



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

AGENDA ITEM #10
July 28, 2020
Public Hearing/Action

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

- This special appropriation was introduced on July 14, 2020.
- No committee recommendation, motion 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. 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 moratorium 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 (DHCA) 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.

- DHCA and Department of Health and Human Services are leading a Recovery Team on eviction prevention. In addition to recommending funding for rental 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.
- DHCA has information for tenants/renters and landlords on their website including frequently asked questions. The FAQs for “Eviction Process & Renters Working with Landlords is attached to this staff report. Other information and FAQs can be found at:

https://www.montgomerycountymd.gov/DHCA/covid-19/eviction_process_and_renters.html

Attached:

Special Appropriation Resolution and memo from County Executive	1-5
FAQs for renters from DHCA website (as of July 23, 2020)	6-9

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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
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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
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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

Eviction Process & Renters Working with Landlords

(From DHCA website July 23, 2020)

Renters: If you are behind on your rent, it is important to contact your landlord and discuss possible arrangements for payments. This is a good time to contact your landlord, as Maryland Courts are lifting the stay on evictions starting July 25.

Below are questions and answers that explain the Court schedule, your rights and options for avoiding eviction, and where to go for support and information. Please visit this site regularly for updates on our efforts and the resources available to landlords and tenants.

As a renter, what are my responsibilities and options during this emergency?

Rent remains due. Tenants should maintain rent payments or enter into a repayment agreement with their landlord.

If you are falling behind on your rent, it is a good idea to reach out to your landlord to discuss options, such as partial payments or an agreement for future payments.

For support in working with your landlord to negotiate a payment plan, you may contact:

- [CASA](#) (301) 431-4185
- [Conflict Resolution Center of Montgomery County](#) 301-652-0717
- [Housing Initiative Partnership, Inc.](#) 301-916-5946
- [Latino Economic Development Center](#) 866-977-5332
- [MD Housing Court Self Help](#) 410-260-1392
- [Maryland Legal Aid](#) 240-314-0373
- [Renters Alliance Inc](#) by email to: info@rentersalliance.org

Contact your landlord in writing so that you have a record. Describe your situation and work with support organizations to seek an agreement. You may ask them to review the agreement, before signing.

Keep copies of the emails you send and messages you receive. Keep written records of all conversations with your landlord, including dates and times, and written receipts and records of all payments made.

If your agreement involves extra payments, it is best to pay online or with a check, as this gives you written verification of payments made. If you have to pay with cash or money order, only do so if you receive a receipt upon transfer of rent payment to the landlord.

If you have received a summons for a court hearing, or a decision on your eviction case from the courts, assistance may be available for you through [Housing Stabilization Services](#). Please call MC311 (240-777-0311) to discuss your situation.

Maryland Courts are re-opening, what does that mean for tenant?

The Maryland Court of Appeals announced a re-opening schedule that will include landlord-tenant cases in District Court:

- Beginning July 25, 2020, the stay will be lifted for all pending residential eviction orders filed prior to May 22, 2020 and the District Court will begin hearing such matters.
- Beginning August 31, 2020, the District Court will process and hear any Failure to Pay Rent actions that are filed from the date of the order (May 22) through July 25.
- Beginning October 5, 2020, the District Court will resume full operations.

After August 31, the District Court will hear most failure to pay rent cases on Wednesdays (with some on Friday mornings). It will take some time to work through all the cases.

It is important for anyone who receives summons for a Court date to prepare information on rent payments and COVID-related income losses and to attend the Court date. Maryland Legal Aid and Maryland Bar Foundation pro bono lawyers are scheduled to be at the court to assist qualified tenants.

If you have received a summons for a court hearing, or a decision on your eviction case from the courts, assistance may be available for you through [Housing Stabilization Services](#). Please call MC311 (240-777-0311) to discuss your situation.

For those who do receive an eviction decision, there are a few weeks before the actual eviction process occurs, which can provide some time to work through options.

