AN EVALUATION OF THE RENTAL ASSISTANCE PROGRAM

EXECUTIVE SUMMARY

I. AUTHORITY, SCOPE, AND METHODOLOGY ........................................ 1

II. BACKGROUND ...................................................................................... 2

   A. Legislative History ........................................................................ 3
   B. Legislative Intent ......................................................................... 9
   C. Funding History ......................................................................... 12
   D. Previous Reports and Audits ....................................................... 13

III. EVALUATION ..................................................................................... 14

   A. How much does it cost to administer the Rental Assistance Program? 14
   B. Is the Rental Assistance Program administered effectively? .......... 16
   C. Is the Rental Assistance Program serving the population it is intended to serve? ......................................................... 27
   D. Is the amount of the Rental Assistance subsidy determined in the optimal manner? ................................................................. 33
   E. How does the Rental Assistance Program compare to (and relate to) other direct rent subsidy programs operating in the County? 39

IV. CONCLUSIONS ................................................................................... 44

V. RECOMMENDATIONS ......................................................................... 51

VI. AGENCY/DEPARTMENT COMMENTS ON DRAFT OF REPORT .......... 61
June 19, 1991

Ms. Karen Orlansky  
Program Evaluator  
Office of Legislative Oversight  
for Montgomery County  
110 Maryland Avenue  
Rockville, Maryland 20850

Dear Karen:

I apologize for the delay in responding to your inquiry concerning the availability of rental assistance benefits to residents of Rockville even though Chapter 41A of the Montgomery County Code does not apply within the City. We seem to have misplaced a file, and I have been able to locate only one letter dealing with the availability of County funds to benefit residents of municipalities exempt from applicable County law. A copy of that letter, dated January 28, 1986 to Al McArthur, is attached for your information.

I wish to reiterate what I advised you orally and what is set forth in the above-referenced letter. The County has stated its position that it does not want only portions of laws to be adopted. The County generally prefers that either all or no portion of a chapter be allowed to apply in a municipality. However, certain entitlements or benefits made available to County citizens are often contained in chapters which include other regulatory or administrative provisions. Often municipalities do not wish to adopt the regulations involved, or the particular chapter concerns the operation or structure of county government and would not appropriately apply within a municipality. Therefore, it has always been the understanding among the members of the Legislative Advisory Group (which consists of representatives of the County Executive and the County Council's legal staff along with representatives of the various municipalities within the County) that when the County establishes a benefit, such as rental assistance, that benefit is available to all County residents, including municipal residents, regardless of whether or not the legislation in which the benefit is contained applies within the municipality.

If the County is considering changing its position on this matter, the issue should be brought before the Legislative Advisory Group for discussion and input.

I understand your position that since Chapter 41A only concerns rental assistance, it would seem appropriate to have all
RE: Rental assistance benefits - Chapter 41A

municipalities "adopt" the chapter. However, I think it is undesirable to create a precedent that such adoption is required before a benefit is available to residents of the County residing within a municipality.

I will be happy to discuss this matter with you further.

Very truly yours,

Sondra Harans Block
Assistant City Attorney

SHB/am

cc: Members of the Legislative Advisory Group

Enclosure
AN EVALUATION OF THE RENTAL ASSISTANCE PROGRAM

EXECUTIVE SUMMARY

I. AUTHORITY, SCOPE, AND METHODOLOGY .................................................. 1
II. BACKGROUND ................................................................. 2
   A. Legislative History .......................................................... 3
   B. Legislative Intent .......................................................... 9
   C. Funding History .......................................................... 12
   D. Previous Reports and Audits ........................................... 13
III. EVALUATION ........................................................... 14
   A. How much does it cost to administer the Rental Assistance Program? ........ 14
   B. Is the Rental Assistance Program administered effectively? ................. 16
   C. Is the Rental Assistance Program serving the population it is intended to serve? 27
   D. Is the amount of the Rental Assistance subsidy determined in the optimal manner? 33
   E. How does the Rental Assistance Program compare to (and relate to) other direct rent subsidy programs operating in the County? 39
IV. CONCLUSIONS ........................................................... 44
V. RECOMMENDATIONS ..................................................... 51
VI. AGENCY/DEPARTMENT COMMENTS ON DRAFT OF REPORT ..................... 61
LISTING OF TABLES

Table 1: Adoption of County Code Chapter 41A, Rental Assistance Program, by Municipalities
Table 2: Number of Rental Assistance Recipients Residing in Municipalities Which Have not Adopted Chapter 41A
Table 3: Rental Assistance Program: Expenditures, Recipients, and Average Monthly Subsidy FY86-FY92
Table 4: County Spending on Rent Subsidy Program (Dollars in Thousands) FY74-FY92
Table 5: Rental Assistance Office Personnel and Operating Costs
Table 6: Rental Assistance Office Costs per Recipient FY86-FY92
Table 7: Inconsistencies Between the Rental Assistance Law, (Chapter 41A) Executive Regulations, and Practice
Table 8: Number of Rental Assistance Recipients of Public Assistance FY87-FY91
Table 9: Estimated Number of FY91 Rental Assistance Recipients Who Own Income-Producing Assets
Table 10: Average Incomes of FY91 Rental Assistance Recipients by Levels of Income-Producing Assets
Table 11: Rental Assistance Recipients by Demographic Group FY87-FY91
Table 12: Average Income, Rents, and Rent Burden of Rental Assistance Recipients by Demographic Group FY91
Table 13: Summary Rent Subsidy Calculations 1973-1985
Table 14: Changes in the Rental Assistance Subsidy Calculation Since 1985
Table 15: Maximum Computed Income for Receiving Rental Assistance: FY91
Table 16: Maximum Computed Incomes for Rental Assistance Compared to Section 8 of Income Limits: FY91
Table 17: Comparison of Rent Subsidy Programs
Table 18: Alternative Number of Recipients Based Upon $1.8 Million Appropriation and Alternative Subsidy Amounts
| Chart I: | County Spending on Rent Subsidy Programs FY74-FY92 | 13b |
| Chart II: | Fair Market Rents, County Average Rents, and Actual Rents Paid by Rental Assistance Recipients. | 22a |
| Chart III: | Number of Rental Assistance Applications and Recipients FY87-FY92 | 27a |
| Chart IV: | Comparison of FY91 Average Income of Rental Assistance Recipients to Other Rent Subsidy Income Limits. | 30a |
| Chart V: | Average Monthly Incomes and Rents of Rental Assistance Recipients FY87-FY91 | 30b |
| Chart VI: | Rental Assistance Recipients by Type of Rental Unit FY87-FY91 | 32a |
| Chart VII: | Rental Assistance Recipients by Councilmanic District FY88-FY91 | 32b |

APPENDIX A: Letter from the City of Rockville concerning the availability of Rental Assistance to residents of Rockville.
EXECUTIVE SUMMARY

The Rental Assistance Program was established by County law in 1985 as the third in a series of County-funded rent subsidy programs since 1973. The enabling legislation for the program (Chapter 41A, Article I) has been extended twice and is currently scheduled to sunset on August 1, 1992.

The Rental Assistance Program is administered by the County's Department of Housing and Community Development. Between FY86 and FY91, annual program subsidy expenditures increased from $850,000 to $2.1 million (144%), and the number of recipient households increased from 905 to 1,870 (107%). It is estimated that an additional 11,000 County renter households meet the eligibility requirements currently established for the program.

The great majority of Rental Assistance recipients have incomes that fall well below the $30,000 annual income limit established by law. The average FY91 Rental Assistance recipient has an annual gross household income of $12,720, and pays almost $600/month for rent. The monthly Rental Assistance subsidy, which averages $94, reduces the rent burden for the average recipient household from 56 to 48 percent of income. Approximately 40 percent of Rental Assistance recipients are senior citizens; 30 percent are single-parent families; 10 percent are disabled; and the remaining are either two-parent families or households of unrelated adults sharing a rental unit.

This evaluation recommends that the Rental Assistance Program be extended beyond its August 1, 1992 sunset date. Data on the incomes and rents paid by County renters evidence a continuing need for programs designed to help reduce the high rent burdens of low-income County renters. In addition, the Rental Assistance Program has assumed a unique role among the various rent subsidy programs in the County, by providing some assistance to a relatively large number of households in need.

The report finds that the Rental Assistance Program has been administered efficiently, but recommends a number of legislative and administrative changes to improve the operation and effectiveness of the program. In addition, to minimize duplication and increase coordination among the various housing assistance programs in the County, the evaluation recommends that consideration be given to transferring the responsibility for administering the Rental Assistance Program from the Department of Housing and Community Development to either the Housing Opportunities Commission or the Department of Social Services.
I. AUTHORITY, SCOPE, METHODOLOGY

A. Authority


B. Scope and Organization of Report

This report describes and evaluates the Rental Assistance Program, which was established in 1985 by County Code Chapter 41A, Article I, Rental Assistance Program. By law, the Rental Assistance Program is scheduled to sunset on August 1, 1992.

The background chapter (Chapter II) provides an overview of the legislative history, legislative intent, and funding history of the Rental Assistance Program, and the County-funded rent subsidy programs that directly preceded it.

The evaluation chapter (Chapter III) is organized to answer the following questions:

- How much does it cost to administer the Rental Assistance Program?
- Is the Rental Assistance Program administered effectively?
- Is the Rental Assistance Program serving the population it is intended to serve?
- Is the amount of the Rental Assistance subsidy determined in the optimal manner?
- How does the Rental Assistance Program compare to other direct rent subsidy programs operating in the County?

Chapter IV provides OLO's conclusions, and Chapter V sets forth OLO's recommendations. Chapter VI includes the written comments received on a draft of this report.

C. Methodology

This project was conducted during February-May 1991 by Karen Orlansky, OLO Program Evaluator, with assistance from Kenneth Wilcox, OLO Public Administration Intern.
The research design included document and file reviews, examination of previously conducted audits and evaluations of the Rental Assistance Program, and a phone survey of Rental Assistance recipients. In addition, OLO conducted interviews and obtained information from numerous County Government and other County agency staff, including: the Department of Housing and Community Development; the Department of Finance; the Office of Management and Budget; the Office of the County Council; the Department of Social Services; the Department of Family Resources; the Housing Opportunities Commission; and the Maryland-National Capital Park and Planning Commission's Montgomery County Department of Planning.

D. Acknowledgements

Throughout this study, OLO received cooperation from all parties. In particular, OLO appreciates the time spent by DHCD staff providing information and working with OLO. A special thanks is owed to the Director of DHCD, the Deputy Director of DHCD, and the Program Manager of the Rental Assistance Office. In addition, OLO appreciates the demographic data provided by the Research Division of M-NCPPC's Planning Department, and the comparative program data provided by the Housing Opportunities Commission, Department of Social Services, and Department of Family Resources.

II. BACKGROUND ON THE RENTAL ASSISTANCE PROGRAM

This background chapter is organized as follows:

- **Part A. Legislative History**: traces the history of the rent subsidy programs that preceded the Rental Assistance Program, describes the Rental Assistance Program as it was established in 1985, summarizes changes to the program since that time, and reviews the applicability of the Rental Assistance Program in the County's 17 municipalities;

- **Part B. Legislative Intent**: examines the legislative intent of the Rental Assistance Program as it can be interpreted from the legislative history and structure of the program;

- **Part C, Funding History**: summarizes the funding history of the Rental Assistance Program and the rent subsidy programs that directly preceded it; and

- **Part D. Previous Studies and Audits**: reviews the two studies and two audits already performed on the Rental Assistance Program.
A. Legislative History

1. Overview

The Rental Assistance Program originated in 1985 as the third in a series of rent subsidy programs established since 1973 in County Code Chapter 41A, Article I, Rental Assistance Program.* This section traces the history of the rent subsidy programs that preceded the Rental Assistance Program:

- The Rent Relief in Lieu of Tax Credits Program;
- The Rent Supplement Program; and
- The Hardship Rental Assistance Program

Because it is a program currently contained in Article II of Chapter 41A, the history of the Handicapped Rental Assistance Program is also described.

2. The Rent Relief in Lieu of Tax Credit Program: 1973 - 1978

From August 1971 until January 1973, rent levels in the County were subject to a federal wage and price freeze, and a statewide rent control law. Following the lifting of these controls in January 1973, rent levels in the County increased rapidly, with some rent hikes reportedly exceeding 40 percent.

In conjunction with establishing a local rent control system,** during September 1973, the Council passed legislation (Bill 28-73) to create a rent relief grant program to further assist elderly and handicapped renters on fixed incomes cope with rapidly rising rents.*** Specifically, under the Rent Relief in Lieu of Tax Credit Program, renters who were at least 65 years old or classified as disabled, could apply to the County for a rent relief grant of up to $392 per year.**** The rent relief grant was calculated as 2.8 percent of the difference between a base of $14,000 and the applicant's income; if the applicant's income of the previous year was above $10,000, the grant amount was reduced by 25 percent. The Rent Relief in Lieu of Tax Credit Program was administered by the Department of Finance.

* Unless otherwise indicated, all County law citations reference the Montgomery County Code (1984), as amended.

** A County rent control system operated from October 1, 1973 until December 30, 1977.

*** State legislation (Chapter 871, Laws of Maryland 1973) enabling the County to administer this tax credit program was enacted in May 1973.

**** "Disabled persons" were defined as persons receiving benefits under any assistance program as a result of a finding of permanent and total disability.
Also during 1973, the Council passed Bill 25-73 to provide a property tax credit for elderly and disabled homeowners. Eligible homeowners could receive a tax credit equal to a percent of the difference between a base of $14,000 and the homeowner's annual income, up to a maximum tax credit of $462 per year. In 1975, in order to conform to State legislation that created the circuit breaker property tax credit program for elderly homeowners, Bill 28-75 amended the County property tax credit to apply only to homeowners classified as disabled and whose net worth was less than $150,000; the maximum tax credit for disabled homeowners was increased to $762 per year.

Following amendments to the County's property tax credit for elderly and disabled homeowners, Bill 29-75 amended the County's Rent Relief in Lieu of Tax Credit Program. Specifically, the amount of the rent relief grant was increased to three percent of the difference between $14,500 and the person's income, and the maximum grant was increased to $435 per year. The County also established a net worth eligibility limit of $150,000, with the stated rationale of keeping equity between eligibility requirements for the homeowner tax credit and the rent relief grant.


In December 1977, the County's rent control legislation expired. A number of actions were taken to assist with the County's transition from rent control to a competitive rental market economy, including enactment of Bill 15-78 to create the Rent Supplement Program. The legislation that created the Rent Supplement Program repealed the Rent Relief in Lieu of Tax Credit Program.

The legislative intent of the Rent Supplement Program was stated in an uncodified section of Bill 15-78:

It became evident to the Council that significant hardship exists for certain tenants who must pay rent which constitutes a significant portion of their family income. The intent of the County Council is to provide for such tenants a program of rent supplements which will provide assistance based upon income . . . . The County Council finds that a rent supplement program must be established immediately to provide those affected tenants with some form of rent supplement given the limited availability of other government assistance programs. (Bill 15-78, Section 2.)

Renter households were eligible for the Rent Supplement Program if they: resided in the County for more than six months; had a household net worth of less than $150,000 and annual gross income of no more than $10,840; and did not receive benefits under the State Homeowner's Property Tax Credit program. Households were ineligible if they already received a publicly-funded rent subsidy, or occupied publicly-funded, subsidized, or tax-exempt housing. Initially, the Rent Supplement Program was administered by the Department of Finance.
The amount of the Rent Supplement subsidy was calculated according to a formula set forth in statute. Eligible tenants aged 62 or older or disabled were categorized as "full supplement" recipients, and could receive an amount equal to three percent of the difference between a base income of $14,500 and the applicant's income, up to a maximum grant of $435/year. Eligible tenants under the age of 62 were categorized as "partial supplement" recipients, and could receive an amount equal to half of the amount of the calculated formula. For both full and partial supplement recipients whose gross income was above $10,000 per year, the amount of the Rent Supplement grant was reduced by 25 percent.

The Rent Supplement Program was initially established with a sunset date of June 30, 1980. The program was extended three times: to June 30, 1981 (Bill 34-79); to June 30, 1983 (Bill 40-80); and June 30, 1985 (Bill 47-82). In addition, between 1980 and 1984, a number of modifications were made to the Rent Supplement Program:

- In 1979 (Bill 34-79), the differential according to age between full and partial Rent Supplement recipients was eliminated; the maximum Rent Supplement grant was increased to $510/year; and the calculation of the grant was adjusted to equal three percent of the difference between the combined gross income and a base of $17,000.

- In 1980 (Bill 40-80), the law was amended to allow the income limits for the Rent Supplement Program to be established by Executive Regulation. Executive Regulation 23-81 set the maximum yearly income for recipients at $14,892.

- In 1984 (Bill 3-84), administration of the Rent Supplement Program was transferred from the Department of Finance to the Department of Housing and Community Development.

Between 1978-85, the Rent Supplement program disbursed between 2,500 and 3,600 grants each year, with an average subsidy equal to $300 per year.

4. The Handicapped Rental Assistance Program: 1979 – Present

In August 1979, the Council enacted legislation (Bill 34-79) to add a second article to Chapter 41A titled, "The Rental Assistance Program for Handicapped Persons." The purpose of this new program was to provide assistance to handicapped persons unable to live independently without supporting services. Administrative responsibility for this program was assigned initially to the Housing Opportunities Commission (HOC), and was transferred to the Department of Family Resources in June 1983 (Bill 35-83). In contrast to the Rent Supplement Program, the Handicapped Rental Assistance Program was not established with a sunset provision.

To be eligible for the Handicapped Rental Assistance Program (HRA), an individual must be: either mentally retarded, chronically mentally ill, or a senior citizen in sheltered housing; accepted into a licensed or Department of Family Resources-approved residential care facility; a County resident for more than six months; and have an income that qualifies them for Aid to Families with Dependent Children (AFDC), General Public Assistance (GPA), or SSI.
The HRA provides a direct rent subsidy (paid directly to the provider) of up to $150/month per person. The FY91 appropriation for HRAP was $864,000, to provide assistance to 500 handicapped persons.


In 1979, the County also established the Hardship Rental Assistance Program to aid tenants who received rent increase in excess of ten percent. The Hardship Rental Assistance Program was established by Executive Regulation, under authority contained in Chapter 56, Urban Renewal and Community Development.* Administration of the Hardship Rental Program was assigned initially to the Housing Opportunities Commission. In 1981, it was transferred to the Office of Landlord-Tenant Affairs (OLTA).

Under the terms of the Hardship Rental Assistance Program, tenants who received rent increases of more than ten percent could receive a monthly rent subsidy (for up to 12 months) equal to the amount above a ten percent increase, up to a maximum monthly payment of $75. A tenant could receive Hardship Rental Assistance for an additional 12 months if they receive a second increase above 10 percent for the next year.

To be eligible for the Hardship Rental Assistance Program, a tenant had to reside in a dwelling unit licensed by the Office of Landlord-Tenant Affairs, and receive a rent increase in excess of 10 percent. In addition, the tenant’s household income could not exceed the income limits established for the federal Section 8 housing assistance program.

The Executive Regulations that established the Hardship Rental Assistance program (ER 16-79) provided that the program would sunset in conjunction with the Extraordinary Rent Increase provisions of the Rent Stabilization Act. After the provisions related to the Extraordinary Rent Increase expired in January 1981, the Hardship Rental Assistance Program was renewed under new Executive Regulations. In June 1985, Executive Regulations for the program were disapproved by the Council due to the fact that Hardship Rental Assistance Program was to be replaced by the Rental Assistance Program.

6. The Rental Assistance Program: 1985 – Present

a. The Rental Assistance Program was established in 1985. In May 1985, the Council enacted legislation (Bill 14-85) to create the Rental Assistance Program. The Rental Assistance Program replaced the Hardship Rental Assistance Program and the Rent Supplement Program.

The proposal to create a new Rental Assistance Program resulted from a review of the Hardship Rental Assistance Program and Rent Supplement Program by the Department of Housing and Community Development (DHCD). In addition to finding that use of the Hardship Rental Assistance

* Section 56-30(k), Powers and authority of County, states that the County can "make mortgage loans and rent subsidy payments to persons of eligible income."

-6-
Program was declining (because of the decline in the number of rent increases over ten percent), DHCD concluded that the Hardship Rental and Rent Supplement programs were not sufficiently targeted to persons most in need of assistance. In particular:

- Eligibility for the Hardship Rental Assistance Program considered an applicant's rent increase without considering their rent burden (percent of household income spent on rent); and
- Eligibility for the Rent Supplement Program considered an applicant's income and similarly did not consider the applicant's rent burden.

To address these problems, the Rental Assistance Program was structured to take into account an applicant's income, net worth, household size, and rent burden. Applicants who met the eligibility requirements could receive up to $75/month for a 12-month period. There was no limit set on the number of times an applicant could participate in the program; the original Rental Assistance law required that the amount of assistance per year for persons aged 65 or older or disabled could not be less than the assistance provided during the previous year.

The law creating the Rental Assistance Program defines "rental unit" such that individuals who receive other direct rent subsidies are not eligible to receive a Rental Assistance subsidy. Initially, income eligibility for the Rental Assistance Program was set at $25,000/year; and to be eligible, the combined net worth for all family members had to be less than $100,000. The law outlined that the amount of rental assistance was calculated as the difference between the monthly rent and the allowable percentage of gross income paid for rent, which were to be established by Executive Regulation. In 1985, these rent burden percentages were set as follows:

- 40 percent of the monthly gross income for one-person households;
- 35 percent of the monthly gross income for two-person households;
- 30 percent of the monthly gross income for three-person households;
- 25 percent of the monthly gross income for four-person households.

* Section 41A-1(10) states that, "rental unit" does not include housing for which a rent subsidy from a public agency is directly received by the owner, manager, or tenant of the unit.
The base rent was set at the average rent level in Montgomery County for that size unit or the actual rent, whichever was lower. The information on average rents in the County was determined by the Office of Landlord-Tenant Affairs. The regulations set forth a certain allowable size of an apartment for eligible families.

The Rental Assistance program was established in May 1985 with a sunset date of June 30, 1987. The law also required the County Executive to submit an evaluation of the program to the Council by July 1986.

b. Changes to the Rental Assistance Program Law and Executive Regulations since 1985. The law and Executive Regulations governing the Rental Assistance Program have been modified in a number of ways since 1985. The original June 30, 1987 sunset date has been extended twice:

- Bill 22-87 extended the sunset date from June 30, 1987 until August 1, 1991; and
- Bill 67-90 extended the sunset date from August 1, 1991 to August 1, 1992.

Other major changes to the Rental Assistance Program are summarized below:

- In 1986, Method (2) Executive Regulation 15-86 increased the maximum monthly rental assistance payment from $75 to $90.
- In 1987, Bill 22-87, changed the method of promulgating regulations for the Rental Assistance Program from Method (2) to Method (1).
- Bill 22-87 also repealed the provision in the Rental Assistance law that prevented the amount of assistance given to elderly and disabled renters from being less than the year before.
- In 1987, Executive Regulation 25-87 modified the percentages of income that households had to spend on rent before being eligible for a Rental Assistance subsidy. Specifically, the rent burden percentage for one-person households was lowered from 40 to 35 percent of income; the rent burden percentage for two-person households was lowered from 35 to 32.5 percent; and the rent burden percent for a four-person household was increased from 25 to 27.5 percent.
- In 1988, Executive Regulation 11-88 increased the income eligibility requirement to $30,000/year; and increased the maximum monthly rental assistance payment to $100/month for persons age 62 years or older, and to $95/month for all others.
Executive Regulation 11-88 also explicitly stated that families in the Section 8 Voucher Program were allowed to receive a Rental Assistance subsidy, but disallowed single persons under 62 years of age to apply or reapply for the program.

On June 18, 1991, the Council enacted Emergency Bill 16-91, **Rental Assistance - Eligibility**. This legislation: reduced the maximum assets that a Rental Assistance recipient can own from $100,000 to $40,000; and added an eligibility requirement that recipients' rent must be at or below a maximum monthly rent for their rental unit type (e.g., one-bedroom), to be established by Executive Regulations. As of this writing, the County Executive has yet to promulgate revised Executive regulations.

