

Committee: Directly to Council Committee Review: N/A Staff: Linda McMillan, Senior Legislative Analyst Purpose: To receive testimony/final action - vote expected Keywords: #PreventEviction

SUBJECT

Special Appropriation to the Fiscal Year 2022 Operating Budget; Montgomery County Government; Department of Health and Human Services; Emergency Rental Assistance Program 2; \$34,486,514 (Source of Funds: United States Department of Treasury Grant); Lead Sponsor: Council President at the Request of the County Executive

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- This special appropriation was introduced on November 30, 2021.
- There is no Committee recommendation. A motion is required.

DESCRIPTION/ISSUE

The COVID-19 pandemic has caused severe income loss and economic distress for many households in Montgomery County. Many households are unable to pay all or part of their rent and monthly utilities. Low and moderate-income households have been disproportionately impacted. The District Court is hearing failure to pay rent cases and ordering evictions as defenses from the Centers for Disease Control and the State are no longer available. Montgomery County has received funding directly from the U.S. Treasury and from the State of Maryland to provide rent assistance. The County has most recently received \$34,486,514 from the U.S. Treasury Department as a part of the Emergency Rental Assistance Program 2 (ERAP2) which needs to be appropriated.

SUMMARY OF KEY DISCUSSION POINTS

- The November 24, 2021, County Pulse Report says the Department of Health and Human Services has expended or encumbered \$23.1 million of \$31 million (74%) awarded directly by the U.S. Treasury under the ERAP1 program and \$21 million of \$28 million (78%) of State ERAP1 funds provided to Montgomery County. In addition, the Council approved \$2 million in County general funds and \$20 million in Coronavirus Relief Funds for rent assistance. A total of \$54.9 million in payments to 8,114 households have been made from all funding sources.
- The County has received 10,212 unique applications for assistance under the ERAP program. Funds must be prioritized for households earning 50% of Area Median Income (AMI) or less. 71% of applicants have incomes of 30% of AMI or less and another 20% between 31% and 50% of AMI. The median income of applicant households is \$17,424.
- The County is prioritizing households who have received an eviction notice from the Court or a "Red and While" posted notice from the Sheriff's Office to prevent a final eviction. The County

is working with non-profit partners to provide outreach and education, assist residents with the questions and applications, and fund legal assistance.

- The November 24 reports says 53% of applicants identify as Black, 30% as Hispanic, 7% as multiple races, 7% as White, and 3% as Asian/Pacific Islander. 47% of the awarded households are located in a high-need area as defined by the homeless prevention index.
- The County's Office of Racial Equity and Social Justice says that this special appropriation will advance racial equity and social justice as the Department of Health and Human Services' Homeless Prevention Index support the targeting and prioritizing of communities of color and low-income households that are disproportionately rent burdened, face inequities in the labor market, and at increased risk for housing insecurity.

Information on COVID Rental Assistance can be found at
<u>https://montgomerycountymd.gov/HHS-Program/SNHS/rent-relief.html</u>
<u>https://www.montgomerycountymd.gov/DHCA/covid-19/eviction_process_and_renters.html</u>

• Anyone who has received an eviction notice from the Court, a judgement, or had a "Red and White" notice from the Sheriff's Office should also call MC311 and ask for housing stabilization and eviction prevention services.

Attached:

Memo from County Executive	1-2
Special Appropriation Resolution	3-4
Racial Equity Impact Assessment (Office of Racial Equity & Social Justice)	5-10
Rent Excerpt from November 24, 2021 Pulse Report	11-14

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MEMORANDUM

November 15, 2021

TO:	Tom Hucker, President
	County Council

FROM: Marc Elrich, County Executive

SUBJECT: Special Appropriation #22-34 to the FY22 Operating Budget Montgomery County Government Department of Health and Human Services \$34,486,514 (Source of Funds: United States Department of Treasury Grant)

I am recommending a special appropriation to the Fiscal Year 2022 Operating Budget of the Department of Health and Human Services (DHHS) in the amount of \$34,486,514 for the Emergency Rental Assistance Program 2 (ERAP2). The ERAP2 funding will be utilized to provide financial support for County residents facing hardships resulting from the COVID-19 crisis. Specifically, the Department of Treasury requires that funds be used to provide rental and utility assistance to low-income County residents with a priority given to households with income below 50% AMI and unemployed for more than 90 days. The program will be administered by the Department of Health and Human Services. ERAP2 funds must be spent by September 2025.

