



Committee: Joint
Committee Review: Completed
Staff: Naeem M. Mia, Legislative Analyst;
 Eunice Jeong, Legislative Analyst
Purpose: To make preliminary decisions – straw vote expected
Keywords: #rentalassistance #HIF #recordationtax #HHS #SEPH #HOC #DHCA

AGENDA ITEM #5
 May 12, 2023
Worksession

SUBJECT

Rental Assistance Programs funded through the Housing Initiative Fund (HIF) – FY24 Operating Budget

EXPECTED ATTENDEES

- Scott Bruton, Acting Director, Department of Housing and Community Affairs (DCHA)
- Mary Gentry, Chief of Housing, DHCA
- Somer Cross, Program Manager, Affordable Housing Programs, DHCA
- Jason Rundell, Acting Chief Operating Officer, HHS
- Ilana Branda, Acting Chief, Services to End and Prevent Homelessness (SEPH), Health and Human Services (HHS)
- Ken Silverman, Director of Government Relations, Housing Opportunities Commission (HOC)
- Tim Goetzinger, Chief Financial Officer, HOC

FY24 COUNTY EXECUTIVE RECOMMENDATION

| HIF Only | FY23 Approved | FY23 Estimated | FY24 CE Recommended | FY23 APP vs. FY24 CE REC |
|---|---------------------|---------------------|---------------------|--------------------------|
| Rental Assistance Programs - Total | \$19,510,648 | \$15,511,770 | \$16,273,590 | \$(3,237,057) |
| Housing Opportunities Commission (HOC) | \$3,168,526 | \$3,168,515 | \$3,168,515 | \$(11) |
| Health and Human Services (HHS) | \$8,086,272 | \$8,086,272 | \$8,086,272 | \$0 |
| Housing and Community Affairs (DHCA) | \$6,705,777 | \$4,424,992 | \$4,839,803 | \$(1,865,974) |
| HIF Contingency | \$1,550,073 | (\$168,009) | \$179,000 | \$(1,371,073) |

COMMITTEE RECOMMENDATIONS

- At its April 26 review of the FY24 operating budget for the Housing Initiative Fund’s rental assistance program, the joint HHS/PHP Committee recommended a total funding level of \$16,273,590, an overall decrease of \$3,237,058 from the FY23 Approved level of \$19,510,648, in line with the Executive’s recommended budget.

- The Committee did not discuss the programming of an estimated **\$7,606,000** of additional recordation taxes generated by Bill 17-23, approved by the Council on May 9, 2023. Altogether, resources available in HIF-funded rental assistance programs for FY24 increased from **\$16,273,590** to **\$23,879,590**.
- Starting in FY25, the additional recordation tax estimated for rental assistance programs in the HIF will be approximately \$10-11 million annually.

SUMMARY OF KEY ISSUES

- The additional recordation tax must be appropriated within the HIF and can be used for direct rental assistance payments to recipients and associated operating expenses (i.e., contractors, brokers, etc.). Recordation tax cannot be used for ongoing personnel expenses or County positions. For HHS/SEPH's Rental Assistance Program (RAP) and Rapid Rehousing Program (RRH), the estimated amounts in FY24 for direct rental assistance are \$3,761,604 and \$2,187,540, respectively.
- For discussion, Council staff has developed two options for Council consideration, as summarized further below in Tables 1 and 2.
 - Option 1:
 - Programs the additional \$7,606,000 in the HIF as follows:
 - \$3,761,604 to HHS/SEPH RAP;
 - \$2,197,540 to HHS/SEPH RRH; and
 - \$1,646,906 to HIF Contingency
 - **Offsets a total of \$5,959,094** of General Fund dollars using the additional recordation tax to support Council priorities in the Reconciliation List.
 - The FY24 amount in the HIF allocated to HHS (including RAP, RRH, and other programs) is increased from \$8,086,272 to \$14,045,366. The FY24 for HIF Contingency is increased from \$179,000 to \$1,825,906.
 - The total FY24 funding levels for RAP and RRH are not changed; only the funding source is changed (amount from HIF increases; amount of General Fund decreases).
 - FY24 levels for DHCA and HOC HIF-funded programs are unchanged from the Executive's and Committee's recommendation.
 - Option 2:
 - Programs the additional \$7,606,000 in the HIF as follows:
 - \$1,865,974 to DHCA for MPDU or affordable rental agreement extensions;
 - \$3,761,604 to HHS/SEPH RAP;
 - \$607,349 to HHS/SEPH RRH; and

- \$1,371,073 to HIF Contingency
- **Offsets a total of \$4,368,953** of General Fund dollars using the additional recordation tax to support Council priorities in the Reconciliation List.
- The FY24 amount in the HIF allocated to HHS (including RAP, RRH, and other programs) is increased from \$8,086,272 to \$12,455,225. The FY24 for HIF Contingency increased from \$179,000 to \$1,550,073 while the amount for DHCA programs is increased from \$4,839,803 to \$6,705,777 (restoring both to the FY23 Approved funding level level).
 - As in Option 1, the total FY24 funding levels for RAP and RRH are not changed; only the funding source is changed (amount from HIF increases; amount of General Fund decreases).
- As in Option 1, FY24 levels for HOC HIF-funded programs are unchanged from the Executive’s and Committee’s recommendation.

Table 1. Comparison of Total Funding Levels by Program for Option 1 and Option 2.

| # | Available Recordation Tax: <u>Rental Assistance Programs</u> | Funding Source | 19,510,648 | 16,273,590 | 23,879,590 | 23,879,590 |
|---|---|----------------|----------------------|----------------------------|------------------------|------------------------|
| | | | <u>FY23 Approved</u> | <u>FY24 CE Recommended</u> | <u>FY24 - Option 1</u> | <u>FY24 - Option 2</u> |
| 1 | HOC (HIF-funded) | HIF | 3,168,526 | 3,168,515 | 3,168,515 | 3,168,515 |
| 2 | HHS (SEPH) - Rental Assistance Program (RAP) | HIF | 4,097,726 | 4,097,726 | 7,859,330 | 7,859,330 |
| | | GF | 4,553,003 | 4,604,464 | 842,860 | 842,860 |
| | | <i>Total:</i> | <u>8,650,729</u> | <u>8,702,190</u> | <u>8,702,190</u> | <u>8,702,190</u> |
| 3 | HHS (SEPH) - Rapid Rehousing (RRH) | HIF | 220,935 | 220,935 | 2,418,425 | 828,284 |
| | | GF | 3,142,840 | 3,082,070 | 884,580 | 2,474,721 |
| | | <i>Total:</i> | <u>3,363,775</u> | <u>3,303,005</u> | <u>3,303,005</u> | <u>3,303,005</u> |
| 4 | Other HHS Program Funded through HIF | HIF | 3,767,611 | 3,767,611 | 3,767,611 | 3,767,611 |
| 5 | DHCA - Rental/MPDU Extensions | HIF | 6,705,777 | 4,839,803 | 4,839,803 | 6,705,777 |
| 6 | HIF Contingency | HIF | 1,550,073 | 179,000 | 1,825,906 | 1,550,073 |

