

Federal and State Responses Changes Since COVID and Impacts on Housing

Montana Housing Partnership Virtual Conference
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Federal and State Efforts

- US Dept. of Housing and Urban Development
 - CPD mega waivers
 - HOME waivers
 - CDBG-CV
 - ESG-CV
- Montana Housing
 - Guidance on COVID-19
 - Mortgage forbearance
 - Emergency Housing Assistance Program
- Federal Reserve Bank
 - National Trends and Federal Response



HUD FUNDING to Commerce and DPHHS

- Community Development Block Grant-CV1
 - Montana Department of Commerce and Billings, Great Falls and Missoula
 - MT \$3.92M; Billings \$387K; Great Falls \$475K; Missoula \$339K
- CDBG-CV2
 - Montana Department of Commerce only
 - MT \$3.33M
- Emergency Solutions Grant-CV1
 - Montana Department of Public Health and Human Services
 - MT \$2.52M
- ESG-CV2
 - Montana Department of Public Health and Human Services
 - MT \$6.74M
- ICDBG-CARES
 - Applications accepted by HUD beginning June 1, 2020
 - \$100M nationwide



WAIVERS

- Deadlines for reporting to HUD extended
- Public Comment Periods shortened
- Public Services cap increased
- Eviction moratorium
- On-site Inspections
- HOME program
 - CHDO set aside waived
 - Match waived
 - Initial income self-certified
 - Ongoing on-site inspections postponed
 - Use of HOME funds for operating reserves for troubled HOME properties with caveats



WHAT HAS NOT CHANGED

- Fair Housing and Nondiscrimination laws
- Environmental Review requirements
- Labor Standards requirements
- Deadline of September 15, 2020 for CDBG Housing and Public Facilities applications; same deadline proposed for HOME and HTF applications



CDBG-CV

Community Development Block Grant-Coronavirus

- Commerce coordinating with other agencies to ensure no duplication of benefits
- Federal Register Notice expected soon
- Follows CDBG eligibility for applicants and activities
- Prevent, prepare for and respond to the coronavirus



ESG-CV

Emergency Solutions Grant-Coronavirus

- Follow same criteria as DPHHS ESG program
- Distribute through HRDCs based on the population size and the poverty proportion of counties served
- Funds to be used to prevent, prepare for and respond to coronavirus
- Address needs of Montanans who are experiencing homelessness or to provide homelessness prevention activities
- Activities include rental assistance, rental application fees, security and utility deposits and payments, case management, assistance to shelters



MONTANA HOUSING

- Guidance on COVID-19
 - Consumer protections, FAQs and program adjustment
HOUSING.MT.GOV/NEWS/MONTANA-HOUSING-GUIDANCE-ON-COVID-19
- Mortgage forbearance
HOUSING.MT.GOV/HOMEOWNERSHIP/HOMEOWNERS
- Emergency Housing Assistance Program
 - Phase I / TANF
 - Phase II / CARES Act
COVIDRELIEFMT.ORG



CONSUMER PROTECTIONS

Directives to limit foreclosures, evictions and disconnections from service ended May 24, except as follows:

- For “Vulnerable Individuals” who remain sheltered at home, Directives expire 30 days after ceasing to shelter at home or end of emergency
- Must make basic showing to bank, landlord or utility:
 1. Sheltering in place
 2. Member of “Vulnerable Population”
 3. Financially impacted by COVID

*MUST MEET ALL 3



FREQUENTLY ASKED QUESTIONS

- Homeowners
 - CARES Act forbearance for borrowers with a federally backed mortgage loan
 - CFPB [Guide to coronavirus mortgage relief options](#)
- Questions about Governor Bullock's March 31, April 13 and April 22 Consumer Protection Directives
 - Documentation to provide to landlord
 - Not required to provide specific health diagnosis information



PROGRAM ADJUSTMENTS

- Multifamily
 - Site visits postponed
 - Compliance audit / file reviews conducted electronically
 - Delays in income recertifications permitted
 - Novogradac [COVID-19 Declaration May Allow Flexibility for LIHTC, Bond Developments](#)
- Homeownership
 - Loan purchasing function remains operational
 - Review [COVID-19 Guidance for Lenders and Partners](#) for specific program changes



PROGRAM ADJUSTMENTS

- Housing Choice Voucher Program
 - [Adopted statutory and regulatory waivers as per PIH 2020-05](#)
- HUD Resource
 - [COVID-19 FAQs for the Public Housing, Housing Choice Voucher \(HCV\) \(including the Project-based Voucher Program \(PBV\) and Native American Programs](#)
- Project-Based Section 8 Management & Occupancy Reviews resuming



MORTGAGE FORBEARANCE

- Under the CARES Act, Montana Housing homeowners with a federally backed mortgage loan experiencing a financial hardship due, directly or indirectly, to the COVID-19 emergency may request forbearance, regardless of delinquency status
- Borrowers must submit a completed [Montana Housing COVID-19 Forbearance Acknowledgement](#) form
- Montana Housing must follow guidelines set forth by the insurer/guarantor of the loan
- We can offer loan modifications, payment plans, and forbearance but are not allowed to defer payments



HOUSING ASSISTANCE – PHASE 1

- \$430K of Temporary Assistance for Needy Families previously allocated to Montana Housing
- Governor's April 13 Directive permitted use of funds for grants versus loans
- Open for applications April 17 to May 6
- Eligible families:
 - at least one child under 18
 - loss of income due to COVID-19
 - family of 4 must have a monthly income of \$4,367 or less
 - less than \$3,000 in readily available assets



HOUSING ASSISTANCE – PHASE 1

- Families do not need to be receiving TANF cash benefits
- Program income limits differ from DPHHS TANF program
- Administered by Montana Housing multifamily program staff
- Eligible uses: rent and security deposits due April 1, 2020 or later
- Program pays 100% of rent and security deposit for eligible families



HOUSING ASSISTANCE – PHASE I

- Approximately 175 applications submitted
 - Over 60 approved
 - Approx. 115 applications in process
- Approximately \$130K funds awarded
- We will continue to provide on-going monthly assistance to eligible households
- Challenges
 - Incomplete applications
 - Obtaining documentation needed from landlords