Finally, another change to the Rental Assistance Program was proposed during the FY92 Operating Budget discussions. Specifically, the County Executive recommended transferring the County's supplement to the State Public Assistance Grants from the Department of Social Services to the Rental Assistance Program for administration. As of this writing, legislation to implement this change has not yet been introduced.

7. Applicability of Chapter 41A in Municipalities

Table 1 (page 9a) indicates which of the County's 17 municipalities have adopted Chapter 41A, **Rental Assistance**. Chapter 41A has been adopted by 11 municipalities (Barnesville, Brookeville, Chevy Chase Village, Chevy Chase Section 3, Town of Chevy Chase, Chevy Chase Section 5, Gaithersburg, Glen Echo, Martin's Addition, Somerset, and Takoma Park), and has not been adopted by six municipalities (Garrett Park, Kensington, Laytonsville, Poolesville, Rockville, and Washington Grove).

In practice, based upon an understanding between the County Government and the municipalities regarding "entitlement" programs, no distinction is made at the time of application whether an applicant resides in a municipality that has adopted Chapter 41A. According to Rental Assistance Program records as of April 1991, there were 253 households (14%) receiving Rental Assistance, who reside in municipalities that have not adopted the Rental Assistance law. (See Table 2, page 9b).

A letter from the City of Rockville concerning the availability of Rental Assistance benefits to residents of Rockville even though Chapter 41A does not apply within the City is included as **Appendix A**.

B. Legislative Intent

The law that created the Rental Assistance Program does not include a statement of legislative intent for the program. However, it is possible to interpret the intent of the Rental Assistance Program from its history, and from the substance of the law and Executive Regulations governing the program.
Table 1

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Chapter 41A Adopted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barnesville</td>
<td>Yes</td>
</tr>
<tr>
<td>Brookeville</td>
<td>Yes</td>
</tr>
<tr>
<td>Chevy Chase Village</td>
<td>Yes</td>
</tr>
<tr>
<td>Chevy Chase Section 3</td>
<td>Yes</td>
</tr>
<tr>
<td>Town of Chevy Chase</td>
<td>Yes</td>
</tr>
<tr>
<td>Chevy Chase Section 5</td>
<td>Yes</td>
</tr>
<tr>
<td>Gaithersburg</td>
<td>Yes</td>
</tr>
<tr>
<td>Garrett Park</td>
<td>No</td>
</tr>
<tr>
<td>Glen Echo</td>
<td>Yes</td>
</tr>
<tr>
<td>Kensington</td>
<td>No</td>
</tr>
<tr>
<td>Laytonsville</td>
<td>No</td>
</tr>
<tr>
<td>Martin's Addition</td>
<td>Yes</td>
</tr>
<tr>
<td>Poolesville</td>
<td>No</td>
</tr>
<tr>
<td>Rockville</td>
<td>No</td>
</tr>
<tr>
<td>Somerset</td>
<td>Yes</td>
</tr>
<tr>
<td>Takoma Park</td>
<td>Yes</td>
</tr>
<tr>
<td>Washington Grove</td>
<td>No</td>
</tr>
</tbody>
</table>

Source: Montgomery County Municipal League table of County law applicability as of July 1990.
Table 2

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Number of Rental Assistance Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garrett Park</td>
<td>1</td>
</tr>
<tr>
<td>Kensington</td>
<td>21</td>
</tr>
<tr>
<td>Laytonsville</td>
<td>2</td>
</tr>
<tr>
<td>Poolesville</td>
<td>4</td>
</tr>
<tr>
<td>Rockville</td>
<td>225</td>
</tr>
<tr>
<td>Washington Grove</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>253</strong></td>
</tr>
</tbody>
</table>

1. Overview

Statements of the general intent of the rent subsidy programs that preceded the Rental Assistance Programs can be found in the legislative record. As reviewed in the previous section:

- The intent of the Rent Relief in Lieu of Tax Credits Program, established in 1973, was to provide financial assistance (in the form of a lump-sum annual payment) to low/moderate-income elderly and disabled County renters, who faced rapidly rising rents due to the termination of federal and state-imposed rent controls;

- The intent of the Rent Supplement Program, established in 1978, was to provide financial assistance (in the form of a lump-sum annual payment) to low/moderate-income County renters who were unable to obtain housing assistance from other programs, and who faced increasing rents due to the termination of County-imposed rent controls. Elderly and disabled renters were eligible to receive a relatively larger subsidy.

- The intent of the Hardship Rental Assistance Program, established in 1979, was to provide financial assistance (in the form of a monthly subsidy for up to two years) to County renters, who met federal Section 8 income requirements, and who received a rent increase in excess of ten percent.

Based upon the enabling legislation (Emergency Bill 14-85), the Rental Assistance Program was similarly created to provide financial assistance to low/moderate-income County renters, who were paying disproportionate amounts of their incomes on rent, and who were not already receiving rental assistance from other sources. According to written testimony submitted by the County Executive, the Rental Assistance Program was also structured to address inequities identified in the Rent Supplement and Hardship Rental Assistance programs, and to better target assistance to those most in need. This intent was to be accomplished by allocating Rental Assistance subsidies based upon a formula that took into account an applicant's income, net worth, household size, and percent of income spent on rent.

2. Sunset Provision

The Rental Assistance Program was established in May 1985 with a legislatively mandated sunset date of June 30, 1987. The 1985 law creating the Rental Assistance Program also required the County Executive, by July 1, 1986, "to provide the County Council with an evaluation of the operation of the Rental Assistance Program and recommendations for any future changes."

Interpreting the sunset date and the evaluation requirement together, it appears that the legislative intent was to force the Executive and Council to assess the operation and direction of the Rental Assistance Program before extending it beyond an initial two-year period. In contrast to the Rental Assistance Program, the other rental assistance program established in Chapter 41A, the Handicapped Rental Assistance Program, has never been subject to a sunset requirement.
Since 1985, the Council has chosen to extend rather than remove the sunset provision of the Rental Assistance Program. In addition, the Council has continued to find that the Rental Assistance Program should be regularly evaluated. As noted in the previous section, in 1987, the Rental Assistance Program was extended for another four years (from June 30, 1987 until August 1, 1991), and the Executive was required to provide the Council with an annual report on the program. In 1990, the Rental Assistance Program was extended for an additional one-year period (from August 1, 1991 to August 1, 1992), and this evaluation of the program by the Office of Legislative Oversight was scheduled to be conducted.

3. Target population

Who the Rental Assistance Program is intended to serve can be derived from reviewing the eligibility requirements for the program.

a. Low/moderate income renters with high rent burdens. The income, net worth, and rent burden limits established for the Rental Assistance Program indicate that it was designed to serve low/moderate-income renters, who spend disproportionate amounts of their incomes on rent. By allowing households with a net worth of up to $100,000 (reduced to $40,000 in June 1991) and incomes of up to $25,000 to receive a subsidy, it appears that the Rental Assistance Program was not intended to serve only those of very low incomes. In 1985, $25,000 was equal to approximately 60 percent of the County median income.

b. Elderly and disabled renters. The Rental Assistance Program was not expressly designed to serve any one demographic group, and the eligibility requirements were written such that different types of renters in need would qualify for assistance. However, the history of the program suggests that one target group for Rental Assistance was elderly and disabled households. Evidence of this include that: the legislation that created the Rental Assistance Program provided that the amount of monthly rental assistance for a tenant who is over 62 years of age or disabled could not be less than the tenant received in the previous year;* Executive Regulations 11-88 entitles Rental Assistance recipients who are at least 62 years of age to receive up to $100/month, which is $5 more a month than younger recipients; and Executive Regulation 11-88 also makes single people under the age of 62 ineligible for the program.

c. County residents. In order to be eligible for a Rental Assistance subsidy, an applicant must have been a County renter for six consecutive months. Because the Rental Assistance law defines "tenant" to exclude illegal aliens, it can be interpreted that the Rental Assistance Program was intended to provide assistance only to those County residents who are also either citizens or permanent resident aliens.

d. Renters not receiving a rent subsidy from another source. The Rental Assistance law states that a tenant is not eligible for Rental Assistance if he/she resides in a rental unit for "which a rent subsidy from a

* This "save-pay" provision was deleted in 1987 by Bill 22-87.
public agency is directly received by the owner, manager, or tenant. "This eligibility requirement is similar to the provision in the Rent Supplement Program that excluded any applicants who already received public funds for the payment of rent.

C. Funding History

1. Funding of Rental Assistance Subsidies Since FY86

Table 3 (page 12a) lists the total dollar amount of Rental Assistance Program subsidies disbursed, the number of recipients, and the average monthly Rental Assistance subsidy per recipient between FY86 and FY91.

For FY91, Rental Assistance Program expenditures and enrollment are projected based upon program information available as of May 1991. For FY92, Table 3 shows projected program expenditures, as approved in the FY92 Operating Budget.*

Funds to be spent on Rental Assistance Program subsidies are appropriated as part of the operating budget of the Department of Housing and Community Development. For FY92, the $1.85 million budgeted for Rental Assistance subsidies is projected to provide assistance to 1,660 households. Other data on Table 3 indicate that:

- Between FY86 and FY91, Rental Assistance Program expenditures increased 144 percent, while the number of Rental Assistance recipients increased 107 percent;
- Between FY86 and FY91, the average monthly Rental Assistance subsidy increased 45 percent from $64 to $94; the dollar increase in the average subsidy from one year to the next ranged from two to 12 dollars;
- Although the Rental Assistance Program grew rapidly both in terms of expenditures and recipients between FY86 and FY88, program expenditures increased less than five percent between FY89 and FY91, and are budgeted to decrease by 11 percent in FY92.

With the exception of FY86, actual program expenditures were within five percent of the dollar amounts appropriated. In FY86, the first year of the program, actual expenditures were significantly below the amount budgeted.

* These data do not include costs of administering the program, which are discussed in the following chapter of this report. (See page 14).
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Expenditures</th>
<th>Recipients</th>
<th>% Change From Previous Year</th>
<th>Average Monthly Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY86</td>
<td>$ 849,845</td>
<td>905</td>
<td>---</td>
<td>$64</td>
</tr>
<tr>
<td>FY87</td>
<td>$1,383,382</td>
<td>1,432</td>
<td>58.2%</td>
<td>$76</td>
</tr>
<tr>
<td>FY88</td>
<td>$1,626,700</td>
<td>1,546</td>
<td>8.0%</td>
<td>$84</td>
</tr>
<tr>
<td>FY89</td>
<td>$1,947,483</td>
<td>1,771</td>
<td>14.6%</td>
<td>$88</td>
</tr>
<tr>
<td>FY90</td>
<td>$2,003,403</td>
<td>1,853</td>
<td>4.6%</td>
<td>$90</td>
</tr>
<tr>
<td>FY91</td>
<td>$2,077,860**</td>
<td>1,870</td>
<td>0.9%</td>
<td>$94</td>
</tr>
<tr>
<td>FY92</td>
<td>$1,852,560***</td>
<td>1,660</td>
<td>-11.2%</td>
<td>$94</td>
</tr>
</tbody>
</table>

* For FY86 – FY90, the number listed represents the average number of Rental Assistance recipients during each fiscal year. For FY91, the number listed represents the program cap established administratively by DHCD. For FY92, the number listed represents the program cap approved in the FY92 Operating Budget.

** Projected FY91 expenditures for Rental Assistance subsidies.

*** As approved in the FY92 Operating Budget.

Source: Monthly Reports of the Rental Assistance Program, FY86 – FY91, DHCD.
2. History of County Appropriations for Rent Subsidy Programs that Preceded the Rental Assistance Program

County funds have been appropriated each year since FY74 to provide financial assistance to County renters in need. While recognizing that there have been, and continue to be, other rental assistance programs operating in the County, this section summarizes only the funding history of rental assistance programs that directly preceded the Rental Assistance Program. Additional discussion of other rent subsidy programs is found in Chapter III, see page 39.

Table 4 (page 13a) lists the County's spending since FY74 on: the Rent Relief in Lieu of Tax Credit Program; the Rent Supplement Program; the Hardship Rental Assistance Program; the Handicapped Rental Assistance Program; and the Rental Assistance Program. The data show that total annual spending for these rent subsidy programs more than quadrupled between FY74 and FY91, from approximately half a million to almost three million dollars. When discounted for inflation, (prices increased approximately 300 percent during this 15 year time period), it can be said that County spending on rent subsidy programs increased 88 percent between FY74 and FY91.

Chart I (page 13b), shows graphically that total spending on these programs increased most significantly at two different times: between FY79 and FY80; and between FY86 and FY89. The $571,000 (109%) increase between FY79 and FY80 was due to the addition of the Handicapped Rental Assistance Program and the Hardship Rental Assistance Program. The $1.5 million (113%) increase between FY86 and FY89 was due to growth in both the Handicapped Rental Assistance Program and the Rental Assistance Program.

D. Previous Reports and Audits

There have been two studies and two audits of the Rental Assistance Program:

- 1985: "Rental Assistance Program Control Review" by Price Waterhouse, on contract to the Department of Finance;

- 1986: "Mid-term Evaluation of Operations of the Rental Assistance Program" by the Department of Housing and Community Development;

- 1987: "An Analytical Study of the Montgomery County Rental Assistance Program" by the Community Research Service of Montgomery College, on contract to DHCD; and

- 1990: An audit of the Rental Assistance Program by Wooden & Benson (CPA), on contract to the Department of Finance.

The two audits of the Rental Assistance Program (1985 and 1990) were conducted by independent certified public accounting firms on contract to the Auditing Section of the Department of Finance. The purpose of the 1985 audit was to review the adequacy of the automated system controls used to process
## Table 4

### County Spending on Rent Subsidy Programs (Dollars in Thousands) FY74 – FY92

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Spending</th>
<th>RRLTC</th>
<th>RSP</th>
<th>HRAP</th>
<th>HRA</th>
<th>RAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY74</td>
<td>$521</td>
<td>$521</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY75</td>
<td>$584</td>
<td>$584</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY76</td>
<td>$588</td>
<td>$588</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY77</td>
<td>$543</td>
<td>$543*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY78</td>
<td>$501</td>
<td></td>
<td>$501</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY79</td>
<td>$532</td>
<td></td>
<td>N/A</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY80</td>
<td>$1,114</td>
<td>$1,035</td>
<td>N/A</td>
<td></td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>FY81</td>
<td>$1,104</td>
<td>$922</td>
<td>N/A</td>
<td></td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>FY82</td>
<td>$1,332</td>
<td>$945</td>
<td>$308</td>
<td>$67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY83</td>
<td>$1,334</td>
<td>$719</td>
<td>$557</td>
<td>$58</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY84</td>
<td>$1,113</td>
<td>$750</td>
<td>$179</td>
<td>$184</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY85</td>
<td>$1,305</td>
<td>$800**</td>
<td>$200**</td>
<td>$305</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY86</td>
<td>$1,406</td>
<td>$83</td>
<td>$473</td>
<td>$850</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY87</td>
<td>$2,074</td>
<td>$15</td>
<td>$676</td>
<td>$1,383</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY88</td>
<td>$2,317</td>
<td></td>
<td>$690</td>
<td>$1,627</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY89</td>
<td>$2,817</td>
<td></td>
<td>$869</td>
<td>$1,948</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY90</td>
<td>$2,832</td>
<td></td>
<td>$829</td>
<td>$2,003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY91</td>
<td>$2,966</td>
<td></td>
<td>$888</td>
<td>$2,078</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY92***</td>
<td>$2,729</td>
<td></td>
<td>$876</td>
<td>$1,853</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**RRLTC** - Rent Relief in Lieu of Tax Credit Program  
**RSP** - Rent Supplement Program  
**HRAP** - Hardship Rental Assistance Program  
**HRA** - Handicapped Rental Assistance Program  
**RAP** - Rental Assistance Program

N/A - Figures were unavailable

* The Rent Relief in Lieu of Tax Credit Program expired in 1977.
** The Rent Supplement and Hardship Rental Assistance Programs expired in 1985.
*** As approved in the FY92 Operating Budget.

**Source:** Operating Budgets, FY74 – FY92.
Data include funds allocated to the following programs:

<table>
<thead>
<tr>
<th>Program</th>
<th>FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent Relief in Lieu of Tax Credit Program</td>
<td>74 - 78</td>
</tr>
<tr>
<td>Rent Supplement Program</td>
<td>78 - 86</td>
</tr>
<tr>
<td>Hardship Rental Assistance Program</td>
<td>79 - 87</td>
</tr>
<tr>
<td>Handicapped Rental Assistance</td>
<td>80 - 92</td>
</tr>
<tr>
<td>Rental Assistance Program</td>
<td>86 - 92</td>
</tr>
</tbody>
</table>

* As approved in FY92 Operating Budget.

Source: Operating Budgets, FY74 - FY92.
applications and payments. The focus of the 1990 audit was to determine the effectiveness of internal controls and the verification process of information provided by the applicants.*

The law establishing the Rental Assistance Program in May 1985 required the County Executive to provide the County Council with an evaluation of the Rental Assistance Program and recommendations for any future changes before July 1986. The County Executive complied with this requirement by submitting a report to the Council that included data on participation in the program and a discussion of several management improvements.

The 1987 report by the Montgomery College's Community Research Service was commissioned by the Department of Housing and Community Development to provide a more in-depth review of the program. In particular, the 1987 study included background information on the Rental Assistance Program, program participation data, and some analysis of the operational effectiveness of the program. The ten specific recommendations offered by the study included recommendations for internal procedural changes that DHCD could implement administratively and changes to law and/or regulation that required Council action. Changes implemented as a result of the 1987 report are referenced throughout this evaluation.

III. EVALUATION

This chapter is organized to answer the following questions:

- How much does it cost to administer the Rental Assistance Program?
- Is the Rental Assistance Program administered effectively?
- Is the Rental Assistance Program serving the population it is intended to serve?
- Is the amount of the Rental Assistance subsidy determined in the optimal manner?
- How does the Rental Assistance Program compare to other direct rent subsidy programs operating in the County?

A. How much does it cost to administer the Rental Assistance Program?

1. General

The Rental Assistance Office, located in the County's Department of Housing and Community Development (DHCD), administers the Rental Assistance Program. Table 5 (page 14a) shows the number of staff positions, workyears,
Table 5

Rental Assistance Office
Personnel and Operating Costs

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Number of Positions</th>
<th>Number of Workyears</th>
<th>Personnel Costs*</th>
<th>Estimated Operating Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY86</td>
<td>6</td>
<td>4.5</td>
<td>$114,000</td>
<td>$5,300</td>
</tr>
<tr>
<td>FY87</td>
<td>6</td>
<td>4.5</td>
<td>$123,000</td>
<td>$5,500</td>
</tr>
<tr>
<td>FY88</td>
<td>6</td>
<td>4.5</td>
<td>$132,000</td>
<td>$5,700</td>
</tr>
<tr>
<td>FY89</td>
<td>6</td>
<td>4.5</td>
<td>$144,000</td>
<td>$6,000</td>
</tr>
<tr>
<td>FY90</td>
<td>6</td>
<td>4.5</td>
<td>$152,000</td>
<td>$6,200</td>
</tr>
<tr>
<td>FY91</td>
<td>5</td>
<td>4.0</td>
<td>$158,000</td>
<td>$6,400</td>
</tr>
<tr>
<td>FY92**</td>
<td>5</td>
<td>4.0</td>
<td>$166,000</td>
<td>$6,400</td>
</tr>
</tbody>
</table>

* Includes salary and fringe benefits.

** As approved in DHCD's FY92 Operating Budget.

Source: Operating Budgets and Personnel Complements, FY86 - FY92.
and total personnel and operating costs of the Rental Assistance Office for the six fiscal years since the Rental Assistance Program was established in FY86. Between FY86 and FY92, the total personnel costs of the Rental Assistance Office increased 46 percent, from $114,000 to $166,000. The cost increases were due to compensation increases for existing positions, and not to an increase in positions or workyears.*

Between FY86 and FY90, the Rental Assistance Office operated with a total of six staff positions. Because three of the six positions were part-time, the total workyears assigned to the Rental Assistance Office during these years totalled only 4.5.

During FY91, one part-time position was transferred from the Rental Assistance Office to another office within DHCD. This action reduced the total Rental Assistance Office complement to four workyears (three full-time and two part-time positions). At present, the Rental Assistance Office staff consists of: one Program Manager I, two Community Service Aides, and two part-time Administrative Aides.

Current staff members of the Rental Assistance Office have worked together since the beginning of the program in FY86. Before working on the administration of the Rental Assistance Program, a number of the staff worked with the earlier County-funded rental assistance programs, e.g., Hardship Rental Assistance Program, and Rent Supplement Program.

According to DHCD's Administrative Services Coordinator, operating expenses for the Rental Assistance Office are not tracked separately from other departmental operating costs. DHCD staff estimate that operating expenses for the Rental Assistance office are approximately $6,400 in FY91.

In addition to the Rental Assistance Office staff itself, other DHCD staff devote time to the administration of the Rental Assistance Program. In particular, although data are not available on the specific numbers of hours spent each year by DHCD staff: the Director, the Deputy Director, the Chief of the Housing Division, the Administrative Services Coordinator, and the Automated Systems Manager all spend time on various aspects of the program.

Outside of DHCD but within the County Government, administration of the Rental Assistance Program also involves Department of Finance staff. Specifically, the Department of Finance staff maintains a master list of Rental Assistance recipients, and produces and mails the monthly checks to the recipients. The Department of Finance does not maintain records that allow for the cost of the Rental Assistance Program to the department to be easily estimated.

* According to Office of Personnel staff, between FY86 and FY92, the average personnel cost increase for County employees' salaries, including cost of living adjustments and normal service increments, was 54 percent.
2. Rental Assistance Office Costs Per Recipient

For the years FY86-FY92, Table 6 (page 16a) shows the annual costs of the Rental Assistance Office per Rental Assistance Program recipient.* The data indicate that between FY87 and FY91, the total cost of the Rental Assistance Office increased 31 percent while the number of Rental Assistance recipients increased by 34 percent.

Between FY87 and FY91, the administrative cost per Rental Assistance recipient ranged between $85 and $90 per year. For FY92, the annual cost per recipient is projected to increase up to $104 because the number of recipients in the program is being reduced 11 percent while total administrative costs are projected to increase five percent. Even with the projected increase in FY92, administrative costs will constitute less than nine percent of total program costs.

B. Is the Rental Assistance Program administered effectively?

This section is organized as follows:

- Part 1 reviews the Rental Assistance Program application and review process;
- Part 2 summarizes feedback about the Rental Assistance Office obtained from Rental Assistance recipients; and
- Part 3 identifies inconsistencies found between the Rental Assistance law, Executive Regulations, and practice.

The remaining sections discuss the following issues:

- Part 4: Record-keeping;
- Part 5: The Use of Two-Party Checks;
- Part 6: Program Outreach; and

1. In Practice: The Rental Assistance Program Application and Review Process

a. Description of the Intake Process. The steps in the Rental Assistance Program application and review process are as follows:

*As discussed later in this report (see page 27), there are more Rental Assistance applicants than recipients.
## Table 6

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>RAO Cost*</th>
<th>Average Number of Rental Assistance Recipients</th>
<th>Cost per Recipient/Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY86</td>
<td>$119,300</td>
<td>905</td>
<td>$132</td>
</tr>
<tr>
<td>FY87</td>
<td>$128,500</td>
<td>1,432</td>
<td>$90</td>
</tr>
<tr>
<td>FY88</td>
<td>$137,700</td>
<td>1,546</td>
<td>$89</td>
</tr>
<tr>
<td>FY89</td>
<td>$150,000</td>
<td>1,771</td>
<td>$85</td>
</tr>
<tr>
<td>FY90</td>
<td>$158,200</td>
<td>1,853</td>
<td>$85</td>
</tr>
<tr>
<td>FY91</td>
<td>$164,400</td>
<td>1,870</td>
<td>$88</td>
</tr>
<tr>
<td>FY92</td>
<td>$172,400**</td>
<td>1,660</td>
<td>$104</td>
</tr>
</tbody>
</table>

* Personnel and operating costs of the Rental Assistance Office.

