



**Committee:** PHED  
**Committee Review:** At a future date  
**Staff:** Linda McMillan, Senior Legislative Analyst  
**Purpose:** Final action – vote expected  
**Keywords:** HOC

AGENDA ITEM #5(H)  
March 15, 2022  
**Action**

**This staff report has been revised to reflect the PHED Committee recommendation.**

## **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**

- The PHED Committee held a worksession on March 14, 2022 and **recommends (3-0) approval** with the following amendment to the background provisions: 6. HOC will use these funds to credit accounts of HOC renters with arrearages to prevent evictions for failure to pay rent. HOC and the Department of Health and Human Services will coordinate procedures to avoid duplication of application review and payments from other rent assistance programs. HOC does not intend to give notice of intent or file evictions for tenants solely for failure to pay rent while COVID rent assistance programs are in place.
- The PHED Committee discussed the importance of supporting HOC as they serve very low income and vulnerable residents. The Committee asked HOC to keep them informed of trends in total arrearages to the agency and rent assistance received through COVID rent relief.

## **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 (NEXT PAGE)**

This special appropriation was introduced on March 1, 2022 and a public hearing was held March 8, 2022. There were no speakers. The PHED Committee held a worksession on March 14<sup>1</sup>.

- 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 March 9, 2022, Pulse Report shows that as of March 6, the Department of Health and Human Services received 11,071 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 \$20,987. Eighty-three percent (83%) of applicants identify as Black or Hispanic.
- Since the start of the pandemic, the County has distributed \$72.9 million in rental assistance (all sources) to 9,944 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.
- The Office of Racial Equity and Social Justice finds that this appropriation is likely to advance racial equity and social justice in Montgomery County by providing HOC with resources to continue serving clients and promote long term housing stability. The Racial Equity Impact Assessment (REIA) sites an estimate in the National Equity Atlas' Rent Debt in America dashboard that estimates there are 16,010 households owing a total of \$66.1 million and affecting 14,200 children in Montgomery County and that the role of HOC is therefore critical to preventing growth in homelessness and housing insecurity. It further notes that this appropriation is important as it can clear the debts of below-market rate tenants who are not reached by federal rental assistance programs.

**Attached:**

Memo from County Executive	© 1
Appropriation Resolution with PHED Committee Amendment	© 2-3
Racial Equity Impact Assessment (Office of Racial Equity and Social Justice)	© 4-7

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<sup>1</sup> Link to staff report:  
[https://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2022/20220314/20220314\\_PHED1.pdf](https://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2022/20220314/20220314_PHED1.pdf)




OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich  
County Executive

MEMORANDUM

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 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

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. HOC will use these funds to credit accounts of HOC renters with arrearages to prevent evictions for failure to pay rent. HOC and the Department of Health and Human Services will coordinate procedures to avoid duplication of application review and payments from other rent assistance programs. HOC does not intend to give notice of intent or file evictions for tenants solely for failure to pay rent while COVID rent assistance programs are in place.
7. 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



OFFICE OF RACIAL EQUITY AND SOCIAL JUSTICE

Marc Elrich  
County Executive


Tiffany Ward  
Director and Chief Equity Officer

**MEMORANDUM**

March 2, 2022

To: Jennifer Bryant, Director  
Office of Management and Budget

cc: Gabe Albornoz, President  
Montgomery County Council

From: Tiffany Ward, Director  
Office of Racial Equity and Social Justice 

Re: Racial Equity Impact Assessment (REIA) for Special Appropriation: #22-65 Housing Opportunities Commission

- I. **FINDING:** The Office of Racial Equity and Social Justice (ORESJ) finds that Special Appropriation #22-65 Housing Opportunities Commission is likely to advance racial equity and social justice in Montgomery County by providing the Housing Opportunities Commission (HOC) with resources to continue serving clients, including with programming that clears rental arrearages created by the Covid-19 pandemic. Further racial equity and social justice impacts could be generated with resources that promote long-term housing stability in the County, such as future rent payments for those most at risk of housing instability and homelessness during the pandemic recovery.
- II. **BACKGROUND:** The purpose of Special Appropriation #22-65 is to provide funding to backfill the shortfall in the HOC 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. These revenue shortfalls exist because the pandemic has disrupted employment (either job losses or reduced hours) and household incomes resulting in large delinquent rental balances. This appropriation will enable HOC to work with many families who are delinquent and facing eviction to remain stably housed, clear significant of past due rent, and put them on a path to start over.



ORESJ has conducted several Racial Equity Impact Assessments of the County’s rental assistance program and related efforts to mitigate the economic impacts of the pandemic. Each of the following REIAs describes the racial inequities that shape the disproportionate risk of housing insecurity and homelessness for Black and other communities of color in the County. They also highlight the racial disparities in wealth, household income<sup>1</sup>, housing cost-burden<sup>2</sup>, unemployment<sup>3</sup> and other predictors of financial security that preceded the pandemic.