HOUSING ASSISTANCE – PHASE II

- Administered by Montana Housing, a division of Department of Commerce
- Launched May 7, 2020
- \$50M of \$1.25B federal CARES Act Coronavirus Relief Funds (CRF) for Montana
- Eligible uses (amounts due April 1, 2020 and after):
 - Security Deposit
 - Rent / Lot Rent
 - Mortgage Payment
 - Hazard Insurance (if paid directly by homeowners)



HOUSING ASSISTANCE – PHASE II

Eligible households must demonstrate nexus between financial hardship & COVID-19

- Job loss / closure of place of employment
- Reduction in compensation
- Obligation to be absent from work and inability to work remotely due to
 - care for home-bound school-aged child(ren)
 - closure of childcare facility
 - requirement to self-quarantine based on Directive of the Governor, advice of healthcare provide or other local or state public health authority
 - self-quarantine due to high risk, health condition and/or over age 65



HOUSING ASSISTANCE – PHASE II

Eligible households

- Must live in state of Montana
- Home must be primary residence
- Income and asset limits
 - 1 – 2-person household \$75,000/year
 - 3 – 4-person household \$100,000/year
 - 5 or more-person household \$125,000/year
 - Readily available assets in personal checking and savings accounts cannot exceed \$10,000
- CARES Act stimulus checks not included
- Unemployment Insurance \$600/week federal enhancement is included



HOUSING ASSISTANCE – PHASE II

- Households receiving other forms of rental assistance are not eligible, excluding one-time assistance for security deposit
- Program pays difference between 30% of household's gross monthly income at time of COVID-19 financial impact and their eligible monthly housing costs, up to \$2,000/month
- Security deposits paid at 100%
- Homeowners in forbearance programs are eligible and can use funds to become current



HOUSING ASSISTANCE – PHASE II

Currently using existing state of Montana personnel / resources for administration

- About 40 personnel (24 FTE) assigned as stage 1 reviewers
 - Comprised from 10 different state departments
- Six stage 2 reviewers
 - Montana Housing Multifamily and HCV staff
- Multiple accounting staff involved in W-9/EFT compliance checks and manual payment process
- Heavy call volume to existing Montana Housing administrative team



HOUSING ASSISTANCE – PHASE II

Application status as of 6/15/2020:

- Over 1,100 applications submitted
- Approximately 150 approved
- Over 800 in process
 - Challenges include incomplete applications and information needed from third party landlords and mortgage servicers
- Approximately 200 inactive
 - Includes ineligible and withdrawn applications



HOUSING ASSISTANCE – PHASE II

Challenges:

- Applicants having trouble navigating online application portal
- Timeline to gather missing / incomplete information or documents from applicants
- Electronic W-9/EFT Reference Form process with landlords and mortgage servicers
 - Education / outreach
 - Payment processing (check or ETF, payment advice, partial payment)
- Anticipated housing assistance needs not reflected in current application volume



HOUSING ASSISTANCE – PHASE II

Opportunities:

- Montana one of the first states in the nation to launch a CARES Act CRF housing assistance program
- Information sharing with five different states (Wyoming, Illinois, Pennsylvania, New Mexico and Oregon)
- Asked to present on NLIHC national call on Coronavirus and homelessness/housing



HOUSING ASSISTANCE – PHASE II

Call to Action:

- Post / distribute Emergency Housing Assistance Program marketing flyer
- Like and share Montana Housing social media posts
- Assist / navigate clients through online application process
 - Help clients gather income documents, lease / mortgage statement and contact information (including email) for landlord / mortgage servicer
- Encourage landlords and mortgage servicer contacts to respond promptly to Submittable email notifications for W-9/EFT Reference Form completion



HOUSING ASSISTANCE – PHASE II

Based on feedback you may have received, which of the options below might be a limiting factor in the potential applicant pool (select which option you think is having the greatest impact):

- a) Eligibility criteria, i.e. more than 10K checking in savings
- b) Lack of knowledge about the program
- c) Online application process / technology / internet access
- d) Concern / hesitancy to apply for government program
- e) Receiving financial support from personal network (i.e. family, friends, church)
- f) Financially stable due to receipt of unemployment insurance \$600/week enhancement or other COVID relief program
- g) Not experiencing sense of urgency due to forbearance program participation



HOUSING IN THE COVID-19 ERA: NATIONAL TRENDS & FEDERAL RESPONSES

Libby Starling

Community Development Manager



FEDERAL RESERVE BANK
OF MINNEAPOLIS



DISCLAIMER

The views expressed here are the presenter's and not necessarily those of the Federal Reserve Bank of Minneapolis or the Federal Reserve System.





