

OFFICE OF THE GOVERNOR
STATE OF MONTANA

GREG GIANFORTE
GOVERNOR



KRISTEN JURAS
LT. GOVERNOR

November 16, 2021

The Honorable Steve Daines
United States Senate
320 Hart Senate Office Building
Washington, DC 20510

The Honorable Jon Tester
United States Senate
311 Hart Senate Office Building
Washington, DC 20510

The Honorable Matt Rosendale
United States House of Representatives
1037 Longworth House Office Building
Washington, DC 20515

Dear Senator Daines, Senator Tester, and Congressman Rosendale:

As you may know, the State of Montana received \$200 million, the small state allocation, in federal Emergency Rental Assistance (ERA) funds from the Consolidated Appropriations Act of 2021 ("Law"). Since the State launched its ERA program on April 5, 2021, the program has received approximately 7,000 applications, meeting the Montana Department of Commerce's projections. The State has spent approximately \$22.5 million to assist Montanans who have experienced financial hardships as a direct or indirect result of the COVID-19 pandemic and are at risk of housing instability. The State has administered our ERA program efficiently, effectively, and equitably.

Regardless of whether they qualify for support from the State's ERA program, Montanans in need of affordable and/or workforce housing are feeling the impact of the pandemic. Americans are experiencing supply chain breakdowns, inflation at a 31-year high, and a severe labor shortage. To some degree, all can be attributed to the pandemic, including the federal government's response to it.

While Montanans are experiencing housing insecurity due to direct or indirect results of the pandemic, the Law's restrictive use of ERA funds prevents the State from assisting Montanans with the tens of millions of dollars of remaining ERA funds. The Law's one-size-fits-all approach to housing challenges resulting from the pandemic doesn't work in a rural state like Montana, putting the State at risk of losing funds we cannot spend fully under current, inflexible federal Law.

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The circumstances the State of Montana faces are not unique. Other states, including those that border ours and others with smaller populations, are at risk of a clawback from the federal government, because the Law's narrow, inflexible guidelines make it unlikely for us to meet the minimum threshold the Law requires for spending ERA funds.

Therefore, I request Congress provide greater flexibility for the use of ERA funds so Montana and other states with small populations can address more broadly housing insecurity facing our residents. Specifically, the State asks for expanded eligible uses of ERA funds, beyond emergency rental assistance funds, to address the long-standing shortage of affordable housing and workforce housing.

Demand for housing in Montana is at an all-time-high. In fact, market studies indicate many areas of Montana have a housing vacancy rate of under one percent. Serious challenges we face that are attributable to some degree to the pandemic – from our nation's fractured supply chains to inflation levels not seen in over a generation to labor shortages – have exacerbated the long-standing problem of available affordable and workforce housing in the State. All contribute to increased housing production costs which in turn increases housing costs for Montanans, especially those facing job or financial insecurity. Given those serious challenges, the State's housing supply can't keep pace with demand, driving up housing costs for new owner-occupied homes and rental units.

With additional flexibility in the ERA program, we can provide relief to Montanans facing housing insecurity by implementing long-term solutions to address the long-standing housing supply shortages and higher housing prices that hardworking Montana families, including those on fixed incomes, face.

Thank you for your consideration of this proposal. My office and the specialists at the Montana Department of Commerce stand ready to assist in putting this funding toward sustainable programs and long-term solutions to reduce housing costs, increase supply, and provide Montanans with greater housing and financial security.

Sincerely,

Greg Gianforte
Governor