



Committee: Directly to Council
Committee Review: N/A
Staff: Eunice Jeong, Legislative Analyst
Purpose: Final action – vote expected
Keywords: DHCA, Design For Life

AGENDA ITEM #21
May 2, 2023
Action

SUBJECT

Special Appropriation to the Fiscal Year 2023 Operating Budget Montgomery County Government, Department of Housing and Community Affairs, Design For Life, \$1,500,000 (Source of Funds: Federal Funds) and amendment to FY23 Operating Budget Resolution 19-1285, Section G, FY23 Designation of Entities for Non-Competitive Contract Award Status: Habitat For Humanity Metro Maryland and Rebuilding Together Montgomery County

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

DESCRIPTION/ISSUE

- The Council set-aside \$4.5 million for affordable housing as part of its April 19, 2022 discussion on [ARPA spending options](#).
- On March 2, 2023, Councilmembers Friedson, Fani-González, Albornoz, Balcombe, Katz, and Luedtke put forth a proposal to utilize the \$4.5 million in ARPA funding set aside for affordable housing, to provide \$3 million in additional funding for down payment assistance programs, and \$1.5 million in additional funding for the Design For Life program that provides accessibility upgrades for low-income seniors and individuals with differing abilities (see ©4).
- While the \$4.5 million in ARPA funds for affordable housing was set aside by the previous Council, a majority of the current Council has affirmed support for that allocation through development of these appropriations.
- Council staff has confirmed with Executive Branch staff that these proposed uses are ARPA-eligible.

SUMMARY OF KEY DISCUSSION POINTS

- The subject resolution appropriates \$1,500,000 to the Design For Life program, allocated by DHCA as follows:
 - \$750,000 to Habitat for Humanity Metro Maryland
 - \$750,000 to Rebuilding Together Montgomery County
- Habitat for Humanity Metro Maryland and Rebuilding Together Montgomery County are designated project vendor partners through the Design For Life program to provide services to

Montgomery County homeowners who need assistance retrofitting their homes to provide accessibility.

This report contains:

Transmittal memo from CAO	©1-2
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Proposal for use of ARPA funds	©6
Racial Equity Impact Statement	©7-10

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OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

Richard S. Madaleno
Chief Administrative Officer

MEMORANDUM

April 21, 2023

TO: Evan Glass, President
Montgomery County Council

FROM: Richard S. Madaleno, Chief Administrative Officer *RSM*

SUBJECT: Amendment to the Fiscal Year 2023 Operating Budget
Resolution 19-1285, Section G, Fiscal Year 2023 Designation of Entities for
Non-Competitive Contract Award Status: Habitat for Humanity Metro Maryland
and Rebuilding Together Montgomery County

On March 28, 2023, the County Council introduced a special appropriation of \$1.5 million in unallocated American Rescue Plan Act funds for the Design for Life program that provides accessibility upgrades for low-income seniors and individuals with differing abilities. Included in the resolution is an amendment to Section G of Resolution 19-1285, FY23 Designation of Entities for Non-Competitive Contract Award.

Department of Housing and Community Affairs (DHCA) will add the following contract awards:

Named Entity	Purpose	Award
Habitat for Humanity Metro Maryland	Provide repairs and accessibility accommodations for senior and/or disabled homeowners.	\$750,000
Rebuilding Together Montgomery County	Provide repairs and accessibility accommodations for senior and/or disabled homeowners.	\$750,000

The Design for Life Program provides accessibility upgrades in owner-occupied residences focusing on the incorporation of design for life features for low-income seniors and individuals with differing abilities. DHCA contracts with Habitat for Humanity and Rebuilding Together to offer these services.

The award of \$750,000 to each nonprofit partner will provide repairs and accessibility accommodations for senior and/or disabled homeowners. This contract needs to be non-competitive because these vendors are the only organizations with the necessary existing space, logistics, partners, and processes to utilize these funds during the current fiscal year.

The source of funding for this request is unallocated American Rescue Plan Act funds.

To add or amend an item in Section G, the Chief Administrative Officer must make a determination that such an action serves a public purpose and is in the public interest. I have determined that this action serves a public purpose and is in the public interest. Therefore, I recommend that the Council amend the Miscellaneous Provision in Section G of Resolution 19-1285 for the FY23 Designation of Entities for Non-Competitive Award.