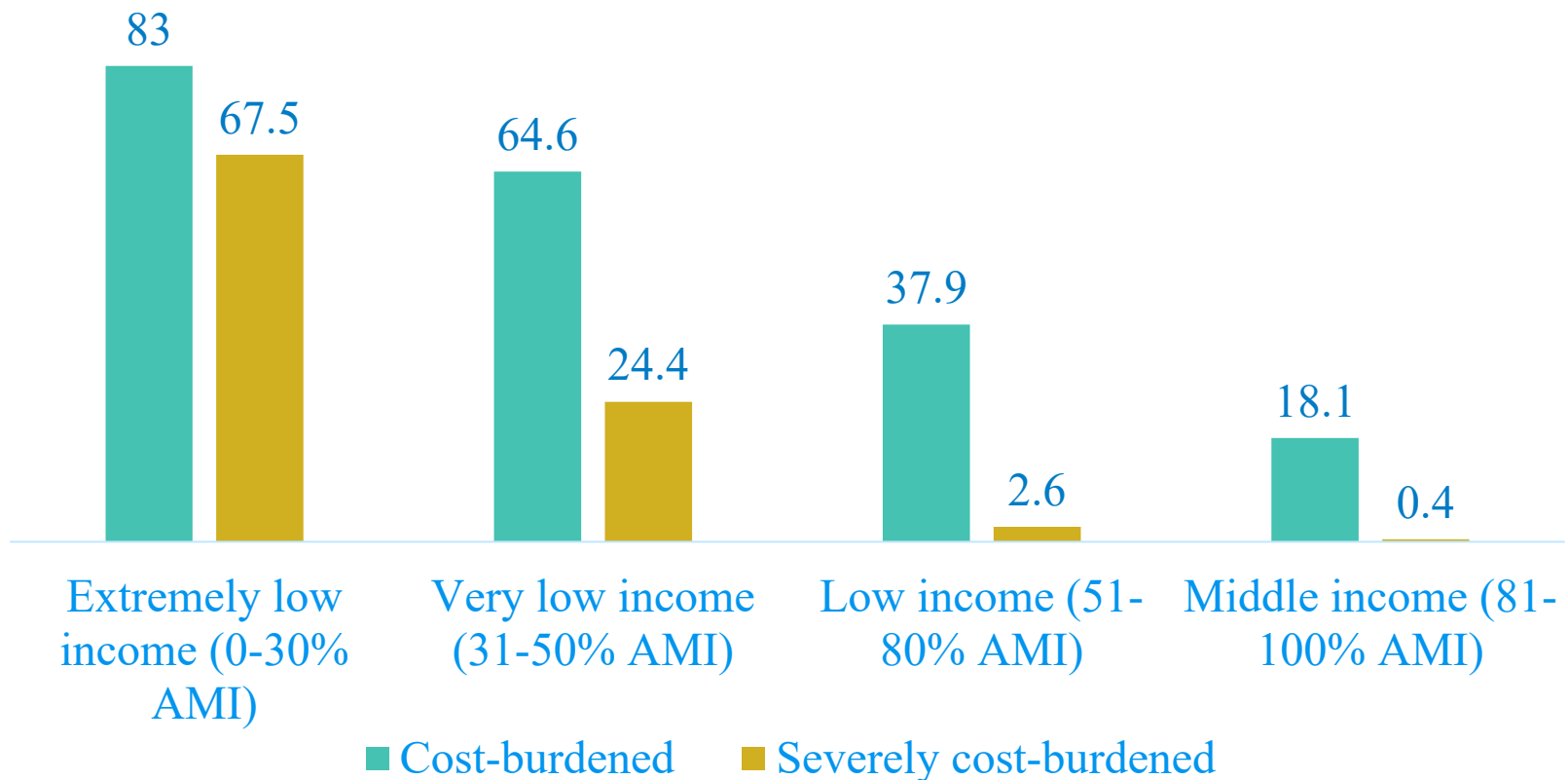
OVERVIEW

- What's happening in the national and state economy?
- What are the impacts on the housing market?
- What policy solutions are now in place to address housing challenges?
- What lies ahead?



NEED FOR AFFORDABLE HOUSING

PRE-PANDEMIC SITUATION: HOUSING COST BURDEN FOR MONTANA RENTERS



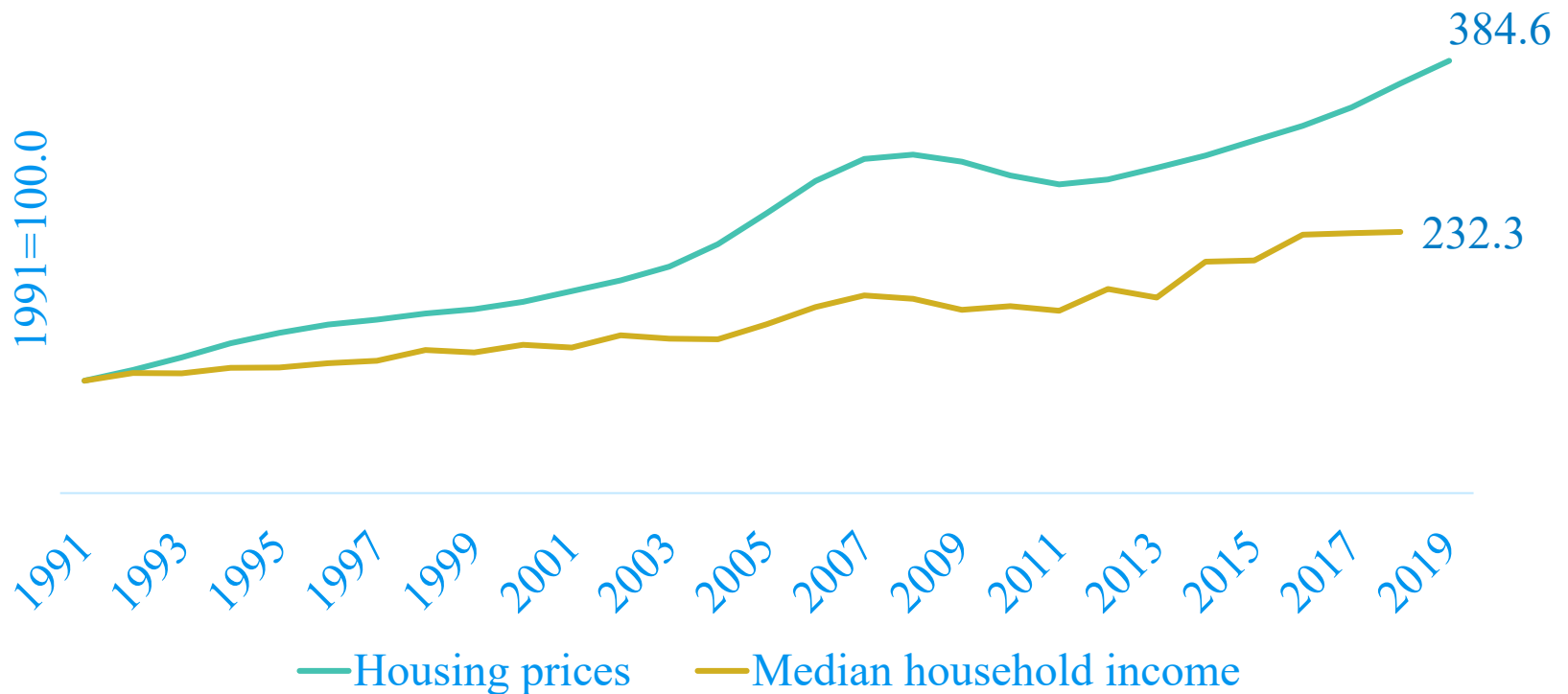
Note: Renter households spending more than 30% of their income on housing costs and utilities are cost burdened; those spending more than half of their income are severely cost burdened. Source: NLIHC tabulations of 2018 ACS PUMS



