

August 26, 2020

Dear Local Government Interim Committee members,

At the Montana Department of Commerce we know that many Montanans are experiencing a variety of financial hardships caused by the COVID-19 pandemic and are responding to assure you that we are doing everything possible to make sure Montanans are able to weather the impacts of the pandemic.

Our main priority at Montana Housing is to continue working diligently with tenants, landlords, homeowners and mortgage servicers to make sure that all qualified Montana households will get the help they have requested.

We value the questions you have sent us regarding the Emergency Housing Assistance Program and perceived challenges reported by the Associated Press on August 1. Since the article was published, a number of updates have been made to the program to ensure Montanans know the assistance is available, asset limits have been removed, and the program is paying for a larger share of monthly rent/mortgage payments.

Payee Challenges

Monthly assistance payments requested by the applicant are paid directly to the applicants' landlord or mortgage servicing company. In the majority of cases, this is working seamlessly. However, some landlords and mortgage servicing companies do not respond to provide required documentation for submitted applications. As a part of the application process, landlords are required to sign a landlord verification and certification form and a W-9. Some landlords have said they do not want to fill out and sign the W-9, which is required to process payment. As of August 25, more than 320 renter applications were pending without a landlord response, representing an estimated \$903,040 in payments. In addition, Montana Housing had to gather hard copy W-9 forms from 35 percent of landlords on approved renter applications to date. These landlords have been unable to complete the electronic W-9 form due to lack of email, internet or other challenges.

At this time, 25 homeowner applications, representing 20 different mortgage servicers (including title companies and private seller arrangements) are pending payee response, representing an estimated \$70,550 in payments. Since the program launched, Montana Housing has established relationships with nearly 70 regional and national mortgage service companies that have provided either hard copy W-9/EFT forms or a confirmed email address for receipt and completion of the electronic W-9/EFT Reference Form.

Currently, out of approximately 535 applications that are in process, 345 are waiting on payee response.

We have designated two members of our staff who continue outreach efforts to the remaining unresponsive mortgage servicers. We have been emailing and calling all landlords and mortgage servicers that we have not heard back from to do all we can to ensure applicants in need of assistance are able to access the program.

Application Processing

At the end of July, the Department formalized a partnership with NeighborWorks Montana to provide technical assistance to applicants who may not have internet access or face unique challenges with submitting an online application. Applicants who need individualized technical assistance should call 406.604.4500 or email NeighborWorks Montana at covidrelief@nwmmt.org.

We have learned sometimes it takes time for applicants to gather the required documents to show their loss of income is directly due to COVID-19. During the first two months of the program, Montana Housing adjusted the application and the process to help prepare applicants with what information was needed to complete the application. This has significantly reduced the time required to process applications, providing mortgage servicers and landlords with payments as quickly as possible.

Program Utilization

As of August 25, \$2.3 million had been awarded through the program, leaving nearly \$48 million still available. Unexpectedly, not as many Montanans applied for assistance early in the spring, and to-date we have assisted 800 Montanans with an average of \$2,822 in assistance. We attribute the underutilization of the assistance in large part to the federal unemployment insurance bonus many out-of-work Montanans received early on in the pandemic. Now that those benefits have expired, we expect to see a wave of applicants who previously may not have been eligible for assistance but now will be. Other states like Wyoming and Alaska have also experienced this same effect.

Separately, before federal CARES Act money became available, Montana Housing began using an existing source of TANF (Temporary Assistance for Needy Families) funds to offer assistance to very low-income families with minor children. To date, \$364,000 out of \$460,000 has been paid out of this program to 100 families.

To educate Montanans about the availability of Emergency Housing Assistance, we have used PSAs, paid advertising, radio and TV interviews, press releases, direct emails to landlords and associations, and social media to make sure information about the program could reach many Montanans.

Applications Submitted

June - 206

July - 283

August - 464

Montana Housing employees have been working tirelessly on Emergency Housing Assistance applications since the program started in early May. To make sure that the money is distributed with due diligence, applicant reviewers must review every application to protect against possible fraud and applicants who may be over income for the program. This verification process is important and can take some time.

Beginning August 31, eligibility requirements will be updated to make it even easier for Montanans to receive housing assistance.

- Changing household contribution calculation from **30** percent of **gross** income to **25** percent of **net** income
- Eliminating the \$10,000 readily available assets limits in checking and savings
- Implementing \$250/month minimum award

Although the program, after implementation, saw lower applications than expected and had to make some adjustments on the fly, Montana Housing has been recognized as a national leader in using CARES

funding for emergency housing relief. Six states and the city of Chicago have reached out to Montana to model their own programs on the Emergency Assistance Housing Program.

Due to an evolving, streamlined application process, the NeighborWorks Montana partnership, increased advertising, reduced federal unemployment assistance and the start of the school year, the program is expecting to see a significant rise in interested applicants and more assistance going to qualified Montana households

Commerce and Montana Housing will continue to keep an open, transparent line of communication with tenants, landlords and mortgage servicers to make sure all qualified Montana households can receive assistance to stay in their homes.

Here are a few messages from Montanans who have received Emergency Housing Assistance.

“I cried after reading the approval email. I notified my landlord right away. I might actually get some sleep tonight, not stressing about the rent for Sept.” Kathryn – Helena

“Thank you very much for assisting our family when we so needed the help. We are back on our feet.” Angela – Billings

“I cannot thank you enough for your time, hard work and generosity. Bless you all. You fill my heart. I exhaled upon hearing the news. Have a blessed and wonderful day. Thank you from the bottom of my heart.” Laurie - Butte

Sincerely,



CHERYL COHEN
Administrator, Montana Housing