



Committee: Directly to Council
Committee Review: N/A
Staff: Linda McMillan, Senior Legislative Analyst
Purpose: To introduce agenda item – no vote expected
Keywords: #PreventEviction

AGENDA ITEM #2V
July 21, 2020
Introduction

SUBJECT

Special Appropriation to the Fiscal Year 2021 Operating Budget; Montgomery County Government; COVID-19 Human Services and Community Assistance Non-Departmental Account (NDA); COVID-19 Response: Rental Assistance and Eviction and Homelessness Prevention; \$20,000,000 (Source of Funds: Federal Grant); Lead Sponsor: Council President at the Request of the County Executive

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- Introduction. Public hearing and action are scheduled for July 28, 2020 at 1:30 p.m.

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. Low and moderate-income households have been disproportionately impacted. There has been a stay on evictions but as the courts reopen, there is the potential for many households to face eviction because they are behind on their rent. The Governor's stay on evictions for those who show their arrearages are specifically related to a COVID loss is temporary. Rental assistance is needed to help people with rent arrearages and prevent evictions for those who are not able to enter into a repayment plan or work with landlords on other options to avoid eviction.

SUMMARY OF KEY DISCUSSION POINTS

- Responses to a recent survey conducted by the Department of Housing and Community Affairs showed that as many as 15% of County renters were delinquent on part of all of their rent in June, compared to 5% of renters in March.
- Income loss from COVID-19 has disproportionately impacted low and moderate-income households. The Department of Health and Human Services has had success in stabilizing people's housing and preventing potential evictions with funding that was previously appropriated in response to the COVID pandemic.
- The Executive is recommending \$20 million be appropriated to address this growing need. The funds will be administered by the Department of Health and Human Services. The assistance will target households with incomes up to 60% area median income and is expected to provide an average of \$4,000 per household to pay past due rent and provide short-term rental assistance to stabilize their situation.

- The Department of Housing and Community Affairs and Department of Health and Human Services are leading a Recovery Team on eviction prevention. In addition to recommending funding for rent assistance, the Recovery Team has been discussing the implementation of a tenant and landlord support educational campaign, finding ways to increase landlords and tenants working together to negotiate repayment plans, and increasing availability of legal aid and financial counseling. Many tenants may be hesitant or fearful about contacting their landlord about their inability to pay rent because of the overall stress and trauma they have experienced from the health and economic crisis.
- The current rules and process on how evictions may move forward is complicated, impacted by the Governor's Executive Order, the court schedule for re-opening and hearing different types of evictions, how quickly the court can schedule because of social distancing, and how the Sheriff will schedule any orders that require a removal. Any tenant who has been told they will be evicted and has questions about the accuracy of the information can contact the Office of Landlord Tenant Affairs through MC311.

Attached:

Special Appropriation Resolution and memo
from County Executive

1-5

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OFFICES OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

July 17, 2020

TO: Sidney Katz, President, County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Special Appropriation #21-480 to the FY21 Operating Budget
Montgomery County Government
COVID-19 Human Services and Community Assistance Non-Departmental Account (NDA)
COVID-19 Response- Rental Assistance and Eviction and Homelessness Prevention
\$20,000,000 (Source of Funds: Federal Grant Funds)

I am recommending a special appropriation to the Fiscal Year 2021 Operating Budget of the COVID-19 Human Services and Community Assistance Non-Departmental Account, administered by the Department of Health and Human Services, in the amount of \$20,000,000 for rental assistance and eviction and homelessness prevention. This appropriation will be funded by the Coronavirus Relief Fund provided to the County through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This appropriation will support Montgomery County renters up to 60% of AMI who have been negatively impacted by COVID-19 and at risk of eviction and homelessness. The funds will be used to provide rental assistance and funding for to avoid eviction and homelessness.

The COVID-19 pandemic has caused severe income loss and economic distress for many households in Montgomery County. Low- and moderate-income rental households have been disproportionately impacted. Rental delinquencies have risen dramatically since the start of the emergency, and renters face eviction for nonpayment of rent as the Maryland Courts reopen and begin hearing cases. This special appropriation provides critical funding to programs which provide payments to landlords to avoid eviction for tenants and to support tenants maintaining housing payments. An estimated 13,000 rental households are currently delinquent on rental payments due to impacts of COVID-19 and potentially face eviction without assistance.