** As approved in the FY92 Operating Budget.

Source: Operating Budgets, FY86 – FY92.
Step (1): A potential applicant learns about the Rental Assistance Program. Most applicants learn about the program from either: a public agency (e.g., Housing Opportunities Commission, Department of Social Services, Government Service Center); a non-profit organization (e.g., Community Ministries, the Salvation Army); a neighbor or friend; or the applicant's landlord.

Step (2): The applicant obtains an application from the Rental Assistance Office, the Department of Social Services, the Housing Opportunities Commission, or other public agency that has Rental Assistance applications on hand. The applicant completes the application and sends it to the Rental Assistance Office within DHCD. (If requested, Rental Assistance Office staff provide technical assistance to applicants who need help in filling out the application.)

Step (3): The Rental Assistance Office receives the application. A Community Service Aide enters basic information contained on the application into the Office's computer database.

- If the information provided on the application indicates the applicant is ineligible because either (a) the applicant is a single person under the age of 62; or (b) the applicant is listed on an HOC printout as already receiving Section 8 housing assistance,* then the applicant is sent a letter explaining why they are ineligible to receive Rental Assistance at this time.

- If the application is incomplete or proper documentation is not included, then the applicant is sent a letter explaining what additional material is required; the application is then set aside until the missing information is received.

Step (4): The Community Services Aide forwards completed applications to one of the part-time Administrative Aides. The Aide verifies the income information provided on the application with the accompanying supporting documentation, and further examines the application to determine eligibility. The applicant is contacted to clarify any information on the application that remains unclear or unusual.

Step (5): Once an application is deemed complete and the applicant eligible to receive a Rental Assistance subsidy, the application is forwarded for review to a supervising Community Service Aide. The Community Service Aide calculates how much the applicant is entitled to receive. Applications are then forwarded to the Program Manager in groups of 20.

Step (6): The Program Manager rechecks all information and edits information on the applications to ensure the information will be clear to the keypunch operators in the Department of Finance. The Program Manager crosschecks the addresses of new applicants with the master list of Rental

* The law states that Rental Assistance recipients cannot receive other forms of direct rent subsidies. See page 7.
Assistance recipients to ensure that there will not be two recipients in one household. The Program Manager then enters the subsidy amount that the applicant will receive each month from the program into the Office's computer database.

**Step (7):** Applications approved by the Program Manager (in batches of 20) are then forwarded to the Director of the Department of Housing and Community Development for final approval.

**Step (8):** Applications that are approved by the Director are sent for keypunch entry to the Department of Finance, Division of Management Information Services. A proof sheet, with all new applicants, all changes, and all deletions, is returned to the Rental Assistance Office to check for errors. Once all errors are corrected, staff in the Division of Management Information Services update the master list of Rental Assistance recipients who are to receive checks for the month.

**Step (9):** Several days before the end of the month, the Department of Finance mails the Rental Assistance subsidy checks to the recipients.

b. **Description of Ongoing Program Administration.** In addition to the processing of new applications, the Rental Assistance Office staff has two major ongoing activities: updating information on current recipients; and tracking outstanding rental assistance checks.

Rental Assistance recipients are required to inform the Rental Assistance Office of certain changes in their situation, e.g., a change of residence, landlord, and/or change in income. The Rental Assistance Office sends monthly updates of all relevant recipient information to the Department of Finance. In response to a recommendation of the 1987 study of the Rental Assistance Program by Montgomery College's Community Research Service, a special request is made to recipients receiving unemployment insurance to contact the Rental Assistance Office every three months.

In response to a concern raised by a 1990 financial audit of the Rental Assistance Program, a formal process was instituted for tracking outstanding Rental Assistance checks, that is, checks issued by the County but not cashed. The Department of Finance sends the Rental Assistance Office a list of all checks that have not been cashed within 90 days. The Rental Assistance staff researches whether the check was sent to the wrong address or the recipient no longer lives at that address; if the address was wrong or the check was unintentionally returned to the County, the check is resent to the recipient. If the checks have not been cashed within another 90 days, then the Rental Assistance Office staff requests the Department of Finance to cancel the check.

In order to deter and detect fraud, the 1990 financial audit also recommended that Rental Assistance Office staff conduct some degree of verification beyond the normal application approval process for a random sample of recipients. Examples of such activities including surprise visits, and more extensive third-party verification of a recipient's employment and
household status. During the summer of 1990, DHCD assigned an intern to conduct more indepth verification on a sample of Rental Assistance and Moderately Priced Dwelling Unit (MPDU) participants; the intern found a high degree of compliance with eligibility requirements.

c. Discussion. Overall, the Rental Assistance Office is well organized to process applications. Staff are assigned to take advantage of the efficiencies that result from specialization. The combined years of experience of the Rental Assistance staff has also aided to process applications expeditiously and to identify questionable information submitted by applicants.

The Rental Assistance application itself is straightforward and generally understandable. However, there are several notable problems. Although applicants are requested to sign a declaration that, under penalties of perjury, their household net worth is less than $100,000, the application does not define "net worth" and does not provide space for applicants to itemize their assets. In addition, there is no code or place to classify a rental unit as an "efficiency"; and the application does not request applicants to volunteer information about their race or sex.

The ability of the Rental Assistance Office to maintain current information on recipients depends upon the recipients themselves taking the initiative to inform the Office of changes in their situation. According to Rental Assistance staff, there is insufficient personnel for further investigations. Because of the control processes that have been created to track outstanding checks, however, the amount of money that has been frozen due to outstanding checks has steadily decreased during the past several years.

2. Feedback from Rental Assistance Program Recipients

In March 1991, OLO conducted a phone survey of Rental Assistance Program recipients. The random sample survey included questions about: how recipients learned about the Rental Assistance Program; the application process; and whether recipients had experienced any problems with the program.

a. Description of sample. OLO selected a random sample of 30 Rental Assistance Program recipients. Twenty-five of the thirty recipients selected could be reached by telephone; for the other five, the telephone numbers listed on their application was disconnected. OLO was able to contact and interview only 14 of the 25 recipients; the other nine could not be reached or refused to participate.

Of the 14 recipient households who participated in the survey, nine (64%) are senior citizens, two are single female-headed households, two are disabled, and one is a parent in a two-parent family. Four of the survey participants receive public assistance from State or federal sources. Twelve (86%) of the 14 respondents live in apartments, and two reside in rented rooms. The average length of time that the survey

* The application is being revised to reflect the June 1991 legislative change which reduced the net worth limit from $100,000 to $40,000.
participants have been in the program is four years; six respondents have been in the program for less than one year. The average rent paid by survey respondents is $580, and the average rent burden (before receiving Rental Assistance) 64 percent. The average Rental Assistance subsidy for the survey participants is $93 per month.*

Due to the fact that only 14 recipients participated in the survey, OLO's sample may be too small to draw definitive conclusions about views of the Rental Assistance recipient population as a whole. However, as this section will discuss, OLO's findings are similar to the results of a larger survey (72 respondents) conducted in 1987.

b. Summary of Findings. Half of the recipients interviewed were referred to the Rental Assistance Program by a government agency (HOC or DSS); another five (36%) found out about the program from a friend or relative who was already in the program; the remaining two respondents learned about the Rental Assistance Program from their rental office.

In general, the recipients interviewed voiced strong support for how the Rental Assistance Program is administered. Those interviewed praised the staff members working in the Rental Assistance Office, specifically noting their friendly and helpful attitude.

Ten (71%) of the 14 respondents reported no problems with the program. Two of those interviewed felt the application process was too cumbersome or too "nosy", and two had experienced minor problems with receiving checks.

The recipients interviewed were unanimous in their response that they would not be able to pay their rent without receiving the monthly Rental Assistance check. Two explained that they were on fixed incomes that have not kept pace with rising rents in the County. Six (43%) respondents recommended that the amount of the Rental Assistance subsidy be increased.

c. Comparison to 1987 Survey of Rental Assistance. The Community Research Service of Montgomery College conducted a survey of Rental Assistance recipients in 1987, as part of their 1987 report on the Rental Assistance Program. The College interviewed 72 Rental Assistance recipients, 64 percent of which were senior citizens.

The 1987 survey results were similar to the results obtained more recently by OLO. In particular, the 1987 survey found that half of the Rental Assistance recipients learned about the program from a friend or relative, and another third were directed to the program by a government agency. Approximately ten percent of those interviewed in 1987 learned about the Rental Assistance Program from their rental office.

Positive feedback about the Rental Assistance Office staff was also voiced in 1987. The College report stated that, "recipients were unanimously laudatory of the program and of the persons running it." Also

* See page 29 for a detailed profile of current Rental Assistance recipients.
according to the College survey, 83 percent of program recipients interviewed found the Rental Assistance monthly rent subsidy inadequate to meet their needs. The recommendation to increase the amount of the Rental Assistance subsidy was also voiced by recipients in 1987.

3. **Inconsistencies between the Rental Assistance law, Executive Regulations, and Practice**

A comparison of the law and Executive Regulations governing the Rental Assistance Program with the daily practice of program administration indicates a number of inconsistencies. These are described on Table 7 (page 21a), and discussed below.

The first type of inconsistency is where eligibility requirements stated in the Rental Assistance law are not entirely adhered to in practice. Specifically:

- Applicants are not screened on the basis of their residency status even though the law explicitly prohibits Rental Assistance subsidies from being provided to illegal aliens;

- The application process does not include a verification of applicants' net assets even though the law establishes an explicit net worth limit;* and

- Applicants are deemed eligible to receive a Rental Assistance subsidy concurrent with a number of other publicly-funded direct rent subsidies, even though the law explicitly states that applicants are only eligible if they do not already receive a rent subsidy. (In practice, the intake process is structured to deny Rental Assistance to Section 8 housing assistance participants, but not to those receiving other types of rent subsidies.)

A second type of inconsistency is where the Executive Regulations define minimal Rental Assistance eligibility requirements differently than the law. In one case, the Executive Regulations are more restrictive than the law, and in two other cases, the Regulations are less restrictive than the law. Specifically:

- The Rental Assistance law does not identify any specific demographic group(s) to be excluded from receiving Rental Assistance. However, Executive Regulation 11-88 excludes single persons who are under age 62 and not disabled from receiving Rental Assistance subsidies, and in practice, this exclusion is enforced.

---

* The 1987 study of the Rental Assistance Program prepared by Montgomery College's Community Research Service recommended that the application form be amended to include a listing of assets.
Table 7

**Inconsistencies Between the Rental Assistance Law, (Chapter 41A) Executive Regulations, and Practice**

**A. Provisions in Law/Regulation Not Consistently Followed in Practice**

- **Legal Residency:**
  - **Chapter 41A:** Requires that recipients not be illegal aliens.
  - **Executive Reg 11-88:** (No mention of legal residency as an eligibility requirement.)
  - **Practice:** No proof of residency status requested.

- **Receiving benefits from other rental assistance programs:**
  - **Chapter 41A:** Requires that recipients not be renting a unit for which a rent subsidy from a public agency is already directly received by the owner, manager, or tenant.
  - **Executive Reg 11-88:** Defined as:
    - Cash
    - Savings accounts
    - Stocks and bonds
    - Other investments
    - Current value of any real property owned less what is owed on the property.
    - Net worth cannot be more than $100,000.
  - **Practice:** A cross-check is done to determine if applicant is currently receiving Section 8.
    - Tenant Displacement Aid Fund; Rental Supplement Incentive Program; or Section 8 programs (except for the Section 8 Housing Voucher Program).

- **Definition of net worth:**
  - **Chapter 41A:** Defined as:
    - Cash
    - Savings accounts
    - Stocks and bonds
    - Other investments
    - Current value of any real property owned less what is owed on the property.
    - Net worth cannot be more than $100,000.
  - **Executive Reg 11-88:** Defined as:
    - Cash
    - Savings accounts
    - Stocks and bonds
    - Other investments
    - Current value of any real property owned less what is owed on the property
    - Checking accounts
    - Jewelry and autos of substantial value
    - Net worth cannot be more than $100,000.
  - **Practice:**
    - Applicant must attest on application to having no more than $100,000 in net worth.
    - No documentation is requested for proof of net worth.
    - (Since FY90, net worth for new recipients cannot be above $40,000.)
B. **Inconsistency Between Eligibility Restrictions**

- **Age requirements:**

<table>
<thead>
<tr>
<th>Chapter 41A</th>
<th>Executive Reg 11-88</th>
<th>Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>(No mention of program exclusion based on age.)</td>
<td>States that single persons under 62 years of age and not disabled are ineligible for Rental Assistance benefits.</td>
<td>Single persons under 62 years of age and not disabled are denied benefits.</td>
</tr>
<tr>
<td>- Allows recipients 65 or older to rent a room or a group of rooms.</td>
<td>- Allows recipients 62 or older to rent a room or a group of rooms.</td>
<td>- Allows recipients 62 or older to rent a room or a group of rooms.</td>
</tr>
</tbody>
</table>

- **Definition of a rental unit:**

<table>
<thead>
<tr>
<th>Chapter 41A</th>
<th>Executive Reg 11-88</th>
<th>Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Single-family house;</td>
<td>- Single family house;</td>
<td>- Single family house;</td>
</tr>
<tr>
<td>- Townhouse;</td>
<td>- Apartment;</td>
<td>- Townhouse;</td>
</tr>
<tr>
<td>- Apartment;</td>
<td>- Condominium or cooperative unit; and</td>
<td>- Apartment;</td>
</tr>
<tr>
<td>- Condominium or cooperative unit; and</td>
<td>- Rented rooms for persons age 62 or older;</td>
<td>- Condominium or cooperative unit;</td>
</tr>
<tr>
<td>- Rented rooms for persons age 65 or older.</td>
<td>- Rental mobile homes; and</td>
<td>- Rented rooms for persons age 65 or older.</td>
</tr>
<tr>
<td></td>
<td>- Rented mobile home pads.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Rental mobile home pads.</td>
</tr>
</tbody>
</table>

C. **Inconsistency Between Definition of "Average Rent" Used in Rental Assistance Benefit Calculation**

<table>
<thead>
<tr>
<th>Chapter 41A</th>
<th>Executive Reg 11-88</th>
<th>Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Requires OLTA to at least annually determine the average rental costs for rental units of different sizes in the County.</td>
<td>States that OLTA must at least annually determine the average rental costs for rental units of different sizes in the County.</td>
<td>From FY86-FY89, DHCD used the &quot;average rent&quot; calculated by OLTA based upon the annual vacancy survey.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Since FY90, DHCD has used the Fair Market Rents issued by HUD as the &quot;average rent&quot; in the County.</td>
</tr>
</tbody>
</table>
The Rental Assistance law states that applicants over 65 years of age who live in rented rooms are eligible to receive Rental Assistance subsidies. Both in Executive Regulation and in practice, the minimum age for recipients living in rented rooms is 62 instead of 65.

The Rental Assistance law defines "rental unit" to include: single family houses, townhouses, apartments, rental condominium or cooperative units, and rented rooms (for recipients over the age of 65). In Executive Regulations and in practice, the definition of "rental unit" has been extended to include mobile homes and mobile home pads.

A third type of inconsistency relates to the term "average rent" as it is used to calculate the monthly Rental Assistance subsidy. The Rental Assistance law states that the subsidy will be calculated using the "average rent determined by the Office of Landlord-Tenant Affairs."

In practice, between FY86 and FY89, for purposes of calculating the Rental Assistance subsidy, the average County rent computed by OLTA as part of the County's annual rental vacancy survey was used. In FY90, the Department of Housing and Community Development changed its practice and began using Fair Market Rents for the Washington D.C. Metropolitan Area (as determined by the federal government) as the "average rent" used in the Rental Assistance subsidy formula. The effect of this change was to lower the "average rent" by between $15 and $53, see Chart II, page 22a.

4. Record-keeping

The Rental Assistance Office has kept extensive records on the Rental Assistance Program. Although certain data are readily available for the entire history of the Rental Assistance Program, some data have not been consistently maintained and some data have been recorded in a confusing way. This section discusses what data are available and what specific records are in need of improvement.

a. Program data that are maintained. Rental Assistance Office staff prepare monthly reports for the DHCD director; these monthly reports form the basis of an annual report prepared for the County Executive and County Council. The monthly status report is organized into three sections: a narrative section; a statistical summary; and a financial status report.

The narrative section states how many recipients are in the program and gives the number of recipients according to three categories: elderly, single-parent families, and recipients receiving public assistance (defined as AFDC, GPA, or SSI). For each of these categories, the narrative section also reports the average monthly incomes and rent, and the average rent burdens.

The statistical summary section reports on the flow of applications through the program. For the previous month, the year-to-date, and previous fiscal years the report lists: month, the year-to-date, and previous fiscal years: the number of applications received, the number of recipients cancelled, the number of recipients whose subsidies have expired, the number of applications approved, and the number of applications in process.
Chart II

**Fair Market Rents, County Average Rents, and Actual Rents Paid by Rental Assistance Recipients**

<table>
<thead>
<tr>
<th>Monthly Rent</th>
<th>Efficiency</th>
<th>One-bedroom</th>
<th>Two-bedroom</th>
<th>Three-bedroom</th>
<th>Four-bedroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,100</td>
<td>$511</td>
<td>$621</td>
<td>$731</td>
<td>$914</td>
<td>$1,023</td>
</tr>
<tr>
<td>$1,000</td>
<td>$564*</td>
<td>$648</td>
<td>$746</td>
<td>$883</td>
<td>$966</td>
</tr>
<tr>
<td>$900</td>
<td></td>
<td>$505</td>
<td>$642</td>
<td>$707</td>
<td>$778</td>
</tr>
<tr>
<td>$800</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$700</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$600</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$500</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$400</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **FMR**: 1990 Fair Market Rents for Washington Metropolitan Area as determined by HUD.
- **OLTA**: 1990 Vacancy Report.
- **RAP**: Average rent paid by Rental Assistance recipients as of April 1991.

* No rental unit currently in the program is classified as an "efficiency".

**Source**: DHCD records, 1991.
The financial summary reports on total program expenditures. This section reports expenditures for the month, for the year-to-date, for previous fiscal years, and projections on expenditures for the rest of the fiscal year. Also listed are the number of checks issued and the average Rental Assistance subsidy disbursed.

b. Benefits of the data collected. The Rental Assistance Office has produced monthly reports since the beginning of the program in FY86. There have been many positive aspects of the data collection:

- Most data have been kept consistently, which allows for trends in the program to be accurately calculated;
- Detailed data on elderly recipients have been kept, which provide a good record of the characteristics of this target population; and
- The monthly projections on disbursements for the fiscal year have been useful in terms of good fiscal management.

c. Weaknesses in the data collection and reporting practices. During the course of gathering data for this report, a number of data collection and reporting practices in need of improvement were identified. Some important program data have not been reported, some data are kept that appears unnecessary, and some data have been recorded in a confusing way.

Some important data have not been consistently reported either because the information was not collected, or was collected but not compiled in a reportable form. Examples of this include: data on renewal and turnover rates; data on recipients' net worth; data on recipients' sex and race; consistent data on the incomes and rent burdens of disabled recipients and recipients under 62 years of age; and data on the sources of recipients' incomes (e.g., wage, pension, or interest income).

Some data are reported in unnecessary detail. In particular, the average incomes and rents for recipients age 62 and older are broken down into five-year age increments up to 100 years of age. Although this information is interesting, there is no apparent difference between the incomes and rents of progressively older recipients over the age of 62. Another example of interesting but unnecessarily detailed data is the extensive information provided on recipients rent and incomes, according to the type of rental unit (e.g., apartment, townhouse, single-family dwelling).

Some data have been reported in a confusing way. The monthly report breaks down recipients by elderly, single-parent families, and recipients receiving public assistance. However, these categories are unclear because the category "public assistance" is not mutually exclusive, e.g. there are single-parent families receiving public assistance. Since renewal information is not kept, some application "indicators" are unclear as to what they are tracking. For example, with the indicator "expired applications,"
there is no way to tell how many "expired applications" have expired but were renewed and how many have expired and were not renewed. In sum, the data provide no clear information on the flow of persons through the program, i.e., how many enter and how many exit the program each year.

5. Use of Two-Party Checks

a. Background. The Rental Assistance monthly rent subsidy is provided in the form of a two-party (joint payee) check, which requires the signatures of the Rental Assistance recipient and the landlord. The practice of issuing two-party checks dates back to the administration of the Rent Supplement Program in 1978.

The two-party check approach evolved in 1978 as a solution to the problem of providing a rent subsidy in a form that would not be counted as income, and therefore would not have the unintended result of reducing the amount of public assistance that a recipient might be receiving from another source. There are both advantages and disadvantages to providing rental assistance in the form of two-party checks.

b. Advantages and Disadvantages. In addition to providing financial assistance that is not counted towards a recipient's income, the major advantages to issuing two-party checks are that: it minimizes the potential problem of a recipient using the rent subsidy money for something other than rent; and in comparison to a check sent directly to the landlord, a two-party check avoids the potential problem of a landlord continuing to receive checks after a recipient has moved.

In contrast to the Rental Assistance Program, rent subsidies through the Section 8 housing assistance programs are provided in the form of lump-sum checks issued directly to the landlords of subsidy recipients. Housing Opportunities Commission staff who administer the Section 8 programs, cite the following comparative advantages of using a one-party check issued to the landlord:

- It is administratively simpler to issue lump-sum checks to landlords, and fewer checks need to be issued because multiple recipients often reside in the same rental property.

- Fund recovery is easier with a lump-sum check to the landlord. With a lump-sum check, if a landlord is overpaid, that overpayment can be deducted from the next monthly check. With a two-party check, since landlords receive multiple checks, there is no easy way of deducting overpayments. The only way to collect funds is to bill the landlord. Recovery by this method can take a considerable period of time.

- A two-party check doubles the possible number of errors, with information on both the landlord and the recipient, that can occur with the issuing of the check.
A two-party check increases the possibility of having outstanding checks for a considerable period of time. The reasons for having outstanding checks are: a recipient who has moved has the check forwarded to them, but since it is a two-party check it cannot be used by the recipient; the landlord receives the mail of the moved tenant and cannot cash the check either; or since the check does not request the Postmaster to return undeliverable checks, the check may end up the "dead letter office" of the Post Office.

6. Program Outreach

During the first three years of the program, Rental Assistance Office staff attended various community functions to explain the Rental Assistance Program to interested persons. Rental Assistance applications were distributed in libraries, County Government Centers, community centers, and apartment buildings that housed potential Rental Assistance applicants. Special efforts were made to attend seminars in senior citizen community centers information about the Rental Assistance Program was shared with staff of other public and private agencies, including the Housing Opportunities Commission, the Department of Social Services, and the Department of Family Resources.

For the past several years, general publicity about the Rental Assistance Program has been restricted. Because of the limited funds available for the program, and a desire to target subsidies to those most in need, a conscious decision was made by DHCD to limit general outreach activities. Application forms continue to be available through the Housing Opportunities Commission (HOC), the Department of Social Services (DSS), and Government Service Centers. Also, if interested persons contact the Rental Assistance Office, an application is sent to them by mail.

As a result of the Department's decision not to widely publicize the Rental Assistance Program, the majority of new applicants are now referred to the Rental Assistance Office by social workers at HOC, DSS, or a Government Service Center. In addition, some applicants continue to learn about the program from friends or relatives already participating in the program. It is the Department's view that this process provides a reasonable approach to allocating a limited resource, especially because most Rental Assistance applicants are those who are in such need of help that they have taken the step of contacting a government agency for assistance.

7. Follow-up to 1990 Audit Recommendations

A financial audit was performed on the Rental Assistance Program for the period July 1, 1988 through June 30, 1989. The audit, which was completed in early 1990, was conducted by an independent Certified Public Accounting firm on contract to the Internal Audit Division of the Department of Finance. In April 1990, the Director of the Department of Housing and Community Development forwarded a formal written response to the audit to the Department of Finance. A summary of the major findings and changes implemented as a result of the 1990 audit follows.
The auditors' findings focused upon the Rental Assistance Office's compliance with procedures in place for processing applications and annual renewals, compliance with Executive Regulations, and practices of reconciling the number of participants and amounts of subsidies distributed. The auditors offered a series of recommendations concerning ways for DHCD to improve the application procedure, compliance with Executive Regulations, and the tracking of outstanding checks.