FEDERAL RESERVE BANK OF MINNEAPOLIS

NEED FOR AFFORDABLE HOUSING

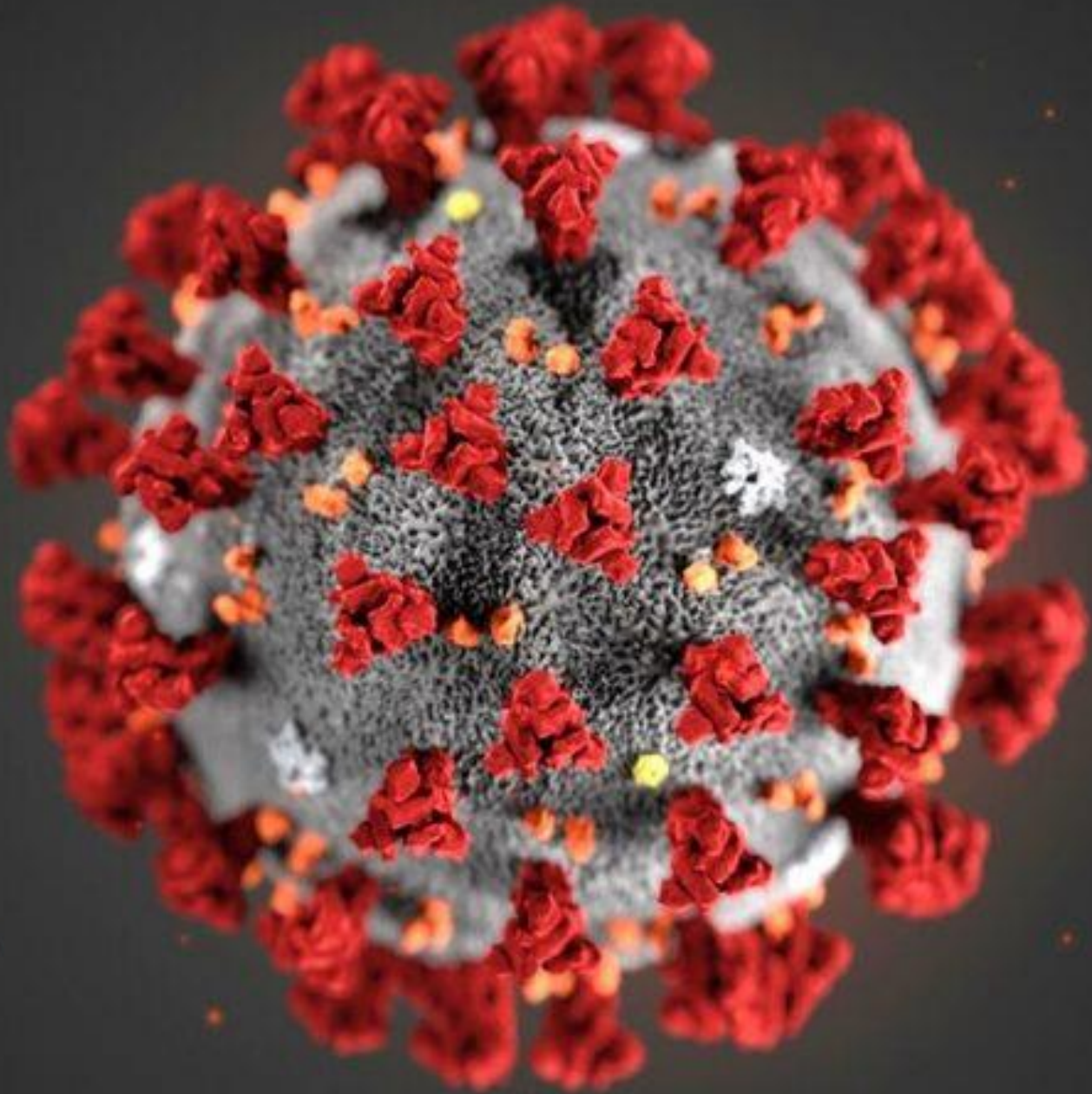
PRE-PANDEMIC SITUATION: HOUSING PRICE GROWTH IN MONTANA OUTPACING INCOME



Source: U.S. Federal Housing Finance Agency, All-Transactions House Price Index for Montana and U.S. Census Bureau, Median Household Income in Montana, retrieved from FRED, Federal Reserve Bank of St. Louis.

