



Federal Emergency Rental Assistance: Keeping Montanans Housed During the Pandemic and into the Future

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The new Emergency Rental Assistance funding package can help address Montana's housing needs resulting from the COVID-19 pandemic. Montana has the opportunity to deploy this federal rental assistance to keep families stably housing right now and to promote long-term housing stability. This report provides recommendations that state agencies should consider in administering these funds.

Even before the COVID-19 pandemic, nearly 22,000 Montana households living in poverty were spending more than half of their limited income on rent and utilities.¹ Pandemic-induced finance stress places renters and homeowners already struggling to pay the bills in an even more precarious position. An estimated 10,000-30,000 Montana households face difficulty paying their monthly rent. As many as 10,000 households risk eviction when the federal eviction moratorium expires at the end of March.²

Montana is set to receive significant federal funding to support renters and landlords during this difficult time. On December 27, 2020, Congress passed the "Consolidated Appropriations Act" which included the Coronavirus Response and Relief Supplemental Appropriations Act." Under this Act, Montana will receive an allocation of \$200 million in Emergency Rental Assistance (ERA) to be used for rent and utility payments for renter households with incomes below 80 percent of their county's Average Median Income and meet certain conditions.³ Additionally, 10 percent of the total deployed funds may be used to cover administrative costs incurred to develop a new program and application review process, as well as cover "case management" services that promote long-term housing stability. It is critical Montana deploy this money quickly and efficiently to reach as many Montana families as possible.

Montana can learn from past experiences in addressing barriers to accessing support and getting funding into the hands of renters and landlords quickly. In May 2020, Montana launched its Emergency Housing Assistance Program, funded by the federal Coronavirus Aid Relief Economic Security (CARES) Act, one of just a handful of states to utilize COVID relief funds to support renters during the pandemic. The program distributed \$8.4 million to Montanans who demonstrated having trouble paying rent or making mortgage payments due to job loss or loss of income due to the pandemic.⁴ Last year, about 2,500 renters and homeowners received an average of \$3,400 each for a period of 4 months. According to the Department of Commerce, the Emergency Housing Assistance Program faced significant challenges getting payments out the door, including burdensome application requirements for tenants seeking assistance, limited marketing and outreach, and long application and payment approval timelines.^{5,6}

The following steps will more effectively and efficiently get its total federal share of Emergency Rental Assistance out the door to the households that need this assistance right now to maintain their housing.

What Montana Can Do Better

While federal requirements set eligibility and reporting requirements, the ERA allows more flexibility in how state and local governments can administer these rental assistance dollars and how we define which expenses related to housing would be covered. Montana can create a program that works and provides maximum support for families across the state. In doing so, Montana should:

- **Allocate the full \$200 million in federal funds to state agencies to the deploy the funds.** The Department of Commerce estimates that 7,000 to 8,000 households will apply for assistance by the end of June and will receive an average of \$5,600 per household over 4 months. At a minimum, the legislature should authorize the \$44 million the Department projects it will need in this current fiscal year.⁷ Additionally, increasing the total funding available right now will increase the amount for the administrative costs needed to develop an efficient system at its onset. Making this investment will also allow the state to build a system that can be used for a variety of applications in the future.
- **Expand eligibility to households currently supported by federal housing subsidies to access Emergency Rental Assistance.** Renter households receiving housing subsidies, like a Housing Choice Voucher, are among the households with the lowest incomes in the state and need more assistance. Emergency Rental Assistance funds can fill the gap between the amount of rent paid through a federal housing subsidy and the remaining amount a tenant must cover. While ERA cannot duplicate what households already receive through their federal housing subsidy, the ERA funds can relieve the cost-burden entirely for renter households living on extremely-low incomes and suffering the most.
- **Strengthen partnerships with existing networks of local housing providers and nonprofit service providers.** State agencies can formalize relationships with local organizations across the state to assist households that don't have the ability to navigate the application process on their own, or otherwise need help accessing these funds. Relying on regional networks of existing housing providers and nonprofits also will help reach households in smaller communities in more geographically isolated regions of the state. A robust network broadens the promotion and outreach needed to educate the public on the existence of this program.
- **Define what services qualify as "case management" eligible for ERA funds.** The 10 percent of ERA funds set aside for administrative costs can also go towards "case management" services to support long-term housing stability and prevent homelessness. These services can include counseling, eviction prevention, and rehousing services.

Conclusion

Montana needs to use its entire \$200 million in Emergency Rental Assistance funds and immediately implement this program. Too many households are struggling to keep up with rent and utility payments, and face eviction and homelessness as a consequence of the pandemic. This crisis will only get worse the longer it goes unaddressed. Montana has until September 2021 to spend or obligate its \$200 million, after which any funds not spent or obligated would be redistributed to other states. There is no time to waste.

¹ National Low Income Housing Coalition, "[Montana: Housing Needs by State](#)," 2021.

² National Council of State Housing Agencies, "[Analysis of Current and Expected Rental Shortfall and Potential Evictions in the U.S.](#)," Sept., 25, 2020.

³ An "eligible household" is defined as a renter household in which at least one or more individuals meets this criteria: Qualifies for unemployment or has experienced a reduction in household income, incurred significant costs, or experienced a financial hardship due to COVID-19; Demonstrates a risk of experiencing homelessness or housing instability; and Has a household income at or below 80 percent of the area median. Eligible households that include an individual who has been unemployed for the 90 days prior to application for assistance and households with income at or below 50 percent of the area median are to be prioritized for assistance. U.S. Department of the Treasury, "[Emergency Rental Assistance Program](#)."

⁴ Cohen, C., Department of Commerce, "[Testimony on federal CARES II Funds](#)," Joint Appropriations Subcommittee on Health & Human Services, Feb. 15, 2021.

⁵ Trevelyan, K., "[Unspent Montana Emergency Housing Aid Redirected](#)," Yellowstone Public Radio, Jan. 5., 2021.

⁶ Trevellyan, K., ["Tenants Worried about Montana's Emergency Housing Assistance Backlog,"](#) Yellowstone Public Radio, July, 6, 2020.

⁷ Cohen, C., [Testimony on federal CARES II Funds, Joint Appropriations Subcommittee on Health & Human Services.](#)