that meet one of the Qualifying Populations criteria.

HOME-ARP rental housing may include single family or multifamily housing, transitional or permanent housing, group homes, single room occupancy (SRO) units, and manufactured homes.

Excerpt from HOME-ARP Program Fact Sheet: Rental Housing

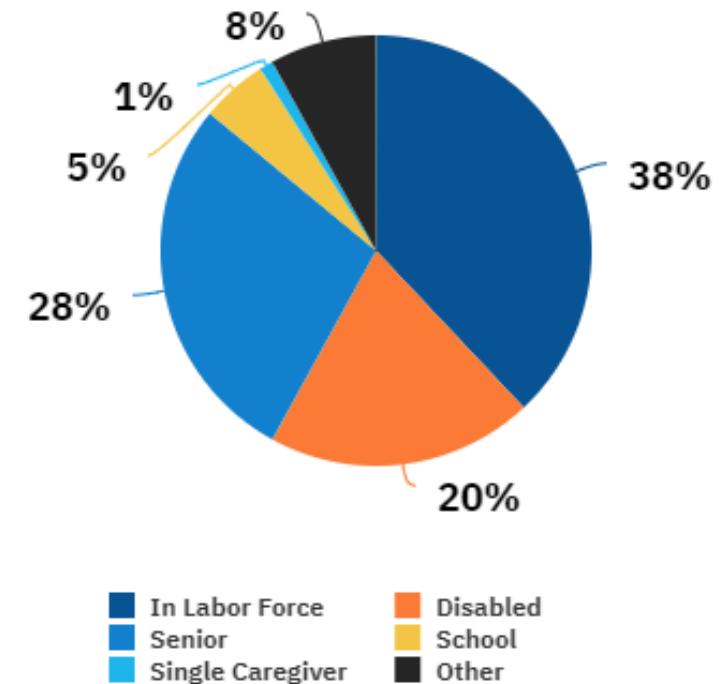


HOME-ARP GAP ANALYSIS

RENTAL HOUSING

137,320	Total number of renter households (31%)
56,727	Number of Very Low-Income renters (41%)
67%	VLI Cost Burdened
23%	VLI Severely Cost Burdened
33,598	Number of Extremely Low-Income renters (24%)
83%	ELI Cost Burdened
64%	ELI Severely Cost Burdened
-18,538	Shortage of rental homes affordable and available for ELI renters