Based upon the major findings of the audit performed during 1989, the following recommended changes to the administration of the Rental Assistance Program were implemented:

- Rental Assistance Office staff improved procedures for verifying information provided on Rental Assistance applications.
- Written guidelines were established for the retention of records, and information obtained by telephone is now recorded on the applications;
- On a monthly basis, the program manager now reconciles the number of Rental Assistance recipients with the number and amount of check disbursements;
- Every batch edit proof list and master file update is now proofed by Rental Assistance staff when it is received from MIS; and
- A system for tracking returned checks is in place and functioning; this includes issuing stop payment orders on all checks not cashed within 90 days.

As of May 1, 1990, the following recommended changes to the program's internal administration have not been implemented:

- Executive Regulations have not been amended to eliminate the separate requirement for written notification of acceptance into the program; (The auditors recommended that this requirement be eliminated because the issuance and mailing of the first check is tantamount to approval).
- With the exception of checking lists of Section 8 participants, Rental Assistance staff still do not cross check new Rental Assistance applicants with names of individuals who participate in all other rent subsidy programs; and
- The Rental Assistance Office still has not obtained an annual list of Montgomery County residents who filed tax returns.
C. Is the Rental Assistance Program serving the population it is intended to serve?

1. Eligibility Requirements and Target Population

By law, eligibility requirements for the Rental Assistance Program are:

- County residency in a rental unit for at least six months prior to application;
- Gross household income below $30,000 per year;
- Household net worth of less than $40,000 (reduced from $100,000 in June 1991 by Bill 16-91); and
- A rent burden (defined as the percent of gross income spent on rent) that exceeds 25-40 percent, depending upon household size.*

In addition, the Rental Assistance law explicitly excludes illegal aliens, and persons who are living in a rental unit that is already receiving a rent subsidy from a public agency paid directly to the tenant, landlord, or owner. Since 1988, the Executive Regulations governing the Rental Assistance Program have also excluded single persons under the age of 62, who are not disabled.

As reviewed earlier, (see page 9), the design of the Rental Assistance Program indicates that the program is intended to assist low/moderate income County renters, who spend a disproportionate amount of their income for rent, and who are not already receiving some sort of rent subsidy. In addition, the history of the program suggests that it was intended to assist a broad range of demographic groups, to include the elderly and the disabled, as well as households with children.

2. Number of Rental Assistance Recipients and Amount of Rental Assistance Subsidy

As shown on Chart III (page 27a), the number of Rental Assistance recipients increased each year between FY86 and FY91, but will be reduced in FY92 due to a program cap of 1,660 recipients. The number of Rental Assistance applications has also increased, and in FY91 was 27 percent higher than the number of applications in FY86.

Between FY87-FY91, the percent of Rental Assistance recipients receiving the maximum allowable subsidy increased from 81 to 89 percent. As reviewed earlier, the average Rental Assistance subsidy increased 45 percent between FY86 and FY91, from $64 to $94 a month.

* See page 35 for list of current rent burden percentages.
* For FY92, a program cap of 1,660 recipients has been established. The number of applications that will be received is unknown.

**Source:** Monthly reports of the Rental Assistance Program, FY87 - FY91, DHCD.
3. Program Renewal and Cancellation Rates

The Rental Assistance Program is structured to provide rent subsidies to approved applicants for a 12-month period. Current recipients can apply to renew their participation in the program, and there is no limit on the number of years that a household can receive Rental Assistance, as long as the household continues to meet eligibility requirements.

Rental Assistance applications are received and evaluated on a rolling-admissions basis throughout the year. DHCD records indicate that the renewal rate for Rental Assistance recipients is running at approximately 60 percent this year. This means that 60 percent of those receiving Rental Assistance during FY90 applied for and were deemed eligible to continue receiving Rental Assistance for another 12-month period starting in FY91.

DHCD records also indicate that between FY86 and FY91, Rental Assistance subsidies were cancelled for an average of almost 30 percent of Rental Assistance recipients each year. Rental Assistance subsidies are cancelled for a variety of reasons, the most common being that the recipient either moves or dies.

Because of the natural turnover of Rental Assistance recipients, the reduced program cap in FY92 will not require the County to deny subsidies to current recipients who apply for renewal. Instead, the effect of the 1,660 program cap will be to reduce the number of new applicants accepted into the program, from approximately 780 to 500.

4. Estimate of the Number of County Renters Eligible to Receive Rental Assistance

Until this year, the Rental Assistance Program has operated without an official waiting list of applicants who have been rated as eligible to receive subsidies, but who have yet to start receiving them. However, an official waiting list was started within the past two months, and will almost certainly continue during FY92 with the lower recipient cap.

The fact that the program has operated without a lengthy waiting list should not lead to the conclusion that the entire eligible population is being served. Everyone who works with the Rental Assistance Program acknowledges that there are potentially many additional County renters who are eligible for Rental Assistance subsidies, but who have not applied for them; as noted earlier (see page 25), a conscious decision was made in recent years to restrict general public outreach.

The number of households in the County that are eligible to receive Rental Assistance subsidies can be estimated using 1987 Census Update data compiled by the Research Division of the M-NCPPC Planning Department. The data show that approximately 12,700 (15%) of the 85,000 renter households in the County would likely qualify for a Rental Assistance subsidy if they chose to apply.
For purposes of estimating the potential Rental Assistance eligible population, renter households were selected who have lived in the County for at least one year and who have household incomes below program requirements; the selection was narrowed according to the amount of household income spent on rent, such that the only households counted were those with rent burdens that exceeded those established as eligibility criteria for the Rental Assistance Program.*  The data showed:

- 3,520 single senior citizen households spend at least 35 percent of their incomes on rent;
- 3,600 two-person households spend at least 32.5 percent of their incomes on rent;
- 2,470 three-person households spend at least 30 percent of their incomes on rent;
- 1,870 four-person households spend at least 27.5 of their incomes on rent; and
- 1,310 five-person households spend at least 25 percent of their incomes on rent.

If all renter households in the County who are likely to be eligible applied and were accepted into the Rental Assistance Program, then enrollment in the program would increase approximately 580 percent. Assuming the average program subsidy remained the same, the total cost of the Rental Assistance Program would increase from $1.8 million to $10.7 million.

5. Profile of Current Rental Assistance Recipients

a. Incomes and rent burdens. As of April 1991, during FY91, the monthly gross incomes of Rental Assistance recipients ranged between $240 and $2,477; with an average (mean) monthly income of $1,060. The monthly rent paid by Rental Assistance recipients ranged between $124 and $1,255, with an average (mean) monthly rent of $592.

This data mean that the average Rental Assistance household spends 56 percent of its monthly gross income on rent. The monthly Rental Assistance subsidy, which averages $94, reduces the average rent burden for recipients from 56 percent to 48 percent of gross income.

Between FY87 and FY91, the percent of Rental Assistance recipients who rely upon public assistance (i.e., AFDC, GPA, and SSI) as their primary source of income, increased from approximately 19 to 27 percent of all recipients, (see Table 8, page 29a). In addition, the average Rental Assistance recipient in FY91 pays a higher percentage of income for rent than the average Rental Assistance recipient did in FY87.

* No estimate was available on the number of eligible County residents who are disabled.
Table 8

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Number</th>
<th>As Percent of All Rental Assistance Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY87</td>
<td>268</td>
<td>19%</td>
</tr>
<tr>
<td>FY88</td>
<td>336</td>
<td>20%</td>
</tr>
<tr>
<td>FY89</td>
<td>354</td>
<td>19%</td>
</tr>
<tr>
<td>FY90</td>
<td>369</td>
<td>20%</td>
</tr>
<tr>
<td>FY91*</td>
<td>489</td>
<td>27%</td>
</tr>
</tbody>
</table>

* As of April 1991.

Source: Monthly reports of Rental Assistance Program, FY87 – FY91, DHCD.
Chart IV (page 30a) compares the average monthly income (by household size) of Rental Assistance recipients in FY91 to the median County income, and to Section 8 and AFDC income eligibility limits. The data show that the average Rental Assistance recipient has an income equal to 22 percent of the Washington D.C. Area median income, which is substantially below the 50 percent of area median income limit that is used as an eligibility requirement for the Section 8 Program. The average Rental Assistance recipient's income is slightly above the AFDC income limits for smaller households, but is below the AFDC income limits for larger households.

As shown on Chart V (page 30b), between FY87 and FY91, the average monthly gross income for recipients decreased four percent, and the average rent paid by Rental Assistance recipients increased 14 percent. This increased the average rent burden from 47 to 56 percent of income. As later sections of this report will discuss, the incomes and rent burdens of Rental Assistance recipients vary according to age, household size, and place of residence.

b. Household net worth. The Rental Assistance eligibility requirements established by law (Chapter 41A) originally included a $100,000 household net worth limit. During FY90, the net worth limit was reduced administratively to $40,000 for new applicants. In June 1991, the Council passed legislation (Emergency Bill 16-91) that formally reduced the household net asset limit for Rental Assistance recipients from $100,000 to $40,000. (See page 9).

In practice, because no data have been collected on the net worth of Rental Assistance applicants, it is not possible to describe with any certainty the actual net worth of the average recipient. However, by assuming an interest rate and relying upon the interest and dividend income data that are reported on the Rental Assistance application, it is possible to estimate the value of income-producing assets owned by current Rental Assistance recipients. As outlined on Table 9, (page 30c), the following is evident:

- 23.5 percent of Rental Assistance recipients report receiving some monthly interest and/or dividend income;
- 13.7 percent of Rental Assistance recipients own income-producing assets valued in excess of $10,000; and
- Less than two percent of Rental Assistance recipients own income-producing assets valued in excess of $70,000.

The data on Table 9 also indicate that approximately 100 (5%) FY91 Rental Assistance recipients will not qualify for a subsidy in FY92, (if they choose to re-apply), based upon the June 1991 legislative change that reduced the net asset limit to $40,000.

Based upon a sample of 200 current Rental Assistance recipients, it appears that over 90 percent of program recipients who own income-producing assets worth at least $10,000 are age 62 or older. Also,
Chart IV

Comparison of FY91 Average Income
of Rental Assistance Recipients
to Other Rent Subsidy Income Limits

Source: DHCD, DSS and HOC records and M-NCPPC Planning Department data.
Chart V

Average Monthly Incomes and Rents of Rental Assistance Recipients
FY87 - FY91

<table>
<thead>
<tr>
<th></th>
<th>FY87</th>
<th>FY88</th>
<th>FY89</th>
<th>FY90</th>
<th>FY91</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Income</td>
<td>$1,108</td>
<td>$996</td>
<td>$1,073</td>
<td>$1,100</td>
<td>$1,060</td>
</tr>
<tr>
<td>Average Rent</td>
<td>$519</td>
<td>$524</td>
<td>$560</td>
<td>$587</td>
<td>$592</td>
</tr>
</tbody>
</table>

Source: Monthly Reports of the Rental Assistance Program, FY87 - FY91, DHCD.
Table 9

**Estimated Number of FY91 Rental Assistance Recipients Who Own Income-Producing Assets**

<table>
<thead>
<tr>
<th>Reported Monthly Interest/Dividend Income</th>
<th>Estimated Value of Income-Producing Assets*</th>
<th>Rental Assistance Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>$1 - $65</td>
<td>$1 - $9,999</td>
<td>1,432 76.5</td>
</tr>
<tr>
<td>$66 - $130</td>
<td>$10,000 - $19,999</td>
<td>183 9.8</td>
</tr>
<tr>
<td>$131 - $195</td>
<td>$20,000 - $29,999</td>
<td>73 3.9</td>
</tr>
<tr>
<td>$196 - $260</td>
<td>$30,000 - $39,999</td>
<td>46 2.5</td>
</tr>
<tr>
<td>$261 - $325</td>
<td>$40,000 - $49,999</td>
<td>35 1.9</td>
</tr>
<tr>
<td>$326 - $390</td>
<td>$50,000 - $59,999</td>
<td>28 1.5</td>
</tr>
<tr>
<td>$391 - $455</td>
<td>$60,000 - $69,999</td>
<td>19 1.0</td>
</tr>
<tr>
<td>$456 - $520</td>
<td>$70,000 - $79,999</td>
<td>19 1.1</td>
</tr>
<tr>
<td>$521 - $585</td>
<td>$80,000 - $89,999</td>
<td>14 0.7</td>
</tr>
<tr>
<td>$586 - $650</td>
<td>$90,000 - $99,999</td>
<td>10 0.5</td>
</tr>
<tr>
<td>$651 - $715</td>
<td>$100,000 - $109,999</td>
<td>5 0.3</td>
</tr>
<tr>
<td>$716+</td>
<td>$110,000+</td>
<td>2 0.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,870</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

* Based upon a 6.5 percent annual interest rate.

**Source:** DHCD Staff, who compiled data from Rental Assistance recipient applications, March 1991.
based upon sample data, Table 10 (page 31b) shows the average total monthly incomes of Rental Assistance recipients, according to the amount of income-producing assets owned. Table 10 also calculates interest income as a percent of total monthly income for each asset level. The sample data show that:

- The incomes of Rental Assistance recipients do not appear to vary significantly according to the amount of income-producing assets owned; and
- Rental Assistance recipients with relatively higher levels of interest and dividend income rely upon this asset income for a greater percentage of their total incomes.

It should be noted that these data illustrate the limitations of using a fixed assets limit as an eligibility requirement. While the level of a person's assets are no doubt an important factor to consider when allocating a limited resource, it can cause inequities because assets are only one measure of an individual's overall financial well-being. There are persons who rely heavily upon the income received from their assets; interest and dividend income is particularly important to retired persons who may not collect Social Security or a pension and who rely upon a "nest egg" that was accrued during working years.

c. Age, family, and disability status. As of April 1991, 42 percent of all Rental Assistance recipients were 62 years or older. Another 32 percent were single-parent households with children. Sixteen percent of Rental Assistance recipients were either two-parent families, or households composed of more than one single person. The final ten percent were disabled households.* Additional characteristics of these different demographic groups are discussed below.

Table 11 (page 31b) shows that between FY87 and FY91, the percent of program recipients age 62 or older increased, as did the percent of single-parent households recipients. The number of recipients classified as disabled remained at around ten percent, while the percent of recipients classified as "other" (i.e., two parent families and households composed of more than one unrelated adults) declined.

A comparison of the average incomes, rents, and rent burdens of FY91 recipients, by demographic group indicates that (see Table 12, page 31c):

- As a group, Rental Assistance recipients who are disabled have the relatively lowest monthly incomes, lowest monthly rents, and highest rent burdens;

* "Disabled" is defined in the Rental Assistance law as persons receiving disability benefits under Social Security, Railroad Retirement Act, or any other assistance program as a result of a finding of permanent and total disability.
Table 10

Average Incomes of FY91 Rental Assistance Recipients
by Levels of Income-Producing Assets*

<table>
<thead>
<tr>
<th>Reported Monthly Interest/Dividend Income</th>
<th>Estimated Value of Income-Producing Assets</th>
<th>Average Total Monthly Income</th>
<th>Interest Income as Percent of Total Monthly Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$0</td>
<td>$1,091</td>
<td>0.0</td>
</tr>
<tr>
<td>$1 - $65</td>
<td>$1 - $9,999</td>
<td>$1,015</td>
<td>2.9</td>
</tr>
<tr>
<td>$66 - $130</td>
<td>$10,000 - $19,999</td>
<td>$1,008</td>
<td>8.3</td>
</tr>
<tr>
<td>$131 - $195</td>
<td>$20,000 - $29,999</td>
<td>$1,103</td>
<td>15.3</td>
</tr>
<tr>
<td>$196 - $260</td>
<td>$30,000 - $39,999</td>
<td>$1,233</td>
<td>19.3</td>
</tr>
<tr>
<td>$261 - $325</td>
<td>$40,000 - $49,999</td>
<td>**</td>
<td>**</td>
</tr>
<tr>
<td>$326 - $390</td>
<td>$50,000 - $59,999</td>
<td>**</td>
<td>**</td>
</tr>
<tr>
<td>$391 - $455</td>
<td>$60,000 - $69,999</td>
<td>$1,130</td>
<td>40.2</td>
</tr>
<tr>
<td>$456 +</td>
<td>More than $70,000</td>
<td>$1,072</td>
<td>50.8</td>
</tr>
</tbody>
</table>

* Data derived from OLO's random sample of 200 Rental Assistance recipients.

** OLO's sample had no recipients in this asset level.

Table 11

Rental Assistance Recipients by Demographic Group
FY87 – FY91

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Seniors Number</th>
<th>Seniors Percent</th>
<th>Single-Parent Families Number</th>
<th>Single-Parent Families Percent</th>
<th>Disabled Number</th>
<th>Disabled Percent</th>
<th>Other Number</th>
<th>Other Percent</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY87</td>
<td>530</td>
<td>37%</td>
<td>419</td>
<td>29%</td>
<td>164</td>
<td>11%</td>
<td>325</td>
<td>23%</td>
<td>1,438</td>
</tr>
<tr>
<td>FY88</td>
<td>715</td>
<td>43%</td>
<td>465</td>
<td>28%</td>
<td>N/A</td>
<td>N/A</td>
<td>498</td>
<td>30%</td>
<td>1,678</td>
</tr>
<tr>
<td>FY89</td>
<td>830</td>
<td>44%</td>
<td>568</td>
<td>30%</td>
<td>N/A</td>
<td>N/A</td>
<td>501</td>
<td>26%</td>
<td>1,899</td>
</tr>
<tr>
<td>FY90</td>
<td>819</td>
<td>45%</td>
<td>561</td>
<td>31%</td>
<td>N/A</td>
<td>N/A</td>
<td>445</td>
<td>24%</td>
<td>1,825</td>
</tr>
<tr>
<td>FY91*</td>
<td>773</td>
<td>42%</td>
<td>596</td>
<td>32%</td>
<td>179</td>
<td>10%</td>
<td>292</td>
<td>16%</td>
<td>1,840</td>
</tr>
</tbody>
</table>

* As of April 1991.

Source: Monthly Reports of the Rental Assistance Program, FY87-FY91, DHCD.
Table 12

<table>
<thead>
<tr>
<th>Demographic Group</th>
<th>Average Rent</th>
<th>Average Monthly Income</th>
<th>Average Rent Burden</th>
<th>Average Subsidy</th>
<th>Percent Receiving Max Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Citizens</td>
<td>$556</td>
<td>$938</td>
<td>59%</td>
<td>$95</td>
<td>83%</td>
</tr>
<tr>
<td>Single-Parent Families</td>
<td>$636</td>
<td>$1,174</td>
<td>54%</td>
<td>$93</td>
<td>92%</td>
</tr>
<tr>
<td>Disabled Persons</td>
<td>$499</td>
<td>$727</td>
<td>69%</td>
<td>$94</td>
<td>94%</td>
</tr>
<tr>
<td>Other</td>
<td>$654</td>
<td>$1,356</td>
<td>48%</td>
<td>$94</td>
<td>93%</td>
</tr>
<tr>
<td>FY91 Average</td>
<td>$592</td>
<td>$1,060</td>
<td>56%</td>
<td>$94</td>
<td>89%</td>
</tr>
</tbody>
</table>

**Source:** DHCD records, April 1991.
• Rental Assistance recipients who are age 62 or older, as a group, have incomes and rents somewhat lower than the program average, and rent burdens that are slightly higher; and

• As a group, single-parent families who receive Rental Assistance have incomes somewhat above the program average, pay rents that are somewhat higher than the program average, and have rent burdens very close to the program average.

The average Rental Assistance subsidy is highest ($95/month) for recipients age 62 or older, which is explained by the fact that this group of recipients is entitled to receive a relatively larger monthly subsidy (i.e., up to $100/month). Comparatively fewer seniors receive the allowable maximum (83 percent), while over 90 percent of all other groups receive the allowable maximum monthly subsidy.

d. Rent levels and types of rental units. As noted earlier, rents paid by Rental Assistance recipients have increased during the past five years. As shown on Chart V (page 30b), the average rent paid by Rental Assistance recipients increased from $519 in FY87 to $592 in FY91, an increase of 14 percent.

The amount of rent paid by Rental Assistance recipients varies according to the type of rental unit occupied. Specifically during FY91, recipients residing in rental houses or townhouses paid the highest average monthly rent ($1,243), while recipients living in apartments paid an average of $605 per month, and those renting mobile home pads paid an average of $277 per month.

DHCD records on where Rental Assistance recipients live indicate that since FY87, the vast majority of recipients have lived in apartments, although the percent declined slightly from 82 percent of all recipients in FY87 to 79 percent of all recipients in FY91. The second largest group are those who rent either detached or attached single-family dwellings, which since FY87 has represented approximately 11 percent of all recipients. (See Chart VI, page 32a).

Since FY87, between three and four percent of recipients have lived in rented condominiums and cooperative units, and one percent have lived in mobile homes. The percent of recipients living in rented rooms has increased since FY87, from two to seven percent of the total.

e. Geographic breakdown of where Rental Assistance recipients live. Chart VII (page 32b) shows the breakdown of Rental Assistance recipients by Councilmanic District since FY88. The data indicate that:

• The highest percent (35% in FY91) of Rental Assistance recipients has lived consistently in the Silver Spring/Takoma Park area (District 5);
Chart VI

Rental Assistance Recipients by Type of Rental Unit
FY87 - FY91

Source: Monthly Reports of the Rental Assistance Program, FY87 - FY91, DHCD.
Chart VII

Rental Assistance Recipients by Councilmanic District
FY88 - FY91

Percent of Rental Assistance Population

<table>
<thead>
<tr>
<th></th>
<th>FY88</th>
<th>FY89</th>
<th>FY90</th>
<th>FY91</th>
</tr>
</thead>
<tbody>
<tr>
<td>District 1</td>
<td>9%</td>
<td>8%</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>District 2</td>
<td>19%</td>
<td>20%</td>
<td>20%</td>
<td>18%</td>
</tr>
<tr>
<td>District 3</td>
<td>18%</td>
<td>16%</td>
<td>18%</td>
<td>16%</td>
</tr>
<tr>
<td>District 4</td>
<td>16%</td>
<td>21%</td>
<td>19%</td>
<td>25%</td>
</tr>
<tr>
<td>District 5</td>
<td>38%</td>
<td>36%</td>
<td>36%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Note: Data were unavailable for FY87.

Source: Monthly Reports of the Rental Assistance Program, FY88 - FY91, DHCD.
• The percent of recipients living in the Eastern County area (District 4); increased from 16 percent to FY88 to 25 percent in FY91;

• The lowest percent (6% in FY91) of Rental Assistance recipients has resided consistently in the Bethesda/Chevy Chase area (District 1); and

• Since FY88, the percent of Rental Assistance recipients residing in the Rockville area (District 3) has ranged between 16-18 percent, and the percent in District 2 has ranged between 18-20 percent.

**D. Is the amount of the Rental Assistance subsidy determined in the optimal manner?**

1. **Background**

   Table 13 (page 33a) summarizes how the rent subsidy was calculated in the County-funded programs that directly preceded the Rental Assistance Program, and in the Rental Assistance Program at the time the program was established in 1985.* Table 13 also shows the maximum annual rent subsidy provided under each of these programs. To enable the amount of subsidy to be compared over time, the maximum subsidy amounts are adjusted for inflation and shown in brackets below the original numbers.

   Stated in terms of 1990 dollars, the maximum subsidy available through these County-funded rental assistance programs has ranged between $888 and $1,636 per year. Comparatively, the largest rent subsidy was made available through the Hardship Rental Assistance Program, and the smallest through the Rent Supplement Program. When adjusted for inflation, the $1,125 available through the Rental Assistance Program in 1985 was essentially equal to the subsidy available through the Rent Relief in Lieu of Tax Credits Program in 1973.

   The data on Table 13 also indicate that each program has calculated benefits such that certain types of recipients have been eligible for relatively larger or smaller rent subsidies. For example: the Rent Relief in Lieu of Tax Credit Program and the Rent Supplement Program reduced the amount of rent subsidy by 25 percent for households with incomes over $10,000; the Rent Supplement Program further gave preference to recipients aged 62 or older; and the Rental Assistance Program was structured with a reduced rent burden test for larger households.

