

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 33-22: CAPITAL IMPROVEMENTS PROGRAM – AFFORDABLE HOUSING FEASIBILITY STUDY – REQUIRED

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 33-22 could have a positive impact on racial equity and social justice (RESJ) in the County. Data on household median incomes suggest Black and Latinx households, particularly renter households, could disproportionately benefit from an increase in affordable housing units. If Bill 33-22 works as intended, an increase in affordable housing could also narrow racial disparities in housing insecurity, such as rent burden and homelessness, by increasing the availability of units that are more affordable to Black and Latinx residents. Because only a limited number of projects would be eligible for affordable housing co-location, OLO anticipates the positive RESJ impact will be small.

PURPOSE OF RESJ IMPACT STATEMENTS

The purpose of RESJ impact statements (RESJIS) is to evaluate the anticipated impact of legislation on racial equity and social justice in the County. Racial equity and social justice refer to a **process** that focuses on centering the needs, leadership, and power of communities of color and low-income communities with a **goal** of eliminating racial and social inequities.¹ Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social harms that have caused racial and social inequities.²

PURPOSE OF BILL 33-22

According to the Montgomery County Planning Department's 2015 White Paper, co-location refers to "the locating of two or more organizations of public interest sharing some significant aspect of a physical space on a regular basis."³ As the housing crisis mounts, jurisdictions locally and throughout the country are increasingly considering co-location of housing units with public facilities, such as schools and libraries.^{4,5,6}

Under current law, during transmission of the Capital Improvements Program (CIP) budget, the County's Office of Management and Budget (OMB) is required to provide the County Council an affordable housing assessment for each applicable capital project that is in facility planning. The purpose of Bill 33-22 is to require the County Executive to submit an affordable housing feasibility study to the Council for certain capital projects, in addition to the affordable housing assessment already required. Capital projects requiring an affordable housing feasibility study would include libraries, recreation centers, police stations, fire stations, and other general services buildings.⁷

Bill 33-22 would require the Executive to submit the affordable housing feasibility study prior to facility planning, development of the program requirements, site selection or land acquisition of any capital project. This is intended to make affordable housing co-location more feasible through requiring planning for co-location earlier in the capital project development process.⁸

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Bill 33-22 would also establish a review process for the Council to determine project feasibility for co-location of affordable housing. The Council would determine by vote whether to approve or disapprove the analysis presented in the feasibility study. The Bill implies the Council would only disapprove of an analysis and request a revised plan for co-location if the study finds co-location to not be feasible.⁹ According to Council staff, the Bill does not change the existing CIP process and the Executive can ultimately include projects in the CIP with or without recommendations that arise from the Council through this process.

Bill 33-22 was introduced to the Council on November 15, 2022.

HOUSING INSECURITY AND RACIAL EQUITY

Government policies and practices have played a significant role in creating and sustaining housing inequities by race and ethnicity. As outlined below, Black and Latinx residents experience higher rates of housing insecurity and lower rates of homeownership. Please refer to the RESJIS for Expedited Bill 30-21, Landlord-Tenant Relations – Restrictions During Emergencies – Extended Limitations Against Rent Increases and Late Fees, for more on the government’s role in fostering racial segregation in housing and the racial wealth divide.¹⁰

Data on Housing Insecurity. Local data on three metrics of housing insecurity – rent-burdened households, rental assistance participation, and homelessness – demonstrate that Black and Latinx households in the County are especially housing insecure. More specifically, in the County:

- In 2021, 63 percent of Latinx renters and 57 percent of Black renters were rent-burdened (expending 30 percent or more of income on rent), compared to 45 percent of White renters and 38 percent of Asian renters.¹¹
- Among recent COVID-19 Rent Relief Program clients, 46 percent were Black and 24 percent were Latinx, while 8 percent were White and 2 percent were Asian or Pacific Islander.¹²
- Among single adults experiencing homelessness in 2021, 56 percent were Black, 33 percent were White, 5 percent were Native American, and 4 percent were Asian or Pacific Islander.¹³
- Among families experiencing homelessness in 2021, 84 percent were Black, 12 percent were White, and 3 percent were Native American.¹⁴