For information on how to prepare for your hearing and what to expect:

- [CASA](#) (301) 431-4185
- [Housing Initiative Partnership, Inc.](#) 301-916-5946
- [Latino Economic Development Center](#) 866-977-5332
- [MD Housing Court Self Help](#) 410-260-1392
- [Maryland Legal Aid](#) 240-314-0373
- [Renters Alliance Inc](#) by email to: info@rentersalliance.org

There is a Governor's Order temporarily prohibiting evictions for households suffering from substantial loss of income due to COVID-19. How do tenants access this protection?

The [Governor's April 3, 2020 Executive Order](#) temporarily prohibiting evictions of tenants suffering substantial loss of income due to COVID-19 states that the moratorium on certain evictions will remain in place "until the state of emergency is terminated and the proclamation of the catastrophic health emergency is rescinded...."

As long as this Governor's order remains in place, tenants who are called to appear in court for a failure to pay rent case have a defense against eviction. Tenants must appear in court when their case comes up and present proof of substantial income loss due to the COVID-19 emergency to make their case against eviction.

A tenant seeking defend themselves against eviction will have to show proof in court that they experienced a substantial loss of income due to COVID-19. Depending on their type of income, a tenant might provide such proof using documents such as an email from their employer advising them of reduced hours or layoff; a series of wage statements showing a drop in income;

a series of monthly bank statements showing reduced pay deposit amounts; or other accounting records.

Tenants are advised to gather this information now, to have it available if they are called to Court. This is important, as eviction notices typically arrive just a few days before the scheduled Court date.

What should I do if I receive a summons to appear in Court for failure to pay rent?

Be sure to show up in Court on the scheduled date. Bring the summons to court with you. Maryland Legal Aid and Maryland Bar Foundation pro bono lawyers are scheduled to be at the court to assist qualified tenants.

If the [Governor's April 3, 2020 Executive Order](#) temporarily prohibiting evictions of tenants suffering substantial loss of income is still in place, bring with you proof of substantial loss of income due to COVID-19, as a defense against eviction. Depending on your type of income, you might provide such proof using documents such as an email from your employer advising of reduced hours or layoff; a series of wage statements showing a drop in income; a series of monthly bank statements showing reduced pay deposit amounts; and/or other accounting records. If you have questions about this, you may contact:

- [CASA](#) (301) 431-4185
- [Housing Initiative Partnership, Inc.](#) 301-916-5946
- [Latino Economic Development Center](#) 866-977-5332
- [MD Housing Court Self Help](#) 410-260-1392
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- [Renters Alliance Inc](#) by email to: info@rentersalliance.org

If you have received a summons for a court hearing, or a decision on your eviction case from the courts, assistance may be available for you through [Housing Stabilization Services](#). Please call MC311 (240-777-0311) to discuss your situation.

For those who do receive an eviction decision, there are a few weeks before the actual eviction process occurs, which can provide some time to work through options.

What should I do if I receive a summons to appear in Court for a rent holdover case?

Be sure to show up in Court on the scheduled date. Bring the summons to court with you. Maryland Legal Aid and Maryland Bar Foundation pro bono lawyers are scheduled to be at the court to assist qualified tenants.

If you have received a summons for a court hearing, or a decision on your eviction case from the courts, assistance may be available for you through [Housing Stabilization Services](#). Please call MC311 (240-777-0311) to discuss your situation.

For those who do receive an eviction decision, there are a few weeks before the actual eviction process occurs, which can provide some time to work through options.

What if my landlord doesn't acknowledge my offer to discuss a payment plan or partial payment plan? Or, what if I am unable to negotiate a payment amount that I can possibly afford?

You may contact one of these groups to discuss your options:

- [CASA](#) (301) 431-4185
- [Conflict Resolution Center of Montgomery County](#) 301-652-0717
- [Housing Initiative Partnership, Inc.](#) 301-916-5946
- [Latino Economic Development Center](#) 866-977-LEDC
- [Maryland Legal Aid](#) 240-314-0373
- [Renters Alliance Inc](#) by email to: info@rentersalliance.org