Montgomery County previously received Emergency Rental Assistance Program 1 (ERAP1) funds of \$31,405,652 for rental assistance and eviction prevention. \$22.2 million (71%) has been spent to date. The expenditure deadline for ERAP1 is September 30, 2022.

I recommend that the County Council approve this special appropriation in the amount of \$34,486,514 and specify the source of funds as Federal Funds.

I appreciate your prompt consideration of this action.

ME: dl

Enclosure: Special Appropriation #22-34

Cc: Raymond L. Crowel, Psy.D., Director, DHHS Jennifer Bryant, Director, Office of Management and Budget Victoria Buckland, Chief Operating Officer, DHHS Amanda J. Harris, Chief, Services to End and Prevent Homelessness, DHHS

Resolution No:	
Introduced:	
Adopted:	

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President at the Request of the County Executive

SUBJECT: Special Appropriation #22-34 to the FY22 Operating Budget Montgomery County Government Department of Health and Human Services (DHHS); \$34,486,514 United States Department of Treasury Emergency Rental Assistance Program 2 (Source of Funds: Federal Funds)

Background

- Section 308 of the Montgomery County Charter provides that a special appropriation: (a) may be made at any time after public notice by news release; (b) must state that the special appropriation is necessary to meet an unforeseen disaster or other emergency or to act without delay in the public interest; (c) must specify the revenues necessary to finance it; and (d) must be approved by no fewer than six members of the Council.
- 2. The COVID-19 public health emergency has resulted in the immediate loss of income for many households as businesses have been required to close and people have been told to stay home. This creates a financial crisis for many County residents and businesses.
- 3. The American Rescue Plan Act of 2021 was passed by Congress and signed into law by the President on March 11, 2021. The bill includes a \$1.9 trillion COVID relief package with \$21.55 billion allocated to the Department of Treasury for Emergency Rental Assistance. Montgomery County previously received Emergency Rental Assistance Program 1 (ERAP1) funds of \$31,405,652 for rental assistance and eviction prevention. \$22.2 million has been spent to date or 71%. The expenditure deadline for ERAP1 is September 30, 2022.
- 4. The Department of Health and Human Services applied for and was awarded \$34,486,514 in Emergency Rental Assistance Program 2 (ERAP2) Federal funding from the Department of Treasury. The Department of Treasury requires that this funding be utilized to reduce the negative impact of COVID-19 by providing rental and utility assistance to households facing economic hardship as a result of the COVID-19 pandemic. Funds must be prioritized to households with income at or below 50% of Area Median Income (AMI) and those who have been unemployed more than 90 days. The expenditure deadline for ERAP2 is September 30, 2025.

Special Appropriation #22-34 Page Two

5. The County Executive has requested the following FY22 Operating Budget appropriation increase for the Department of Health and Human Services:

Personnel	Operating	Capital	<u>Total</u>	Source
Services	<u>Expenses</u>	<u>Outlay</u>		<u>of Funds</u>
\$0	\$34,486,514	\$0	\$34,486,514	Federal Funds

- 6. This increase is needed because the COVID-19 pandemic has forced many businesses to temporarily or permanently close, reductions in childcare opportunities, and death of wage earners causing Montgomery County residents to suffer income loss and an inability to pay rent and utility expenses.
- 7. The County Executive has requested a special appropriation to the FY22 Operating Budget in the amount of \$34,486,514 for the United States Department of Treasury Emergency Rental Assistance Program 2 and specifies that the source of funds will be Federal Funds.
- 8. The public was notified and a public hearing was held.