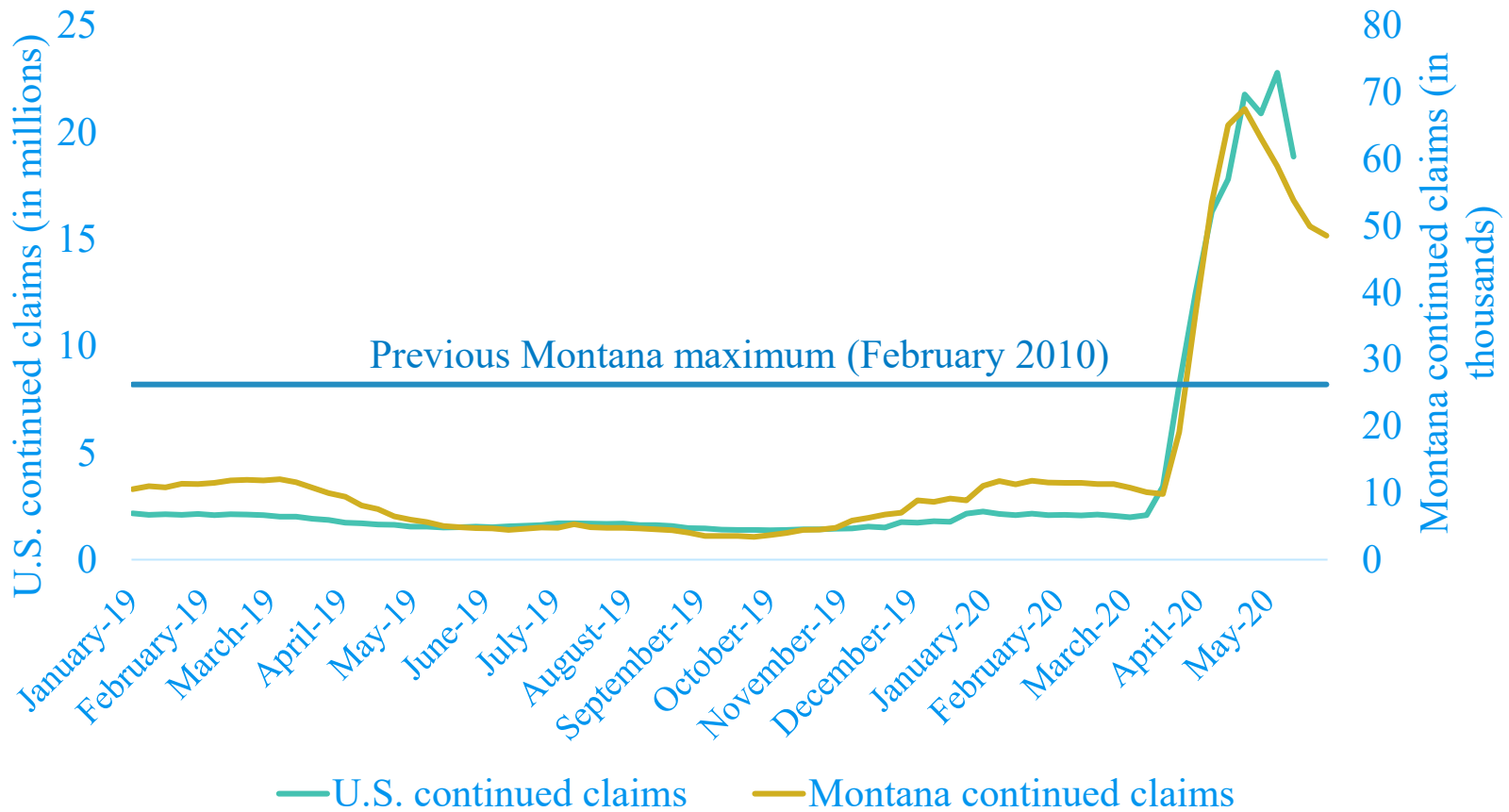


FEDERAL RESERVE BANK OF MINNEAPOLIS



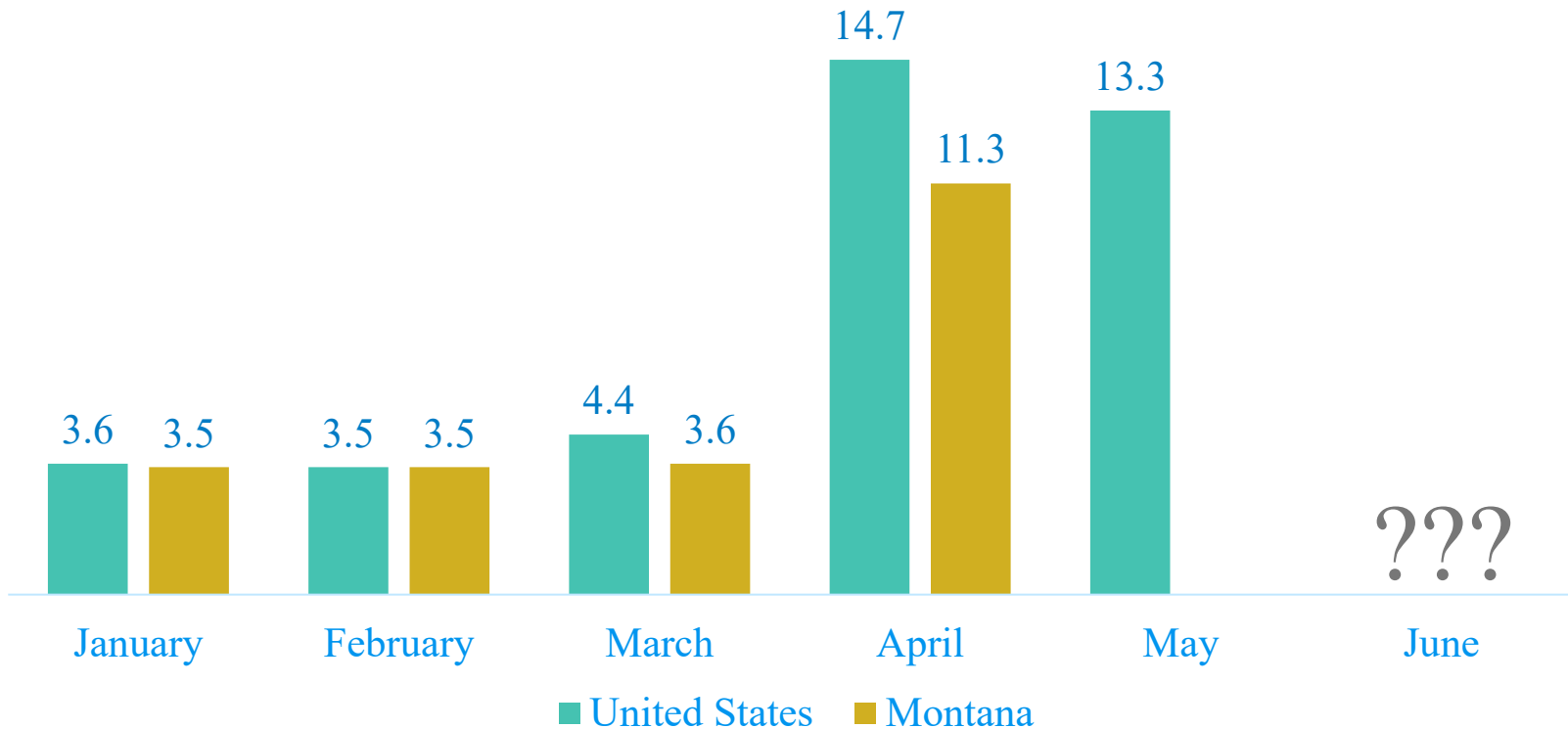
SUDDEN LOSS OF JOBS

UNEMPLOYMENT AT RECORD LEVELS



SUDDEN LOSS OF JOBS

MONTANA'S MONTHLY UNEMPLOYMENT RATE SKYROCKETS

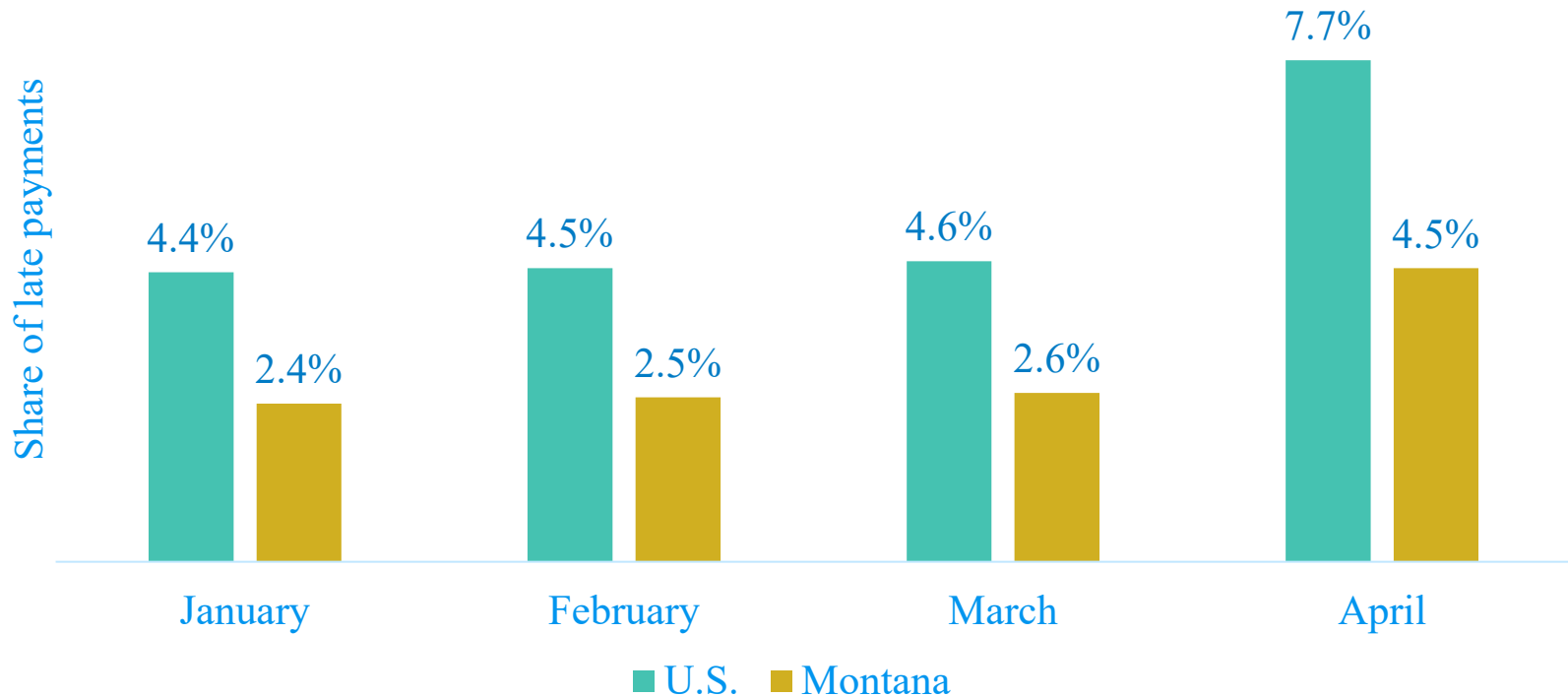


FEDERAL RESPONSE: GETTING MONEY TO HOUSEHOLDS AND EMPLOYERS