Table 2. Summary of Total Funding Levels by Department/Agency.

| | Total Funding Levels by Agency/Department and Funding Source | Funding Source | FY23 Approved | FY24 CE Recommended | FY24 - Option 1 | FY24 - Option 2 |
|---|---|-----------------------|----------------------|----------------------------|------------------------|------------------------|
| A | HOC: | HIF | 3,168,526 | 3,168,515 | 3,168,515 | 3,168,515 |
| B | HHS (RAP, RRH, and other): | HIF | 8,086,272 | 8,086,272 | 14,045,366 | 12,455,225 |
| C | HHS (RAP and RRH): | GF | 7,695,843 | 7,686,534 | 1,727,440 | 3,317,581 |
| D | DHCA: | HIF | 6,705,777 | 4,839,803 | 4,839,803 | 6,705,777 |
| E | Contingency: | HIF | 1,550,073 | 179,000 | 1,825,906 | 1,550,073 |
| F | Total HIF: | | 19,510,648 | 16,273,590 | 23,879,590 | 23,879,590 |
| G | Total GF (for HHS RAP and RRH): | | 7,695,843 | 7,686,534 | 1,727,440 | 3,317,581 |
| H | GF Available for Rec List Items: | | - | - | 5,959,094 | 4,368,953 |

- Council staff also notes that there are two HHS High Priority items on the Reconciliation List that provide direct rental assistance and *could be directly funded by the additional recordation tax*: \$1,700,000 for the Housing Initiative Program (HIP) and \$300,000 for Permanent Supportive Housing (PSH). The two programs total \$2,000,000.
- Attachment 3, on circle 59, contains a detailed list of all programs funded through the HIF and SEPH for rental assistance, evictions, emergency shelter services, and non-profit contracts providing support services with FY23 Approved, FY23 Estimate, and FY24 CE Recommended funding levels for each.

This report contains:

1. April 26, 2023 Joint HHS/PHP Staff Report – DHCA HIF/Rental Assistance Pages 1-26
2. April 26, 2023 Joint HHS/PHP Staff Report – HHS/SEPH Pages 27-57
3. List of Rental Assistance and SEPH Programs Page 58

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MEMORANDUM

April 24, 2023

TO: Joint Health & Human Services (HHS) and Planning, Housing, & Parks (PHP) Committee

FROM: Naeem M. Mia, Legislative Analyst
Eunice Jeong, Legislative Analyst
Tara Clemons Johnson, Legislative Analyst
Essie McGuire, Senior Legislative Analyst

SUBJECT: **FY24 Recommended Operating Budget – Rental Assistance Programs – Department of Housing and Community Affairs (DHCA) Housing Initiative Fund (HIF)**

PURPOSE: Vote on recommendations for the Council’s consideration

Expected Attendees:

- Scott Bruton, Acting Director, DHCA
- Nicolle Katrivanos, Manager, Office of Landlord-Tenant Affairs (OLTA), DHCA
- Somer Cross, Manager, Affordable Housing Program, DHCA
- Pofen Salem, Chief of Finance and Administration, DHCA
- Dr. James Bridgers, Acting Director, DHSS
- Ilana Branda, Acting Chief, Services to End and Prevent Homelessness, DHSS
- Jason Rundell, Acting Chief Operating Officer, DHHS
- Deborah Lambert, Office of Management and Budget (OMB)

A. Staff Recommendations

- For other (non-rental assistance) programs funded through the Housing Initiative Fund (HIF) budget, Council staff will review in further detail and make recommendations at the PHP Committee’s May 1 worksession (along with discussion of a proposed Non-Profit Preservation Fund).
- HIF-funded programs: Council staff recommends approval of the FY24 recommended operating budget for HIF-funded rental assistance programs, **totaling \$16,273,590 (an overall decrease of \$3,236,787)**.

- HHS programs (general and federal funded): Council staff recommends approval of the FY24 recommended operating budget for HHS (funded through general fund and federal funding) rental assistance programs, totaling \$66,314,688, an increase of \$21,005,8785 which includes \$14,016,832 of one-time federal funds (American Rescue Plan Act, ARPA) for emergency rental assistance.
 - Please see HHS/PHP Item #2 for further information and discussion on HHS' programs, including the Services to End and Prevent Homelessness program.
- Attached on circle 17 is a summary chart containing funding levels in the FY23 Approved, FY23 Estimated, and FY24 Recommended operating budget for each program.

B. Overview

According to the Office of Legislative Oversight's (OLO) 2018 report on the County's inventory of rent subsidy programs¹, the County provides various forms of public programs to directly or indirectly make rent more affordable for low- income residents, such as:

- Public Housing: In public housing, a local public housing authority owns the rental housing and acts as the landlord. Income-eligible residents pay a rent that is below the market rate. In the County, the Housing Opportunities Commission (HOC) is the public housing authority that administered this type of program
 - Incentives to Developers and Landlords: Privately-owned housing complexes may offer rental units at below-market rates to qualifying low-income households in exchange for a tax credit, favorable loans or grants, or other financial incentives from the government. Both DHCA and HOC provide various forms of financial subsidies to target certain income populations and achieve affordability at various income levels.
 - Inclusionary Zoning: Inclusionary zoning programs such as the County's Moderately Priced Dwelling Unit (MPDU) program increase the local supply of affordable housing by offering density bonuses to developers in exchange for the production of price/rent controlled units.
 - Rental Assistance/Subsidies: A rent subsidy is direct assistance in which a government pays a portion of a tenant's monthly rent obligation. Most commonly, the tenant's landlord receives the subsidy payment directly from the government. The amount and duration of the rent subsidies vary by program.
- Nearly all rent subsidy programs have income eligibility requirements. Area Median Income (AMI) is frequently used to measure both rent affordability and income eligibility for rent

¹ <https://www.montgomerycountymd.gov/OLO/Resources/Files/2019%20Reports/Inventory-Rent-Subsidy-Programs.pdf>

assistance. AMI represents the household income for the middle household (or midpoint in the distribution of households) in a geographic area.

