

# Montana Conducts First Geographically Large Statewide Fair Market Rent Reevaluation Survey

**Montana Board of Housing**

Rental Housing: Supporting Property Management and Renter Needs

**HFA Staff Contact**

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**Entry Description:**

Since COVID, housing prices have sky-rocketed throughout the State of Montana, including rental costs, but HUD’s Fair Market Rent methodology was not keeping pace. In May 2024, Montana’s Behavioral Health System for Future Generations Commission proposed a near-term initiative to request funding for a statewide Fair Market Rent Reevaluation Study. The goal of the study was to adjust Montana’s Fair Market Rents, upon which federal rental assistance Voucher Payment Standards are based. Montana households who depend on Montana’s behavioral health system were disproportionately cost-burdened or severely cost-burdened, meaning they paid more than 30 or 50 percent of their monthly income on housing costs. Behavioral health systems refer to systems that support mental health, substance use disorders, life stressors or crises, and stress-related physical symptoms.

Housing Choice Vouchers support very low-income families secure safe, decent, and affordable privately-owned rental housing. When this near-term initiative was proposed, the Montana Department of Commerce’s statewide Public Housing Authority had 3,754 active and pending households on its HCV program, of which 2,133 had indicated at least one member of their household was experiencing a disability (56.8%). In total, nearly 28,000 Montana renters were severely housing cost burdened. The Commission recognized the clear connection between housing affordability and stability and the mental and behavioral health needs of Montanans.

Despite leveraging HUD waivers to increase Voucher Payment Standards to 120% of FMR, Montana’s 2023 FMRs for studios, 1-bedroom and 2-bedroom apartments were – on average – \$262, \$261 and \$271 per month less than the applicable 60% Low-Income Housing Tax Credit restricted rent. This discrepancy was particularly acute in growing markets and more rural and frontier areas. Additionally, even at 120% of FMR, the “success rate” – meaning the ability of HCV participants to successfully lease a unit within 120 days of voucher issuance – was only 48 percent.

The Montana Department of Commerce Housing Division conducted this statewide Fair Market Rent (FMR) Reevaluation Survey to help understand the actual amount of housing assistance very low-income Montanans need to afford housing.

FMR Surveys are used to update estimated rental costs for a specific area — in this case, the entire State of Montana. Survey results would more accurately reflect current local market conditions and would allow federal rental assistance programs to provide appropriate rental subsidies to very low-income individuals.

HUD’s Fair Market Rent methodology was not resulting in an accurate reflection of actual market rents for standard quality rental homes in Montana.

On July 31, 2024, Governor Gianforte approved the Behavioral Health System for Future Generations Committee recommendation to fund a statewide Fair Market Rent Study. The Governor’s approval authorized up to \$1 million of the \$300 million secured by the Governor during

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the 2023 Legislative Session to improve Montana's behavioral health and developmental disabilities service systems. This one-time funding enabled the Montana Department of Commerce to work in partnership with the Montana chapter of the National Association of Housing and Redevelopment Officials HUD Fair Market Rent Solutions Workgroup.

The Montana Department of Commerce released a Request For Proposal (RFP) and received three offers from vendors to perform the FMR survey. Econometrica, Inc. was awarded the contract for their expertise assisting jurisdictions with FMR data. Econometrica, Inc. released the survey out to more than 100,000 renters across the state.

The \$1 million authorized was used to pay for Econometrica's work and Commerce staff time on the project. In the end, only \$315,000 of the \$1 million was expended, saving nearly \$700,000 to direct to other behavior health initiatives.

The survey responses and FMR reevaluation request were submitted to HUD on January 8, 2025 (see Exhibit C). In our cover letter, we noted the following:

"The survey results determined that the 40th percentile rent for FY25 is \$374 more than median state nonmetropolitan HUD FY25 FMR and \$634 more than the median U.S.

nonmetropolitan HUD FY25 FMR, which begs the question as to HUD's justification for utilizing the "lower" of the two standards for state minimum rents and particularly in a situation such as this when a local survey proves how profoundly mismatched they are to the actual market."

On March 28, 2025, the Federal Register was updated with the new FMR amounts. The average increase across the state averaged 14%. In some more rural areas, the increase was more than 30%.

As of today, Montana is the first geographically large state to submit and be approved for a statewide Fair Market Rent increase. We are proud to say that we have not only saved our state nearly \$700,000 on this endeavor, but we also were able to assist the Montanans that needed the increase to help pay rent the most.

Commerce and Montana NAHRO are still assessing the impact of this adjustment. While our two-year-tools are showing a significant increase in annual budget authority (increasing from \$19.5 million to nearly \$31 million for the statewide PHA alone), we have yet to receive official correspondence from HUD on our FY25 annual budget authority and thus have held any further public communications on the survey results. Additionally, the Trump Administration's FY26 "skinny budget" proposal to eliminate tenant-based and project-based voucher programs to be replaced with an as-yet unknown block grant to states would obviously throw a wrench in what has otherwise been a monumental undertaking with our own "skinny budget."