Action

The County Council for Montgomery County, Maryland, approves the following actions:

1. A special appropriation to the FY22 Operating Budget of the Department of Health and Human Services is approved as follows:

Personnel	Operating	Capital	Total	Source
Services	Expenses	<u>Outlay</u>		<u>of Funds</u>
\$0	\$34,486,514	\$0	\$34,486,514	Federal Funds

2. The Council declares that this action is necessary to act in response to a public health or safety emergency and to act without delay in the public interest.

This is a correct copy of Council action.

Selena Mendy Singleton, Esq. Clerk of the Council

MEMORANDUM

November 15, 2021

- To: Jennifer Bryant, Director Office of Management and Budget
- From: Tiffany Ward, Director Office of Racial Equity and Social Justice
- Re: Special Appropriation: #22-34 Emergency Rental Assistance Program 2 (Update to and, in support of #21-527 Racial Equity Impact Assessment of Special Appropriation)

On June 21, 2021, the Office of Racial Equity and Social Justice (ORESJ) submitted to the Office of Management and Budget (OMB) a Racial Equity Impact Assessment (REIA) for supplemental appropriation #21-527 Emergency Rental Assistance. Available information about Supplemental Appropriation #22-34 indicates that the funding will be used to continue the administration of the County's Covid-19 rental assistance program and will do so using federal funds. The continuation is needed to address ongoing economic challenges created by the pandemic; the program will provide rental and utility assistance to households facing economic hardship. US Department of Treasury stipulates that funds must be prioritized to households with income at or below 50% of Area Median Income (AMI) and those who have been unemployed more than 90 days. While federal funds will be used for Supplemental Appropriation #22-34 and State funding was used for Supplemental Appropriation #21-527, there are no significant differences in the targeting approaches or goals of these supplemental appropriations—ORESJ's finding statement, background, and data analysis remain unchanged. ORESJ, therefore, recommends that those considering supplemental #22-34 do so by reviewing the REIA that ORESJ submitted for Supplemental Appropriation #21-527 (copied below).

To supplement information provided in the REIA for Supplemental Appropriation #21-527, ORESJ would like to recommend continued application of a racial equity lens to the utilization of federal pandemic related assistance. Below are principles shared by the Groundwork Collaborative¹ and PolicyLink² regarding use of American Rescue Plan Act funding.

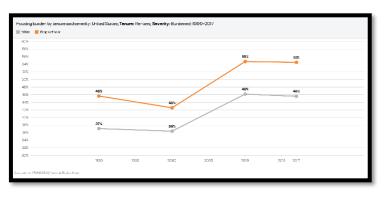
- 1. Center marginalized and disproportionately affected communities in this crisis.
- 2. Prioritize public engagement, and practice transparency and accountability in determining funding priorities.
- 3. Recognize that threats, risks, and traumas are daily conditions experienced in lowincome and communities of color; deploy resources in ways that begin to address root causes.
- 4. Invest with the goal of stronger, more equitable economies than we had before Covid-19 and the recession it triggered.
- 5. Track disaggregated data to ensure accountability to equity goals.
- I. <u>FINDING:</u> The Office of Racial Equity and Social Justice finds that Special Appropriation #21-527 advances racial equity and social justice in Montgomery County. The Montgomery County Department of Health and Human Services' (DHHS) Homeless Prevention Index will support the department in targeting and prioritizing communities of color and low-income communities in outreach and distribution of Covid-19 rent assistance. Communities of color and low-income communities entered the pandemic with disproportionate rates of rental housing cost burden and face inequities in the labor market amounting to increased risk for housing insecurity during the pandemic recovery.
- II. <u>BACKGROUND:</u> Special Appropriation #21-527 provides additional funding, through Maryland Department of Housing and Community Affairs, to the Montgomery County Department of Health and Human Services in the amount of \$28,145,367 to fund and administer a third phase of the County's Covid-19 Rent Relief Program. The Covid-19 Rent Relief Program is designed to assist households in the County who have been unable to pay rent due to Covid-19 related income loss. The State's guiding principles for use of the funds include:
 - Equitable allocation of funds based on need and prioritizing those most at risk of eviction;
 - Low-barrier, with simplified eligibility and screening;