Each year, the U.S. Department of Housing and Urban Development (HUD) calculates the AMI for metropolitan regions around the country. HUD adjusts the AMI based on family size. To determine a household's eligibility for housing assistance, a household's income is typically compared to a percentage of AMI, as follows:

- Low-income households earn less than 80 percent of the AMI.
- Very low-income (VLI) households earn less than 50 percent of the AMI.
- Extremely low-income (ELI) households earn less than 30 percent of the AMI.

As of June 2022, the AMI for a family of four in Montgomery County was \$ 142,300, an increase of \$25,100 (or 21%) from the AMI of \$117,200 in June 2018. Various rent assistance programs may also target benefits to different types of low-income households, including veterans, the elderly, persons with disabilities, people with HIV/AIDS, people at risk of homelessness, and families with children.

The County's rental assistance programs are primarily funded through the Housing Initiative Fund (HIF) with allocations made to various programs administered by HHS, HOC, and DHCA. Recordation tax revenues collected by the County are appropriated within the HIF and are required by Chapters 25 and 52 of the County Code to provide rent subsidies to low- and moderate-income tenants.

In addition, during the COVID-19 pandemic, federal funds (such as the Coronavirus Aid, Relief, and Economic Security Act and American Rescue Plan funding) were directly received by the County and appropriated in the HHS General Fund to provide emergency rental assistance (E-RAP) to County households. The FY24 recommended operating budget for HHS includes both federal funds and general fund dollars to continue these programs.

Rental assistance programs are also administered by HOC using direct federal funds, the most well-known of which is the Housing Choice Voucher (HCV) program (as well as the Veteran's Affairs Supportive Housing program, or VASH). HCV program participants rent in the private market; the voucher provides the landlord an amount equal to the difference between the market rent and 30% of the household's gross adjusted monthly income (subject to a maximum subsidy amount).

Families are eligible to receive a voucher if they are either (a) very low-income (50% or less of AMI) or, (b) extremely low-income (80% or less of AMI) and meet other special criteria (for example, are elderly or have disabilities). The federal program requires HOC to allocate 75% of all vouchers available in a year to extremely low-income families (30% or less of AMI). As the HCV (and similar programs) are administered by HOC using highly-restricted federal funds, they are not discussed below.

C. Discussion of Individual Programs and FY24 Cost Changes

DHCA oversees the process of allocating County Housing Initiative Fund (HIF) dollars to the entities who administer them. The County loans HIF dollars to non-profit and for-profit property owners and developers to acquire, build, or renovate affordable housing units. DHCA also allocates HIF dollars for rent subsidies. While DHCA allocates HIF dollars, HOC and DHHS administer the rent subsidy programs that receive HIF funding.

A summary of rental assistance programs, including both HIF-funded and HHS-administered emergency assistance programs, and their FY24 funding level is provided below. The discussion is outlined as follows:

1. HOC-administered programs funded by the HIF
2. HHS-administered programs funded by the HIF
3. DHCA-administered programs funded by the HIF

HHS-administered programs funded through federal and/or general funds will be covered in item #2 for this joint Committee session.

County Code Section 52-16B, Recordation Tax

This section of the County Code governs the collection and use of the recordation tax by setting an additional rate for properties where the amount paid, or the principal amount of debt secured exceeds \$500,000. The law also requires that half (50%) of the revenue from this "Recordation Tax Premium" be used for rent assistance for low- and moderate-income households, which must not be used to supplant any otherwise available funds.

The County Code does not say that this revenue must be assigned to the HIF, but previous Councils decided that assigning to the HIF helps track that the revenues have been assigned, ensures that they are used for rent assistance (either tenant-based or project-based), and ensures it does not revert to the General Fund reserve at the end of a fiscal year if it is not fully spent.

There are three main expenditures for these funds: (1) funds for permanent supportive housing and other housing programs administered by the Department of Health and Human Services' Services to End and Prevent Homelessness, (2) funding to the Housing Opportunities Commission for the Rent Supplement Program that assist households (non-voucher) that are significantly rent-burdened; and (3) support for production and preservation of housing that increases the affordability of rent for low income household.

1. HOC-administered programs funded by the HIF in FY24

- a. **Rent Supplement Program:** The Rent Supplement Program (RSP) serves Montgomery County residents with a gross household income of no more than 50% of the Area Median Income (AMI) and holding no more than \$10,000 in liquid assets.

Other eligibility requirements are as follows - applicants must:

- Reside, and have an active lease, at unit/property within Montgomery County where the landlord has (or has agreed to have) an active RSP contract for the property or have a commitment from a landlord to execute a lease;
- Reside, or intend to reside, in a unit where the landlord is in compliance with all RSP contracts;
- Reside, or intend to reside, at a unit/property that meets RSP rent guidelines;
- Be current with rent payments, or have documented resources to become current, as well as landlord approval to accept rent arrearages for the unit that the subsidy is applied for;
- Not (nor the unit the prospective recipient resides in) be receiving other Federal subsidies (e.g., Housing Choice Voucher, Low Income Public Housing, Section 236 Preservation Program, etc.);
- Have a rent obligation/burden greater than 30% of the gross household income; and, have a documented need for assistance;
- Demonstrate the ability to pay their full rent regularly with their documented income, any other documented resources and the estimated RSP subsidy;
- Complete the annual recertification process by the required deadlines; and,
- Not have been terminated from the RSP for non-compliance within the past five (5) years.

For FY24, this program has 300 funded slots, and 19,477 individuals on the waitlist.

- b. **Move Up Initiative:** The program is intended for residents residing in a permanent supportive housing program within the County's Continuum of Care who has been determined to no longer need the supportive services but still need subsidy assistance. This program offers a monthly subsidy of up to the fair market rent amount for a unit minus the amount each household is responsible for paying (30% of their monthly household income). HOC receives referrals/applicants directly from the County HHS; eligibility requirements include:

- Total household income must be no higher than 60% of AMI; and
- Participants may not receive a Housing Choice Voucher or any other Federal housing assistance.

For FY24, this program has 20 funded slots.

- c. **Community Choice Homes Initiative:** The Community Choice Homes Initiative (CCH) serves Montgomery County residents who are non-elderly and disabled.

- Applicants must be referred by the Maryland Department of Disabilities or the Money Follows the Person Bridge Subsidy Program; and
- have a rent obligation/burden that exceeds 30% of gross monthly income.

For FY24, this program has 40 funded slots.

- d. **McKinney Supportive Housing Program:** The program serves homeless residents who are referred by the Department of Health and Human Services and have at least one household members with a documented long-term disability.

