

**Program Base Budget Comparison**

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	6.00	6.00	6.00	0.00	0.0%	
Federal Spec. Rev. Funds	10,138,997	12,114,011	12,022,974	3,858,991	19.0%	
<b>Total Funds</b>	<b>10,138,997</b>	<b>12,114,011</b>	<b>12,022,974</b>	<b>3,858,991</b>	<b>19.0%</b>	
Personal Services	500,888	532,678	535,389	66,291	6.6%	
Operating Expenses	6,215,446	559,314	464,597	(11,406,981)	(91.8%)	
Grants	3,400,000	10,998,000	10,998,000	15,196,000	223.5%	
Debt Service	22,663	24,019	24,988	3,681	8.1%	
<b>Total Expenditures</b>	<b>10,138,997</b>	<b>12,114,011</b>	<b>12,022,974</b>	<b>3,858,991</b>	<b>19.0%</b>	
<b>Total Ongoing</b>	<b>10,138,997</b>	<b>12,114,011</b>	<b>12,022,974</b>	<b>3,858,991</b>	<b>19.0%</b>	
<b>Total One-Time-Only</b>					<b>0.0%</b>	

**Program Highlights**

<b>Housing MT Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The Housing MT Division’s 2027 biennium requested appropriations are approximately \$3.9 million or 19.0% higher than the FY 2025 base budget. Significant changes include:                             <ul style="list-style-type: none"> <li>◦ Increased federal special revenue for increased housing trust fund (HTF) and HOME Investment Partnerships Program (HOME) grants</li> <li>◦ Increased statewide present law adjustments for personal services and fixed costs</li> </ul> </li> </ul>

**Executive Request**

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Housing M T 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>10,138,997</b>	<b>10,138,997</b>	<b>83.7%</b>	<b>0</b>	<b>0</b>	<b>10,138,997</b>	<b>10,138,997</b>	<b>84.3%</b>
Statewide PL										
Personal Services	0	0	31,790	31,790	0.3%	0	0	34,501	34,501	0.3%
Fixed Costs	0	0	101,711	101,711	0.8%	0	0	6,428	6,428	0.1%
Inflation Deflation	0	0	(83)	(83)	(0.0%)	0	0	(56)	(56)	(0.0%)
<b>Total Statewide PL</b>	<b>0</b>	<b>0</b>	<b>133,418</b>	<b>133,418</b>	<b>1.1%</b>	<b>0</b>	<b>0</b>	<b>40,873</b>	<b>40,873</b>	<b>0.3%</b>
Present Law (PL)	0	0	1,841,596	1,841,596	15.2%	0	0	1,843,104	1,843,104	15.3%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
<b>Total HB 2 Adjustments</b>	<b>0</b>	<b>0</b>	<b>1,975,014</b>	<b>1,975,014</b>	<b>16.3%</b>	<b>0</b>	<b>0</b>	<b>1,883,977</b>	<b>1,883,977</b>	<b>15.7%</b>
<b>Total Requested Budget</b>	<b>0</b>	<b>0</b>	<b>12,114,011</b>	<b>12,114,011</b>		<b>0</b>	<b>0</b>	<b>12,022,974</b>	<b>12,022,974</b>	

**Funding**

The following table shows proposed program funding for all sources of authority.

Department of Commerce, 74-Housing M T Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.0%	
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	
03300 Home Grants	11,560,174	0	0	0	11,560,174	47.9%	
03585 HTF	12,576,811	0	0	0	12,576,811	52.1%	
<b>Federal Special Total</b>	<b>\$24,136,985</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,136,985</b>	<b>15.2%</b>	
06028 Emergency Housing Vouchers-Adm	0	0	318,668	0	318,668	0.2%	
06029 Emergency Housing Vouchers-HAP	0	0	1,440,000	0	1,440,000	1.1%	
06030 BOH Financial Program Fund	0	0	7,757,547	0	7,757,547	5.8%	
06031 Housing Trust Fund	0	0	20,000	0	20,000	0.0%	
06032 Mortgage Loan Servicing	0	0	4,750,646	0	4,750,646	3.5%	
06037 Sect 8 Mod Rehab HAP	0	0	4,934,016	0	4,934,016	3.7%	
06044 Mainstream HCVP-Admin	0	0	150,000	0	150,000	0.1%	
06045 Mainstream HCVP-HAP	0	0	800,000	0	800,000	0.6%	
06054 Section 8 HAP	0	0	48,101,012	0	48,101,012	35.7%	
06074 SEC 8 Project Based	0	0	57,291,463	0	57,291,463	42.6%	
06075 Section 8 Vouchers	0	0	8,265,595	0	8,265,595	6.1%	
06078 Housing Montana Fund	0	0	20,000	0	20,000	0.0%	
06079 Revolving Loan Fund - TANF	0	0	20,000	0	20,000	0.0%	
06085 Section 8 Mod Rehab	0	0	690,868	0	690,868	0.5%	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$134,559,815</b>	<b>\$0</b>	<b>\$134,559,815</b>	<b>84.8%</b>	
<b>Total All Funds</b>	<b>\$24,136,985</b>	<b>\$0</b>	<b>\$134,559,815</b>	<b>\$0</b>	<b>\$158,696,800</b>		

*HB 2 Authority*

Federal Special Revenue

Federal funds are for the HOME Investment Partnerships (HOME) and Housing Trust Fund (HTF) programs. The HOME program is a federal block grant for the construction and creation of affordable housing for low-income households. The HOME Program is administered by the Housing MT Division, who also administers funds to local governments and nonprofits throughout the state. The HTF is an affordable housing production program. The Housing MT Division

administers the HTF program and helps qualified recipients' direct funds for construction, rehabilitation, and preservation of affordable rental housing.