RSM:aa

Enclosures: Council staff packet including an Amendment to Section G, FY23 Designation of Entities for Non-Competitive Contract Award

cc: Valeria Carranza, Chief of Staff to Council President
Fariba Kassiri, Deputy Chief Administrative Officer, Office of the County Executive
Scott Bruton, Acting Director, Department of Housing and Community Affairs
Jennifer Bryant, Director, Office of Management and Budget
Avinash G. Shetty, Director, Office of Procurement

Resolution No.: _____
Introduced: _____
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsors: Councilmember Fani-González, Council Vice-President Friedson, and Councilmembers Albornoz, Balcombe, Katz, and Luedtke

SUBJECT: Special Appropriation to the Fiscal Year 2023 Operating Budget Montgomery County Government, Department of Housing and Community Affairs, Design For Life, \$1,500,000 (Source of Funds: Federal Funds) and amendment to FY23 Operating Budget Resolution 19-1285, Section G, FY23 Designation of Entities for Non-Competitive Contract Award Status: Habitat For Humanity Metro Maryland and Rebuilding Together Montgomery County

Background

1. Section 308 of the County Charter provides that a special appropriation is an appropriation which states that it is necessary to meet an unforeseen disaster or other emergency, or to act without delay in the public interest. Each special appropriation shall be approved by not less than six Councilmembers. The Council may approve a special appropriation at any time after public notice by news release. Each special appropriation shall specify the source of funds to finance it.
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 declared the disease a pandemic.
3. President Biden signed into law the American Rescue Plan Act (ARPA) on March 11, 2021, to support the country's recovery from the COVID-19 pandemic. The County Government received \$204.1 million in two equal tranches to support its efforts to recover from the pandemic.
4. Under the U.S. Treasury final rule for ARPA funding, "Development, repair, and operation of affordable housing and services or programs to increase long-term housing security" is an enumerated eligible use to respond to the negative economic impacts of the pandemic on households and communities.
5. In April 2022, the County Council designated \$4.5 million in unallocated American Rescue Plan Act funds for affordable housing initiatives.

6. The Design for Life Program provides accessibility upgrades in owner-occupied residences focusing on the incorporation of design for life features for low-income seniors and individuals with differing abilities. DHCA contracts with Habitat for Humanity and Rebuilding Together to offer these services.
7. A FY 2023 Operating Budget special appropriation is requested for the Department of Housing and Community Affairs:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$1,500,000	\$1,500,000	Federal aid

8. This special appropriation is needed to respond to the negative economic impacts of the COVID-19 pandemic on households and communities.
9. Section 11B-14 (a) (4) of the Montgomery County Code states that a contract may be awarded without competition if the Chief Administrative Officer makes a written determination that the contract award serves a public purpose and proposed contractor has been identified in a grant or appropriation resolution approved by the Council.
10. Notice of public hearing was given and a public hearing was held.

Action

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

A special appropriation to the FY 2023 Operating Budget for DHCA:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$1,500,000	\$1,500,000	Federal aid

This special appropriation must be allocated by DHCA as follows:

- \$750,000 to Habitat for Humanity Metro Maryland
- \$750,000 to Rebuilding Together Montgomery County

The Council approves an amendment to Council Resolution No. 19-1285, Section G, FY23 Designation of Entities for Non-Competitive Award Status. The Chief Administrative Officer has recommended this action and stated that this action serves a public purpose and is in the public interest.

The FY23 Designation of Entities for Non-Competitive Contract Award Status is amended to reflect:

The Office of the County Executive will increase the value of an existing contract with Habitat for Humanity Metro Maryland and Rebuilding Together Montgomery County by \$1.5M (\$750K to each vendor). The purpose of the contract will be amended to include: “Provides repairs and accessibility accommodations for senior and/or disabled homeowners.”

The funds appropriated in this special appropriation must be placed in a Grant Fund account, in which any unspent funds will be re-appropriated in Fiscal Year 2024.

This appropriation is needed to act without delay in the public interest.

This is a correct copy of Council action.

Judy Rupp
Clerk of the Council

MEMORANDUM

TO: Montgomery County Councilmembers

FROM:

Andrew Friedson
Natali Fani-Gonzalez
Gabe Albornoz

Marilyn Balcombe
Sidney Katz
Dawn Luedtke

Date: March 2, 2023

SUBJECT: Proposal for the Appropriation of \$4.5 Million in ARPA Funds for Affordable Homeownership

In April 2022, the County Council designated \$4.5 million in unallocated American Rescue Plan Act funds for affordable housing initiatives. As part of the Tenant Assistance and Protection Package (TAPP) we propose investing the full amount in homeownership opportunities that help historically underserved communities build generational wealth.

Specifically, we recommend appropriating \$3 million to the Montgomery Homeownership Program and \$1.5 million to the Design for Life Program. The Montgomery Homeownership Program provides down payment assistance of up to \$25,000 to first time homebuyers who meet income restrictions. This \$3 million doubles the investment made by the County Council for fiscal year 2023, helping approximately 120 additional renters become homeowners. The Montgomery County Department of Housing and Community Affairs (DHCA) provides oversight while the Maryland Department of Housing and Community Development and Montgomery County Housing Opportunities Commission directly administer the program to residents.