¹ Presentation delivered by Azza Altiraifi of the Groundwork Collaborative during the Government Alliance on Race and Equity's (GARE) virtual launch of a webinar series focused on American Rescue Plan. September 24, 2021. ² PolicyLink. 10 Priorities for Advancing Racial Equity Through the American Rescue Plan. A Guide for City and County Policymakers. May 2021. Available at: <u>https://www.policylink.org/sites/default/files/RecoveryGuide-LJ-</u> <u>2021_050621c.pdf</u>.

• Locally driven to address housing stability and basic needs of tenants and deploying with trusted community partners.

Based on these principles, DHHS' long-term work with community partners, and its homelessness prevention index, the department has prioritized the following considerations in its distribution of assistance and its targeting of outreach: households who have been experiencing unemployment for at least the previous 90 days; have current eviction actions (hearing/judgement); or who live in high need geographic areas. Research confirms that these and other targeting criteria are critical to preventing low-income and communities of color from experiencing disproportionate rates of eviction when emergency orders and eviction moratoria expire.

As with other indicators of financial wellbeing, the Covid-19 pandemic has worsened existing racial disparities, particularly in housing security and affordability³. Researchers from the National Low-Income Housing Coalition and The Center for Law and Social Policy summarize the historical and current harms underlying these racial disparities, "The cumulative impact of chattel slavery, segregation, and racist housing and urban policies on the Black community, as well as our nation's long history of excluding Native, Asian, and immigrant communities from federal housing programs has profoundly shaped which groups disproportionately experience extremely low incomes, housing insecurity, and homelessness."⁴ This history and



persistent inequities in labor and housing markets have resulted in lower wages and higher housing costs for households of color⁵, contributing to growing numbers of rent costburdened households prior to the pandemic. Cost burden is defined as households who pay over 30% of their income

towards rent or mortgage. Low-income renter households who were cost-burdened

⁴ Rebecca Yae, Emma Foley, Jessi Russell, and Diana Orozco. National Low-Income Housing Coalition and The Center for Law and Social Policy. *Prioritization in Emergency Rental Assistance Programs: A Framework of Strategies, Policies, and Procedures to Better Serve Priority Populations.* April 2021.

https://nlihc.org/sites/default/files/Prioritization-in-Emergency-Rental-Assistance-Programs.pdf.

³ Sophia Wedeen. "Black and Hispanic Renters Face Greatest Threat of Eviction in Pandemic". *Housing Perspectives: Research, trends, and perspective from the Harvard Joint Center for Housing Studies*. Joint Center for Housing Studies of Harvard University. <u>https://www.jchs.harvard.edu/blog/black-and-hispanic-renters-face-greatest-threat-eviction-pandemic</u>.

⁵ Sophia Wedeen._"Black and Hispanic Renters Face Greatest Threat of Eviction in Pandemic".

prior to the pandemic are the most likely to experience housing insecurity as a result of the pandemic⁶.

High-cost burdens can affect all renter households, but *America's Rental Housing 2020* report explains that renters of color are more likely to be housing-cost burdened than white renters; even when controlling for income, minority renter households have higher cost burdens than white renter households. Data from Policy Link's National Equity Atlas confirms this racial gap and shows that this trend has persisted over time. *The America's Rental Housing 2020* report also explains that other characteristics such as age, number of workers and presence of children in a household affect cost-burden rates, noting that full-time employment doesn't necessarily ease affordability pressures. Taken together, when the pandemic hit, renter households of color were facing greater financial precarity and as a result are having a difficult time weathering income losses due to Covid-19.