EXTREMELY LOW INCOME RENTER HOUSEHOLDS



Source: <https://nlihc.org/housing-needs-by-state/montana>



HOME-ARP FOR UNSHELTERED HOMELESS

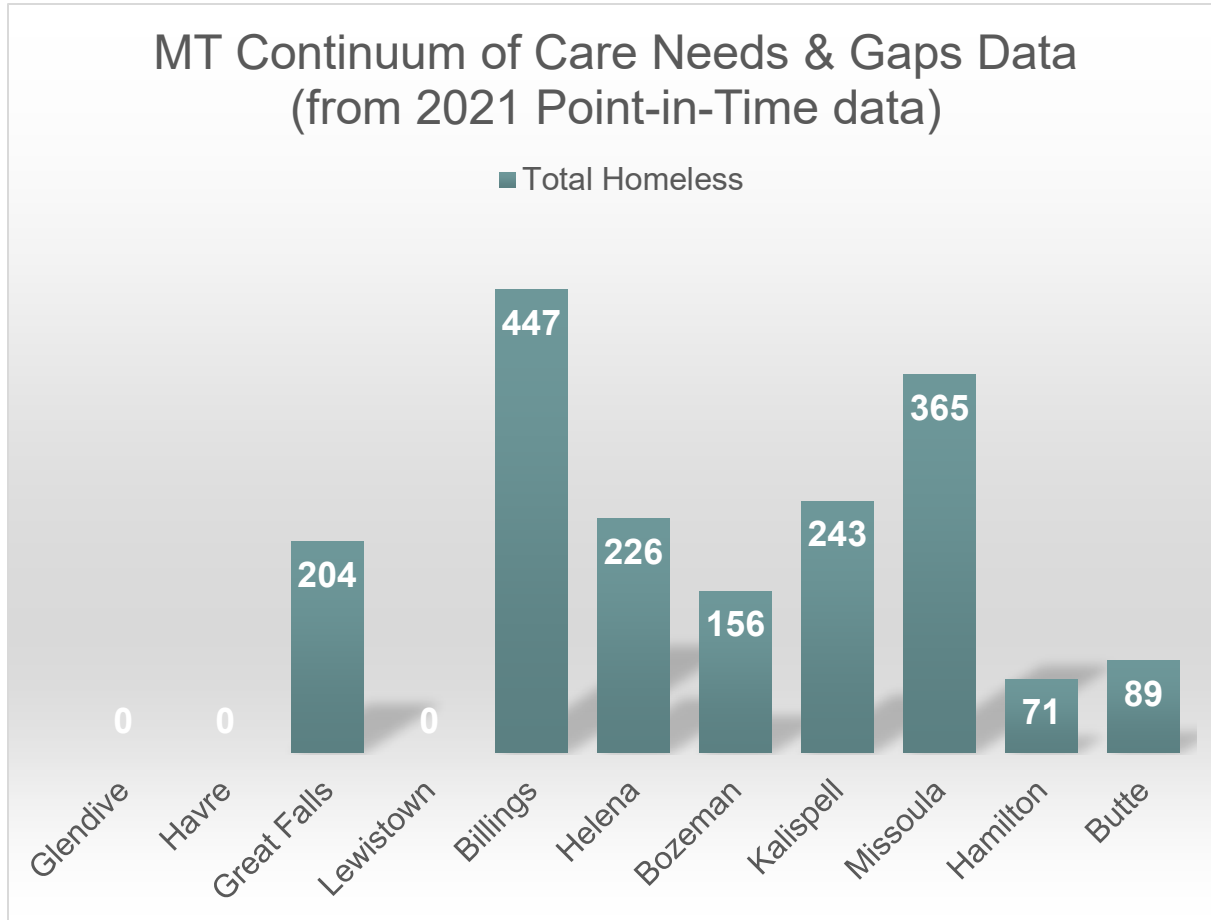
Non-Congregate Shelter (NCS) provides private units or rooms as temporary shelter to individuals and families and does not require occupants to sign a lease or occupancy agreement.

This activity may include the construction of new structures or the acquisition and/or rehabilitation of existing structures, such as motels, nursing homes, or other facilities.

Excerpt from HOME-ARP Program Fact Sheet: Non-Congregate Shelter



HOME-ARP GAP ANALYSIS UNSHELTERED HOMELESS



Total Homeless:	1801
Adult individuals:	1270
Family Households:	196
Veterans:	110
Disabled:	299



HOME-ARP GAP ANALYSIS

UNSHELTERED HOMELESS

	GLNDV	HVRE	G.FALLS	LWSTN	BLNGS	HLN	BZN	KLSP	MSLA	HMLTN	BUTTE	TOTAL
Sheltered, ES	0	0	165	0	179	101	120	68	206	6	55	900
Sheltered, TH	0	0	8	0	40	70	32	58	45	15	0	268
Unsheltered	0	0	31	0	228	55	4	117	114	50	34	633

Homelessness Housing Inventory

CoC Permanent Supportive Housing Units:	258
CoC Rapid Rehousing Units:	230
HUD-VASH:	554
Supportive Services Veterans' Families (SSVF):	96
Total:	1138



HOME-ARP SURVEY RESULTS

August 4, 2021: GovDelivery survey delivered to **3,979** recipients
August 31, 2021: **2,678** recipients opened the bulletin – 67%
337 recipients clicked on the survey link – 8%
78 responses received – approx. 2%

Additional affordable housing stock

- 64% first choice; 19% had as 2nd or 3rd choice

Non-congregate shelter

- 17% first choice; 45% had as 2nd or 3rd choice

Supportive services

- 3% first choice; 53% had as 2nd or 3rd choice

Operating support for non-profits

- 12% first choice; 16% as 2nd or 3rd choice

Tenant Based Rental Assistance (TBRA)

- 2% first choice; 39% as 2nd or 3rd choice

Capacity building for non-profits

- 2% first choice; 27% as 2nd and 3rd choice



HOME-ARP SURVEY RESULTS

In response to whether HOME-ARP should be used for TBRA:

- 49% said yes, 18% said no and 33% answered “Other”.
- The narratives with “Other” included:
 - Not at this time because of other existing rental assistance programs, including the ERA program and utilization challenges with Housing Choice Vouchers
 - Prioritize new housing stock because there aren’t suitable rentals for Housing Choice Vouchers
 - Respondents also indicated concern when ERA funds end in 2025

When asked whether state HOME-ARP funds should be used in Billings, Great Falls and Missoula, which received direct HOME-ARP allocations from HUD:

- 40% said yes, 30% said no and 30% responded “other”.
- The narratives with “other” indicated non-entitlement communities should receive preference; if funds not used, allow them to be invested in the entitlement communities.