In addition to the programmatic expansions outlined by Julie and Cheryl:

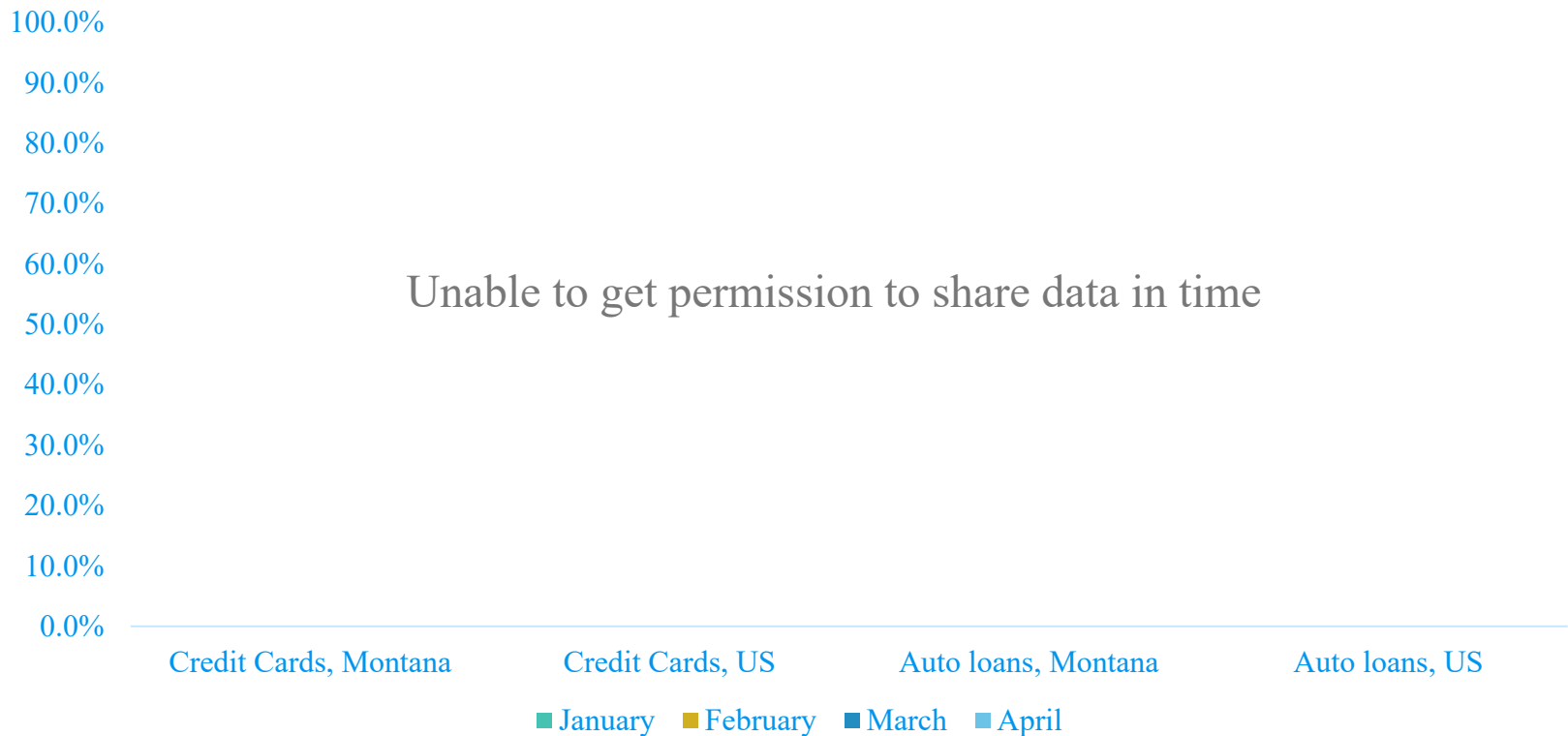
- Coronavirus stimulus checks: Up to \$1200 / person
- Pandemic Unemployment Assistance: An additional \$600 / week for those claiming unemployment
- Paycheck Protection Program: Small Business Assistance loans that are forgivable if used to retain payroll