Based on preexisting disparities in housing affordability and the disproportionate impact of Covid-19 on communities of color, researchers, and policy advocates, in consultation with jurisdictions and communities, have developed approaches to designing and administering federally funded emergency rental assistance programs. In April 2021, researchers from The Center for Law and Social Policy and National Low Income Housing Coalition jointly produced a framework of policies, strategies and procedures for prioritizing populations facing the greatest risks and most acute housing insecurity in the delivery of Covid-19 emergency rental assistance. The framework draws on lessons from Advancing Racial Equity in Rental Assistance Programs⁷ and advocates for centering racial equity and participatory community engagement at each phase of emergency rental assistance program design and implementation. The framework underscores the importance of analyzing local histories of racialized disinvestment in determining geographic focus and identifying community partners who can validate and critique conclusions drawn from quantitative data alone. In terms of using income as a prioritization factor, the framework explains the importance of looking critically at the application of the US Housing and Urban Development calculation of AMI as a targeting criterion, noting that geographic areas used to calculate AMI may be economically diverse-including wealthier suburbsthus skewing the AMI for low-income renters in less wealthy parts of an area. The framework outlines several other factors for consideration in geographic prioritization:

https://furmancenter.org/files/Advancing Racial Equity in Emergency Rental Assistance Programs - Final.pdf

⁶ Natalia Carrizosa. *Covid-19 Recovery Outlook: Cost-burdened Renter Households*. September 21, 2020. <u>https://www.montgomerycountymd.gov/OLO/Resources/Files/2020%20Reports/COVID-19RecoveryOutlook-CostBurdenedRenters.pdf</u>

⁷ Ingrid Gould, Brittany Azzurco Muscato, Claudia Aiken, Vincent Reina, Andrew Aurand, and Rebecca Yae. *Advancing Racial Equity in Emergency Rental Assistance Programs*. NYU Furman Center. The Housing Initiative at Penn. National Low-Income Housing Coalition. March 2021.

share of renter-households, rate of severely housing cost-burdened renters, rates of evictions and eviction filings, incidence rate of COVID-19, death rate due to COVID-19, unemployment rates. Additionally, National Innovation Service's Framework for an Equitable Covid-19 Response suggests targeting based on those who have been historically marginalized, not just those at risk of eviction during the current crisis⁸— therefore adding the following factors to those mentioned above:

- involvement in systems with high levels of disproportionality such as child welfare and justice
- lack of access to basic services such as quality, safe housing within a community, employment opportunities, health care, food, and transportation

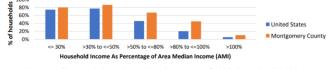
The DHHS Covid-19 preventing homelessness index helps to identify communities and geographic areas facing the greatest risk of eviction and experiencing the most significant unmet need. It factors in key indicators that might cause a household to enter the homelessness continuum, including single parent households, rates of poverty, and systemic inequities related to race and ethnicity. The index also considers housing stress such as overcrowding and turnover in addition Covid specific impacts on health and employment. The index allows DHHS to plan outreach, monitor applications by demographic and other characteristics, and adjust outreach tactics to better reach residents facing the most significant Covid-19 related housing hardships. This type of targeting, including the underlying conceptual and statistical analysis described in a September 2020 presentation⁹ to the HUD Exchange on Covid-19 Planning and Response is consistent with many of the recommendations in the above discussed frameworks. It also demonstrates the importance of applying a racial equity lens to each aspect of program implementation so that decisionmakers can understand who is most impacted, based on historical and contemporary inequities, and what strategies may be most effective in responding to and redressing those inequities.

III. ANALYSIS OF DATA: Analysis prepared by OLO Analyst Natalia Carrizosa, in September 2020 using data from U.S. Department of Housing and Urban Development Comprehensive Housing Affordability Strategy Data, 2013-2017 reveal the scope of rental housing cost burdens in Montgomery County, particularly for households paying between 30% and 50% of AMI.