For FY24, this program has 242 funded slots.

Youth Bridge Initiative: The program is intended for residents who have aged out of the County's foster care system who have a documented need for assistance in order to obtain or retain rental housing. This program offers a monthly subsidy of up to the fair market rent amount for a unit minus the amount each household is responsible for paying (30% of their monthly household income). HOC receives referrals/applicants directly from the Department of Health and Human Services.

Eligibility requirements include:

- Total household income must be no higher than 60% of AMI; and
- Participants may not receive a Housing Choice Voucher or any other Federal housing assistance.

For FY24, this program has 5 funded slots.

- e. **Rental Arrearage Assistance Program (RAAP):** HOC receives an annual allocation of Rental Assistance funding via Recordation Tax Revenue. These programs reallocate unspent funding from prior years and repurposes them to assist with rental arrearages. Funding is not specifically allocated or budgeted for in FY24; if prior-year (FY23) unspent funding is available, HOC may utilize those funds for this program.

The Rental Arrearage Assistance Program is a rental assistance program designed to assist HOC residents in retaining their housing by paying off arrearages accumulated during the COVID-19 health crisis. Utilities, late fees, and other expenses including courts costs are not eligible. Maximum income for this program is set at the Montgomery County maximum for affordable housing, or 70 percent of the area median income (AMI). HOC agrees to not initiate eviction proceedings against a tenant for a time period equal to the number of months for which the tenant was provided assistance after the assistance is provided. Through the RAAP, HOC will bring current tenants not served by other federal, state or local emergency rental assistance programs. The following procedures and guidelines govern the implementation and ongoing operation of the RAAP.

There are several eligibility rules to apply for RAAP. Households must:

- Be a Montgomery County resident residing in a HOC-controlled unit;
- Have a gross household income of no more than 70% of the Area Median Income (AMI);
- Be in danger of losing their housing; and

- Owe at least \$1,000 or more to current landlord.

By accepting assistance for an eligible tenant, the landlord agrees to cancel any current action. By accepting assistance for an eligible tenant, the landlord agrees to stay any eviction activity for a period of time equal to the length of the assistance after the assistance has been provided (i.e., if 6 months of arrearages are paid, there can be no eviction action for 6 months after the receipt of assistance.

Additionally, if a tenant's lease is expiring or has already expired the landlord must offer at least a 90-day lease extension. (This does not include breach of lease for safety reasons.) Priority will be given to households who do not meet the eligibility criteria for existing rental arrearage programs including the County's Emergency Rental Assistance Program and CDBG-CV Rental Assistance Program.

Eligible households may receive up to \$12,000 (or 18,000 if HOC writes off 10% of arrearages) for past due rent and up to three (3) months future rent. Households that have received rent relief assistance are eligible to receive additional funds for arrearage not covered by other rent relief programs up to a combined maximum of \$12,000, or \$18,000 if HOC writes off 10% of arrearages.

In FY23, there were 151 beneficiaries of this program totaling \$814,502; in FY22, there were 215 beneficiaries of this program totaling \$1,438,755.

2. HHS-administered programs funded by the HIF in FY24

DHHS is the primary Montgomery County Government department responsible for implementing rent subsidy programs. DHHS is responsible for managing the Rental Assistance Program and the Housing Initiative Program. In addition, DHHS contracts with multiple non-profit organizations to provide housing assistance, including rent subsidies, for County residents. The largest DHHS rental assistance programs funded through the HIF is the HHS Rental Assistance Program (RAP).

- f. **Rental Assistance:** The HHS Rental Assistance Program is a long-standing shallow subsidy program and is not related to the rental assistance programs that are in response to COVID. Through this program, eligible low-income households may receive rent subsidies of between \$50 and \$200 per month. Households of two or more persons (or one person who is at least 62 years of age or disabled) with gross income at or below 50% of the area median income (AMI) limit are eligible to receive rent subsidies under this program.

Recently, the Council approved changes through Bill 25-20 to update the program based on the recommendations of the Interagency Commission on Homelessness and the gap analysis. The main changes were:

- i. Reduced age of eligibility for RAP from 62 to 55;
- ii. Clarified definition of a person with a documented disability;

- iii. Removed the prohibition of eligibility for County residents without certain immigration documentation; and
 - iv. Provided that the specific benefit amount is established in regulation rather than law.
- g. **Permanent Supportive Housing:** provide long-term rent assistance, combined with case management services to people with disabilities. Residents of permanent supportive housing have an on-going need for both rent assistance and case management services.
- h. **Rapid Rehousing:** Rapid Rehousing is time-limited assistance provided to households that are expected to be able to be financially sustainable once this specific subsidy ends. Depending on the program, Rapid Rehousing usually lasts from 12 to 24 months.

3. DHCA-administered programs funded by the HIF in FY24

- i. **Eviction Prevention (Homeless Prevention and Relocation Assistance, HRP):** This program provides one-time financial assistance for tenants to prevent eviction and utility shut-offs and to assist tenants in securing new housing. HRP targets tenants who need additional financial assistance after having exhausted benefits available through DHHS and HOC.
- j. HRP does not have specific eligibility criteria. Rather, the program serves households determined eligible for DHHS or HOC programs, but which have received the maximum amount of assistance allowed from those agencies. Only applicants referred to DHCA from DHHS and HOC will be considered. Screening and assessment processes.

A DHCA investigator is responsible for screening and assessing applicants' need for emergency assistance. This review of the applicant's case and resources includes:

- Verification of the emergency as documented by the investigator;
- Examination of client's past history of meeting financial obligations;
- Examination of reasonableness and possible modification of recurring expenses; Consideration of the actions client has taken during DHHS and HOC assistance to address their financial circumstances; and
- Consideration of whether HRP award is likely to prevent rather than defer homelessness.

Current limits on HRP assistance are as follows:

- The HRP yearly financial benefit is limited to \$1,500 per client unless approved by the Housing Division Chief for extraordinary extenuating circumstances;
- The HRP typically limits assistance to one time per year per client; and

- No client may receive HPRA benefits for more than 3 consecutive years unless approved by the Housing Division Chief.

For FY24, this program is funded at \$445,025.

- k. **Rental Assistance (based on Existing Rental Agreements):** This program funds the extension of soon-to-expire agreements between the County and private landlords to continue maintaining rental affordability levels. Extensions are generally for multi-year (5-10) periods.