The Design for Life Program provides accessibility upgrades in owner-occupied residences focusing on the incorporation of design for life features for low-income seniors and individuals with differing abilities. DHCA contracts with Habitat for Humanity and Rebuilding Together to offer these services. The current FY23 budget is \$300,000 with awards of \$10,000 to \$20,000 per household. An investment of \$1.5 million will significantly increase their capacity to serve owners most at risk of losing their homes.

Homeownership and the racial wealth gap are inextricably linked. We learned in a recent [Racial Wealth Gap Simulation](#) that White households have a net worth 13 times the net worth of black households. It's no secret that homeownership boosts net worth over time, allowing homeowners to pass that wealth onto future generations. Throughout history, significant segments of our population have been denied these benefits.

The U.S. Department of the Treasury [reports](#) that in the second quarter of 2022, the homeownership rate for White households was 75 percent compared to 45 percent for Black households, 48 percent for Hispanic households, and 57 percent for non-Hispanic households of any other race. This racial disparity is striking, yet not surprising. Treasury also shares that the Black-white gap in homeownership rates was the same in 2020 as it was in 1970. This is unconscionable. We must act now to increase access and reduce disparities.

We look forward to discussing this further with you.

Council Sponsored Special Appropriation: Racial Equity and Social Justice

SUBJECT

- Special Appropriation to the FY23 Operating Budget:
 - Department of Housing and Community Affairs, \$1,500,000 for Design For Life
 - Department of Housing and Community Affairs, \$3,000,000 for Homeowner Assistance Programs
- Lead sponsors: Councilmembers Friedson, Fani-González, Albornoz, Balcombe, Katz, Luedtke
- Council Introduced: March 28, 2023
- Public Hearing: Scheduled April 18, 2023

Description and Background:

President Biden signed into law the American Rescue Plan Act (ARPA) on March 11, 2021 to support the country's recovery from the COVID-19 pandemic. The County Government received \$204.1 million in two equal tranches to support its efforts to recover from the pandemic.

Under the U.S. Treasury final rule for ARPA funding, "Development, repair, and operation of affordable housing and services or programs to increase long-term housing security" is an enumerated eligible use to respond to the negative economic impacts of the pandemic on households and communities. Affordable housing projects that serve eligible, disproportionately impacted populations (including low- to moderate-income households), are eligible for funding.

In April 2022, the County Council designated \$4.5 million in unallocated American Rescue Plan Act funds for affordable housing initiatives. Of that amount, \$1.5 million is allotted for the Design For Life Program, and \$3 million is allotted for homeowner assistance programs (Montgomery Homeownership Program and Montgomery County Homeownership Assistance Fund).

The Design for Life Program provides accessibility upgrades in owner-occupied residences focusing on the incorporation of design for life features for low-income seniors and individuals with differing abilities. DHCA contracts with Habitat for Humanity and Rebuilding Together to offer these services. The program is established to operate as follows: \$10K for any homeowner who is 62+ or physically handicapped and \$20K for any homeowner who otherwise qualifies and is at 50% AMI or less.

The Montgomery Homeownership Program provides down payment assistance of up to \$25,000 to first time homebuyers who meet income restrictions. The Montgomery County Department of Housing and Community Affairs (DHCA) provides oversight while the Maryland Department of Housing and Community Development and Montgomery County Housing Opportunities Commission directly administer the program to residents.

The Montgomery County Homeownership Assistance Fund (“McHAF”) helps Maryland first time homebuyers purchase a home in Montgomery County by offering a deferred Down Payment and Closing Cost Assistance loan in conjunction with the Housing Opportunities Commission of Montgomery County’s (“HOC”) Mortgage Purchase Program’s (“MPP”) first mortgage loan. McHAF, in combination with HOC’s MPP will provide substantial down payment and closing cost assistance granting up to 40% of the household’s qualifying income for a maximum of \$25,000.

