



**Committee:** PHED

**Committee Review:** At a future date

**Staff:** Linda McMillan, Senior Legislative Analyst

**Purpose:** To receive testimony – no vote expected

**Keywords:** HOC

AGENDA ITEM #7

March 8, 2022

**Public Hearing**

## **SUBJECT**

Special Appropriation to the Fiscal Year 2022 Operating Budget; Housing Opportunities Commission Non-Departmental Account (NDA); \$3,000,000 (Source of Funds: General Funds Undesignated Reserve); Lead Sponsor: Council President at the Request of the County Executive

## **EXPECTED ATTENDEES**

None

## **COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION**

- Public hearing only. PHED Committee worksession is scheduled for March 14, 2022.

## **DESCRIPTION/ISSUE**

The COVID-19 pandemic has caused many households financial distress from lost or reduced employment, the need to care for children when childcare closed, or from illness. Many households have fallen behind on rent, particularly households which had low and very low incomes before the pandemic. The Housing Opportunities Commission (HOC), the county's public housing authority, has seen significant loss of revenue as tenants are unable to pay rent and make up arrearages. This special appropriation will assist in filling a portion of HOC's revenue shortfall. HOC and its tenants may also receive rental assistance through other federal and state programs.

## **SUMMARY OF KEY DISCUSSION POINTS**

- The Housing Opportunities Commission provides rental housing to about 8,500 households and 27,000 individuals, most households have very low to moderate incomes.
- Thousands of households in Montgomery County have fallen behind in rent during the pandemic. The February 23, 2022, Pulse Report shows that as of February 20, the Department of Health and Human Services received 11,093 applications for Emergency Rental Assistant Program (ERAP 1) funds. Ninety-one (91%) of these households have incomes of 50% or less of Area Median Income and the median household income is \$20,926. Eighty-three percent (83%) of applicants identify as Black or Hispanic.
- Since the start of the pandemic, the County has distributed \$70.1 million in rental assistance (all sources) to 9,640 households.
- Providing rental assistance and clearing tenant arrearages prevents evictions for failure to pay rent.
- This proposed rental assistance is funded with General Funds and will be more flexible than funding that is tied to federal or state guidelines. This will assist HOC to clear arrearages for tenants who may not be eligible for federal funds, or enough federal funds to clear arrearages.

- HOC will continue to work with tenants to apply for federal rental assistance and apply for assistance available through the State. HOC is working with the Department of Housing and Community Affairs to administer rent assistance funded through the Community Development Block Grant that will be available to Montgomery Housing Alliance affordable housing partners.

**Attached:**

Memo from County Executive  
Appropriation Resolution

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© 2-3

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OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich  
*County Executive*

M E M O R A N D U M

February 14, 2022

TO: Gabe Albornoz, President  
Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Special Appropriation #22-65 to the FY22 Operating Budget  
Housing Opportunities Commission (HOC) Non-Departmental Account (NDA)  
\$3,000,000 (Source of Funds: General Fund Undesignated Reserves)

The Housing Opportunities Commission of Montgomery County (HOC) provides rental housing to approximately 8,500 households – nearly 27,000 county residents – many of whom have low to moderate incomes. The impact of the COVID-19 pandemic has been particularly harsh for our residents who continue to struggle to recover their livelihoods and retain their housing. As a result, many have been unable to pay their rent, have accumulated large delinquent balances, and are now at a high risk of eviction as moratoria have been lifted. Many households have applied for and received Emergency Rental Assistance from the Department of Health and Human Services, but the level of delinquency remains significant for HOC.

HOC has yet to implement an eviction policy during this tumultuous time; however, its monthly rental arrearage continues to grow resulting in significant revenue shortfalls for FY21 and FY22.

I am recommending a special appropriation to the FY22 Operating Budget of the HOC Non-Departmental Account (NDA), in the amount of \$3,000,000, to address the rental revenue shortfalls. This appropriation will provide funding to backfill the shortfall in HOC's budgeted rental income to allow the Commission to continue to assist households to remain stably housed as they continue to recover from the impacts of the COVID-19 pandemic.

I appreciate your prompt consideration of this action.

Attachment: Special Appropriation #22-65

c: Kayrine Brown, Acting Executive Director, Housing Opportunities Commission  
Jennifer R. Bryant, Director, Office of Management and Budget  
Michael Coveyou, Director, Department of Finance

Resolution No: \_\_\_\_\_  
Introduced: \_\_\_\_\_  
Adopted: \_\_\_\_\_

COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND

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

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SUBJECT: Special Appropriation #22-65 to the Fiscal Year 2022 Operating Budget  
Housing Opportunities Commission (HOC) Non-Departmental Account (NDA)  
\$3,000,000 (Source of Funds: General Fund Undesignated Reserves)

**Background**

1. 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 Housing Opportunities Commission (HOC) provides rental housing to approximately 8,500 households in Montgomery County, accounting for nearly 27,000 individuals, many of whom have low to moderate incomes. Due to the economic hardships because of the COVID-19 emergency, HOC has experienced non-payment of rents leading to significant revenue shortfalls for FY21 and FY22.
3. This appropriation will provide funding to backfill the shortfall in HOC's budgeted rental income to allow the Commission to continue to provide services and support for County residents.
4. The County Executive has requested the following FY22 Operating Budget appropriation increase for the Housing Opportunities Commission NDA:

<u>Personnel</u> <u>Services</u>	<u>Operating</u> <u>Expenses</u>	<u>Capital</u> <u>Outlay</u>	<u>Total</u>	<u>Source</u> <u>of Funds</u>
\$0	\$3,000,000	\$0	\$3,000,000	General Fund Undesignated Reserves

5. This increase is needed because the COVID-19 pandemic caused Montgomery County residents to suffer income loss and an inability to pay rent and related expenses.
6. Notice of public hearing was given, 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 Housing Opportunities Commission NDA is approved as follows:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$3,000,000	\$0	\$3,000,000	General Fund Undesignated Reserves

2. The County 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.

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Selena Mendy Singleton, Esq.  
Clerk of the Council