In FY24, \$1.0M is allocated to extend rental agreements with Hampshire Towers for a period of 10 years (as part of a total extension package for \$6M; the FY24 funding is the final allocation). In addition, \$312,060 is allocated to extend an agreement with Grosvenor Towers.

- l. **Capitalized Rental Assistance (to Reduce Rents on New HCA-financed Projects):** This program provides funding to further reduce rents at lower affordability levels for projects financed by DHCA loans.

For FY24, \$391,400 is allocated for this program.

- m. **Rental Contingency:** DHCA will typically reserve an allocation as a contingency in case recordation tax revenues do not materialize as projected; for FY24, the contingency is \$179,000 (in comparison, a contingency of \$1.5M was set-aside in FY23). In the event a shortfall results, DHCA will typically hold harmless funding for HHS and HOC and will reduce allocations for its own administered programs.

This packet contains:

- 1. FY24 County Executive Recommended Budget for DHCA
- 2. List of Rental Assistance Programs with FY23 Approved, FY23 Estimated and FY24 Recommended Funding Levels

Circle Page #

- 1-16
- 17



Housing and Community Affairs

RECOMMENDED FY24 BUDGET

\$69,398,865

FULL TIME EQUIVALENTS

108.20

✧ SCOTT BRUTON, ACTING DIRECTOR

MISSION STATEMENT

The Department of Housing and Community Affairs (DHCA) works to preserve and increase the supply of affordable housing; maintain existing housing in a safe and sanitary condition; preserve the safety and quality of residential and commercial areas; ensure fair and equitable relations between landlords and tenants; and support the success of common ownership communities - all with a focus on reducing racial inequities and climate change impacts.

BUDGET OVERVIEW

The total recommended FY24 Operating Budget for the Department of Housing and Community Affairs is \$69,398,865, an increase of \$950,380 or 1.39 percent from the FY23 Approved Budget of \$68,448,485. Personnel Costs comprise 20.61 percent of the budget for 114 full-time position(s) and no part-time position(s), and a total of 108.20 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses and Debt Service account for the remaining 79.39 percent of the FY24 budget.

DHCA expects the total signed agreements for affordable housing projects through the Payment in Lieu of Taxes (PILOT) program to abate \$20.6 million in taxes in FY23.

In addition, this department's Capital Improvements Program (CIP) requires Current Revenue funding.

COUNTY PRIORITY OUTCOMES

While this program area supports all seven of the County Executive's Priority Outcomes, the following are emphasized:

- ✦ **A Greener County**
- ✦ **An Affordable, Welcoming County for a Lifetime**
- ✦ **Effective, Sustainable Government**

INITIATIVES

- ✦ Provide \$89.6 million for affordable housing, including \$57.6 million in the Montgomery Housing Initiative (MHI) Fund and \$32 million in the Affordable Housing Acquisition and Preservation CIP project. This dedicated funding provides for the renovation of distressed housing, the acquisition and preservation of affordable housing units, creation of housing units for special needs residents, homeowner downpayment assistance, services to the "Building Neighborhoods to Call Home", "Design for Life", and "Housing First" programs, and the creation of mixed-income housing.

- ★ Add four positions in various programs to enhance DHCA's operations and service delivery related to rental licensing, housing code enforcement, and landlord-tenant mediation to support increasing demand and provide more effective services.
- ★ Allocate \$30.2 million from loan repayments to the Preservation of Naturally Occurring Affordable Housing Fund to continue housing preservation efforts in areas at risk of rent escalation to higher market rents, including the Purple Line Corridor and other County transit corridors.
- ★ Continue to actively underwrite affordable housing loans to preserve and produce affordable housing. Three developments for multi-family projects have already been identified for potential funding in FY24. These developments would preserve or produce a total of 590 units, including 412 affordable units.
- ★ Collaborate with the Department of Health and Human Services (HHS), and the Housing Opportunities Commission (HOC) to provide rental assistance programs to the County's most vulnerable residents. Funding supports lower-income residents by offsetting rent increases and preserving affordable rents.
- ★ Continue funding the "Design for Life" Program to provide for accessibility upgrades in single-family residences.
- ★ Provide additional resources to offset discontinued Federal funds for tenants to access legal assistance, counseling, and education services.
- ★ Provide funding to develop a "Faith-Based Housing Development Initiative" pilot project by working with mission-aligned houses of worship to increase the supply of affordable housing for low- and moderate-income households and advance racial equity in the County.
- ★ Continue funding support in the Homeowner Assistance Program for downpayment assistance to first-time homebuyers, including full-time career employees of Montgomery County and Montgomery County Public Schools, to help make homebuying more affordable in the County.
- ★ Continue to apply for and receive Federal grants, including the Community Development Block Grant (CDBG), the HOME Investment Partnership Grant, and the Emergency Solutions Grant, which provide funding for affordable housing, housing rehabilitation, commercial revitalization, focused neighborhood assistance, public services, and preventing homelessness.

INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

- ★ DHCA's Moderately Priced Housing Unit (MPDU) program is the first mandatory inclusionary zoning law program in the United States. As of FY22, there are approximately 4,000 units under control in the MPDU program, split between rental and individually owned homeownership MPDUs. During FY22, the MPDU program oversaw the construction of 249 new MPDUs built and offered either for sale (122 units) or for rent (127 units) in Montgomery County.
- ★ DHCA's Multifamily Housing Development Team successfully closed eight residential real estate transactions in FY22. Montgomery County provided more than \$22 million towards these developments. Across Montgomery County, these real estate projects preserved, rehabilitated and/or produced 516 units of affordable rental housing, at an average cost of \$42,800 per unit.
- ★ The Code Enforcement team completes an average of 28,000 site visits and 10,000 service requests annually. Due to departmental COVID-19 protocols and other complications associated with the pandemic, site visits and service requests declined in FY21. During FY22, when nearly all COVID-19 protocols were lifted, the Division returned to its pre-pandemic productivity where 28,185 site visits and 10,221 service requests were completed.
- ★ Historically, DHCA has maintained a contract with the City of Takoma Park to inspect the City's residential rental facilities and units. This agreement, which began in 2003, was put in place to ensure the protection of the health, welfare and safety of persons residing in over six hundred rental facilities and 3,700 rental units within the City of Takoma Park. A new contract was ratified in early FY23.
- ★ The Focused Neighborhood Assistance (FNA) program provides financial and technical assistance to select neighborhoods to improve the quality of life, safety and welfare of their residents. Construction is currently underway for the Grover's Forge, Center Stage, Walker's Choice and The Hamptons neighborhoods of Montgomery Village. Construction activities are also underway for the Montclair Manor community of Silver Spring and the Wedgewood drainage and site improvement project. All of these communities will benefit from site improvements and new lighting throughout their neighborhoods.