 ⁸ The Framework for an Equitable Covid-19 Response: Top Priorities and Actions Across Communities. National Innovation Service. <u>https://www.nis.us/covid-19-response-top-priorities-and-actions-across-communities</u>
⁹ Amanda Harris, MSW, MPP Chief of Services to End and Prevent Homelessness, Montgomery County Department of Health and Human Services and Tamar Epner, Program Manager, Planning, Analytics, and Customer Service. Presentation to COVID-19 Planning & Response for Homeless Assistance Providers Office Hours - September 25. <u>https://www.hudexchange.info/trainings/courses/covid-19-planning-response-for-homeless-assistance-providers-office-hours-september-25/</u>

COST-BURDENED RENTER HOUSEHOLDS PRIOR TO THE PANDEMIC

National data collected prior to the pandemic show that the vast majority of renter households with incomes below 50% of their area's median income were cost-burdened, meaning they paid more than 30% of their annual income on rent. The median income was \$118,678 in the Washington, DC Metropolitan Area in 2017.¹ For example, 80% of renter households in Montgomery County that earned 30% of the area's median income, or about \$36,000, or less, paid 30% or more of their income in rent. Percentage of Renter Households that Pay More Than 30% of Income In Rent, By Household Income Level Relative to Area Median Income, 2013-2017

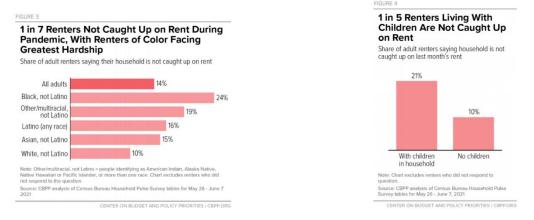


Source: U.S. Department of Housing and Urban Development Comprehensive Housing Affordability Strategy Data, 2013-2017

Source: Carrizosa, Natalia. *Covid-19 Recovery Outlook: Cost-burdened Renter Households.* September 21, 2020.

https://www.montgomerycountymd.gov/OLO/Resources/Files/2020%20Reports/COVID-19RecoveryOutlook-CostBurdenedRenters.pdf

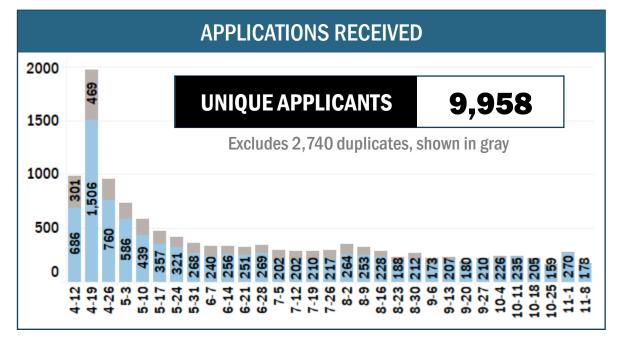
Using US Housing Pulse Survey Data from May 26-June 7, The Center on Budget and Policy Priorities produced two data tables demonstrating the disproportionate hardship renter households of color and households with children are facing.



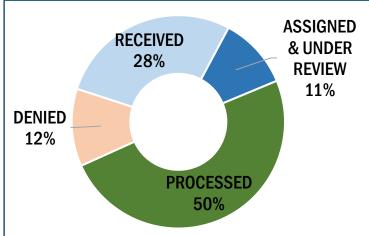
Source: *Tracking the COVID-19 Economy's Effects on Food, Housing, and Employment Hardships.* Special Series: Covid Hardship Watch. Center on Budget and Policy Priorities. <u>https://www.cbpp.org/sites/default/files/atoms/files/8-13-20pov.pdf</u>

These data suggest that without intervention, when eviction moratoria expire, households of color and those with children will be facing the greatest housing insecurity risk.

cc: Raymond Crowel, Director, Department of Health and Human Services Aseem Nigam, Director, Department of Housing and Community Affairs Ken Hartman, Director, Strategic Operations, Office of the County Executive Dale Tibbitts, Special Assistant, Office of the County Executive