Local data on homeownership also confirms housing inequities by race and ethnicity. In 2019, 75 percent of White and 73 percent of Asian households in the County were owner-occupied, compared to 50 percent of Latinx households and 41 percent of Black households.¹⁵

ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 33-22 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who are the primary beneficiaries of this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

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For the first question, OLO considered the median incomes of County households. Residents with lower incomes could benefit from an increase in affordable housing if this Bill works as intended. Table 1 summarizes the median incomes of County households by race and ethnicity. For reference, 60 percent of the Area Median Income (AMI), a common threshold for affordable housing eligibility, is currently \$85,380 for a family of four.¹⁶

Table 1 suggests that the median income of Black households is below the 60 percent AMI threshold for a family of four, while the median income of Latinx households is slightly above the threshold. The median incomes of Native American, Asian, and White households exceed the threshold by \$23,400, \$37,803, and \$55,623, respectively. This data suggests that Black and Latinx households could particularly benefit from more affordable housing.

Table 1: Median Household Income by Race and Ethnicity, Montgomery County, Maryland¹⁷

Race and ethnicity	Median Household Income
Asian	\$123,183
Black	\$83,194
Native American	\$108,780
White	\$141,003
Latinx	\$86,302

Source: Table S1903, 2021 American Community Survey 1-Year Estimates, Census Bureau.

Further, the median household income of renter households in the County was \$71,240, compared to \$147,209 for owner households.¹⁸ The median income of renter households falls well below the 60 percent AMI threshold for a family of four, which implies that renters could also benefit from more affordable housing. Table 2 suggests Black and Latinx households are overrepresented among renter households. Native American households are proportionately represented, while White and Asian households are underrepresented.

Table 2: Percent of All Households and Percent of Renter-Occupied Households by Race and Ethnicity, Montgomery County

Race and ethnicity	All Households	Renter-Occupied Households
Asian	14.7	13.3
Black or African American	19.1	31.6
Native American	0.4	0.3
White	49.0	32.8
Hispanic or Latino	15.0	20.1

Source: Table S2502, 2021 American Community Survey 1-Year Estimates, Census Bureau.

For the second question, OLO considered the extent to which this Bill could address racial disparities in housing security. The nationwide housing crisis is fueled in large part by the shortage of affordable housing. The National Low Income Housing Coalition estimates there is a shortage of 7 million affordable homes for more than 10.8 million extremely low-income families in the country.¹⁹ Locally, in response to the regional housing shortage, the Council supported housing targets established by the Metropolitan Washington Council of Governments. The targets call for the addition of 41,000 new housing units in the County by 2030, 75 percent of which should be affordable to low- and middle-income households.²⁰

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Data on housing insecurity outlined in the previous section suggests Black and Latinx households are disproportionately impacted by the housing crisis. Bill 33-22 could narrow racial disparities in housing insecurity, such as rent burden and homelessness, by increasing the availability of units that are more affordable to Black and Latinx residents.

Taken together, OLO anticipates Bill 33-22 could have a positive impact on RESJ in the County. Data on household median incomes suggest Black and Latinx households, particularly renter households, could disproportionately benefit from an increase in affordable housing units. If Bill 33-22 works as intended, an increase in affordable housing could also narrow racial disparities in housing insecurity, such as rent burden and homelessness, by increasing the availability of units that are more affordable to Black and Latinx residents. Because only a limited number of projects would be eligible for affordable housing co-location, OLO anticipates the positive RESJ impact will be small.

RECOMMENDED AMENDMENTS

The Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.²¹ OLO anticipates Bill 33-22 could have a positive impact on RESJ in the County. As such, OLO does not offer recommended amendments.

CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

¹ Definition of racial equity and social justice adopted from “Applying a Racial Equity Lens into Federal Nutrition Programs” by Marlysa Gamblin, et.al. Bread for the World, and from Racial Equity Tools. <https://www.racialequitytools.org/glossary>

² Ibid

³ Bolan Smart Associates, Inc., “Colocation White Paper,” Montgomery County Planning Department, January 2015. <https://www.montgomeryplanning.org/research/documents/MNCPCColocationFinal1-14-15.pdf>

⁴ Steve Bohnel, “County Council Says it Supports Housing at Chevy Chase Library Site,” Bethesda Beat, May 12, 2022. <https://bethesdamagazine.com/2022/05/12/county-council-says-it-supports-housing-at-chevy-chase-library-site/>

⁵ James Cullum, “City Manager: Co-Locating Affordable Housing Would Not Have Major Effect on ACPS Plans,” ALXnow, January 28, 2020. <https://www.alxnow.com/2020/01/28/city-manager-co-locating-affordable-housing-would-not-have-transformational-effect-on-acps-school-plans/>

⁶ Kathleen McCormick, “A New Chapter: Cities are Tackling the Housing Crunch – by Building Above the Library,” Lincoln Institute of Land Policy, September 27, 2019. <https://www.lincolnst.edu/publications/articles/new-chapter>

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⁷ Introduction Staff Packet for Bill 33-22, Capital Improvements Program – Affordable Housing Feasibility Study – Required, Montgomery County Council, Introduced November 15, 2022.

https://www.montgomerycountymd.gov/council/Resources/Files/agenda/col/2022/20221115/20221115_3B.pdf

⁸ Ibid

⁹ Ibid

¹⁰ Racial Equity and Social Justice Impact Statement for Expedited Bill 30-21, Office of Legislative Oversight, Montgomery County, Maryland, September 9, 2021. <https://montgomerycountymd.gov/OLO/Resources/Files/resjis/2021/Bill30-21RESJ.pdf>

¹¹ Table S0201: Selected Population Profile in the United States, 2021 American Community Survey 1-Year Estimates, Census Bureau. <https://data.census.gov/table?q=s0201&t=001:002:004:006:012:01A:050:400&g=0500000US24031>

¹² “DHHS Pulse Report: COVID-19 Impact and Recovery,” Montgomery County Department of Health and Human Services, November 30, 2022. <https://www.montgomerycountymd.gov/covid19/Resources/Files/pulse/DHHS-Pulse-221130.pdf>

¹³ “Point in Time Survey,” Montgomery County Interagency Commission on Homelessness, Accessed December 5, 2022. <https://www.montgomerycountymd.gov/homelessness/numbers.html>

¹⁴ Ibid

¹⁵ “Percent of Owner-Occupied Households by Race/Ethnicity: Montgomery County, MD,” National Equity Atlas, Accessed December 1, 2022. <https://nationalequityatlas.org/indicators/Homeownership#/?geo=04000000000024031>

¹⁶ 2022 Rent and Income Limits, Montgomery County Department of Housing and Community Affairs, June 15, 2022.

https://montgomerycountymd.gov/DHCA/Resources/Files/housing/multifamily/compliance/rent_income_limits_current.pdf

¹⁷ Latinx is an ethnicity rather than a race. Therefore, Latinx people are included in multiple racial groups throughout this impact statement unless where otherwise noted.

¹⁸ Table S2503: Financial Characteristics, 2021 American Community Survey 1-Year Estimates, Census Bureau.

<https://data.census.gov/cedsci/table?t=Owner%2FRenter%20%28Tenure%29&g=0500000US24031&tid=ACSST1Y2021.S2503>

¹⁹ “The Problem,” National Low Income Housing Coalition, Accessed December 2, 2022. <https://nlihc.org/explore-issues/why-we-care/problem>

²⁰ “Council Unanimously Approves Resolution to Support Metropolitan Washington Council of Governments’ Regional Housing Targets for Montgomery County,” Press Releases, Montgomery County Council, November 6, 2019.

https://www2.montgomerycountymd.gov/mcgportalapps/Press_Detail.aspx?Item_ID=23618&Dept=1

²¹ Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council