LATE MORTGAGE PAYMENTS RISING...



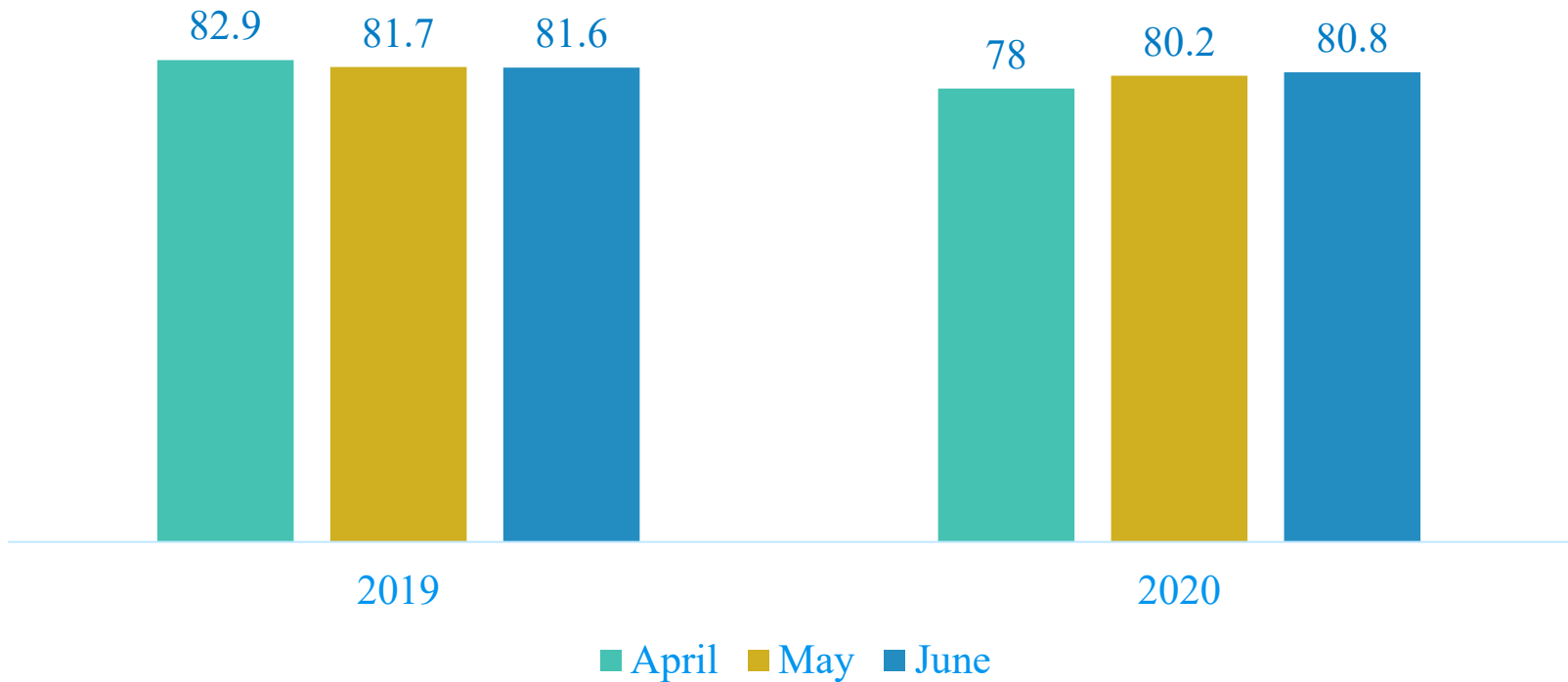
IMPACT OF FEDERAL POLICIES

... BUT DELINQUENCIES FOR OTHER CREDIT SOURCES ARE NOT



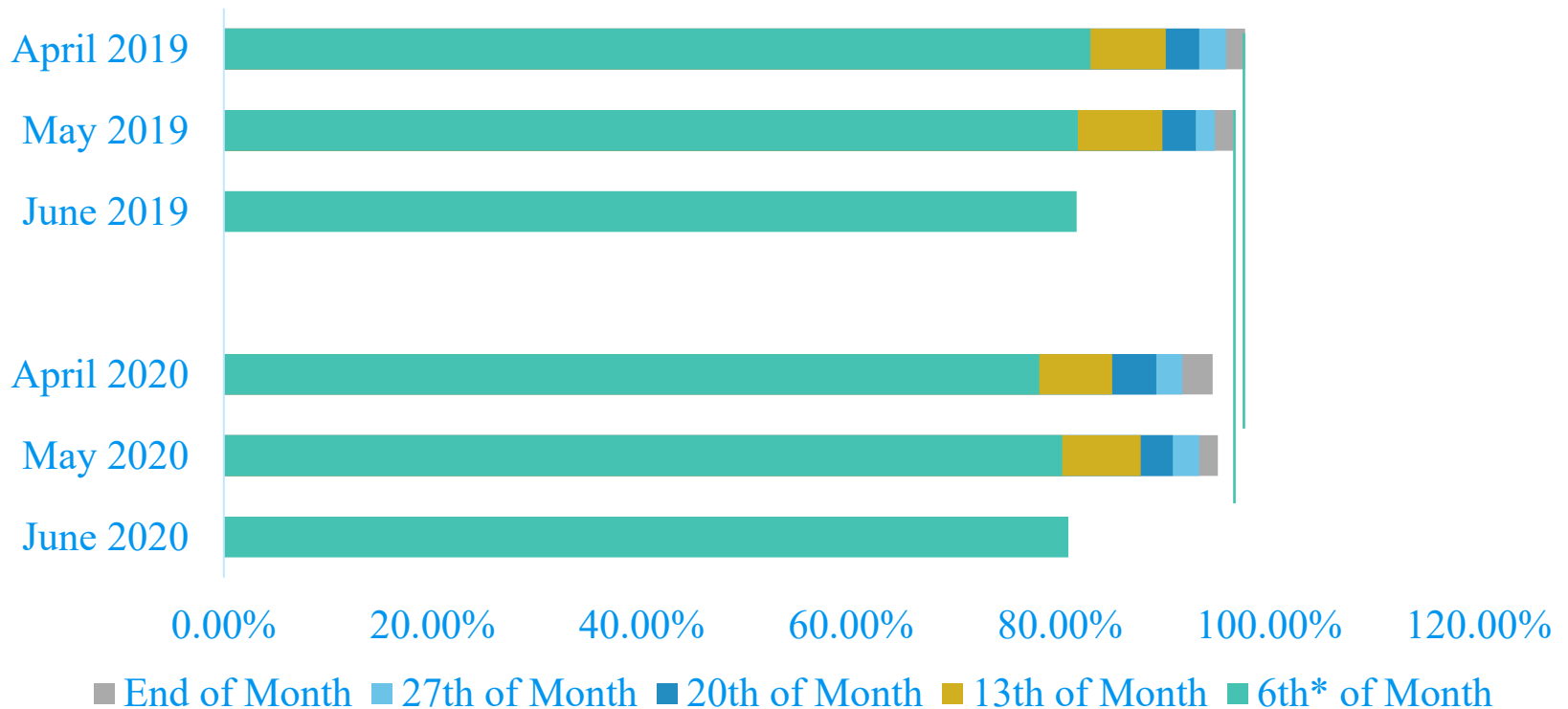
IMPACT OF FEDERAL POLICIES

RENTAL PAYMENTS HOLDING STEADY



IMPACT OF FEDERAL POLICIES

RENTAL PAYMENTS HOLDING STEADY



A CAVEAT ON RENTAL PAYMENTS HOLDING STEADY:

Evidence of increasing non-payment of rent among “Class C” properties:

- Pre-COVID, payment rates in Class C properties lagged Class A and Class B properties by **5-6 percentage points**
- Today, payment rates in Class C properties are lagging Class A and Class B properties by **10-11 percentage points**

FEDERAL ASSISTANCE IS HELPING HOUSEHOLDS ABLE TO COVER EXPENSES

Percent Covering Monthly Household Expenses, by Housing Tenure	One Month		Three Months	
	Owners	Renters	Owners	Renters
Savings	71	39	46	21
Savings + Standard UI + CARES UI + Recovery Payments	97	93	91	78

Source: Bhutta, Blair, Dettling, and Moore 2020. *COVID19-19 and Families' Financial Security*.

A wide-angle photograph of a mountainous landscape. In the foreground, a paved road with yellow dashed lines curves through a green, grassy slope. A small white patch of snow is visible on the left side of the road. In the background, dark, rugged mountain peaks are partially covered with snow. The sky is bright blue with scattered white clouds. The overall scene conveys a sense of adventure and exploration.

WHAT LIES AHEAD?

WHAT LIES AHEAD?

SHORT-TERM COSTS FOR LANDLORDS

- Rent nonpayment