I recommend that you forward this package to the County Council with a recommendation that they approve this special appropriation in the amount of \$20,000,000 and specify the source of funds as Federal Grant Funds. This special appropriation does not impact General Fund Reserves.

Sidney Katz, President
July 17, 2020
Page 2

I appreciate your prompt consideration of this action.

ME:fd

Attachment: Special Appropriation #21-480

c: Raymond Crowell, Director, Department of Health and Human Services
Aseem Nigam, Director, Department of Housing and Community Affairs
Richard S. Madaleno, Director, Office of Management and Budget
Lisa Mandel-Trupp, Chief of Staff, Council President's Office

Resolution No: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: Special Appropriation #21-480 to the FY21 Operating Budget
Montgomery County Government
COVID-19 Human Services and Community Assistance Non-Departmental
Account (NDA)
COVID-19 Response: Rental Assistance and Eviction and Homelessness
Prevention
\$20,000,000 (Source of Funds: Federal Grant Funds)

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. Governor Hogan declared a state of emergency and issued several Executive Orders to slow the spread of the COVID-19 pandemic disease that include, but are not limited to the closing of schools, closing all non-essential businesses and limiting the number of people that can gather. These actions along with the health impacts of the pandemic have caused significant unemployment for Montgomery County households, who have lost all or part of their income.
3. Survey data indicates that as many as 15% of all Montgomery County renters were delinquent on rent in June, an increase from about 5% of renters in March. This information indicates that potentially 13,000 (10% of the total 130,000 Montgomery County renters) may be delinquent on rent due to COVID-19 impacts. All households past due on rent face potential eviction as the Courts reopen to hear cases, and the Courts will begin hearing non-payment of rent cases on August 31st. A current Governor's Executive Order providing suspension of evictions for tenants who can demonstrate COVID-19 impact on ability to pay rent provides only temporary and uncertain delay in actions.

4. Providing funding to reduce risk of eviction and homelessness includes past due rent and funds for ongoing rent paid directly to landlords to help maintain housing, and supporting households exiting homelessness. DHHS implemented an integrated set of programs in response to the COVID-19 using special appropriated funds and leveraging existing budgeted funds. These programs provide the infrastructure for expanding the delivery of funding to address the growing risk of eviction, supporting targeting of funds to most at-risk tenants.
5. The County Executive requests the following FY21 Operating Budget appropriation increase for the COVID-19 Human Services and Community Assistance Non-Departmental Account:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$20,000,000	\$0	\$20,000,000	Federal Grant

6. The Federal Grant requires funds address the impact of the COVID-19 emergency, and the programs will require evidence of COVID-19 emergency impact on the ability to pay. The programs provide household assistance levels which will allow for eviction and homelessness prevention funding of \$20,000,000 to support up to 5,000 households through the end of calendar year 2020.
7. The County Executive has requested a special appropriation to the FY21 Operating Budget in the amount of \$20,000,000 funded by the Coronavirus Relief Fund.
8. The public was notified by a news release.

Action

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

1. A special appropriation to the FY21 Operating Budget of the COVID-19 Human Services and Community Assistance Non-Departmental Account 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	\$20,000,000	\$0	\$20,000,000	Federal Grant

Sidney Katz, President
Special Appropriation #21-480
Page Three

2. The funds will be administered by the Department of Health and Human Services to implement eviction and homeless prevention programs addressing tenants up to 60% of AMI at risk of eviction or homelessness due to COVID-19 impacts. The eviction and homeless prevention programs will provide support on average of \$4,000 per household for payment of past due rent and ongoing rent to maintain housing. Funds will also provide support for households exiting homelessness. Funding will prioritize supporting households at greatest risk of eviction and homelessness, evaluated based on COVID-19 impacts on communities, income and financial capacity.
3. The County Council declares that this action is necessary to meet an unforeseen disaster or other emergency and that this appropriation is needed to meet the emergency.

This is a correct copy of Council action.

Selena Mendy Singletary, Esq.
Clerk of the Council