The requested funds will be used to provide for:

- Accessibility improvements for low-income senior and/or disabled homeowners, allowing vulnerable individuals to keep their homes
- Assisting first-time homebuyers purchase a home in Montgomery County

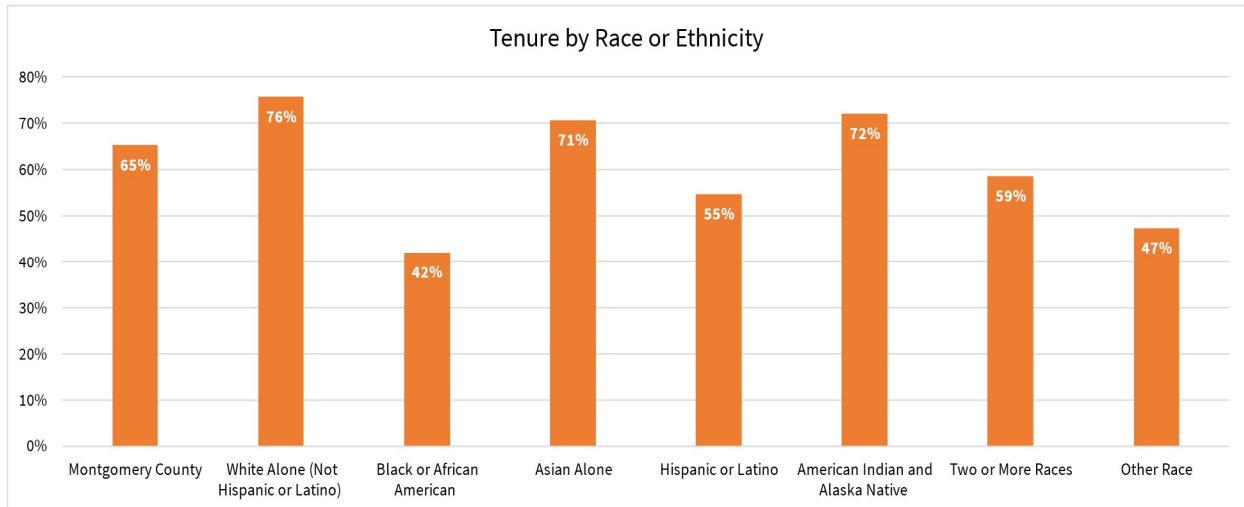
Data

There are about 372,825 total households in Montgomery County, of which 244,613 are owner-occupied and 128,212 are renter-occupied. The average monthly cost for homeowners is significantly higher than the average monthly cost for renters – \$2,918 vs. \$1,812. In addition, renter households are more likely to be housing cost-burdened, which means they spend more than 35% of their income on housing costs. 40.3% of renter households are housing cost-burdened, vs. 19.8% of homeowner households. This means that not only are renters more cost-burdened than homeowners, but also that homeownership is more unattainable for lower-income households, who tend to disproportionately be people of color.

Households spending more than 35% of income on housing costs

Homeowners (with mortgage)	35,021	19.8%
Renters	50,185	40.3%

Homeownership rates indicate racial disparities. Looking at owner-occupied rates in the County, although 65% overall are owner-occupied households, 76% of white-identifying households and only 42% of Black-identifying households are owner-occupied. This disparity in rates of homeownership indicate a clear need to assist people of color and lower-income households in achieving homeownership.



Looking at overall demographics, the Montgomery County population is majority people of color with 56.9% of residents identifying as Hispanic or non-white. District 1 is the only district where any one racial or ethnic group is a majority of the population--68.7% of residents are White. District 2 has the highest proportion of Asian residents (24.3%) and is the county's most diverse district. District 6 has the highest proportion of Hispanic residents (35.2%). The highest percentage of Black residents is in District 5 (37.7%).

The average household income for Montgomery County is \$152,779. Districts 2-7 all have average incomes between \$116,000 and \$144,595. District 1's average income is \$265,145, 80% higher than the next-highest district. District 1 also has the highest percentage of residents with at least a bachelor's degree—85.7%, compared with a county average of 59.2%.

Racial demographics in Montgomery County

Total population	1,047,661	
White	451,553	43.1%
Black	188,234	18.0%
Asian or Pacific Islander	156,384	14.9%
Other race	46,870	4.5%
Hispanic/Latino (can be any race)	204,620	19.5%
People of Color	596,108	56.9%

Income distribution in Montgomery County

Average 2020 household income	\$152,779	
<\$50,000	\$76,600	20.5%
\$50,000-\$99,999	\$89,826	24.1%
\$100,000-\$149,000	\$71,445	19.2%
\$150,000+	\$134,954	36.2%

Data from the 2016-2020 American Community Survey, 5-year estimate: [Montgomery-County-Council-District-Profiles-2022-1.pdf](#)
([montgomeryplanning.org](#))

Council Staff Comments:

The purpose and implementation of this special appropriation appears consistent with the intent of the Federal grant, which is to support the country’s recovery from the Covid-19 pandemic, especially for vulnerable and underserved populations including the elderly and the disabled. The requested appropriation of Federal grant funds will be used to support first-time homebuyers in acquiring homeownership, where serious racial disparities exist today. The funds will also support the needs of vulnerable homeowners from a wide variety of backgrounds so they can live safely and independently in their homes.