- REIA of Supplemental Appropriation #21-527 Department of Health and Human Services Rental Assistance Program:  
<https://www.montgomerycountymd.gov/ore/Resources/Files/21-527.pdf>
- REIA of Special Appropriation #22-10 Assistance in Community Integration Services:  
<https://www.montgomerycountymd.gov/ore/Resources/Files/22-10.pdf>
- REIA of Supplemental Appropriation #22-31 Nebel Street Shelter:  
<https://www.montgomerycountymd.gov/ore/Resources/Files/22-31.pdf>

While eviction moratoria and rental assistance programs have been critical in reducing instances of housing instability and homelessness, they haven’t prevented tenants from accumulating significant debts or facing the fear of future eviction. The National Equity Atlas’ Rent Debt in America dashboard estimates that there are 16,010 households—owing a total of \$66,100,000, affecting 14,200 children—in Montgomery County<sup>4</sup>. This means that any imminent expiration of eviction moratoria could have a sizable impact on the County’s lowest income and otherwise housing insecure individuals and families. The role of the HOC is therefore critical to preventing growth in homelessness and housing insecurity. Shoring up HOC’s revenues with this special appropriation allows the organization to continue its work, which itself prevents existing racial disparities affecting low-income and below-market rate tenants from widening. As important, however, is the way this supplemental appropriation clears the debts of below-market tenants who are not reached by federal rental assistance programs. To leverage resources, this and future efforts should center long-term housing stability which may include payment for future rent. Such steps would help economically distressed tenants from facing re-application processes or the fear of eviction in the near future<sup>5</sup>, as guidance from the National Housing Law Project suggests that payment of arrears is often insufficient<sup>6</sup>.

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<sup>1</sup> See data analysis section.

<sup>2</sup> See data analysis section.

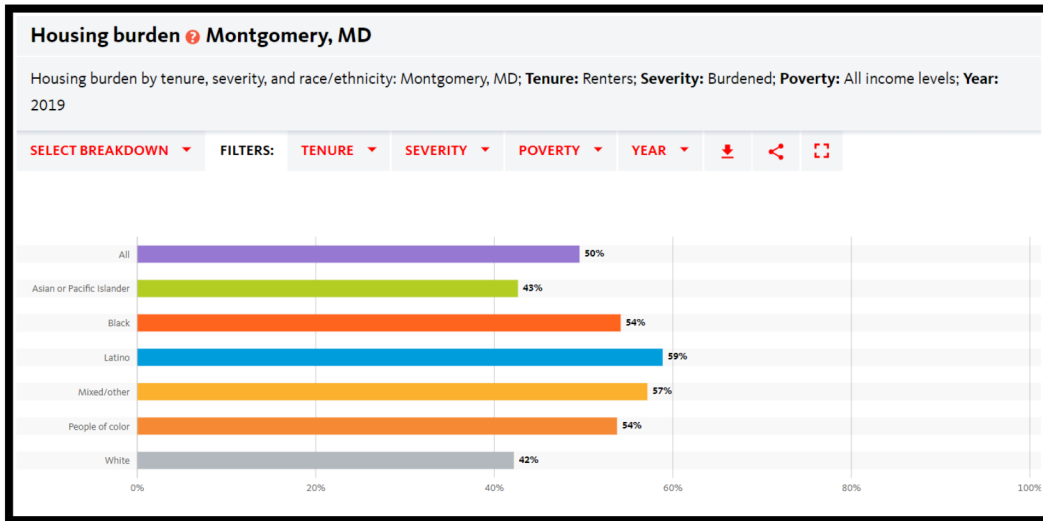
<sup>3</sup> See data analysis section.

<sup>4</sup> <https://nationalequityatlas.org/rent-debt>

<sup>5</sup> The Aspen Institute Financial Security Program and the Covid-19 Eviction Defense Fund. “Emerging best practices for COVID-19 emergency rental assistance”. December 2020. Available at: <https://www.aspeninstitute.org/wp-content/uploads/2020/12/Aspen-CEDP-Rental-Assistance-Presentation.pdf>

