



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

AGENDA ITEM #13
February 23, 2021
Public Hearing/Action

SUBJECT

Special Appropriation to the Fiscal Year 2021 Operating Budget; Montgomery County Government; Department of Health and Human Services; Rental and Utility Assistance \$31,405,652 (Source of Funds: United States Department of Treasury Grant); Lead Sponsor: Council President at the Request of the County Executive

EXPECTED ATTENDEES

Amanda Harris, Chief, Services to End and Prevent Homelessness, Department of Health and Human Services

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- This special appropriation was introduced on February 9, 2021.
- The Joint HHS and PHED Committee met on February 11, 2021 and recommends approval (6-0).

DESCRIPTION/ISSUE

The COVID-19 pandemic has caused severe income loss and economic distress for many households in Montgomery County. Many households are unable to pay all or part of their rent and monthly utilities. Low and moderate-income households have been disproportionately impacted. Evictions that are a result of lost income due to COVID are on hold both by extension of the Centers for Disease Control Order and the Governor's Executive Order. As these stays end and the courts reopen, there is the potential for many households to face eviction because they are behind on their rent. Utility companies are expected to phase out their pause on utility shut-offs. Rental assistance is needed to help people with rent arrearages and prevent evictions for those who are not able to enter into a repayment plan or work with landlords on other options to avoid eviction. Utility assistance is needed to prevent shut-offs which can result in a home being uninhabitable.

SUMMARY OF KEY DISCUSSION POINTS

- Responses to surveys conducted by the Department of Housing and Community Affairs indicate that as many as 15% of County renters were delinquent on part of all of their rent in June.
- Income loss from COVID-19 has disproportionately impacted low and moderate-income households. Of the over 9,000 applications received for the previous COVID rental assistance program, 43% identified as Black and 38% as Hispanic. The average age of the applicant was 40 years old. The average arrearage was \$3,360 but there are households where income was lost early in the pandemic with arrearages of \$10,000 or more. Over half of applications were from areas of the County that were identified as high-need.

- Maryland utilities could begin shutting off utilities as of November 15, 2020. A February 6, 2021 Washington Post article said that the National Energy Assistance Directors' Association estimates that more than 400,000 Maryland households owe more than \$251 million. Pepco estimates that Maryland residents owe \$71 million. Pepco has shut off some households but says they reconnected about 75% after they entered into a payment plan or applied for financial aid. WSSC estimates that customers owe \$67 million.
- The Department of Health and Human Services will administer this new federal aid. DHHS will set criteria for applications. The federal government is requiring jurisdictions to prioritize households earning 50% or less of the area median income and those who have been unemployed for more than 90 days. DHHS hopes to have the program begin taking applications mid-March. DHHS is still awaiting final program guidance from the Department of Treasury before the program can be finalized.
- DHHS expects that almost all of this aid will be used for rental assistance as there are currently other resources still available to help people with utility bills.

Attached:

Special Appropriation Resolution and memo
from County Executive

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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Marc Elrich
County Executive

MEMORANDUM

February 5, 2021

TO: Tom Hucker, President, County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Special Appropriation #21-511 to the Fiscal Year 2021 Operating Budget
Montgomery County Government
Department of Health and Human Services
\$31,405,652 (Source of Funds: United States Department of Treasury Grant)

I am recommending a special appropriation to the Fiscal Year 2021 Operating Budget of the Department of Health and Human Services (DHHS) in the amount of \$31,405,652 for Emergency Rental Assistance Program. This appropriation will fund rental and utility assistance to households suffering an economic loss due to the COVID-19 pandemic.

This funding is needed because the pandemic has forced many businesses to temporarily or permanently close causing Montgomery County residents to suffer income loss and an inability to pay rent and utility expenses.

I recommend that the County Council approve this special appropriation in the amount of \$31,405,652 and specify the source of funds as United States Department of Treasury Emergency Rental Assistance.

I appreciate your prompt consideration of this action.

ME:gh

Attachment: Special Appropriation #21-511

c: Raymond L. Crowel, Director, Department of Health and Human Services
Jennifer Bryant, Director, Office of Management and Budget
Victoria Buckland, Chief Operating Officer, Department of Health and Human Services
Amanda J. Harris, Chief, Services to End and Prevent Homelessness, Department of Health and Human Services

Resolution No: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President at the Request of the County Executive

SUBJECT: Special Appropriation #21-511 to the FY21 Operating Budget
Montgomery County Government
Department of Health and Human Services (DHHS); \$31,405,652
United States Department of Treasury Emergency Rental Assistance Program
(Source of Funds: Federal Grant)

Background

1. Section 308 of the Montgomery County Charter provides that a special appropriation: (a) may be made at any time after public notice by news release; (b) must state that the special appropriation is necessary to meet an unforeseen disaster or other emergency or to act without delay in the public interest; (c) must specify the revenues necessary to finance it; and (d) must be approved by no fewer than six members of the Council.
2. A new coronavirus disease, named COVID-19, appeared in China in December 2019 and spread extremely quickly. On March 11, 2020 the World Health Organization stated that the number of confirmed cases worldwide had exceeded \$200,000. It took over three months to reach the first 100,000 confirmed cases, and only 12 days to reach the next 100,000. As of January 25, 2021, there were over 25 million confirmed cases in the United States, including 341,452 confirmed cases in Maryland, of which 56,729 were in Montgomery County.
3. To slow the spread of the disease, the Governor declared a State of Emergency and has issued several Executive Orders with actions that include, but are not limited to, closing schools, closing senior centers and adult medical day care programs, closing all non-essential businesses, and limiting the number of people that can gather.
4. The public health crisis has resulted in the immediate loss of income for many households as businesses have been required to close and people have been told to stay home. This creates a financial crisis for many County residents and businesses.

Special Appropriation #21-511

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5. The FY2021 Omnibus Appropriations bill was passed by Congress and signed into law by the President on December 27, 2020. The bill includes a \$900 billion COVID relief package with \$25 billion allocated to the Department of Treasury for Emergency Rental Assistance.
6. The Department of Health and Human Services applied for and was awarded \$31,405,652 in federal funding from the Department of Treasury. The Department of Treasury requires that this funding be utilized to reduce the negative impact of COVID-19 by providing rental and utility assistance to households facing economic hardship as a result of the COVID-19 pandemic. Funds must be prioritized to households with income at or below 50% of Area Median Income (AMI) and those who have been unemployed more than 90 days.
7. The County Executive has requested the following FY21 Operating Budget appropriation increase for the Department of Health and Human Services

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$31,405,652	\$0	\$31,405,652	Federal Grant

8. This increase is needed because the COVID-19 pandemic has forced many businesses to temporarily or permanently close causing Montgomery County residents to suffer income loss and an inability to pay rent and utility expenses.
9. The County Executive has requested a special appropriation to the FY21 Operating Budget in the amount of \$31,405,652 for the United States Department of Treasury Rental Assistance Program and specifies that the source of funds will be Federal Grant.
10. The public was notified by a news release.

Action

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

1. A special appropriation to the FY21 Operating Budget of the Department of Health and Human Services is approved as follows:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$31,405,652	\$0	\$31,405,652	Federal Grant

2. The County Council declares that this action is necessary to act in response to a public health emergency and to act without delay in the public interest.

This is a correct copy of Council action.

Selena Mendy Singleton, Esq.
Clerk of the Council