- Increased operating costs
- Inability to evict
- Forgoing late fees
- Increased payment by credit card
- Increased property management costs for expanded cleaning, maintenance costs, PPE, security



WHAT LIES AHEAD?

LONG-TERM CONCERNS FOR LANDLORDS

Changes in tax credit pricing

Concerns about equity in the market

– Will there be adequate equity for multifamily investment?

Lower prices on new and renewing leases



Photo: Paula Woessner, Minneapolis Fed

WHAT LIES AHEAD?

LENDER RESPONSES

Lenders are offering more forbearance than the CARES Act requires – specifically borrowers whose loans are not federally-guaranteed:

- Lenders would prefer to avoid the longer term costs of foreclosure
- However, how long will this last?

ALTERNATIVE POLICY RESPONSES BY PRICE TAG

- **\$21.3 billion per month** will provide **income support** to allow 8.9 million renter households to remain at their pre-crisis rent to income ratio
- **\$5.5 billion per month** will provide enough **rental assistance** to allow the 8.9 million renter households to remain at their pre-crisis rent to income ratio



WHAT LIES AHEAD?

LOOKING AHEAD:



- One-time federal stimulus payments distributed
- Pandemic Unemployment Assistance expires July 31
- Small businesses using Paycheck Protection Program retaining employees for 8 to 24 weeks to retain jobs
- Federal eviction bans in place until July 25th (a total of 120 days) and cover all properties with a federally-backed mortgage
- And then...?



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