

OFFICE OF THE GOVERNOR
STATE OF MONTANA

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GOVERNOR



KRISTEN JURAS
LT. GOVERNOR

July 2, 2024

The Honorable Adrienne Todman
Acting Secretary
U.S. Department of Housing and Urban Development
451 7th Street, S.W.
Washington, DC 20410

Dear Acting Secretary Todman,

One of the major problems facing Montanans, like Americans across the nation, is the affordable housing shortage in the United States. While Montana has led the way in regulatory reform to boost housing construction, we are not immune to national issues affecting housing supply. In addition to the housing reforms passed by the Montana legislature, there are a number of federal programs administered by the Montana Department of Commerce (Commerce) that help reduce the cost of housing for Montanans.

We write today to express concern about recent communications from your agency notifying Commerce that it will be reducing the State of Montana's allotment for the U.S. Department of Housing and Urban Development's (HUD) Housing Choice Housing Voucher Assistance Payment (HAP). This decision will negatively impact low-income Montanans, depriving them of financial assistance.

Montana's statewide Public Housing Authority (MT901), housed within Commerce, was notified on June 10, 2024, via email from Acting Division Director Diane M. Chan, that HUD renewed Commerce's Housing Choice Voucher HAP increment and reduced its budget authority for the months of June, July and August to a lower amount of \$1,449,254 per month. Currently, Montana is expending closer to \$2 million per month in HAP.

Commerce staff contacted their assigned HUD financial analyst on June 11 requesting an explanation behind the lower budget authority. In response, they were informed "They are budgeting so that PHA's draw down their reserves. Reason – HUD is experiencing a large amount of shortfalls this year and funds are low. They want PHA to use what they have." Commerce was further informed that the difference between the \$1,449,254 and its actual monthly HAP must be drawn from its HUD-held reserves. As a result, Commerce estimates its HUD-held reserves will be fully expended within 5 to 7 months, pushing MT901 into shortfall by year end.

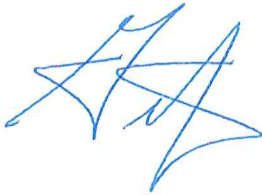
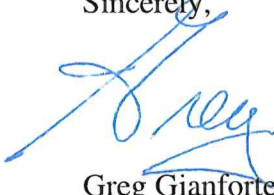
Montana has been a fiscally responsible steward of our federal HAP funding, resulting in financially sound HUD-held reserves for our state. As you know, availability and affordability in housing is a nationwide problem. The residents of our state should not be forced to bail out other states that have poorly managed their federal HAP funding. To be clear, low-income Montanans patiently waiting for critically needed rental assistance will be at increased risk of homelessness as a direct result of the Biden administration's decision to bail out fiscally irresponsible states at the expense of properly managed states like Montana.

Absent HUD's reconsideration, Montana will initiate closing the waitlist and halting all new leasing by July 31, 2024. These actions will have significant implications for vulnerable Montanans who have been waiting for a voucher. Additionally, the lack of notice so PHAs could plan and strategize accordingly is a failure in communication. Commerce had also intended to issue a competitive process to project-base some of our tenant-based Housing Choice Vouchers this fall, but they may need to halt on that goal as well.

We respectfully ask that you reconsider Montana's HAP allocation. Should you have any questions or require additional financial details, you can contact Commerce's Housing Montana Division Administrator Cheryl Cohen at cheryl.cohen@mt.gov or 406-841-2844.

We ask you to please respond to this letter before July 31st.

Sincerely,



Greg Gianforte
Governor



Paul Green
Director, Montana Department of Commerce

Cc: Senator Jon Tester
Senator Steve Daines
Congressman Matt Rosendale
Congressman Ryan Zinke