2. **Changes in the Rental Assistance Subsidy Calculation Since 1985**

   Table 14 (page 33b) summarizes the changes made in Executive Regulation and practice since 1985 to the calculation of the Rental Assistance subsidy. The cumulative effect of these changes has been: to adjust the

* The legislative history of these programs was reviewed earlier in this report, see page 3.
<table>
<thead>
<tr>
<th>Bill/Reg</th>
<th>Program</th>
<th>Maximum Subsidy</th>
<th>Subsidy Calculation</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>28-73</td>
<td>Rent Relief in Lieu of Tax Credit</td>
<td>$392/yr</td>
<td>($14,000-gross income) x 2.8%</td>
<td>If the recipient's gross income was greater than $10,000, then the subsidy amount was reduced by 25% of the income in excess of $10,000.</td>
</tr>
<tr>
<td>29-75</td>
<td>Rent Relief in Lieu of Tax Credit</td>
<td>$435/yr</td>
<td>($14,000-gross income) x 3.0%</td>
<td>If the recipient's gross income was greater than $10,000, then the subsidy amount was reduced by 25% of the income in excess of $10,000.</td>
</tr>
<tr>
<td>15-78</td>
<td>Rent Supplement Program</td>
<td>$435/yr</td>
<td>(14,500-gross income) x 3.0%</td>
<td>If the recipient's gross income was greater than $10,000, then the subsidy amount was reduced by 25% of the income in excess of $10,000.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>[$888/yr]</td>
<td></td>
<td>If the recipient was under 62 years of age, then the subsidy amount was reduced by 50%.</td>
</tr>
<tr>
<td>34-79</td>
<td>Rent Supplement Program</td>
<td>$510/yr</td>
<td>($17,000-gross income) x 3.0%</td>
<td>If the recipient's gross income was greater than $12,500, then the subsidy amount was reduced by 25% of the income in excess of $12,500.</td>
</tr>
<tr>
<td>ER16-79</td>
<td>Hardship Rental Assistance Program</td>
<td>$900/yr</td>
<td>(New rent - former rent + 10%)</td>
<td>Eligibility for HRAP was based upon a rent increase in excess of 10%</td>
</tr>
<tr>
<td>14-85</td>
<td>Rental Assistance Program</td>
<td>$900/yr</td>
<td>(Rent-allowable rent burden)</td>
<td>The allowable rent burdens were defined as follows:   Household of one: 35%  Household of two: 32.5%  Household of three: 30%  Household of four: 27.5%  Household of five: 25%</td>
</tr>
</tbody>
</table>

* Maximum payments stated in terms of 1990 dollars.
<table>
<thead>
<tr>
<th>Law/Executive Regulation</th>
<th>Description of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>ER 136-85</td>
<td>Allowed a &quot;utility adjustment&quot; when computing Rental Assistance subsidies for applicants whose rent does not include utilities.</td>
</tr>
<tr>
<td>ER 15-86</td>
<td>Increased the maximum monthly Rental Assistance subsidy from $75 to $90.</td>
</tr>
<tr>
<td>Bill 22-87</td>
<td>Deleted provision in original legislation which prevented recipients who are over 65 years of age or disabled from receiving a lower subsidy than they had received in the previous year.</td>
</tr>
<tr>
<td>ER 25-87</td>
<td>Revised the rent burden percentages as follows:</td>
</tr>
<tr>
<td></td>
<td>• For single persons, the rent burden was reduced from 40 to 35 percent of gross income;</td>
</tr>
<tr>
<td></td>
<td>• For a two-person household, the rent burden was reduced from 35 to 32.5 percent of gross income;</td>
</tr>
<tr>
<td></td>
<td>• For a four-person household, the rent burden was increased from 25 to 27.5 percent of gross income;</td>
</tr>
<tr>
<td></td>
<td>[A three-person household's rent burden remained at 30 percent and a five or more person household's rent burden percentage remained at 25 percent of income.]</td>
</tr>
<tr>
<td>ER 11-88</td>
<td>Increased the maximum monthly Rental Assistance subsidy from $90 to $95 for recipients under age 62, and from $90 to $100 for recipients age 62 or older; and</td>
</tr>
<tr>
<td></td>
<td>Increased the maximum income limit from $25,000 to $30,000/year.</td>
</tr>
<tr>
<td>Administrative Decision-FY90</td>
<td>Substituted the &quot;average rent&quot; as determined by OLTA from the annual vacancy survey with the Fair Market Rent for the Washington D.C. Metropolitan Area as determined by the U.S. Department of Housing and Urban Development.</td>
</tr>
</tbody>
</table>
subsidy calculation for certain applicants whose rent does not include utilities; to delete a special exception for recipients over 65 years of age and disabled; and to provide some preferential treatment to smaller households, recipients age 62 or older, and recipients living in lower-priced rental units. Specifically:

- Executive Regulation 136-85 allowed an allowance for utilities (water, electric, gas, and heating fuel) paid for by the tenant to be included in the rental cost if DHCD staff determine that the utilities costs will have a "substantial impact" on the provision of subsidies (the term "substantial" was deleted in the 1988 regulations);

- Bill 22-87 deleted a provision which prevented recipients over 65 years of age or disabled from having their subsidies reduced from the amount they had received in the previous year;*

- The revisions to the rent burden percentages in Executive Regulation No. 25-87 reduced the rent burden test for households of one and two persons, and increased the rent burden percentages for four-person households; and

- The revisions to the maximum monthly rent subsidy in Executive Regulation No. 11-88 increased the amounts for all Rental Assistance recipients, but increased the subsidy relatively more (up to $100/month vs. $95/month) for recipients age 62 or older.

The administrative decision in FY90 to define "average rent" as the Fair Market Rent (FMR) established by the federal government in connection with the Section 8 program, instead of the "average rent" as determined by OLTA's annual vacancy survey, resulted in the calculation of a smaller subsidy for applicants living in one- and two-bedroom units that had rents above the FMR. Chart II (page 22a) compares the FMR, as set by HUD, the average County rents, as reported by OLTA in the 1990 Rental Vacancy Report, and the average rent paid by Rental Assistance recipients as of April 1991. The FMR is lower for one- and two-bedroom units than the average County rent as determined by OLTA by between $15 and $25 per month. (Over 85 percent of Rental Assistance recipients reside in one- or two-bedroom rental units.)

As noted earlier, in June 1991, the Council enacted Emergency Bill 16-91, Rental Assistance – Eligibility. In addition to reducing the maximum asset limit for Rental Assistance recipients from $100,000 to $40,000, the legislation added an eligibility requirement that recipients' rent must be at or below a maximum monthly rent for their rental unit type, to be established by Executive Regulation. As of this writing, revised Executive Regulations have not yet been issued.

* This change was recommended by the 1987 study of the Rental Assistance Program prepared by Montgomery College's Community Research Service.
3. Description of the Current Rental Assistance Subsidy

The amount of rent subsidy currently provided through the Rental Assistance Program is calculated as the difference between the actual rent paid, (or the "average rent" for that unit size as determined annually by DHCD, whichever is lower), and a standard established as the "allowable" percentage of income spent on rent, up to a maximum monthly subsidy of $100 for recipients age 62 or older, and $95 for all others.

As noted earlier, since FY90, DHCD has defined the "average rent" as the Fair Market Rent levels issued annually by the federal government in connection with the Section 8 housing programs. The "allowable" percentage of income spent on rent (or rent burden) decreases according to household size; and since 1988 has been:

* 35 percent of household income for a single person,*
* 32.5 percent of household income for a household of two;
* 30 percent of household income for a household of three;
* 27.5 percent of household income for a household of four; and
* 25 percent of household income for a household of five or more.

Two typical examples of how the Rental Assistance subsidy is calculated are:

Example (1): A single person age 65 has an income of $11,200 and a monthly rent of $550 (a rent burden of 59 percent). The allowable rent burden is 35 percent for a household of one. The "allowable rent" for this household, according to the rent burden percentage, is $327. The amount of subsidy is then calculated as the difference between the rent paid and the allowable rent burden, ($550 - $327 = $223). The maximum monthly rent subsidy that can be granted is $100, so this applicant would qualify for $100 per month.

Example (2): A family of three has an income of $14,500 and a monthly rent of $638 (a rent burden of 53 percent). The allowable rent burden for a household of three is 30 percent. The "allowable rent" is calculated at $363. The amount of rent subsidy is calculated as $638-$363 = $285. This applicant would qualify for the maximum subsidy for recipients under 62 years of age, $95 per month.

4. Subsidy Calculation Issues

Examination of the current Rental Assistance subsidy calculation identifies a number of issues, which are discussed below.

* Only persons 62 years or older and disabled persons can qualify as a single-person household.
a. A very high percentage of Rental Assistance recipients receive the maximum monthly rent subsidy, equal to $100/month for recipients age 62 or older, and $95 for all others. As of April 1991, almost 90 percent of all Rental Assistance recipients receive the maximum allowable subsidy. In FY87, 81 percent of Rental Assistance recipients received the maximum subsidy. During the six years that the Rental Assistance Program has been operating, the percent of Rental Assistance recipients receiving the maximum allowable subsidy has increased each year.

The calculation formula produces this result because the actual rent burdens of most Rental Assistance applicants are significantly higher than the allowable rent burdens used in the subsidy calculation. As reviewed in the previous section, the allowable rent burden used in the Rental Assistance subsidy calculation ranges from 25 percent for a household of five or more to 35 percent for a single-person household. According to FY91 Rental Assistance Program records, the average rent burden of current recipients is 56 percent.

b. The formula used to calculate the monthly Rental Assistance subsidy has the effect of lowering the $30,000 income limit for one-, two- and some three-member households. The law establishes a $30,000 maximum household income limit for Rental Assistance recipients. In practice, however, the current formula used to calculate Rental Assistance subsidies has the effect of reducing the subsidy to zero for one-, two-, and some three-member households before reaching the $30,000 maximum income limit.

In practice, the subsidy formula creates a graduated income scale according to two factors, the household size and the apartment size. Table 15 (page 36a) shows the "computed" maximum income according to the household size, the apartment size, the allowable rent burden, and the average rent set by DHCD. For example, a household of one, living in a one-bedroom unit, would be eligible to receive some rent subsidy through the Rental Assistance Program as long as their rent exceeds $621 and their household income is less than $21,290. For such an applicant, any income higher than $21,290 results in a subsidy calculation of zero.

Table 15 also shows that for households living in three- or four-bedroom units, the subsidy calculation affects the $30,000 income limit. In fact, the computed income limit (defined as what the household income could be based upon the allowable rent and rent burden criteria) exceeds the $30,000 limit for these larger households.

Table 16 (page 36b) compares the computed income limits for the Rental Assistance Program to the income limits for the Section 8 housing programs, which are set at 50 percent of the median income for the Washington Metropolitan Area. The computed income limits for Rental Assistance are above the Section 8 income limits, by amounts ranging between $1,000 and $18,000 (6-59% above the FMR).

Table 16 also lists, by household size, the actual average incomes of Rental Assistance recipients. The data indicate that the actual average income levels of Rental Assistance recipients are significantly below
Table 15

Maximum Computed Income
For Receiving Rental Assistance: FY91

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Apartment Type</th>
<th>Allowable Rent Burden</th>
<th>&quot;Average Rent&quot;*</th>
<th>Maximum Computed Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>One-bedroom</td>
<td>35%</td>
<td>$621</td>
<td>$21,290</td>
</tr>
<tr>
<td>Two</td>
<td>Two-bedroom</td>
<td>32.5%</td>
<td>$731</td>
<td>$26,990</td>
</tr>
<tr>
<td>Three</td>
<td>Two-bedroom</td>
<td>30%</td>
<td>$731</td>
<td>$29,240</td>
</tr>
<tr>
<td>Three</td>
<td>Three-bedroom</td>
<td>30%</td>
<td>$914</td>
<td>$36,560</td>
</tr>
<tr>
<td>Four</td>
<td>Three-bedroom</td>
<td>27.5%</td>
<td>$914</td>
<td>$39,880</td>
</tr>
<tr>
<td>Five or more</td>
<td>Four-bedroom</td>
<td>25%</td>
<td>$1,023</td>
<td>$49,100</td>
</tr>
</tbody>
</table>

* "Average Rent" for FY91 as set by DHCD.
## Table 16

**Maximum Computed Incomes for Rental Assistance Compared to Section 8 Income Limits: FY91**

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Apartment Type</th>
<th>Maximum Computed Income</th>
<th>Section 8 Income Limit</th>
<th>FY91 Average Income of Rental Assistance Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>One-bedroom</td>
<td>$21,290</td>
<td>$20,050</td>
<td>$10,210</td>
</tr>
<tr>
<td>Two</td>
<td>Two-bedroom</td>
<td>$26,990</td>
<td>$22,900</td>
<td>$13,340</td>
</tr>
<tr>
<td>Three</td>
<td>Two-bedroom</td>
<td>$29,240</td>
<td>$25,800</td>
<td>$14,560</td>
</tr>
<tr>
<td>Three</td>
<td>Three-bedroom</td>
<td>$36,560</td>
<td>$25,800</td>
<td>$14,560</td>
</tr>
<tr>
<td>Four</td>
<td>Three-bedroom</td>
<td>$39,880</td>
<td>$28,650</td>
<td>$16,520</td>
</tr>
<tr>
<td>Five</td>
<td>Four-bedroom</td>
<td>$49,200</td>
<td>$30,950</td>
<td>$15,990</td>
</tr>
</tbody>
</table>

---

Source: DHCD and HOC records, April 1991.
both the computed and the Section 8 income limits. For FY91, the average income of Rental Assistance applicants is approximately 22 percent of the median household income for the Washington Metropolitan Area.

c. Factors not included in the Rental Assistance subsidy calculation. In practice, the calculation of the Rental Assistance subsidy fails to fully consider two important factors: the value of an applicant's non-income producing assets; and whether the applicant is already receiving other forms of direct rental assistance.

- **Assets.** The current Rental Assistance application requires applicants to sign a declaration, under penalties of perjury, that the "net worth of the entire household is less than $100,000." However, in practice, staff administering the Rental Assistance Program do not verify that applicant's net worth is less than $100,000, and applicants are not required to itemize their assets or their debts. (The application is being revised to reflect the reduction in the net asset limit from $100,000 to $40,000. See page 9.)

In determining whether an applicant is eligible to receive a Rental Assistance subsidy, the only way that assets are taken into account is that an applicant's dividend and interest income is included in the calculation of monthly income. While this includes the income received from assets that are currently generating interest and/or dividends, it fails to consider non-income producing assets, e.g., real estate, long term bonds. This leads to inequitable treatment between recipients holding income-producing assets and those holding non-income producing assets.

- **Other forms of rental assistance.** The calculation of the Rental Assistance subsidy also fails to take into account whether an applicant is already receiving another form of direct rental assistance. As reviewed earlier in this report (see page 7), by law, Rental Assistance applicants are not eligible if they already receive another form of rental assistance that is paid directly to the tenant, landlord, or owner of the applicant's rental unit.

In practice, the only subsidy cross-check is conducted at the time of application with a printout of Section 8 recipients, who are denied Rental Assistance. Interviews with DSS, HOC, and DHCD staff indicate that there are some double subsidy recipients between the County's Rental Assistance Program and the Rental Allowance Program, the Declining Rent Subsidy Program, the Maryland Renters' Tax Credit Program, and the Opportunity Housing Program.*

With the exception of the Section 8 cross-check, neither the application nor subsidy formula are structured to consider whether another form of rental assistance is being received. For example, if a Rental Assistance recipient is receiving money from the State's Rental Allowance program, that money is not factored into the subsidy calculation as either additional income or a lower rent.

* See page 39 for a comparison of the Rental Assistance Program to other rent subsidy programs.
The 1987 study of the Rental Assistance Program prepared by Montgomery College's Community Research Service recommended that the Rental Assistance Office be linked by computer to other assistance programs. The study recommended that such a connection would facilitate the verification of information provided by applicants, and in particular, would help identify applicants already receiving rental assistance from another source.

d. Calculation of the "utility adjustment" is not in Regulation. Executive Regulations for the Rental Assistance Program that were issued in FY86 allowed that:

Utilities (water, electric, gas and heating fuel) that are not included in the rent and are paid for by the tenant will not be included in the rental cost unless the department determines the utilities costs will have a substantial impact on the provisions of benefits.

Executive Regulation 11-88 amended this provision by deleting the word "substantial." The Executive Regulations for the Rental Assistance Program provide no specifics as to how "an impact" is defined. However, according to a written "operating procedure" issued by the Program Manager of the Rental Assistance Office in 1986, a utility adjustment is added to the rent of applicants whose rent does not include utilities in the following situations:

- When the initial calculation of an applicant's subsidy equals zero; or
- When the initial calculation of an applicant's subsidy indicates that he/she is not eligible to receive the maximum amount of Rental Assistance subsidy; or
- When the actual monthly rent paid by the applicant exceeds the average County rent, as set by DHCD.

Once there is a determination that a utility adjustment is to be included, the amount added to the applicant's rent depends on the type of utility that the applicant pays; the specific amounts outlined in the operating procedure are: $20 for electricity; $10 for gas; and $50 for heat. Applicants can be paying more than one type of utility, such as gas and electricity. However, the total adjustment cannot exceed $70 per month.

According to an OLO sample of 200 Rental Assistance recipients, eight percent currently receive a utility adjustment. Projected to the entire recipient population, adjustments for utilities cost an estimated $55,000 per year.

The Maryland Energy Assistance Program (MEAP) provides an energy assistance grant to low-income Maryland residents, Rental Assistance Office staff encourage recipients to apply for MEAP benefits. However, if recipients receive a MEAP grant, it is not taken into account when determining if the Rental Assistance subsidy will also include a utility adjustment.
The administration of the utility adjustment in the Rental Assistance Program raises the following issues:

- The amount of the utility adjustment has not been reviewed or adjusted since it was first established in 1986. Also, the calculation is very crude, and does not take into account the type of housing (e.g. apartments, rental houses, or rented rooms) or the number of walls that are exposed to the outside air, which has a direct effect on the energy cost.

- The guidelines for calculating the utility adjustment do not appear in either the law or the Executive Regulations for the program. The calculation of this utility adjustment was identified by the 1990 audit of the program as being "irregular", since these procedures are neither in statute nor Executive Regulation.

- When a Rental Assistance recipient receives the "utility adjustment", there is no coordination between the Rental Assistance adjustment and the Maryland Energy Assistance Program, which also provides financial assistance for utility payments.

E. How does the Rental Assistance Program compare to (and relate to) other direct rent subsidy programs operating in the County?

1. Overview

When compared to other rent subsidy programs operating in the County, the Rental Assistance Program is similar in certain respects and dissimilar in others. This section compares the Rental Assistance Program (as it operated during FY91) to other publicly-funded programs in the County that provide direct rent subsidies to either landlords or tenants. The comparison does not include programs that provide emergency rental assistance payments or programs that offer indirect rent subsidies through reduced interest mortgages or special tax credit programs.

Table 17 (pages 39a - 39f) provides basic information about the Rental Assistance Program and eight other direct rental assistance programs that are funded either by the County, State, and/or federal government. Three County Government departments, the Housing Opportunities Commission, and the State Department of Assessment and Taxation are involved in administering these programs:

- The Department of Housing and Community Development administers the Rental Assistance Program and the Tenant Aid Displacement Fund (both County-funded);

- The Department of Family Resources administers the Handicapped Rental Assistance Program (County-funded);
### Table 17

**Comparison of Rent Subsidy Programs**

**A. Type of Assistance, Funding, Administration**

<table>
<thead>
<tr>
<th>Name</th>
<th>Type of Housing Assistance</th>
<th>Source of Funding</th>
<th>Administered By:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Assistance Program</td>
<td>Monthly; two-party check to tenant and landlord.</td>
<td>County</td>
<td>Department of Housing and Community Development</td>
</tr>
<tr>
<td>Section 8 Certificate Program</td>
<td>Monthly; lump-sum check to landlord for all Section 8 tenants.</td>
<td>Federal</td>
<td>Housing Opportunities Commission</td>
</tr>
<tr>
<td>Section 8 Voucher Program</td>
<td>Monthly; lump-sum check to landlord for all Section 8 tenants.</td>
<td>Federal</td>
<td>Housing Opportunities Commission</td>
</tr>
<tr>
<td>Rental Allowance Program</td>
<td>Monthly; lump-sum check to landlord for all RAP tenants.</td>
<td>State with HOC</td>
<td>Housing Opportunities Commission</td>
</tr>
<tr>
<td>Maryland Renters' Tax Credit Program</td>
<td>Once a year; one-party check to tenant.</td>
<td>State</td>
<td>State Department of Assessments and Taxation</td>
</tr>
<tr>
<td>Handicapped Rental Assistance</td>
<td>Monthly; one-party check to health care provider.</td>
<td>County</td>
<td>Department of Family Resources</td>
</tr>
<tr>
<td>Declining Rent Subsidy Program</td>
<td>Monthly; one-party check to landlord.</td>
<td>County</td>
<td>Department of Social Services</td>
</tr>
<tr>
<td>Tenant Displacement Aid Fund</td>
<td>One-time; one-party check to tenant.</td>
<td>County</td>
<td>Department of Housing and Community Development</td>
</tr>
<tr>
<td>Rental Supplement Incentive Program</td>
<td>Monthly; lump-sum check to landlord for all RSIP tenants.</td>
<td>County*</td>
<td>Housing Opportunities Commission</td>
</tr>
</tbody>
</table>

* RSIP is funded from interest earned on 1986 investment of Condominium Transfer Tax funds.
<table>
<thead>
<tr>
<th>Name</th>
<th>Demographic</th>
<th>Residency</th>
<th>Maximum Annual Household Income</th>
<th>Assets/Net Worth Limit</th>
<th>Other Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Assistance Program</td>
<td>Must be at least 62 yrs. old or disabled or head of a household with at least 1 dependent.</td>
<td>Minimum of six consecutive months as a renter in the County; and not an illegal alien.</td>
<td>$30,000 (beginning June 1991)</td>
<td>$40,000</td>
<td>Cannot be living in a rental unit for which a rental subsidy is directly received by the owner, manager, or tenant.</td>
</tr>
<tr>
<td>Section 8 Certificate Program</td>
<td>No restrictions.</td>
<td>Waiting list preference points are given to applicants working or residing in the County.</td>
<td>50% of Washington, D.C. area median. ($20-38,000 depending upon household size.)</td>
<td>None</td>
<td>Waiting list preference points are given to applicants who: are involuntarily displaced, live in substandard housing; or pay more than 50% their income for rent.</td>
</tr>
<tr>
<td>Section 8 Voucher Program</td>
<td>No restrictions.</td>
<td>Same as Section 8 Certificate Program.</td>
<td>Same as Section 8 Certificate Program.</td>
<td>None</td>
<td>Same as Section 8 Certificate Program.</td>
</tr>
<tr>
<td>Rental Allowance Program</td>
<td>No restrictions.</td>
<td>Must be homeless or in &quot;critical or emergency housing need&quot;.</td>
<td>30% of Washington, D.C. area median. ($12-23,000, depending upon household size.)</td>
<td>None</td>
<td>Must be: accepted by a case management counselor; unable to be served by federal housing program; and able to reach &quot;self-sufficiency&quot;.</td>
</tr>
<tr>
<td>Maryland Renters' Tax Credit Program</td>
<td>Must be 60 years of age or disabled.</td>
<td>Minimum of six consecutive months as Maryland renter.</td>
<td>No explicit limit. (Limit depends upon rent paid and assessed tax limit.)</td>
<td>$200,000</td>
<td>Cannot reside in a tax-exempt property.</td>
</tr>
</tbody>
</table>
### B. Eligibility Requirements (continued)