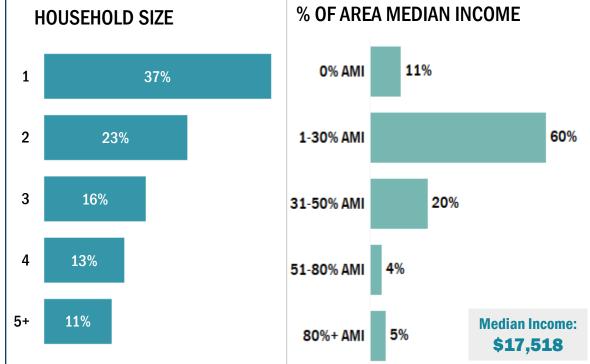


APPLICATION STATUS



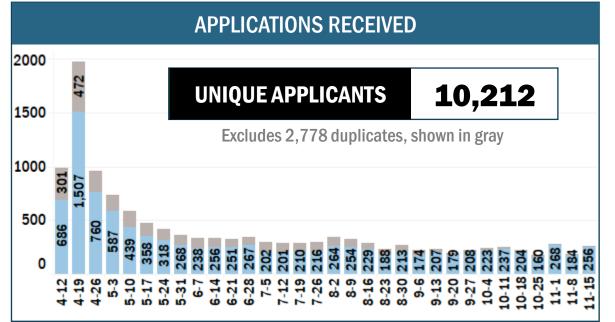
Denials are primarily due to applicants not having a covid financial hardship, seeking mortgage support, exceeding income requirements or not demonstrating county residence.

APPLICANT CHARACTERISTICS

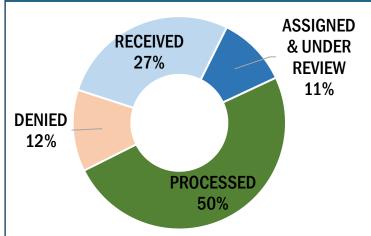


SELF-REPORTED CHARACTERISTICS

- **48%** OF TENANT APPLICANTS MATCHED WITH LANDLORD APPLICATION
- **54%** UNEMPLOYED PAST 90 DAYS
- **27%** NEEDED TO CARE FOR SELF/OTHERS
- **25%** RECEIVED EVICTION NOTICE (SELF-REPORTED) (11)