PROGRAM CONTACTS

Contact Pofen Salem of the Department of Housing and Community Affairs at 240.777.3728 or Anita Aryeetey of the Office of Management and Budget at 240.777.2784 for more information regarding this department's operating budget.

PROGRAM PERFORMANCE MEASURES

Performance measures for this department are included below (where applicable), with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY23 estimates reflect funding based on the FY23 Approved Budget. The FY24 and FY25 figures are performance targets based on the FY24 Recommended Budget and funding for comparable service levels in FY25.

PROGRAM DESCRIPTIONS

☀ Administration

This program provides overall direction, administration, and managerial support to the Department. Activities include budgeting, financial management, asset management, personnel management and administration, program oversight, training, automated systems management, and policy/program development and implementation.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|--|--------------|--------------|----------------|--------------|--------------|
| Asset Management - Loan repayments billed / received | \$16,761,478 | \$47,141,999 | \$48,556,259 | \$50,012,947 | \$51,513,335 |
| Department MC311 Service Requests (SR) | 19,328 | 22,909 | 23,596 | 24,304 | 25,033 |
| Department MC311 Service Request success rate | 91.2% | 89.8% | 92.5% | 95.3% | 98.2% |
| NACo Awards earned | 2 | 1 | 1 | 1 | 1 |

| FY24 Recommended Changes | Expenditures | FTEs |
|--|------------------|--------------|
| FY23 Approved | 2,331,339 | 13.80 |
| Replace: Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements | 118,321 | 0.90 |
| Technical Adj: Realign Budget by Shifting Expenditures between Personnel Costs and Operating Expenses | 115,155 | 0.00 |
| Increase Cost: Three Percent Inflationary Adjustment to Non-Profit Service Provider Contracts | 48,242 | 0.00 |
| Add: Ayuda - Domestic Violence & Family Law Survivors Program | 45,000 | 0.00 |
| Add: Community Clinic, Inc. - Increasing Breastfeeding Access for Low-Income Women | 45,000 | 0.00 |
| Add: Collegiate Directions - Career Mentoring Initiative | 45,000 | 0.00 |
| Add: Community Bridges - College Access and Success Program for Girls | 45,000 | 0.00 |
| Add: EveryMind - Friendly Visitor and Rep Payee Case Management Services | 45,000 | 0.00 |
| Add: Foods and Friends - Improving the Lives and Health of the Most Vulnerable by Improving Food Delivery and Reducing Food Insecurity | 45,000 | 0.00 |
| Add: Montgomery County Coalition for the Homeless, Inc. - Rapid Exit Specialist | 45,000 | 0.00 |
| Add: Community Reach of Montgomery County - Rockville Emergency Assistance Program (REAP) | 44,963 | 0.00 |
| Add: Community Clinic, Inc. - Food as Medicine: CCI's Teaching Kitchen | 40,928 | 0.00 |
| Add: Community FarmShare - Expanding Culturally Valued Fresh Produce Access to at Risk Residents | 37,000 | 0.00 |
| Add: Horizon Greater Washington Inc. Summer Program | 35,000 | 0.00 |
| Add: Digital Bridge USA - Technology Training Community | 34,109 | 0.00 |
| Add: Arts for the Aging - Health Equity Through the Participatory Arts | 30,000 | 0.00 |
| Add: Ethiopian Community Center - Education and Youth Development | 25,572 | 0.00 |
| Add: Mobile Medical Care - Keeping Focused on Diabetic Eye Health | 24,065 | 0.00 |
| Add: Germantown Cultural Arts Center, Inc. - Beyond BlackRock: Positive Youth Development Arts Outreach Programming | 22,428 | 0.00 |
| Add: Community Reach of Montgomery County - Cancer Prevention and Screening and Hypertension Management in the Mansfield Kaseman Health Clinic | 20,935 | 0.00 |
| Increase Cost: Three Percent Inflationary Adjustment to Non-Profit Service Provider Contracts | 16,981 | 0.00 |

| FY24 Recommended Changes | Expenditures | FTEs |
|---|---------------------|--------------|
| Replace: Shift Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements | 0 | (0.90) |
| Decrease Cost: Miscellaneous Operating Expenses | (14,941) | 0.00 |
| Decrease Cost: Community Development Block Grant (CDBG) Adjustments | (630,000) | 0.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | (63,928) | (0.10) |
| FY24 Recommended | 2,551,169 | 13.70 |

☼ Affordable Housing Programs

This program creates and preserves affordable single-family housing units. It enforces Chapter 25A of the County Code to ensure that Moderately Priced Dwelling Units (MPDUs) are provided and monitored for resale control. The Code requires that 12.5 percent to 15.0 percent of an approved development of 20 dwelling units or more be MPDUs, depending on the amount of density bonus achieved. The housing units produced are marketed at controlled prices, which makes them affordable to moderate-income households. Additional single-family housing programs provide funding to replace and rehabilitate single-family housing units, and provide energy efficiency solutions and savings. Also, this program is responsible for the Work Force Housing Program.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|--|--------------------|--------------------|-----------------------|--------------------|--------------------|
| Affordable Housing Program - Number of MC311 Service Requests | 1,170 | 1,780 | 1,500 | 1,200 | 1,236 |
| Affordable Housing Program - Percent of MC311 Service Requests meeting service length agreement | 99.3% | 97.0% | 100.0% | 100.0% | 100.0% |
| Number of affordable housing units produced and available for occupancy (at no cost to the County) | 264 | 249 | 300 | 300 | 300 |
| Number of housing units improved/rehabilitated ¹ | 118 | 24 | 28 | 0 | 0 |

¹ The single-family housing units improved or rehabilitated are implemented through the Weatherization Program, funded by the Merger Funds which is limited and expected to be exhausted by the end of FY23. DHCA does not expect any funding to be remaining in FY24.

| FY24 Recommended Changes | Expenditures | FTEs |
|---|---------------------|-------------|
| FY23 Approved | 925,856 | 7.50 |
| Enhance: Design for Life Program | 300,000 | 0.00 |
| Replace: Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements | 170,825 | 1.50 |
| Replace: Shift Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements | 0 | (1.50) |
| Decrease Cost: Miscellaneous Operating Expenses | (1,000) | 0.00 |
| Re-align: Shift a Sr. Planning Specialist Position from the Affordable Housing Program to the Multi-family Program to Support Operational Needs | (110,155) | (1.00) |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | (147,507) | 0.00 |
| FY24 Recommended | 1,138,019 | 6.50 |