<table>
<thead>
<tr>
<th>Name</th>
<th>Demographic</th>
<th>Residency</th>
<th>Maximum Annual Household Income</th>
<th>Assets/Net Worth Limit</th>
<th>Other Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handicapped Rental Assistance</td>
<td>Must be handicapped persons who are unable to live without supporting services.</td>
<td>Minimum of six months residency in the County and reside in licensed group homes.</td>
<td>Must be receiving State &quot;welfare&quot; benefits, SSI, VA; State or local housing subsidy; or Director may allow a waiver if client's income is less than $11,000.</td>
<td>None</td>
<td>Cannot be receiving Section 8 assistance or Rental Assistance.</td>
</tr>
<tr>
<td>Declining Rent Subsidy Program</td>
<td>Limited to households with at least one dependent.</td>
<td>Must live in &quot;preservable&quot; housing in the County.</td>
<td>$25,000</td>
<td>None</td>
<td>Must be seeking assistance for overdue rent or history of eviction, and must be willing to participate in DSS case management program.</td>
</tr>
<tr>
<td>Tenant Displacement Aid Fund</td>
<td>No restrictions.</td>
<td>Must reside in a unit which is undergoing status conversion or demolition within 90 days.</td>
<td>• MPDU income limits for applicants over 62 or disabled; • 80% of Washington, D.C. area median for all others. ($27 – 50,000 depending upon household size.)</td>
<td>None</td>
<td>Cannot receive any other type of rent subsidy for 24 months after receiving grant.</td>
</tr>
<tr>
<td>Rental Supplement Incentive Program</td>
<td>No restrictions.</td>
<td>Must reside in one of the properties which the owner has entered into a RSIP agreement with the County.</td>
<td>55% of Washington, D.C. area median. ($14,400 – $31,400, depending upon household size)</td>
<td>None</td>
<td>Preference is given to renters displaced by a condo or co-op conversion.</td>
</tr>
</tbody>
</table>
## C. Maximum Assistance, Duration, Calculation

<table>
<thead>
<tr>
<th>Name</th>
<th>Maximum Subsidy</th>
<th>Duration</th>
<th>Renewal</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Assistance Program</td>
<td>$95-$100/mo.</td>
<td>1 year</td>
<td>Must reapply each year, with no limit to reapplications.</td>
<td>Monthly subsidy = [Rent - Household &quot;Rent Burden&quot;]</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Rent is defined as the actual rent paid or average rent in County as determined by OLTA, whichever is lower.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Rent burden is defined as 25-35% of gross household income, depending upon household size.</td>
</tr>
<tr>
<td>Section 8 Certificate Program</td>
<td>$731/mo. for 2-bedroom unit. Tenant must pay at least 10% of gross income (Average benefit = $500/mo.)</td>
<td>1 year</td>
<td>Annual recertification required.</td>
<td>Monthly subsidy = [Gross Rent - 30% of Adjusted Household Income].</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Gross rent cannot exceed Fair Market Rents established by HUD.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Income is adjusted for certain expenses, e.g., child care, medical.</td>
</tr>
<tr>
<td>Section 8 Voucher Program</td>
<td>$695/mo. for 2-bedroom unit. Tenant must pay at least 10% of gross income (Average benefit = $500/mo.)</td>
<td>1 year</td>
<td>Annual recertification required.</td>
<td>Monthly Subsidy = [Payment Standard - 30% of Adjusted Household Income].</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Payment standard is equal to the FMR of the previous year.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Income is adjusted for certain expenses, e.g., child care, medical.</td>
</tr>
<tr>
<td>Rental Allowance Program</td>
<td>$500/month</td>
<td>1 year</td>
<td>Possible three month extension.</td>
<td>Monthly subsidy = $250 for 1-2 person household; $350 for 3-5 person household; or $500 for 6+ person household.</td>
</tr>
<tr>
<td>Maryland Renters' Tax Credit Program</td>
<td>$50/month</td>
<td>1 year</td>
<td>Must reapply each year, with no limit to reapplications.</td>
<td>Annual subsidy = [15% of rent paid – tax limit of gross household income.]</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Tax limit: 0% of first $4,000 of income; 2.5% of second $4,000 of income; 5.5% of third $4,000 of income; 7.5% of fourth $4,000 of income; and 9% of every $1,000 above $16,000.</td>
</tr>
</tbody>
</table>

(continued)
C. **Maximum Assistance, Duration, Calculation (continued)**

<table>
<thead>
<tr>
<th>Name</th>
<th>Maximum Subsidy</th>
<th>Duration</th>
<th>Renewal</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handicapped Rental Assistance</td>
<td>$144/month</td>
<td>1 year</td>
<td>Annual recertification required</td>
<td>Monthly subsidy = $144.</td>
</tr>
<tr>
<td>Declining Rent Subsidy Program</td>
<td>$250/month</td>
<td>18 mos.</td>
<td>None</td>
<td>Monthly Subsidy = $250 for first six months, $150 for second six months, and $100 for third six months.</td>
</tr>
<tr>
<td>Tenant Displacement Aid Fund</td>
<td>$146/month</td>
<td>2 years</td>
<td>Cannot reapply within 24 months of receiving aid.</td>
<td>Subsidy = [Monthly rent + utility costs of new unit - monthly rent + utility costs of old unit] x 24.</td>
</tr>
<tr>
<td>Rental Supplement Incentive Program</td>
<td>$248/month</td>
<td>1 year</td>
<td>Annual recertification required with 15-year limit of contract with County.</td>
<td>Monthly subsidy = [Rent - 24% of Adjusted Household Income], up to the maximum benefit allowed. Income is adjusted for certain expenses, e.g., child care, medical.</td>
</tr>
<tr>
<td></td>
<td>for one-bedroom</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### D. FY91 Budget, Participation and Waiting List

<table>
<thead>
<tr>
<th>Name</th>
<th>FY91 Expenditures</th>
<th>FY91 Participation (# of Households)</th>
<th>Waiting List (as of 4/91)</th>
<th>In practice, recipients are allowed to also receive County Rental Assistance benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental* Assistance Program</td>
<td>$2,080,000</td>
<td>(program cap) 1,870</td>
<td>None.</td>
<td>N/A</td>
</tr>
<tr>
<td>Section 8 Certificate Program</td>
<td>Section 8 certificate and voucher programs total $16,700,000</td>
<td>1,740</td>
<td>There are 9,000 applicants on HOC's waiting list; approximately 3,000 of the 9,000 have at least seven preference points.</td>
<td>No</td>
</tr>
<tr>
<td>Section 8 Voucher Program</td>
<td>See above.</td>
<td>850</td>
<td>See above.</td>
<td>No**</td>
</tr>
<tr>
<td>Rental Allowance Program</td>
<td>$280,000</td>
<td>112</td>
<td>700 applicants.</td>
<td>Yes</td>
</tr>
<tr>
<td>Maryland Renters' Tax Credit</td>
<td>$242,000</td>
<td>682</td>
<td>None.</td>
<td>Yes</td>
</tr>
<tr>
<td>Handicapped Rental Assistance</td>
<td>$890,000</td>
<td>500</td>
<td>None.</td>
<td>No</td>
</tr>
<tr>
<td>Declining Rent Subsidy Program</td>
<td>$33,100</td>
<td>25</td>
<td>Program not funded beyond FY91.</td>
<td>Yes</td>
</tr>
<tr>
<td>Tenant Displacement Aid Fund</td>
<td>This fund has not been used since FY87.</td>
<td></td>
<td></td>
<td>No</td>
</tr>
<tr>
<td>Rental Supplement Incentive Program</td>
<td>$515,000</td>
<td>146</td>
<td>No central waiting list; occupancy handled through project rental offices.</td>
<td>No</td>
</tr>
</tbody>
</table>

* For FY92, Rental Assistance expenditures are $1.85 million with a program cap of 1,660 recipients.

** According to Executive Regulations, Section 8 Voucher recipients can receive Rental Assistance.
- The Department of Social Services administers the Declining Rent Subsidy Program (County-funded);
- The Housing Opportunities Commission administers the Section 8 Certificate and Voucher Programs (federally-funded); the Rental Allowance Program (State-funded with HOC match); and the Rental Supplement Incentive Program (County-funded); and
- The State Department of Assessments and Taxation administers the State's Renters' Tax Credit Program (State-funded).

2. Comparisons of Program Eligibility Requirements and Subsidy Amounts

A comparison of the Rental Assistance Program to these other eight programs indicates the following:

a. Form and frequency of Assistance. Similar to the Rental Assistance Program, six of the other eight programs also provide a direct rent subsidy on a monthly basis. In contrast, the Renters' Tax Credit Program and Tenant Aid Displacement Fund provide the subsidy in the form of a lump-sum payment.

The Rental Assistance Program is the only program that provides the rental subsidy in the form of a two-party check to the tenant and the landlord. The other six programs that offer monthly rent subsidies provide them in the form of a monthly payment to the landlord; the Renters' Tax Credit Program and Tenant Aid Displacement Fund provide subsidy payments directly to the recipient.

b. Amount of Assistance. The amount of rent subsidy available through each of these programs varies according to how an applicant's income and household size match with the eligibility criteria established for each program. With a maximum subsidy of $95-$100/month, the Rental Assistance Program provides a relatively small monthly rent subsidy. Comparatively, the Section 8 Certificate Program provides the largest amount of rental assistance (up to $731/month), while the Renters' Tax Credit Program provides the smallest (up to $600/year, which equates to only $50/month). The other programs provide subsidy amounts ranging between $138 and $695 a month.

The Rental Assistance Program accepts eligible recipients for a 12-month period, and there is no limit on the number of times a tenant can apply for another year of assistance. This structure is similar to most of the other rent subsidy programs, which require either recertification or reapplication each year. The exceptions to this are: the State Rental Allowance Program, which provides rent subsidies for an initial 12-month period and allows subsidies to be extended for a maximum of another three-months; and the Declining Rent Subsidy Program, which was designed to provides rent subsidies for a maximum of 18-months.
c. Eligibility requirements. As outlined on Table 17, the eligibility requirements for the rent subsidy programs vary with respect to specific demographic, residency, income, and other characteristics. In general, the eligibility requirements for the Rental Assistance Program are not as stringent as those for other programs.

- **Residency:** All of the programs take into account an applicant's residency in the County. The Rental Assistance Program and two other programs (Maryland Renters' Tax Credit Program, Handicapped Rental Assistance Program) require recipients to have rented a unit in the County for at least six months. Section 8 programs give preference to County residents. The Rental Assistance Program is the only program that (by law) explicitly excludes illegal aliens.

- **Income/Net worth:** All of the programs have maximum income limits. While the Rental Assistance Program has a fixed income limit of $30,000, other programs have graduated income limits based on family size. Comparatively, the $30,000 income limit for Rental Assistance is generally higher than the income limits established in other rent subsidy programs for smaller households, but lower than the income limits established for larger households.*

  Only the Rental Assistance and Renter's Tax Credit programs have explicit household net worth limits, $40,000 and $200,000 respectively.** Although the other programs do not have explicit net worth or asset limits, the income calculation for the Section 8 programs and the Rental Supplement Incentive Program require an applicant's income to include an imputed income stream from an applicant's non-income producing assets.

- **Special qualifications:** Many of the rental assistance programs have additional eligibility requirements that further target assistance to renters with certain characteristics. For example: the Rental Assistance Program excludes single persons who are under the age of 62 and not disabled; the Renters' Tax Credit Program requires recipients to be at least age 60 or disabled; the State Rental Allowance Program requires recipients to be "homeless or in critical or emergency need"; the Tenant Aid Displacement Fund requires recipients to reside in a unit that is undergoing conversion or demolition within 90 days; and the Handicapped Rental Assistance Program requires recipients to be handicapped persons unable to live without supporting services.

  The law and/or regulations governing three of the nine programs reviewed on Table 17 specify that recipients cannot be receiving either any (or certain types of) rental assistance from other sources. The Rental Assistance law states that a recipient cannot be living in a rental

* How the Rental Assistance Program subsidy formula works in practice was discussed earlier in this report, see page 35.

** Until June 1991, the net worth limit for Rental Assistance recipients was $100,000. See page 9.
unit that is already receiving a direct rental subsidy paid directly either to the owner, manager, or tenant. The Section 8 Programs and Tenant Displacement Aid Fund require that recipients not receive any other form of rental assistance.

d. FY91 Participation and Cost. The FY91 cost and number of participants in each of these rent subsidy programs vary significantly. In FY91, the Section 8 Certificate and Section 8 Voucher Program together provide the largest amount of assistance to the largest number of recipients ($16.7 million in assistance provided to 2,600 households). Comparatively, the Rental Assistance Program serves the next largest number of recipients (1,870) and costs the second largest amount ($2 million). The Handicapped Rental Assistance Program ranks next with 500 recipients and a total FY91 cost of $864,000. In contrast, the Tenant Aid Displacement Fund has not been used since FY87, and the Declining Rent Subsidy Program is not funded beyond FY91.

Until FY91, there was no cap established on the number of Rental Assistance Program recipients. In FY91, a limit of 1,870 recipients was established, and for FY92 the recipient cap has been reduced to 1,660. As of this writing, eligible applicants are still able to begin receiving Rental Assistance subsidies within 6-8 weeks of application. Other programs that have operated without a waiting list are the Maryland Renters Tax Credit Program and the Tenant Displacement Aid Fund. In contrast, there are lengthy waiting lists for the Section 8 programs and the State Rental Assistance Program. No central waiting list is established for the Rental Supplement Incentive Program because occupancy is handled by the rental offices of the individual properties participating in the program.

e. Calculation of Subsidy. A number of the rent subsidy programs provide all recipients with the same size subsidy, while most calculate the subsidy based upon a number of factors. The Rental Assistance Program, similar to Section 8 and the Rental Supplement Incentive Program, calculates the subsidy using a formula that considers: the rent, the percent of an applicant's income spent on rent, and household size. In contrast, the Renters' Tax Credit Program subsidy varies according to an applicant's income; the Rental Allowance Program's subsidy depends upon the number of persons in the applicant's household; and the Tenant Aid Displacement Fund's subsidy is based upon the applicant's old and new rent. The Handicapped Rental Assistance Program and Declining Rent Subsidy Program are structured to provide all recipients with the same size monthly subsidy.

3. In Sum: How the Rental Assistance Program Compares to Other Rent Subsidy Programs in the County

The major similarities and differences between the Rental Assistance Program and other publically-funded rent subsidy programs operating in the County are:

• Similar to other programs, the Rental Assistance Program provides a monthly rent subsidy to low/moderate income County renters who spend a disproportionate amount of their incomes on rent.
- Rental Assistance Program eligibility requirements are considered somewhat less restrictive than eligibility requirements for other rent subsidy programs. With the exception of the Section 8 and the Rental Supplement Incentive Program, the other rent subsidy programs in the County are restricted to specific demographic groups (e.g., the handicapped, the elderly, families with dependent children), or tenants in extreme circumstances (e.g., displaced tenants, renters in "critical or emergency need").

- The Rental Assistance Program provides a relatively shallow monthly rent subsidy for one year at a time, but does not limit the number of times a recipient can reapply for a subsidy. The only other publicly-funded rent subsidy program in the County that provides a smaller rent subsidy is the Maryland Renters' Tax Credit Program.

- The Rental Assistance Program is the largest County-funded program, both in terms of cost and in terms of total number of recipients. Among all of the direct rental subsidy programs operating in the County, only the federally-funded Section 8 programs cost more and serve more renter households than the Rental Assistance Program.

- The absence of a waiting list for the Rental Assistance Program stands in sharp contrast to the multiple years-long waiting list currently maintained for the Section 8 programs.

- The Rental Assistance monthly subsidy is calculated for each recipient using a formula that takes into consideration an applicant's income, household size, and rent burden. This is similar in concept to the subsidy calculation used in the Section 8 and Rental Supplement Incentive programs, but different from a number of other programs which either calculate the subsidy based upon fewer factors, or provide the same size subsidy to all program recipients.

- The law governing the Rental Assistance Program, similar to the laws/regulations governing several other direct rental subsidy programs, explicitly excludes applicants from the program if they receive another direct rent subsidy.

- The Rental Assistance Program and the Tenant Aid Displacement Fund are administered by the Department of Housing and Community Development. Other rent subsidy programs are administered by the Department of Social Services, the Department of Family Resources, the State Department of Assessments and Taxation or the Housing Opportunities Commission.
IV. CONCLUSIONS

General

1. The Rental Assistance Program was established by County law in 1985 (Chapter 41A, Rental Assistance). The program originated as the third in a series of County-funded rent subsidy programs established since 1973. The Rental Assistance Program has been extended twice, and is legislatively scheduled to sunset on August 1, 1992.

2. Although the legislative intent of the Rental Assistance Program is not explicitly stated in law, the history of the program indicates that it is intended to help meet the need for housing assistance in the County, which was not being adequately met by federally-funded housing programs. In particular, the structure of the Rental Assistance Program evidences the following intent:

   • To help prevent the involuntary displacement or eviction of County renters by providing some financial assistance to low/moderate-income County renters, who pay a disproportionate amount of their incomes for rent and who do not already receive rental assistance from another source; and

   • To correct certain inequities identified in the design of earlier rent subsidy programs (i.e., Rent Supplement Program, Hardship Rental Assistance Program), by utilizing a rent subsidy formula that takes into account an applicant's income, net worth, household size, and rent burden.

3. The Rental Assistance Program was not designed expressly to serve any one demographic group. Similar to previous County-funded rent subsidy programs, the legislative record indicates that one target group for Rental Assistance was elderly and disabled renters, whose fixed incomes did not keep pace with increasing rents. However, the eligibility requirements for the Rental Assistance Program were written such that other types of renters in need (e.g., single-parent households) would also be eligible for assistance.

4. The law governing the Rental Assistance Program has consistently included a sunset date and reporting requirements. This suggests that the Council's intent has been to periodically assess the direction and success of the program before authorizing its continuation.

5. In June 1991, legislation was enacted, at the request of the County Executive, to modify the eligibility criteria for the Rental Assistance Program. Emergency Bill 16-91, Rental Assistance – Eligibility, reduced the household net assets limit from $100,000 to $40,000, and requires Rental Assistance recipients to reside in rental units that have rents at or below a set limit for their rental unit type (e.g., one-bedroom), to be established by Executive Regulation. (As of this writing, a revised Executive Regulation has not yet been issued.)
6. The Rental Assistance law (Chapter 41A) has been adopted by 11 of the 17 municipalities in the County. In practice, based upon an understanding between the County Government and the municipalities regarding what are termed "entitlement" programs, no distinction is made at the time of application whether an applicant resides in a municipality that has adopted Chapter 41A. During FY91, approximately 250 (14 percent) of all Rental Assistance recipients resided in municipalities that have not formally adopted the Rental Assistance law. (See Appendix A for a letter from the City of Rockville on this issue.)

Subsidy Funding History

1. Between FY86 and FY91, the Rental Assistance Program grew significantly both in terms of the number of recipients and amount of the average monthly subsidy. During these five years, annual Rental Assistance subsidy expenditures increased from $850,000 to $2.1 million (144%); the number of Rental Assistance recipient households increased from 905 to 1,870 (107%); and the average monthly rent subsidy increased from $64 to $94 (47%).

2. The $1.8 million budgeted for Rental Assistance Program subsidy payments in FY92 represents an 11.2 percent reduction from FY91 funding. The reduction is being achieved by reducing the number of Rental Assistance recipients from 1,870 to 1,660. Because of the natural turnover of Rental Assistance recipients, a program cap of 1,660 in FY92 will not require the County to deny subsidies to current recipients who apply for renewal; its effect will be to reduce the number of new Rental Assistance applicants who can be accepted into the program from approximately 780 to 500.*

3. The absence of a waiting list of applicants for the Rental Assistance Program does not lead to a conclusion that the entire eligible population is being served. In fact, everyone who works with the Rental Assistance Program acknowledges that there are many additional County renters who are eligible for the program, but who have not applied. OLO estimates that approximately 12,700 (15 percent) of the 85,000 renter households in the County would likely qualify for a Rental Assistance subsidy if they choose to apply.

Administrative Costs

1. Between FY86 and FY90, the Rental Assistance Office operated with a total of 4.5 workyears (three full-time and three part-time positions); this was reduced to four workyears in FY91. The personnel and operating costs of the Rental Assistance Office increased 46 percent between FY86 and FY91 due to compensation increases for existing positions; this was somewhat less than the average personnel cost increase for County employees between FY86 and FY91, which was 54 percent.

* The Executive's recommendation to reduce the number of program participants was accompanied by support for legislation to reduce the program's $100,000 net worth eligibility requirement. See earlier description of Bill 16-91, page 9.
2. Personnel and operating costs of the Rental Assistance Office account for less than nine percent of total program costs. Between FY87 and FY91, the annual administrative cost per Rental Assistance ranged between $72 and $90. The cost per recipient is projected to increase to $104 in FY92 because the number of recipients is being reduced 11 percent while total administrative costs are projected to increase five percent.

3. It should be noted that the costs of the Rental Assistance Office do not reflect the entire costs of administering the Rental Assistance Program. In particular, they do not include the personnel costs of DHCD staff outside of the Rental Assistance Office, or the personnel and operating costs incurred by the Department of Finance. (The Department of Finance keeps records on program expenditures and is responsible for mailing all Rental Assistance checks.) The County's accounting systems do not allow these additional costs to be easily calculated.

**General Program Administration**

1. Overall, the Rental Assistance Office is well organized to process applications. Staff are assigned to take advantage of efficiencies that result from specialization, and applications are processed within a reasonable period of time. With some exceptions (noted below), office procedures are in compliance with law and regulation.

2. Interviews with a random sample of Rental Assistance recipients indicate strong client support for how the program is administered. In particular, those interviewed praised the individuals working in the Rental Assistance Office for their friendly and helpful attitudes.

3. The Rental Assistance application is straightforward and generally understandable. However, it fails to request applicants to itemize their assets and does not provide a code for applicants to classify their rental units as efficiencies. As a result, there are no data available to determine applicants' net worth, and efficiencies get classified as one-bedroom units, which can result in a higher subsidy calculation. In addition, the application does not request applicants to volunteer information about their race or sex.

4. A number of inconsistencies between law and practice have resulted in a lack of enforcement of certain Rental Assistance eligibility requirements. Specifically:

   - The application process does not include adequate verification of applicants' net worth even though the law establishes an explicit net worth limit;

   - Applicants are not screened on the basis of their residency status even though the law explicitly prohibits Rental Assistance subsidies from being provided to illegal aliens; and
• Applicants who receive other forms of rent subsidies are not consistently denied Rental Assistance subsidies even though the law explicitly states that Rental Assistance is not to be provided to applicants who already receive a rent subsidy from another source. (The intake process for the Rental Assistance Program is structured to deny Rental Assistance to applicants already participating in the Section 8 Program, but not to those receiving other types of rent subsidies.)

5. General publicity about the Rental Assistance Program has been restricted for the past several years. Because of the limited funds available for the Rental Assistance Program and a desire to target subsidies to those most in need, a conscious decision was made by DHCD to limit general outreach activities. As a result, most new program recipients are either referred to the Rental Assistance Office from another public agency (e.g., HOC, DSS, County Government Service Center), or learn about the program from a friend or relative already in the program.

6. The Rental Assistance Office keeps extensive program records, and has made a concerted effort to improve its automated record-keeping system. Although certain data are readily available for the entire history of the Rental Assistance Program, some data have not been consistently maintained and some have been recorded in a confusing way. According to DHCD, future improvements to the Rental Assistance Office's records management are postponed indefinitely due to current budget constraints.

7. The Rental Assistance Program's practice of providing the monthly rent subsidy in the form of a two-party (joint payee) check to the recipient and the recipient's landlord has both advantages and disadvantages. While a two-party check avoids the problem of a landlord continuing to receive checks after a recipient moves, an alternative approach of providing a lump-sum check to landlords has the advantages of simplifying fund recovery and reducing the frequency of outstanding checks.

8. Many of the recommendations contained in a 1990 financial audit of the Rental Assistance Program have been implemented. In particular, improvements were made to the Rental Assistance Office's practices of tracking program expenditures and outstanding checks; DHCD assigned an intern during the summer of 1990 to conduct some verification beyond the normal application process, and as of July 1991, envelopes used to mail Rental Assistance checks will be marked "Do Not Forward". Yet to be implemented are the auditor's recommendation that: the Rental Assistance Office obtain an annual list of County residents who filed tax returns; and that the office establish an ongoing system for conducting some verification beyond the normal application process for a sample of applicants.
Who is Rental Assistance Serving

1. The Rental Assistance Program is serving County residents who meet the eligibility requirements for the program, and who are clearly in need of assistance. In FY91, the average Rental Assistance recipient has an annual gross household income of $12,720 and pays almost $600 month for rent. The monthly Rental Assistance subsidy, which averages $94, reduces the rent burden for the average recipient household from 56 to 48 percent of income.