### **Exhibit A – Timeline of Statewide Fair Market Rent Reevaluation**

- May 20, 2024: Behavioral Health for Future Generations Commission approves Near Term Initiative #8: Fair Market Rent Reevaluation Study
- July 30, 2024: Commerce / DPHHS Memorandum of Understanding executed
- July 31, 2024: Governor Gianforte approved FMR Near Term Initiative
- August 14, 2024: Commerce issued Request for Proposals for a qualified survey vendor
- September 13, 2024: RFP closed
- September 20, 2024: Commerce issued Public Notice of Intent to Award Contract
- October 10, 2024: Contract with selected vendor executed; kick-off meeting held
- October 15, 2024: Commerce provided vendor with list of subsidized addresses
- October 16, 2024: Vendor obtained Commerce approval of questionnaire and communications with survey participants
- October 18, 2024: Vendor completed ABS address list
- October 18, 2024: Vendor established online survey
- October 21, 2024: Vendor reviewed address list and send to printer
- October 30, 2024: Mail-merge completed in preparation for initial mailing
- November 18, 2024: Vendor began data entry for returned completed surveys
- November 18, 2024: Vendor issued first text push
- November 29, 2024: Online push postcard mailed
- December 16, 2024: Vendor issued final text push
- December 20, 2024: Vendor completed data entry / data file
- December 27, 2024: Vendor performed data cleansing, weighting, imputing, and analysis
- December 31, 2024: Vendor delivered draft summary report and PC-compatible files in Excel and R-format to Commerce
- January 3, 2025: Vendor delivered final summary report and PC-compatible file in Excel and R-format to Commerce
- January 8, 2025: FMR study data submitted to HUD (two days in advance of federal statutory deadline).

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**Exhibit A – Continued**

- January 17, 2025: Vendor delivered written certification to Commerce that all PII from respondents has been deleted
- March 28, 2025: HUD posted the updated FMR amounts on the Federal Register

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**Exhibit B – Before and After Fair Market Rent Costs**

Please click this link - [Montana FMR Dashboard](#) to see interactive maps, and other statistics regarding Fair Market Rents in Montana.



Montana Housing **Exhibit C - HUD FMR Submittal Letter**  
Montana Conducts First Geographically Large Statewide Fair Market Rent (FMR)  
Reevaluation Survey  
Rental Housing - Supporting Property Management & Renter Needs January 8, 2025

Solomon Greene, Principal Deputy Assistant Secretary

Adam Bibler, Director

Policy Development and Research

U.S. Department of Housing and Urban Development

410 Seventh Street, SW

Washington, D.C. 20410

RE: Montana FMR Reevaluation Rent Survey Data Submittal Fair Market Rents for the Housing Choice Voucher, Moderate Rehabilitation Single Room Occupancy, and Other Programs Fiscal Year 2025 - Request for Reevaluation of the FY2025 Fair Market Rents for the following PHAs covering the State of Montana:

- Montana Department of Commerce (MT901)
- Home Front (MT001)
- Great Falls Housing Authority (MT002)
- Housing Authority of Butte (MT003)
- Helena Housing Authority (MT004)
- Richland County Housing Authority (MT006)
- Whitefish Housing Authority (MT015)
- Missoula Housing Authority (MT033)

HUD PPRD Team:

We are submitting the report and data from the HUD FMR Reevaluation the Montana Department of Commerce (MDOC) commissioned in September of 2024, in coordination with the other Montana PHA Voucher and Rental Assistance programs.

**Montana Department of Commerce** | [commerce.mt.gov](https://commerce.mt.gov)

P.O. Box 200528 | Helena, MT 59620-0528 | Phone: 406-841-2840 | Fax: 406-841-2841

Montana Relay 711: [dphhs.mt.gov/detd/mtap/traditionalrelayservice](https://dphhs.mt.gov/detd/mtap/traditionalrelayservice)





These data are submitted in support of the State of Montana’s request for reevaluation of the FMR and 50th Percentile Rent for the four HUD Metro FMR Areas, other larger population Montana counties, as well as all the nonmetropolitan counties throughout the entire state of Montana.

As you are already aware, for the past several years, MDOC, as well as many of the local Montana public housing authorities across the state, have worked to maximize Housing Choice Voucher (HCV) payment standards, but have found we continue to lag well behind even the applicable 60 percent Low-Income Housing Tax Credit (LIHTC) restricted rents—much less market rate rents—despite utilizing all of the possible HUD FMR waivers available. With less than 50 percent of the State’s HCV holders able to successfully find housing in the private sector, it became critical to us and to all the affordable housing providers in the state, to undertake a comprehensive statewide reevaluation of the FMR to better inform state, county, FMR Metro Area, and regional FMRs. As a result, MDOC contracted with Econometrica, Inc. to undertake a survey of all renters within the state. This undertaking yielded nearly four thousand responses (a four percent response rate), many of which fall in the four HUD FMR areas, as well as other more populated areas of the state, while also capturing some surveys across the entire state.

Econometrica, Inc. has provided several options regarding the grouping of this data for analytical purposes, providing cases for potential changes in the FMR areas; use of county specific FMRs in areas of greater population versus just “balance of state FMR”; and/or use of the nonmetropolitan state FMR versus the national nonmetropolitan FMR. MDOC, and other PHAs in the state, encourage HUD to not only review the raw data provided but to also review Econometrica’s various options in their report for FMR grouping and to consider them as possible solutions to Montana’s most extreme FMR inaccuracies.

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The survey results determined that the 40th percentile rent for FY25 is \$374 more than median state nonmetropolitan HUD FY25 FMR and \$634 more than the median U.S. nonmetropolitan HUD FY25 FMR, which begs the question as to HUD's justification for utilizing the "lower" of the two standards for state minimum rents and particularly in a situation such as this when a local survey proves how profoundly mismatched they are to the actual market.

Thank you for your consideration and please let us know if you have any questions regarding this report, the data, or the survey. We look forward to working with you further on this critical Montana FMR issue.

Sincerely,

A handwritten signature in blue ink, appearing to read "Cheryl Cohen".

Cheryl Cohen

Commerce Housing Division Administrator

On behalf of the FY2025 Montana Statewide FMR Reevaluation Project covering the State of Montana:

- Montana Department of Commerce (MT901)
- Home Front (MT001)
- Great Falls Housing Authority (MT002)
- Housing Authority of Butte (MT003)
- Helena Housing Authority (MT004)
- Richland County Housing Authority (MT006)
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