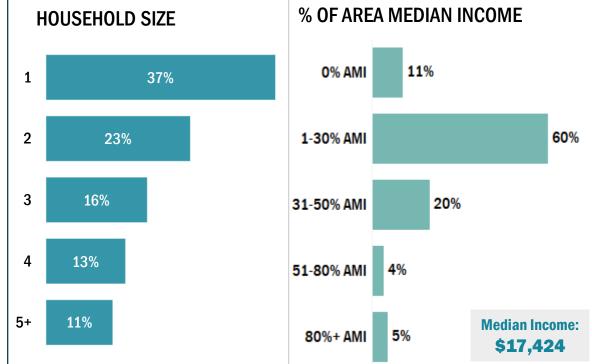


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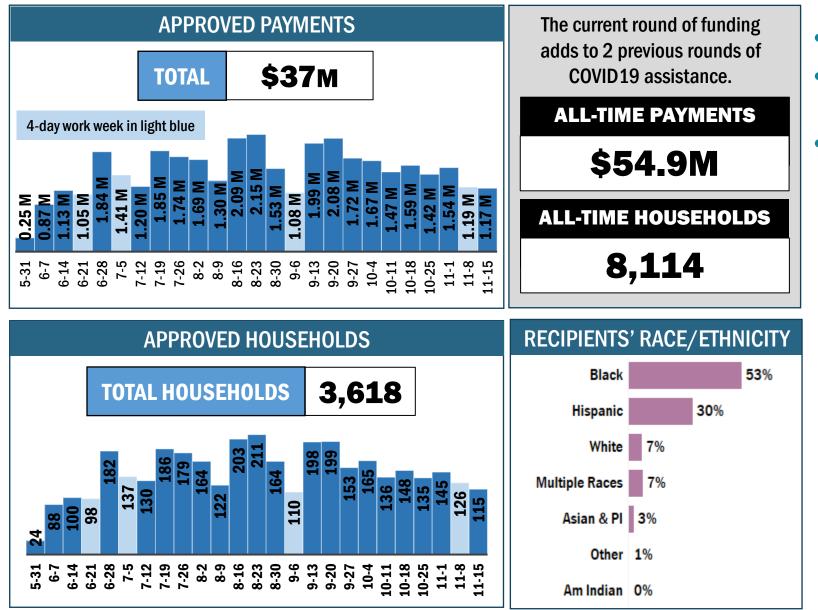
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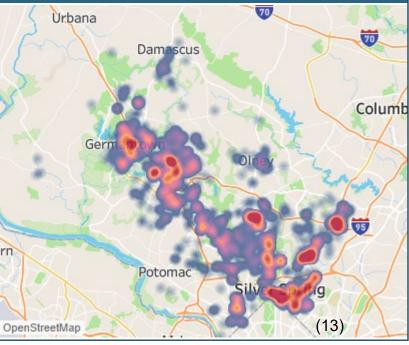
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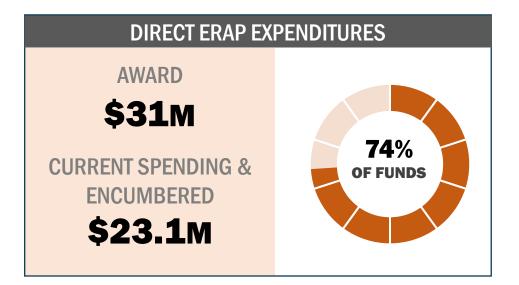
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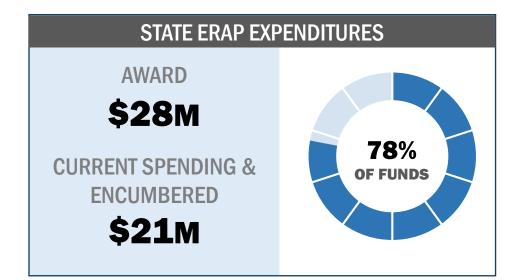


- AVERAGE CLIENT PAYMENT: **\$10.2K**
- **64%** OF PAYMENTS ARREARS; **36%** PROSPECTIVE
- 47% OF AWARDED HOUSEHOLDS LOCATED IN HIGH-NEED AREAS AS DEFINED BY HOMELESS PREVENTION INDEX

HEATMAP OF RECIPIENT HOUSEHOLDS







STATE EXPENDITURES BY COUNTY		
	AS 0F 9.30.21	
MONTOOMEDV	¢45.0M	
MONTGOMERY	\$15.0M	
BALTIMORE CITY	\$11.1M	
PRINCE GEORGE'S	\$8.9M	
WICOMICO	\$6.9M	
WASHINGTON	\$5.3M	
CECIL	\$3.0M	
CHARLES	\$2.9M	
TALBOT	\$1.2M	
CARROLL	\$1.1M	
CAROLINE	\$1.0M	
CALVERT	\$1.0M	
WORCESTER	\$1.0M	
ST. MARY'S	\$0.8M	
ALLEGANY	\$0.7M	
QUEEN ANNE'S	\$0.6M	
SOMERSET	\$0.3M	
GARRETT	\$0.3M	
DORCHESTER	\$0.3M	
KENT	\$0.2M	
ANNE ARUNDEL	\$0.0M	
BALTIMORE	\$0.0M	
FREDERICK	\$0.0M	

Note: Spending and percentages may shift as payments are reconciled.

Source: Maryland Department of Housing and Community Development, <u>https://bit.ly/3DQSVZV</u> (14)