*Non-Budgeted Proprietary*

The majority of the Housing MT Division's funding is from proprietary funds. These funds are discussed in the non-budgeted proprietary budget analysis.

**Program Actuals and Budget Comparison**

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	6.00	6.00	6.00	6.00
Personal Services	368,805	481,578	500,888	532,678	535,389
Operating Expenses	156,191	6,504,355	6,215,446	559,314	464,597
Grants	8,667,226	2,346,032	3,400,000	10,998,000	10,998,000
Debt Service	18,202	22,663	22,663	24,019	24,988
<b>Total Expenditures</b>	<b>\$9,210,424</b>	<b>\$9,354,628</b>	<b>\$10,138,997</b>	<b>\$12,114,011</b>	<b>\$12,022,974</b>
Federal Spec. Rev. Funds	9,210,424	9,354,628	10,138,997	12,114,011	12,022,974
<b>Total Funds</b>	<b>\$9,210,424</b>	<b>\$9,354,628</b>	<b>\$10,138,997</b>	<b>\$12,114,011</b>	<b>\$12,022,974</b>
<b>Total Ongoing</b>	<b>\$9,210,424</b>	<b>\$9,354,628</b>	<b>\$10,138,997</b>	<b>\$12,114,011</b>	<b>\$12,022,974</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

*Program Description*

The Housing MT Division supports Montana communities by facilitating access to safe, affordable, and sustainable housing for residents whose needs are unmet by the private market. The Division consists of three key units:

- Board of Housing: Serving as Montana’s statewide Housing Finance Agency (HFA), established under the Montana Housing Act of 1975 and administratively attached to the Department of Commerce, the Board of Housing operates on enterprise fund revenues generated from fees on financed projects and mortgages. It is self-supporting and does not receive general fund allocations
- Rental Assistance Bureau: As the statewide Public Housing Authority (PHA), the bureau administers various Housing and Urban Development (HUD) funded programs, funded through HUD administrative fees and performance-based contracts
- Community Housing: This unit manages HUD Community Planning and Development (CPD) programs focused on the development and preservation of affordable housing, such as the HOME Investment Partnership Program and the National Housing Trust Fund. It also administers the one-time Emergency Shelter Facility grant funded through HB 5. Community Housing programs are funded by federal and state special revenue, appropriated through HB 2 and HB 5

The Division’s responsibilities are defined under state statutes, executive orders, and federal regulations, primarily outlined in Montana Code Annotated Titles 2 and 90, and 24 CFR Parts 5, 91, 93, 245, 570, 792, 813, 882, 887, 891, 982, and 984.

*FY 2024 Appropriation Compared to FY 2024 Actual Expenditures*

The Housing MT Division expended 98.5% of its \$9.4 million modified HB 2 authority in FY 2024. The Housing MT Division is entirely funded by federal special revenue primarily for long-term housing projects. Operating expenditures were 2.4%

expended while grants were 369.4% expended. This was due to federal reporting guidance that required expenditures be recorded under grant expenditure authority as opposed to operating expenditure authority. The division was unaware of this guidance when it proposed its 2025 biennium budget and therefore appropriated greater authority to operating expenses rather than grant authority. This oversight has been proposed to be corrected in the coming biennium.

*FY 2024 Appropriations Compared to FY 2025 Appropriation*

The Housing MT Division’s total appropriation authority for FY 2025 is \$784,000 or 8.4% greater than FY 2024. This increase is primarily due to greater grant expenditure authority due to a program transfer that transferred approximately \$768,000 from the Housing MT Division to the Community MT Division in FY 2024. Due to the timing of housing grants for the HOME and HTF programs there was going to be excess appropriation authority. This authority was transferred to the Community MT Division to make up for its appropriation authority shortfall for Community Development Block Grants.

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	31,790	31,790	0.00	0	0	34,501	34,501
DP 2 - Fixed Costs	0.00	0	0	101,711	101,711	0.00	0	0	6,428	6,428
DP 3 - Inflation Deflation	0.00	0	0	(83)	(83)	0.00	0	0	(56)	(56)
DP 7405 - HMT ADMINISTRATIVE COSTS ADJUSTMENTS	0.00	0	0	1,841,596	1,841,596	0.00	0	0	1,843,104	1,843,104
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,975,014</b>	<b>\$1,975,014</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,883,977</b>	<b>\$1,883,977</b>

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

Department of Commerce Housing MT Division FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 11,113
Management Changes	20,677
Total Budget Modifications	-
Total	\$ 31,790

The executive requests an increased statewide present law adjustment for personal services primarily attributed to management changes due to hiring new positions at increased wage rates. Legislative changes also increased due to increased benefits.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

DP 7405 - HMT ADMINISTRATIVE COSTS ADJUSTMENTS -

The executive requests adjustments for non-state rent increases per the terms of the negotiated lease, and indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs. The decision package increases appropriations for grants in the HOME and HTF programs for the amount of federal funds projected to be available in the 2027 Biennium.