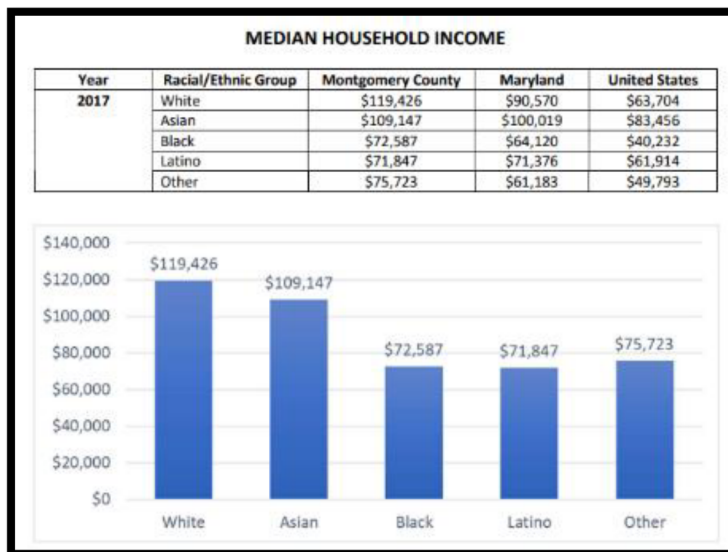
<sup>6</sup> National Housing Law Project. Emergency Rental Assistance Principle and Recommendations. June 9, 2020. Available at: <https://www.nhlp.org/wp-content/uploads/Emergency-Rental-Assistance-Recommendations.pdf>

III. **DATA ANALYSIS:** The chart below illustrates rent-housing cost burden by race/ethnicity in Montgomery County in 2019. It shows that rental housing cost burden is highest among Latino residents at 59% and that the percentage of residents of color experiencing rental housing cost burden is 4 percentage points higher than in the County overall, and 14 percentage points higher than the percent of white residents who are rental housing cost burdened.



**Source:** Policy Link. National Equity Atlas. Housing burden by tenure, severity, and race/ethnicity: Montgomery, MD; **Tenure:** Renters; **Severity:** Burdened; **Poverty:** All income levels; **Year:** 2019. Available at: [https://nationalequityatlas.org/indicators/Housing\\_burden#/?geo=0400000000024031](https://nationalequityatlas.org/indicators/Housing_burden#/?geo=0400000000024031)

The chart below shows racial disparities in median household income in Montgomery County in 2017. Median household income for Black and Latino residents was about 60% of the median household income for white residents.





Racial Equity Impact Assessment for Special Appropriation: #22-65 Housing Opportunities Commission

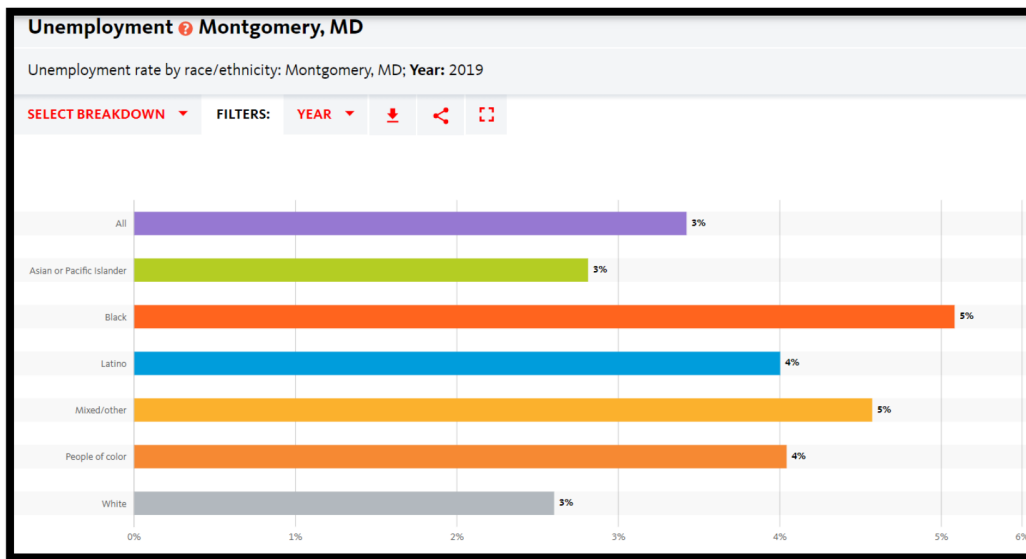
March 2, 2022

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**Source:** Montgomery County, Maryland Office of Legislative Oversight Montgomery County Racial Equity Profile. Available here:

<https://www.montgomerycountymd.gov/OLO/Resources/Files/2019%20Reports/RevisedOLO2019-7.pdf>

The chart below shows racial disparities in unemployment in Montgomery County in 2019. While the overall unemployment rate was 3% in 2019, it was 5% among Black residents and 4% among Latino residents.



**Source:** Policy Link. National Equity Atlas. Unemployment: Montgomery, MD; 2019. Available at: <https://nationalequityatlas.org/indicators/Unemployment#/?geo=0400000000024031>

cc: Ken Hartman, Director, Office of Strategic Partnership, Office of the County Executive