2. The average Rental Assistance recipient's household income equals approximately 22 percent of the Washington D.C. Area median income; this is substantially below the 50 percent of Washington D.C. Area median income established by the federal government as the eligibility requirement for the Section 8 housing assistance programs.

3. Between FY86 and FY91, the average rent burden of Rental Assistance recipients increased from 51 to 56 percent of income. Between FY90 and FY91, the percent of Rental Assistance recipients who rely upon public assistance (i.e., AFDC, GPA, and SSI) as their primary source of income increased from 19 to 27 percent.

4. Because Rental Assistance records do not track whether recipients receive other kinds of rental assistance, the number of recipients who receive a double subsidy is not easily determined. However, interviews with DHCD, HOC, and DSS staff indicate that there are Rental Assistance recipients who are simultaneously receiving a rent subsidy through: the State Rental Assistance Program, the Opportunity Housing Program, the Declining Rent Subsidy Program, and the State Renters' Tax Credit Program.

5. A minority (13 percent) of current Rental Assistance recipients appear to own income-producing assets valued in excess of $10,000. Over 90 percent of these recipients are age 62 or older, and as a group, rely upon their asset income for a greater percentage of their incomes. These data illustrate the limitations of using a fixed income limit as an eligibility requirement because the level of a person's assets are only one measure of an individual's overall financial well-being.

6. Since FY87, the percent of program recipients age 62 or older increased, as did the percent of single-parent household recipients. As of April 1991: 42 percent of Rental Assistance recipients were age 62 or older; 32 percent were single-parent households; 10 percent were disabled; and the remaining recipient households were either two-parent families or multiple adults sharing a rental unit. Rental Assistance recipients with the lowest incomes and highest rent burdens are those who are disabled, followed by those age 62 or older.

7. Approximately 80 percent of all Rental Assistance recipients live in apartments, and 11 percent live in either attached or detached single-family dwellings. The remaining nine percent of recipients live in rented condominium or cooperative units, mobile homes, or rented rooms.
8. Rental Assistance recipients do not live uniformly throughout the County. Consistently, since FY88, over one-third of all Rental Assistance recipients have lived in the Silver Spring/Takoma Park area; and the lowest number (6% - 9%) in the Bethesda/Chevy Chase area. Between FY88 and FY91 the percent of recipients living in the Eastern County area increased from 16 to 25 percent.

Calculating the Rental Assistance Subsidy

1. Stated in terms of 1990 dollars, the maximum subsidy available through the Rental Assistance Program is of the same magnitude as the subsidy available through the Rent Relief in Lieu of Tax Credits Program in 1973.

2. The cumulative effects of changes to the calculation of the Rental Assistance subsidy made either in Executive Regulation and/or practice between FY86 and FY91 were: to adjust the calculation of the subsidy for applicants whose rent does not include utilities; and to provide preferential treatment to smaller households, recipients age 62 and older, and recipients living in lower-priced rental units. The changes made to the Rental Assistance law in June 1991 (Emergency Bill 16-91) will target further Rental Assistance subsidies to applicants with lower assets, and to those living in rental units that have rents below certain established levels.

3. Almost 90 percent of Rental Assistance recipients receive the maximum monthly rent subsidy. The calculation formula produces this result because the actual rent burdens of most applicants is significantly higher than the allowable rent burden used in the subsidy calculation. Specifically, the allowable rent burden percentages in the subsidy calculation range from 25 to 35 percent, depending upon household size, while the average rent burden of program participants is 56 percent.

4. The formula used to calculate the monthly Rental Assistance subsidy has the effect of lowering the $30,000 income limit for one-, two- and some three-member households. In addition, the calculation of the subsidy fails to fully consider two important factors: the value of an applicant's non-income producing assets; and with the exception of Section 8, whether the applicant is already receiving rental assistance from another source.

5. The amount of the utility adjustment appears in an internal departmental operating procedure, but is not included in either law or the Executive Regulations governing the Rental Assistance Program. The amount of the utility adjustment has not been reviewed since it was first implemented in 1986. Utility adjustments for Rental Assistance recipients cost an estimated $55,000 per year.
Comparative Data

1. The Rental Assistance Program is one of nine publicly-funded rent subsidy programs operating in the County. These nine programs are administered by five different departments/agencies (DHCD, DFR, DSS, HOC, State Department of Assessment and Taxation); two of the nine programs are federally funded, two receive State funds, and the remainder are County-funded.

2. Similar to these other programs, the Rental Assistance Program provides a monthly rent subsidy to low/moderate income renters who spend a relatively high percentage of their incomes on rent. Compared to these other programs:

   • Rental Assistance Program eligibility requirements are considered somewhat less restrictive than eligibility requirements for other rent subsidy programs. With the exception of Section 8 and the Rental Supplement Incentive Program, the other rent subsidy programs are restricted to specific demographic groups (e.g., the handicapped, the elderly, families with dependent children), or tenants in extreme circumstances (e.g., displaced tenants, renters in "critical or emergency need").

   • The Rental Assistance Program is the largest County-funded program, both in terms of cost and in terms of total number of recipients. Among all of the direct rental subsidy programs operating in the County, only the federally-funded Section 8 programs cost more and serve more renter households than the Rental Assistance Program.

   • The Rental Assistance Program provides a relatively shallow monthly rent subsidy for one year at a time, but does not limit the number of times a recipient can reapply for subsidies. The only other rent subsidy program that provides a smaller rent subsidy is the Maryland Renters' Tax Credit Program.

   • The absence of a waiting list for the Rental Assistance Program stands in sharp contrast to the lengthy waiting list currently maintained for the Section 8 and State Rental Assistance programs.

   • The Rental Assistance monthly subsidy is calculated for each recipient using a formula that takes into consideration an applicant's income, household size, and rent burden. This is similar to the subsidy calculation used in the Section 8 and Rental Supplement Incentive programs, but different from a number of other programs which either calculate the subsidy based upon fewer factors, or provide the same subsidy to all eligible recipients.
V. RECOMMENDATIONS

The Rental Assistance Program should be extended beyond its August 1, 1992 sunset date. Data on the incomes and rents paid by County renters evidence a continuing need for programs designed to help reduce the high rent burdens of low-income County renters. In addition, the Rental Assistance Program has assumed a unique role among the various rent subsidy programs in the County, by providing some assistance to a relatively large number of households in need.

While recommending that the Rental Assistance Program be continued, OLO also recommends a number of legislative and administrative changes be implemented to modify certain aspects of the program, to address certain inequities, and to generally improve the program's effectiveness and efficiency. OLO's recommendations are listed below and explained in more detail beginning on page 52.

Summary of Recommendations: The following list summarizes OLO's recommendations. Following each recommendation in parentheses is some combination of an "L", "R", "A", and/or "$". "L" indicates that the recommendation requires a change in County law; "R" indicates that the recommendation requires a change in Executive Regulation; "A" indicates that the recommendation requires an administrative change; and "$" indicates that the recommendation carries a notable fiscal impact.

1. Extend or eliminate the sunset date of the Rental Assistance Program. (L)

2. Retain the current premise of the program, which is to provide relatively shallow rent subsidies to a relatively large number of recipient households. (No change required.)

3. Consider transferring the responsibility for administering the Rental Assistance Program from the Department of Housing and Community Development to either the Housing Opportunities Commission or the Department of Social Services. (L,A,$)

4. Amend Chapter 41A to allow Rental Assistance recipients to concurrently receive certain other forms of rental assistance. (L,R)

5. Amend Chapter 41A to provide that Rental Assistance payments of less than the maximum subsidy will not be made. (L,R,$)

6. Delete the provision in Chapter 41A that denies Rental Assistance subsidies to illegal aliens. (L)

7. Periodically discuss the outreach strategy for the Rental Assistance Program with the County Council. (A)

8. Develop waiting list procedures, including a priority system for the Rental Assistance Program. (R)
9. Ensure that the Rental Assistance Program is included in the common application form and computerized intake process being developed for all human services in the County. (A)

10. Revise parts of the Rental Assistance application. (A)

11. Eliminate the inconsistencies between the Rental Assistance law and Executive Regulations with respect to the definitions of gross income, net worth, and rental unit. (L,R)
   a. Define gross income to include an imputed income from applicants' assets that are not generating income at the time of application. (L,R)
   b. Replace the fixed $30,000 income limit with a graduated income scale that varies according to household size. (L,R)

12. Revise the $100,000 net worth limit for Rental Assistance recipients. (L) Note: This recommendation was acted upon in June 1991, see page 58.

13. Include the formula for calculating the utility adjustment in Executive Regulations. (R)

14. Delete the requirement in Chapter 41A that the Rental Assistance subsidy must be provided in the form of a two-party (joint payee) check, but continue to require that the subsidy be in the form of a non-direct client payment. (L)

15. Address all outstanding issues identified in the 1990 financial audit of the Rental Assistance Program. (A)

16. Improve the data collection and reporting system for the Rental Assistance Program. (A)

17. Eliminate the requirement for a separate annual report to the Council on the Rental Assistance Program. (L)

The remainder of this chapter explains OLO's recommendations in greater detail.

**Recommendation 1:** Extend or eliminate the sunset date of the Rental Assistance Program. (L)

Article I of Chapter 41A, Rental Assistance, which authorizes the Rental Assistance Program, should be extended beyond its legally mandated sunset date of August 1, 1992. A basis for the law continues to exist and the Rental Assistance Program is achieving its legislative intent of helping to reduce the rent burdens of low-income County renters.

The history and structure of the Rental Assistance Program suggest that the primary legislative intent of the program is to provide financial assistance to low/moderate-income County renters who are paying disproportionate amounts
of their incomes on rent. The intent of the Rental Assistance Program continues to be valid today; the County's housing market continues to be characterized by a scarcity of affordable rental units, and data on the incomes and rents paid by County renters evidence a continuing need for rental assistance programs.

Because the shortage of affordable rental housing is expected to continue indefinitely, the sunset on the Rental Assistance Program law could be removed altogether. However, if it is determined that the law should continue to include a sunset date, then a five year extension to June 30, 1997 is recommended. Five years provides a reasonable interval of time for changes to the law and administration of the program to be implemented and evaluated. In addition, changing the sunset date to June 30 will bring the authorization for the program concurrent with the end of the County's fiscal year.

Recommendation 2: Retain the current premise of the Rental Assistance Program, which is to provide relatively shallow rent subsidies to a relatively large number of recipient households. (No change required.)

Given the County's current budget situation, it is unlikely that the appropriation for the Rental Assistance Program will increase in the near future. If the maximum Rental Assistance rent subsidy remains at $100/month for recipients age 62 and older and $95/month for all others, then the $1.8 million appropriated for the Rental Assistance Program in FY92 will help to lower the rent burdens for 1,660 households; and for the average recipient, the Rental Assistance subsidy will lower the household rent burden from 56 to 48 percent of household income.

Compared to the other rental assistance programs in the County, the Rental Assistance Program has served an important function by providing some assistance to a relatively large number of households. Although it must be recognized that many of the recipient households are really in need of larger amounts of assistance, if the amount of the monthly Rental Assistance subsidy were increased without increasing the total program budget, then the program would be able to serve far fewer households.

Assuming an annual appropriation of $1.8 million, Table 18 (page 53a) shows the number of households that could be served if the amount of the monthly subsidy increased in order to further reduce the rent burden for recipient households. For example, if the objective of the program was to reduce the rent burden for the average recipient from 56 to 40 percent of income, then the average subsidy would have to increase from $94 to $176/month; this subsidy amount would allow only 880 instead of 1,660 households to be assisted.
Table 18

<table>
<thead>
<tr>
<th>Average Rent Burden to:</th>
<th>Average Rent Subsidy</th>
<th>Maximum Number of Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>$286</td>
<td>540</td>
</tr>
<tr>
<td>35%</td>
<td>$231</td>
<td>670</td>
</tr>
<tr>
<td>40%</td>
<td>$176</td>
<td>880</td>
</tr>
<tr>
<td>45%</td>
<td>$121</td>
<td>1,280</td>
</tr>
<tr>
<td>48%</td>
<td>$94</td>
<td>1,660*</td>
</tr>
<tr>
<td>50%</td>
<td>$66</td>
<td>2,350</td>
</tr>
</tbody>
</table>

Data based upon current program and recipient data:
- Average rent: $592
- Average income: $12,720/year
- Average rent burden before subsidy: 56%
- FY92 appropriation: $1.86 million

* Allocation based upon FY92 program cap and current subsidy formula.
Recommendation 3: **Consider transferring the responsibility for administering the Rental Assistance Program from the Department of Housing and Community Development to either the Housing Opportunities Commission or the Department of Social Services.** (L.A.$)

Given that the Rental Assistance Program is one of nine rent subsidy programs administered by five different public agencies in the County, it is worth exploring whether an alternative location for the Rental Assistance Program would reduce duplication and/or increase coordination among the various housing assistance programs and related services in the County.

There are logical reasons to consider transferring the administration of the Rental Assistance Program from DHCD to either the Housing Opportunities Commission (HOC) or the Department of Social Services (DSS):

- HOC and DSS are already structured to do outreach, intake, and applicant screening for multiple assistance programs;

- Under the current arrangement, HOC and DSS refer many clients to the Rental Assistance Office; transferring the program would reduce the need for recipients to deal with different agencies; and

- Because HOC and DSS administer numerous housing and other direct assistance programs and services, there should be expanded opportunities for coordinating an appropriate package of services for Rental Assistance recipients.

The primary advantage of keeping the Rental Assistance Program at DHCD is that the program is administered there now, and as discussed in this evaluation, has been managed efficiently. Perhaps because DHCD's activities do not extend to managing other direct assistance programs, the Rental Assistance Program has retained a special role in the department, and continues to be monitored directly by top management. Other factors to consider are that:

- A transfer does not guarantee an administrative cost savings, and there are upfront costs to transferring any program;

- Because of the length of HOC's assisted housing waiting list, and because DSS is perceived by some as a "welfare" agency, some individuals who need and qualify for Rental Assistance might be discouraged from applying to HOC or DSS; and

- A reasonable level of cooperation already exists among DHCD, HOC, and DSS staff, and applicants are currently referred among the agencies.
Reconmendation 4: Amend Chapter 41A to allow Rental Assistance recipients to concurrently receive certain other forms of rental assistance. (L,R)

Recognizing that the Rental Assistance subsidy only reduces the rent burden for the average recipient household from 56 to 48 percent of income, the law (Section 41A-1(10)) should be amended to allow Rental Assistance recipients to concurrently receive certain (but not all) other forms of rental assistance. To some extent, as reviewed in this report, this legislative change would affirm a practice that is occurring today in conflict with the law.

Because of the evolving nature of housing assistance programs, the law should require the Executive Regulations for the Rental Assistance Program to identify which programs are appropriate for recipients to be concurrently enrolled in and which are not. For example, it will likely be deemed appropriate for a Rental Assistance recipient to also receive a tax credit provided through the Maryland Renters' Tax Credit Program; but not appropriate for a Rental Assistance recipient to also receive Section 8 housing assistance.

Reconmendation 5: Amend Chapter 41A to provide that Rental Assistance payments of less than the maximum subsidy will not be made. (L,R,$)

At present, almost 90 percent of all Rental Assistance recipients qualify for the maximum monthly rent subsidy, which is currently set at $100/month for recipients age 62 or older, and $95/month for all others. The ten percent of recipients who do not qualify for the maximum subsidy currently receive, on average, $67/month.

Current law (Section 41A-4(d)) states that a Rental Assistance payment of less than five dollars will not be made. Amending this to provide that a rental assistance payment of less than the maximum will not be made would both simplify the administration of the program, and target subsidies to those more in need. To minimize any adverse impact on current program participants, the law could grandfather those recipients currently receiving less than the maximum.

The eventual cost of replacing the ten percent of recipients receiving less than the maximum subsidy with recipients receiving the maximum subsidy is approximately $64,000. This could be achieved within the current appropriation by reducing the program cap from 1,660 to 1,600 recipients.

To further simplify program administration, consideration should be given to eliminating the five dollar differential between recipients age 62 and older and all others. With a program cap of 1,660 and an assumption that approximately 40 percent of recipients remain age 62 or older, increasing the maximum subsidy to $100 for all households would cost an additional $60,000/year; reducing the maximum subsidy to $95 for all households would save $42,000/year.
Recommendation 6: Delete the provision in Chapter 41A that denies Rental Assistance subsidies to illegal aliens. (L)

The provision in Chapter 41A that defines "tenant" (Section 41A-1(12)) as not including an individual who is an illegal alien should be deleted. This change would make the County's policy on housing assistance consistent with the federal government's, which is not to deny housing subsidies to applicants on the basis of their residency status.

(As noted in the report, in practice, DHCD does not screen applicants on the basis of their residency status.)

Recommendation 7: Periodically discuss the outreach strategy for the Rental Assistance Program with the County Council. (A)

As reviewed in the report, general publicity about the Rental Assistance Program has been severely restricted for the past several years; most recipients in the program today are either referred by another public agency (HOC, DSS, Government Service Centers), or learn about the program from a friend.

DHCD's decision to limit general outreach activities was part of a conscious strategy to target limited benefits to those most in need. Because how and if a program is publicized has policy implications, it is recommended that the DHCD Director discuss the program outreach strategy for the Rental Assistance Program with the County Council on a periodic basis.

Especially if DHCD's policy of limiting general outreach activities continues, then DHCD should also ensure that all intake staff and social workers at other County and State agencies are familiar with the Rental Assistance Program, and understand who it is intended to serve. This should facilitate the referral of eligible applicants to the Rental Assistance Office.

Recommendation 8: Develop waiting list procedures, including a priority system for the Rental Assistance Program. (R)

The fact that the Rental Assistance Program has operated without a formal waiting list does not indicate that the need for rental assistance in the County has been met. Because the potential demand for the Rental Assistance Program is significantly greater than the funds appropriated for the program, written procedures governing a program waiting list should be developed. Similar to the federal housing assistance programs, the Executive Regulations for the Rental Assistance Program should include a system of assigning priority to applicants who will be entitled to receive assistance before others.
Recommendation 9:  **Ensure that Rental Assistance Program is included in the common application form and computerized intake process being developed for all human services in the County. (A)**

The Chief Administrative Officer has appointed a committee chaired by the United Way to develop a common application form and computerized intake process for all human services in the County. The idea is to eliminate the duplication of staff in different departments obtaining the information and documentation necessary to determine eligibility for specific services and benefits.

The committee working on this project includes representatives from the Departments of Health, Social Services, Family Resources, Addiction and Victim and Mental Health Services, the Up-County Service Center, and the Housing Opportunities Commission. It is important that the Rental Assistance Program be included in the common application/intake process project.

Recommendation 10:  **Revise parts of the Rental Assistance application. (A)**

The Rental Assistance application form should be revised to include an explanation of the net worth eligibility limit, and to provide a space for applicants to itemize their current assets and debts. Until data on applicants' assets are collected, a net worth limit cannot be implemented and enforced.

The Rental Assistance application should also be revised to include an explanation of what other forms of rental assistance a recipient can collect while receiving Rental Assistance (see Recommendation No. 4 ). The application should provide space for the applicant to indicate which rental assistance program(s) he/she is already participating in. In addition to providing essential information upon which to determine program eligibility, it will be useful to know how many (and which) Rental Assistance recipients are also receiving other forms of rental assistance.

Additional technical changes that should be made to the application are: add a box for applicants to indicate whether their rental unit is an efficiency; and add a place for applicants to voluntarily state their sex and race. The box for efficiencies is important because the allowable rent for an efficiency is lower than that for a one-bedroom unit, and the current application does not provide for this distinction. Data on applicants' sex and race are important for understanding who is and who is not applying and/or being accepted into the Rental Assistance Program.
Recommendation 11: Eliminate the inconsistencies between the Rental Assistance law and Executive Regulations with respect to the definitions of gross income, net worth, and rental unit. (L,R)

In order to minimize future technical inconsistencies between the law and Executive Regulation, the definitions of gross income, net worth, and rental unit should be deleted from Chapter 41A, but continue to be included in the Method (1) Executive Regulations adopted to implement the Rental Assistance Program.

In addition to correcting the technical inconsistencies noted in the report (see page 21 and Table 7), the following specific changes to the definitions of gross income and the income requirements for the Rental Assistance Program are recommended:

a. Define gross income to include an imputed income from applicants' assets that are not generating income at the time of application. (L,R)

The Rental Assistance Program should define an applicant's income to include an imputed income from the applicant's assets that are not generating income at the time of application. The recommended approach is similar to that used in the Section 8 housing assistance programs. Under current policy, although income is defined to include interest and dividend income, there is no consideration given to the potential income stream from other assets. The result has been inequitable treatment between applicants who chose to invest in income-producing assets and applicants who chose to invest in non-income-producing assets, e.g., real estate, long-term bonds.

b. Replace the fixed $30,000/year income limit with a graduated income scale that varies according to household size. (L,R)

Income eligibility requirements for the Rental Assistance Program should be established on a graduated scale, that vary according to household size. To the extent feasible, the income limits established for the Rental Assistance Program should parallel those established for the Section 8 housing assistance programs.

Recommendation 12: Revise the $100,000 net worth limit for Rental Assistance recipients. (L)

Note: This recommendation concerned reducing the original $100,000 net worth eligibility limit for Rental Assistance recipients. During the time that a draft of this report was being circulated for comment, the Council enacted Bill 16-91, which reduced the maximum net assets that a Rental Assistance recipient can own from $100,000 to $40,000.
Recommendation 13: Include the formula for calculating the utility adjustment in Executive Regulations. (R)

Although the policy to allow a utility adjustment for applicants whose rent does not include utilities has been included in the Executive Regulations for the Rental Assistance Program since 1986, the details of how the adjustment is calculated have not. Because the utility adjustment can make the difference whether an applicant does or does not qualify for a rent subsidy, how the utility adjustment is calculated should be explained in the Regulations. This will also allow for a public review and periodic update of the utility adjustment.

Recommendation 14: Delete the requirement in Chapter 41A that the Rental Assistance subsidy must be provided in the form of a two-party (joint payee) check, but continue to require that the subsidy be in the form of a non-direct client payment. (L)

Current law (Section 41A-4) requires that the Rental Assistance subsidy be provided in the form of 12 monthly joint payee (i.e., recipient/landlord) checks. As discussed in the report (see page 24), providing the rent subsidy in the form of monthly lump-sum payments to landlords has several administrative advantages over the current practice of issuing two-party checks. To provide the administrative flexibility to explore alternative arrangements, the law should be amended to delete the specific requirement to use joint payee checks. The law, however, should continue to require that the subsidy be in the form of a non-direct payment to recipients.

Recommendation 15: Address all outstanding issues identified in the 1990 financial audit of the Rental Assistance Program. (A)

As noted in the report, a number of recommendations identified in the 1990 financial audit of the Rental Assistance Program have yet to be adequately addressed. In particular:

- Envelopes used to mail Rental Assistance checks should be marked "Do not forward";*
- The Rental Assistance Office should obtain an annual list of County residents who filed tax returns; and
- Some verification beyond the normal application process should continue to be conducted for a sample of applicants. (Note: Although DHCD did assign an intern to conduct some additional verification during the summer of 1990, it has not become an ongoing activity.)

* As noted in the comments from DHCD (page 67), this recommendation was implemented in July 1991.
Recommendation 16: Improve the data collection and reporting system for the Rental Assistance Program. (A)

Although much useful data are already collected by the Rental Assistance Office, some additional data would be helpful to both the program staff and policy makers. Recognizing that the Office will unlikely be able to significantly upgrade its computer system for the next several years, there are some additional data that can be collected and/or reported within the parameters of the current system.

To track the flow of program recipients, the Office should begin keeping records on new vs. renewal applicants. As indicated above (see Recommendation 10), data should also be collected on applicants' assets, and on whether applicants are receiving other forms of rental assistance. In addition, data should be collected on the race and sex of program applicants and recipients.

The incomes, rent, and rent burden of all recipients (not just those age 62 or older) should be reported. It would also be helpful to report the source of recipients' incomes (wages, interest/dividend income, public assistance); current practice is to collect but not to report these data.