☼ Common Ownership Community Program

The Common Ownership Community (COC) program ensures fair and equitable relations between the governing bodies of homeowner associations, condominium associations, and cooperatives, and the individuals living within these common ownership communities, and encourages the maintenance and improvement of housing. Activities include mediating and arbitrating disputes; providing information and technical assistance to all parties; and taking legal action as necessary, including referring unresolved complaints to the Montgomery County Commission on Common Ownership Communities.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|---|--------------------|--------------------|-----------------------|--------------------|--------------------|
| COC Program Customer Service - Number of MC311 Service Requests | 675 | 802 | 745 | 750 | 773 |
| COC Program Customer Service - Percent of MC311 Service Requests meeting service length agreement | 99.7% | 99.5% | 99.0% | 99.0% | 100.0% |
| Percent of Commission on Common Ownership Communities (CCOC) cases resolved prior to a hearing | 42.0% | 58.0% | 40.0% | 45.0% | 46.4% |

| FY24 Recommended Changes | Expenditures | FTEs |
|---|---------------------|-------------|
| FY23 Approved | 905,190 | 6.15 |
| Decrease Cost: Miscellaneous Operating Expenses and Professional Education/Training | (23,500) | 0.00 |

| FY24 Recommended Changes | Expenditures | FTEs |
|---|---------------------|-------------|
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 129,642 | 0.00 |
| FY24 Recommended | 1,011,332 | 6.15 |

☼ Grants Administration - Federal Programs

Staff provides management and oversight to ensure compliance with all regulatory requirements for Federal funding awarded to Montgomery County by the U.S. Department of Housing and Urban Development (HUD) for the Community Development Block Grant, the HOME Investment Partnership Grant, and the Emergency Solutions Grant programs. Funds from these programs support both operating activities and capital projects. Activities funded may include property acquisition, new construction, housing rehabilitation, commercial area revitalization, and handicapped accessibility improvements. Staff administers contracts with the cities of Rockville and Takoma Park, as well as nonprofit organizations awarded funding to provide a variety of public services involving assistance to low-income persons.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|---|--------------------|--------------------|-----------------------|--------------------|--------------------|
| Number of contracts awarded and monitored | 25 | 22 | 23 | 24 | 25 |
| Funding awarded to CDBG public service contracts | \$591,067 | \$630,000 | \$625,000 | \$630,000 | \$648,900 |
| CDBG public service contract compliance rate | 100% | 100% | 100% | 100% | 100% |
| CDBG public service contract non-housing beneficiaries ¹ | \$8,250 | \$23,220 | \$6,277 | \$6,000 | \$6,180 |

¹ DHCA partners with the Community Development Advisory Committee, which provides funding recommendations for public service contracts. The beneficiaries of these contracts fluctuate annually based on the type of services provided.

| FY24 Recommended Changes | Expenditures | FTEs |
|---|---------------------|-------------|
| FY23 Approved | 8,741,200 | 6.70 |
| Technical Adj: Realign budget allocation between PC and OE to Meet the Estimated Grant Amount | 178,282 | 0.00 |
| Increase Cost: Emergency Solutions Grant Operating Expenses | 4,119 | 0.00 |
| Increase Cost: Takoma Park Code Enforcement Contract | 3,569 | 0.00 |
| Decrease Cost: Miscellaneous Operating Expenses | (1,000) | 0.00 |
| Decrease Cost: Home Investment Partnership Program (HOME) Grant Operating Expenses | (282,255) | 0.00 |
| Decrease Cost: Community Development Block Grant (CDBG) Operating Expenses | (732,797) | 0.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 1,435,859 | 0.00 |
| FY24 Recommended | 9,346,977 | 6.70 |

☼ Housing Administration

This program provides management and oversight to support activities within the housing division including single and multi-family housing programs, and landlord tenant mediation. This program was formerly included as part of Housing Development and Loan Programs.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|--|--------------------|--------------------|-----------------------|--------------------|--------------------|
| Affordable housing units produced in the production pipeline | 313 | 961 | 793 | 817 | 841 |
| Number of affordable housing units in the preservation pipeline | 558 | 521 | 849 | 903 | 930 |
| Cost per unit of affordable housing units preserved | \$8,623 | \$10,050 | \$13,516 | \$9,194 | \$9,470 |
| Cost per unit of affordable housing units produced ¹ | \$56,284 | \$45,744 | \$87,804 | \$89,522 | \$92,208 |
| Percent of affordable units created or preserved serving households under 50% AMI ² | 30.0% | 33.0% | 25.0% | 25.0% | 25.0% |

¹ Average cost per unit fluctuates with the type of project financed.

² DHCA's underwriting criteria was recently updated to reflect a goal of providing a certain attainable and consistent level of affordable housing for very low income households.

| FY24 Recommended Changes | Expenditures | FTEs |
|---|---------------------|-------------|
| FY23 Approved | 399,229 | 3.95 |
| Replace: Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements | 61,621 | 0.40 |
| Replace: Shift Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements | 0 | (0.40) |

| FY24 Recommended Changes | Expenditures | FTEs |
|---|---------------------|-------------|
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | (17,359) | 0.00 |
| FY24 Recommended | 443,491 | 3.95 |

☼ Housing Code Enforcement

This program enforces Chapter 26 of the County Code, *Housing Maintenance*, by inspecting rental condominiums, multi-family apartments, and single-family housing to ensure safe and sanitary conditions; Chapter 48, *Solid Wastes*; and Chapter 58, *Weeds*, the County's residential weeds and rubbish codes. Approximately 80 percent of the single-family inspections result from tenant and/or neighbor complaints; other inspections are the result of concentrated code enforcement efforts in specific areas. The multi-family inspections are based on a requirement for triennial inspections and in response to tenant and/or neighbor complaints. This program is supported by the collection of single-family and apartment/condominium licensing fees.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|--|------------------------|------------------------|---------------------------|------------------------|------------------------|
| Number of Housing Code Enforcement inspections | 27,031 | 28,185 | 29,000 | 30,000 | 30,900 |
| Housing Code Enforcement Program Customer Service - Number of MC311 Service Requests | 6,428 | 10,220 | 10,000 | 10,000 | 10,300 |
| Housing Code Enforcement Program Customer Service - Percent of MC311 Service Requests meeting service length agreement | 74.3% | 76.4% | 77.0% | 78.0% | 79.31% |
| Code Enforcement - Number of violations per unit | 1.67 | 2.12 | 2.12 | 2.12 | 2.18 |
| Code Enforcement - Average severity of violations per unit | 1.5 | 2.6 | 2.6 | 2.6 | 2.7 |

| FY24 Recommended Changes | Expenditures | FTEs |
|---|---------------------|--------------|
| FY23 Approved | 4,768,248 | 38.50 |
| Add: One Housing Code Inspector III Position to Meet County Mandates | 143,756 | 1.00 |
| Replace: Shift Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements | 99,058 | 1.00 |
| Replace: Shift Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements | 0 | (1.00) |
| Decrease Cost: Miscellaneous Operating Expenses | (9,500) | 0.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 503,626 | 0.00 |
| FY24 Recommended | 5,505,188 | 39.50 |