PROJECT EXAMPLES

Eligible Supportive Services: There are three categories specifically included as supportive services under HOME-ARP:

- McKinney-Vento Supportive Services: McKinney-Vento Supportive Services under HOME-ARP are adapted from the services listed in section 401(29) of the McKinney-Vento Homeless Assistance Act (“McKinney-Vento Supportive Services”) (42 U.S.C. 11360(29)).
- Homelessness Prevention Services: HOME-ARP Homelessness Prevention Services are adapted from certain eligible homelessness prevention services under the Emergency Services Grant (ESG) regulations at 24 CFR Part 576.
- Housing counseling services under HOME-ARP are those consistent with the definition of housing counseling and housing counseling services defined at 24 CFR 5.100 and 5.111, respectively, except that homeowner assistance and related services are not eligible HOME-ARP activities.

Excerpt from HOME-ARP Program Fact Sheet: Supportive Services



PROJECT EXAMPLES

Nonprofit Operating Assistance

Operating expense assistance is defined as reasonable and necessary costs of operating the nonprofit organization. Eligible costs include:

- Employee salaries, wages and other employee compensation and benefits
- Employee education, training and travel
- Rent
- Utilities
- Communication costs
- Taxes
- Insurance
- Equipment, materials, and supplies.

Excerpt from HOME-ARP Program Fact Sheet: Nonprofit Operating and Capacity Building Assistance



PROJECT EXAMPLES

Nonprofit Capacity Building Assistance

Capacity building expenses are defined as reasonable and necessary general operating costs that will result in expansion or improvement of an organization's ability to successfully carry out for eligible HOME-ARP activities.

Eligible costs include:

- Salaries for new hires including wages and other employee compensation and benefits;
- Employee training or other staff development that enhances an employee's skill set and expertise; Equipment (e.g. computer software or programs that improve organizational processes), upgrades to materials, and supplies; and
- Contracts for technical assistance or for consultants with expertise related to the HOME-ARP qualifying populations.

Excerpt from HOME-ARP Program Fact Sheet: Nonprofit Operating and Capacity Building Assistance



HOME-ARP CONCLUSION & RECOMMENDATIONS

- Gap Analysis demonstrates a strong need for additional affordable, attainable housing for Extremely Low-Income households and indicates a continual gap in unsheltered individuals and families.
- Survey results support targeting HOME-ARP funds for rental housing, following by non-congregate shelter as the top two priorities.
- In consultation with stakeholders, Montana Housing advises retaining flexibility for use of some HOME-ARP funds for supportive services, operating expenses and capacity building for qualified nonprofits, dependent on eligible and competitive applications submitted.
- Given other currently available rental assistance sources, Montana Housing advises against use of HOME-ARP for Tenant-Based Rental Assistance at this time.
- Finally, we recommend non-entitlement communities receive preference for state HOME-ARP funds, but to permit investments in the three entitlement communities (Great Falls, Billings and Missoula) in a competitive application process.
- Please note there is still additional, specific consultation required by HUD followed by a HUD-mandated public process the state must follow. Input through this specific consultation, and the EWAC and HUD's public process, will be incorporated in the final HOME-ARP allocation plan.



ARPA HOUSING PERSONNEL UPDATE



Melissa Higgins will start as our new ARPA Housing Program Executive on September 26, 2022. Melissa has served as the Behavioral Health and Developmental Disabilities Division Bureau Chief at DPHHS since 2018, including management of \$176M Medicaid/general fund budget. She has spent over a decade in various positions at DPHHS. Welcome Melissa!



Tara Green will join Commerce as our new MERA Program Manager on October 3, 2022, following the current manager's retirement. Tara has experience with rental assistance programs in Ada County, Idaho but most recently worked as legal secretary at the Montana Tax Appeal Board. Welcome Tara!



FOR MORE INFORMATION



MONTANA HOUSING

Montana Department of Commerce

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HOUSING.MT.GOV

FACEBOOK.COM/MONTANAHOUSING



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MONTANA