Recommendation 17: Eliminate the legal requirement for a separate annual report to the Council on the Rental Assistance Program. (L)

Because the Rental Assistance Program requires an annual appropriation of County funds, the status of the program is discussed annually with the Council as part of the budget process. The separate legal requirement (Section 41A-6) for a separate annual report from the County Executive to the County Council on the Rental Assistance Program appears unnecessary and should be deleted. Of course, the elimination of a reporting requirement does not preclude the Executive from communicating important information to the Council during the program year when appropriate.
VI. DEPARTMENT/AGENCY COMMENTS ON DRAFT OF REPORT

On June 7, 1991, OLO circulated a draft of this report to appropriate Executive Branch offices and departments, the Chairman of the Planning Board and Planning Commission technical staff, the Executive Director of the Housing Opportunities Commission (HOC), and Council staff. All technical corrections received either orally or in writing by July 1, 1991, are incorporated into this final report. Written comments received on the draft report are included in their entirety starting on page 62.

The written comments indicate general consensus on most of OLO's recommendations. As noted in the comments from the Department of Housing and Community Development (DHCD), Recommendation No. 12 to reduce the $100,000 net worth limit for Rental Assistance recipients has already been implemented by action of the Council (Emergency Bill 16-91); and Recommendation No. 15 to mail rental assistance checks in envelopes that are marked "Do Not Forward" will be in place as of July 1991.

Both DHCD and the Department of Social Services appropriately comment that if the requirement to provide the Rental Assistance subsidy in the form of a two-party (joint payee) check is eliminated as suggested by Recommendation No. 14, then language should be added to ensure that the subsidy payment continues to be in the form on a non-direct client payment. OLO has revised Recommendation No. 14 to clarify that the purpose of this recommendation is to provide some administrative flexibility in how client payments are made, but that under any arrangement, the payment must not be a direct client payment.

DHCD also disagrees in part with Recommendation No. 5, which concerns increasing the minimum allowable payment. While DHCD agrees that the current $5/month minimum is far too low, they recommend increasing it to at least $25/month and perhaps as much as $50/month, while OLO recommends increasing the minimum payment to $95-100/month.

OLO's recommendation to consider transferring the responsibility for administering the Rental Assistance Program solicited a number of different responses. The Chief Administrative Officer (CAO) notes that with certain changes underway (i.e., the transfer of the State Public Assistance Grants from DSS to the Rental Assistance Program), it may not be the best time to make a decision on the location of this program. The CAO recommends that the Executive Branch's comprehensive look at human services programs will provide a better opportunity to assess the appropriate location of the Rental Assistance Program.

Finally, the comments on the draft report included a number of additional recommendations that the Council may wish to consider:

- The County Attorney recommends that the current six-month residency requirement for Rental Assistance be replaced with a requirement only that applicants be a bona fide resident of the County. (See page 75.)

- The Director of the Department of Family Resources recommends that consideration be given to consolidating the administration of the various assistance programs outlined in the report. (See page 73.)
Thank you for the opportunity to comment on the Draft OLO Report #90-1, An Evaluation of the Rental Assistance Program. This report provides a comprehensive and in-depth analysis of the Rental Assistance Program. The comments from the Department of Housing and Community Development, Department of Social Services, Department of Family Resources, the Office of Management & Budget, and the County Attorney's Office are attached.

The Executive Branch is pleased with the finding that the Rental Assistance Program is well run, efficiently managed and generally assisting those for whom the program was intended. With regard to the recommendation to consider transferring the Rental Assistance Program from the Department of Housing and Community Development (DHCD) to either the Department of Social Services (DSS) or the Housing Opportunities Commission, the Director of DHCD notes that with certain changes underway, specifically the transfer of the State Public Assistance Grants from DSS to the Rental Assistance Program and the development of the common intake system for human services programs, it may not be the appropriate time to make a decision on the location of this program. The Executive Branch will be examining the area of human services with the Council in the coming fiscal year. Our comprehensive look at human services programs will provide a better opportunity to assess the appropriate location for the Rental Assistance Program.

The Executive Branch looks forward to discussing OLO Report #90-1 upon its release by the County Council. Thank you again for the opportunity to comment.

Attachments
MEMORANDUM

June 26, 1991

TO: Andrew Mansinne, Director
Office of Legislative Oversight

FROM: Richard J. Ferrara, Director
Department of Housing & Community Development

SUBJECT: Response to OLO Evaluation of the Rental Assistance Program

Overall, DHCD believes that the Office of Legislative Oversight has done an excellent job of reviewing the history and development of the Rental Assistance Program as currently operated in this department. We are especially pleased with the general finding that the program is well run, efficiently managed and generally assisting those for whom the program was intended.

The report has also pointed out some discrepancies between specific provisions contained in the law and actual practice which has developed over the years, in response to changing conditions. We concur that the language in the law and in the regulations should be adjusted to correspond with actual practice.

The recommendation which carries the heaviest implications for DHCD, and for the Council, has to do with the location of the administration of the program. Although there are arguments in favor of administering this program through another agency, such as the Department of Social Services, it would be our recommendation that for the next two years, the other changes recommended and concurred in by the Council be implemented with the program in place. There will be a new element added to the program within a few months transferring the County's supplement to the State Public Assistance Grants from the Department of Social Services to the Rental Assistance Program for administration. There is also a project underway to centralize the intake procedures for virtually all major public assistance programs through a single point of entry process. We believe that those changes should also be implemented and underway before making a final decision on the location of this program.

The following is a point by point commentary on each of the OLO recommendations:

Recommendation #1: Extend or eliminate the sunset date of the Rental Assistance Program.

Response: We concur with this recommendation. We would be happy with either a five year sunset or the removal of the sunset.
Recommendation #2: Retain the current premise of the program, which is to provide relatively shallow rent subsidies to a relatively large number of recipient households.

Response: We concur also with this recommendation. We don't agree necessarily that County funding for this program will not increase. That will depend on the Council's review of competing priorities. Nevertheless, the concept of a limited amount of assistance to a large number of people has worked well and has achieved the goals which were set for the program when originally designed.

Recommendation #3: Consider transferring the responsibility for administering the Rental Assistance Program from the Department of Housing and Community Development to either the Housing Opportunities Commission or the Department of Social Services.

Response: As indicated in the opening paragraphs, we recommend continuing to administer the program in DHCD for the next two to three years, until other changes currently in process have had a chance to be implemented and evaluated. We see no prospect of substantial savings to this program from a transfer to another agency. In fact, the initial costs, both in fiscal and human terms, of transferring the program would probably not be made up within the first three years, and perhaps not at all. The only advantage to a transfer would seem to be what might be termed "administrative neatness". We do not feel that this is sufficient rationale for making such a change.

Recommendation #4: Amend Chapter 41A to allow Rental Assistance recipients to concurrently receive certain other forms of rental assistance.

Response: We concur with this recommendation. This is an example of current practice responding to changing conditions over time without changing the law, and we concur that necessary changes to law and regulations should be implemented.

Recommendation #5: Amend Chapter 41A to provide that Rental Assistance payments of less than the maximum subsidy will not be made.

Response: We concur partially with the recommendation. Current law provides for a minimum payment of $5.00 per month. We believe that it is far too low and should be increased substantially to at least $25.00 a month, and perhaps to as much as $50.00 per month. This should be done to save the expense of writing relatively small checks which cost the county the same as writing larger checks. Since there are relatively few people, less than 10%, receiving checks of less than $50.00 per month, and even fewer receiving checks of less than $25.00 a month, this would have little actual impact on the program, but could save money in administration.
With regard to eliminating the $5.00 differential between recipients age 62 and older and all others, we believe that this should be done, and we recommend that it be done at the $100.00 per month level. We expect that savings to be realized from other measures which have already been enacted by the Council will leave sufficient funding to handle that small increase in assistance to persons under age 62.

Recommendation #6: Delete the provision in Chapter 41A that denies Rental Assistance subsidies to illegal aliens.

Response: We concur completely with this recommendation. Again this was implemented at the request of former County Executive Charles Gilchrist several years ago to insure that hispanic applicants would not be discriminated against. Again, what is needed here is an amendment to the law to match what has been the practice for several years.

Recommendation #7: Periodically discuss the outreach strategy for the Rental Assistance Program with the County Council.

Response: We concur with the periodic discussion with the Council of the program's outreach strategy. This is generally done in the PHED committee during the budget hearings.

Recommendation #8: Develop waiting list procedures, including a priority system for the Rental Assistance Program.

Response: Although we concur generally with this recommendation, we believe this will take some time to develop. We are leery of pitting target populations against one another, i.e., single parents vs. elderly. It is likely that we will implement this through either a "percent of income required to pay rent" test, with, for example, persons paying more than 60% of their income for rent given first priority, or a simple low income test under which people earning, for example, 30% of the median income or less would receive first priority. We would suggest that a six month period be allowed for the recent changes to "shake down" before this additional regulation is proposed.

Recommendation #9: Ensure that the Rental Assistance Program is included in the common application form and computerized intake process being developed for all human services in the County.

Response: This recommendation has already been implemented, as DHCD is a part of the committee and has fully participated in the demonstration project currently under design.
Recommendation #10: Revise parts of the Rental Assistance application.

Response: We concur with this recommendation and have drafted an addendum to the existing application form for the recent changes enacted as a result of Bill 16-91. A complete redesign of the form is now in process.

Recommendation #11: Eliminate the inconsistencies between the Rental Assistance law and Executive Regulations with respect to the definitions of gross income, net worth, and rental unit.

a. Define gross income to include an imputed income from applicants' assets that are not generating income at the time of application.

b. Replace the fixed $30,000 income limit with a graduated income scale that varies according to household size.

Response: We concur partially with this recommendation. With regard to including an imputed income from applicants' assets that are not generating income at the time of application, we believe that this will affect a tiny number of applicants, and the cost of this procedure may be higher than any benefits which may result. Here again, we would like to study the assets which are actually reported on the forms which we will be designing to accommodate that. After six months or so of reviewing those forms, we will be in a better position to tell whether this process will be worth doing or will create more problems than it solves.

With regard to the fixed $30,000 income limit, we agree that this should match the current procedure which is to use the graduated income scale that matches the Section 8 very low income standards published each year by HUD.

Recommendation #12: Revise the $100,000 net worth limit for Rental Assistance recipients.

Response: This recommendation has already been implemented by action of the County Council. (Emergency Bill #16-91).

Recommendation #13: Include the formula for calculating the utility adjustment in Executive Regulations.

Response: We concur with this recommendation. This will be done in the next Executive Regulation issued for this program.

Recommendation #14: Delete the requirement in Chapter 41A that the Rental Assistance subsidy must be provided in the form of a two-party (joint payee) check.
Response: We concur strictly with the recommendation that the requirement in Chapter 41A that the Rental Assistance subsidy be provided in the form of a two-party (joint payee) check be deleted. At the same time, we are not at all convinced that it would be a good idea to switch to a check payable only to the landlord. Our rental assistance recipients are located in a wide variety of places, and will be even be more widely distributed when the Social Services program is included. Thus, it is not the same as the Section 8 program in which there are a number of concentrations of people in specific rental projects who are receiving this assistance. It also appears to us that the addition of the requirement of negotiating a contract with each landlord could create more of an administrative burden and cost than any savings which might result. Nevertheless, deleting the requirement from the law is probably a good idea, although we will likely prefer to restate it in the regulation to make certain that the current arrangements with the Department of Social Services for AFDC recipients will not be adversely affected.

Recommendation #15: Address all outstanding issues identified in the 1990 financial audit of the Rental Assistance Program.

Response: We concur, again in part. With regard to the envelopes to mail rental assistance checks, the envelopes for rental assistance checks are now marked "Do Not Forward" and will be used for July rent checks (sample attached).

With regard to the obtaining of an annual list of County residents who filed income tax returns, we have encountered more problems with this than were originally thought. If it is possible to obtain a complete list of individuals who filed returns, we will do so. We recognize that the State will not actually provide us with the returns, but it would enable us to require the applicants to provide them.

With regard to the verification beyond the normal application process, we have used an intern in the past. Due to budget constraints we were not able to do so this year. In the future, depending on the availability of resources, we will implement this recommendation on a random sample basis as we have in the past.

Recommendation #16: Improve the data collection and reporting system for the Rental Assistance Program.

Response: We generally concur with this recommendation. We need to insure that the data which we collect and report is in fact useful on a ongoing basis. It is always tempting to collect volumes of data, most of which is not useful except
during five year audit reviews, and even then is only marginally interesting. We believe that a reasonable set of data can be collected and reported beyond what is currently being done, and we intend to do that.

**Recommendation #17:** Eliminate the requirement for a separate annual report to the Council on the Rental Assistance Program.

**Response:** We agree with the elimination of the legal requirement for a separate annual report to the Council on this program; however, we expect that the department will continue to send the Council an annual summary of the kinds of people who have been receiving this assistance, the funds that were spent and other pertinent information.

In conclusion, I would like to express my appreciation to the Office of Legislative Oversight, and to Karen Orlansky in particular, for their excellent cooperation and assistance in keeping us informed throughout every step of this evaluation. We look forward to discussing these issues further with the County Council when they take up this report.

RJF/rap:2643B
June 28, 1991

TO: Andrew Mansinne, Jr., Director
    Office of Legislative Oversight
FROM: Robert S. Caulk, Director
SUBJECT: Review of Draft OLO Report #91-1

The Department has reviewed the draft OLO Report #91-1, A Description and Evaluation of the Rental Assistance Program, and agree with the report's findings and conclusions. Please find attached a list of our specific comments and suggestions.

If we can be of further assistance or if you have any questions please call Carol Johnson at 468-4206.
MONTGOMERY COUNTY DEPARTMENT OF SOCIAL SERVICES

Comments on OLO Report #91-1 - Rental Assistance Program

The following are the Department's comments on the report's recommendation:

Recommendation 1 - Agree - five year sunset provision. Rental subsidies appear to be a long-term necessity. However, all programs of this type need the thorough periodic review afforded by a sunset provision.

Recommendation 2 - Agree. Shallow rent subsidies provide a reasonable level of needed assistance to persons not qualified for deeper subsidy programs. Assistance to this population is especially important because the availability of a small grant can prevent that deeper penetration. This program also serves many very low income clients with needed temporary assistance while awaiting eligibility for other housing subsidy programs.

Recommendation 3 - This is a most substantive issue and will be discussed with the other two Department Heads during FY 92.

Recommendation 4 - Agree - Adoption of this recommendation would bring the regulations into conformity with established practice.

Recommendation 5 - Agree

Recommendation 6 - Agree

Recommendation 7 - Agree

Recommendation 8 - Agree - to include a priority point system.

Recommendation 9 - Agree

Recommendation 10 - Agree

Recommendation 11 - Agree
Recommendation 12 - The report stipulates an asset limit of $20,000; the PHED Committee recommended $40,000. The higher figure would allow greater flexibility, and would minimize the judgment calls involved in determining "undue hardships."

Recommendation 13 - Agree

Recommendation 14 - Some form of non-direct client payment must be legally mandated or there would be a substantial loss of Federal/State income sensitive benefits to recipients who also participate in programs such as Food Stamps.

Recommendation 15 - Agree

Recommendation 16 - Agree Improved data collection will also benefit the coming need for data exchange with other Departments.

Recommendation 17 - Agree
TO: Andrew Mansinne, Jr., Director
    Office of Legislative Oversight

VIA: Deborah Snead, Assistant for Audits and Evaluations
    Chief Administrative Office

FROM: Charles L. Short, Director, Department of Family Resources

SUBJECT: Draft OLO Report No. 91-1, An Evaluation of the Rental Assistance Program

Thank you for the opportunity to comment on the above draft evaluation. DFR's comments are as follows:

On page 5, section 4., second paragraph, staff suggest including the eligibility requirements to specify the type of population served, i.e., mentally retarded, chronically mentally ill, seniors in sheltered housing, so that it doesn't appear as though just any population is eligible.

While I don't see any areas of overlap, I am concerned about the amount of bureaucracy we create in our own Department with the number of separately funded assistance programs for this population. Our own administrative costs for the Handicap Rental Assistance Program are not great, but in our efforts to maximize efficiency, consideration ought to be given to consolidating the administration of these funds.

DFR appreciates the opportunity to comment on this very well done analysis of the Rental Assistance Program.

CLS:eh
MEMORANDUM

June 21, 1991

TO: Andrew Mansinne, Jr., Director
Office of Legislative Oversight

FROM: Robert K. Kendal, Director
Office of Management and Budget

SUBJECT: OLO Report No. 91-1, A Description and Evaluation of the Rental Assistance Program

Thank you for the opportunity to respond to this DRAFT report. As usual, your staff has provided a thorough analysis of the issues for this sunset evaluation.

On page 14, it is indicated that an increase of 46 percent in personnel costs in the Rental Assistance Office occurred between FY 86 and FY 92. This results in an average increase of 7.66 percent per year, which may not be that different from the County Government average, particularly given the lack of turn-over in the office. It might be useful to obtain the County average from the Personnel Office for this period, to use as a base of comparison.

On page 19, the results of the random sample survey are presented. While I realize that the feedback from clients is but a small portion of the evaluation, I am concerned that a sample size of 14, no matter how random the methodology, is too small for use in drawing conclusions. Since the results generally are consistent with the 1987 survey, I have no objection to their inclusion, but feel the report should include a caveat regarding both the small sample size, and the possible influence of self selection, with almost 30 percent of the original sample (9 out of 30) either not reached or refusing to participate. Also, a table comparing the sample results to actual program demographics would be useful to the extent that this information is readily available.

Regarding Recommendation 3 on page 50, there may be some merit to transferring the function to the Housing Opportunities Commission or the Department of Social Services, particularly regarding consolidated administration, record keeping, and related administrative aspects of operations. The report indicates that there may be up front costs to implement a transfer. Efforts to explore the transfer should include consideration of its implementation without any additional overhead burden on the County. A cost benefit analysis should precede any transfer, to ensure that the benefit of consolidating outweighs the cost.

* In response to OMB's comments, OLO has revised the description of our phone sample results.

Office of Management and Budget
Director's Office/Interagency Analysis & Review Division/Budgets Division
101 Monroe Street, 14th Floor, Rockville, Maryland 20850, 301/217-2789, 2820, 2800

-74-
MEMORANDUM

June 26, 1991

TO: Andrew Mansinne, Jr., Director
Office of Legislative Oversight

VIA: Joyce R. Stern
County Attorney

FROM: Christopher E. Hitchens
Assistant County Attorney

RE: Comments on DRAFT OLO Report No. 91-1
(An Evaluation of the Rental Assistance Program)

This office has reviewed the above-referenced report and can offer the following comments. Our comments do not address each recommendation in the report; comments have only been provided for the recommendations that generate issues regarding potential liability for the County or the legality of certain aspects of the Rental Assistance Program.

Recommendation No. 6: Delete the provision in Chapter 41A that denies Rental Assistance to illegal aliens.

Comment: We agree that this provision should be deleted because it raises an issue of unconstitutional discrimination. There is an additional issue relating to eligibility which is not raised in the report, but which should also be addressed. The existing requirement of Section 41A2(a), that the tenant has leased a rental unit in Montgomery County for the six consecutive months prior to the application, creates, without using the words "residency requirement," a residency requirement. While it is permissible for the County to require that a person be a bona fide resident of Montgomery County in order to receive the Rental Assistance benefit, it is not permissible to create subclasses of residents based on the length of their residency. See, Shapiro v. Thompson, 394 U.S. 618 (1969), and Martinez v. Bynum, 103 S.Ct. 1838 (1983).

Consequently, the language of Section 41A2(a) should be replaced with language merely requiring the applicant to be a bona fide resident of the County. This comment also applies to Section 41A-11 (Handicapped Rental Assistance) which expressly requires a six-month residency. Any residency requirement contemplated in the proposed Rental Assistance Program for AFDC-eligible tenants should also be limited to a non-durational residency.
Recommendation No. 11: Eliminate the inconsistencies between the Rental Assistance Law and Executive Regulations.

Comment: In addition to the inconsistencies specifically identified in Recommendation No. 11, there were other inconsistencies identified in the report at pages 20-21, indicating that in the past the program may not have been administered in accordance with the law. From the point of view of limiting the County's liability exposure, it is crucial that the law, regulations, and practice be consistent. For example, the practice of denying assistance to single non-disabled persons under 62, while authorized by regulation approved by the Council, is not authorized by law. Recommendation No. 11 should be expanded to include the revision of Executive Regulation 11-88 to ensure that all of its provisions are authorized by Chapter 41A.
June 19, 1991

Ms. Karen Orlansky
Program Evaluator
Office of Legislative Oversight
for Montgomery County
110 Maryland Avenue
Rockville, Maryland 20850

Dear Karen:

I apologize for the delay in responding to your inquiry concerning the availability of rental assistance benefits to residents of Rockville even though Chapter 41A of the Montgomery County Code does not apply within the City. We seem to have misplaced a file, and I have been able to locate only one letter dealing with the availability of County funds to benefit residents of municipalities exempt from applicable County law. A copy of that letter, dated January 28, 1986 to Al McArthur, is attached for your information.

I wish to reiterate what I advised you orally and what is set forth in the above-referenced letter. The County has stated its position that it does not want only portions of laws to be adopted. The County generally prefers that either all or no portion of a chapter be allowed to apply in a municipality. However, certain entitlements or benefits made available to County citizens are often contained in chapters which include other regulatory or administrative provisions. Often municipalities do not wish to adopt the regulations involved, or the particular chapter concerns the operation or structure of county government and would not appropriately apply within a municipality. Therefore, it has always been the understanding among the members of the Legislative Advisory Group (which consists of representatives of the County Executive and the County Council's legal staff along with representatives of the various municipalities within the County) that when the County establishes a benefit, such as rental assistance, that benefit is available to all County residents, including municipal residents, regardless of whether or not the legislation in which the benefit is contained applies within the municipality.

If the County is considering changing its position on this matter, the issue should be brought before the Legislative Advisory Group for discussion and input.

I understand your position that since Chapter 41A only concerns rental assistance, it would seem appropriate to have all
RE: Rental assistance benefits - Chapter 41A

municipalities "adopt" the chapter. However, I think it is undesirable to create a precedent that such adoption is required before a benefit is available to residents of the County residing within a municipality.

I will be happy to discuss this matter with you further.

Very truly yours,

Sondra Harans Block
Assistant City Attorney

SHB/am

cc: Members of the Legislative Advisory Group

Enclosure
January 28, 1986

Mr. Alastair McArthur
Office of the County Executive
Executive Office Building
101 Monroe Street
Rockville, Maryland 20850

Re: Availability of County Funds to Benefit Residents of Municipalities Exempted from Applicable Law

Dear Al:

At the Legislative Advisory Group's recent meeting on Thursday, January 16, 1986, I raised the question as to whether or not the victim advocate program as proposed to be established by Bill No. 72-85 would be available to residents of municipalities that do not make Chapter 32 an exception to their general exemption from the applicability of County laws. I stated my impression from statements of Alan Wright of the County Attorney's Office that even if a County law does not apply within a municipality, welfare and other benefits provided to County citizens under that law would also be available to residents of those municipalities.

Since that meeting, I have been able to locate a September 11, 1984 letter from myself to you and Alan Wright wherein I raised that very issue on page 2, "Area 2". The comments that I penciled in the margin read as follows:

"Doesn't think situation is changed. Money will still be available; exemption has no affect on money availability."

I think it is necessary that the County clearly state its position on this issue. If services and funds are not available to benefit residents of municipalities that are technically exempted from the chapters which establish the various programs, the municipalities interested in seeing that their citizens receive those benefits will have to take steps to make sure that they are covered by the law. However, since many of these programs are contained in chapters which contain other provisions that some municipalities may wish to be exempted from, those municipalities will be forced to adopt (or more accurately exempt themselves from) portions of the County chapter. The County has repeatedly stated on many occasions that it desired that municipalities opt in or out of coverage of chapters as a whole and not pick only portions of chapters to apply to them. This picking...
and choosing of portions of chapters can be avoided if the County agrees that citizen programs and benefits will be made available throughout the County without regard to whether or not a municipality is exempted from the particular chapter establishing the program or benefit.

Please contact me if you wish to discuss this matter further.

Very truly yours,

Sondra Harans Block
Assistant City Attorney

SHB/am
cc: Legislative Review Committee
    Members