☼ Landlord-Tenant Mediation

This program ensures fair and equitable relations between landlords and tenants and encourages the maintenance and improvement of housing. Activities including mediating and arbitrating disputes; providing information and technical assistance to all parties; and taking legal action as necessary, including referring unresolved complaints to the Montgomery County Commission on Landlord-Tenant Affairs.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|--|------------------------|------------------------|---------------------------|------------------------|------------------------|
| Number of Landlord Tenant mediations | 610 | 845 | 900 | 925 | 953 |
| Landlord Tenant Affairs Program - Number of MC311 Service Requests | 7,049 | 7,783 | 7,800 | 8,000 | 8,240 |
| Landlord Tenant Affairs Program - Percent of MC311 Service Requests meeting service length agreement | 99.7% | 99.7% | 99.7% | 99.7% | 99.7% |
| Percent of landlord/tenant cases mediated successfully (not referred to the Commission) | 97.2% | 97.0% | 97.0% | 97.0% | 97.0% |
| Number of evictions prevented due to Landlord & Tenant Affairs' intervention | 450 | 153 | 250 | 290 | 299 |

| FY24 Recommended Changes | Expenditures | FTEs |
|---|---------------------|--------------|
| FY23 Approved | 1,487,910 | 9.00 |
| Replace: Discounted Federal Funding to Continue Service Delivery for Tenant Outreach, Education, and Counseling | 389,400 | 0.00 |
| Add: One Investigator III Position and One Administrative Specialist III Position to Comply with County Mandates | 178,150 | 2.00 |
| Increase Cost: Implement Bill 26-22 for Radon Testing and Mitigation | 58,940 | 0.00 |
| Decrease Cost: Miscellaneous Operating Expenses | (1,500) | 0.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | (8,159) | 0.00 |
| FY24 Recommended | 2,104,741 | 11.00 |

☼ Licensing and Registration

This program issues licenses to all rental housing (apartments, condominiums, and single-family) and registers all housing units within common ownership communities.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|---|----------------|----------------|-------------------|----------------|----------------|
| Licensing and Registration Program - Number of MC311 Service Requests | 3,426 | 4,211 | 4,337 | 4,467 | 4,601 |
| Licensing and Registration Program - Percent of MC311 Service Requests meeting service length agreement | 99.9% | 99.9% | 99.0% | 100.0% | 100.0% |
| Number of rental licenses issued | 107,626 | 110,421 | 113,733 | 117,145 | 120,659 |

| FY24 Recommended Changes | Expenditures | FTEs |
|---|----------------|-------------|
| FY23 Approved | 470,853 | 3.20 |
| Add: One Program Specialist II Position (Licensing and Registration) to Increase Outreach and Revenue Collections | 80,280 | 1.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 20,053 | 0.00 |
| FY24 Recommended | 571,186 | 4.20 |

☼ Multi-Family Housing Programs

This program creates and preserves affordable multi-family housing units. Loans are made to the HOC, nonprofit organizations, property owners, and for-profit developers. This program provides funding to:

- preserve existing affordable housing units;
- construct and acquire affordable housing units;
- rehabilitate existing rental housing stock;
- participate in housing or mixed-use developments that will include affordable housing;
- acquire land to produce affordable housing; and
- provide low-income rental housing assistance.

Major funding for these projects is provided from the Montgomery Housing Initiative Fund, the Federal HOME Grant, the Federal Community Development Block Grant, and State grants. The program emphasizes the leveraging of County funds with other public and private funds in undertaking these activities.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|--|----------------|----------------|-------------------|----------------|----------------|
| Number of affordable housing units preserved and available for occupancy (County funded) | 6,197 | 6,454 | 6,003 | 6,256 | 6,444 |
| Number of affordable housing units produced and available for occupancy (County funded) ¹ | 650 | 379 | 299 | 327 | 955 |
| Ratio of non-County dollars leveraged to County dollars in affordable housing projects | 4.38 | 7.05 | 5.18 | 5.18 | 5.34 |
| Total affordable housing units produced | 1,640 | 1,654 | 1,405 | 1,249 | 1,286 |
| Total affordable housing units preserved | 7,129 | 6,755 | 6,852 | 7,159 | 7,374 |

¹ Out year projections may fluctuate based on current pipeline activity and certain assumptions on preservation / production strategies.

| FY24 Recommended Changes | Expenditures | FTEs |
|---|-------------------|-------------|
| FY23 Approved | 46,541,710 | 7.90 |
| Increase Cost: Operating Expenses to Reflect Adjustments to the General Fund Transfer to Housing Initiative Fund (HIF) | 3,525,389 | 0.00 |
| Increase Cost: Housing Opportunities Commission (HOC) Production Fund Contribution to the Housing Initiative Fund (HIF) | 2,131,875 | 0.00 |
| Increase Cost: Operating Expenses to Reflect Adjusted Investment Income Estimates | 590,300 | 0.00 |
| Increase Cost: Realign Budget by Shifting Expenditures between Personnel Costs and Operating Expenses | 394,524 | 0.00 |
| Re-align: Add a Sr. Planning Specialist Position to Support Multifamily Housing Program Operations | 110,155 | 1.00 |
| Increase Cost: Adjustment Other Revenue Sources in the Housing Initiative Fund (HIF) | 7,280 | 0.00 |
| Decrease Cost: Miscellaneous Operating Expenses | (1,000) | 0.00 |

| FY24 Recommended Changes | Expenditures | FTEs |
|---|---------------------|-------------|
| Decrease Cost: Operating Expenses for Affordable Housing Projects Based on Reduced Land Sale Proceeds Contributions to the Housing Initiative Fund (HIF) | (1,500,000) | 0.00 |
| Decrease Cost: Operating Expenses to Reflect the Debt Service Transfer for the Housing Capital Improvements Program (CIP) and the Housing Opportunities (HOC) Production Fund | (2,644,600) | 0.00 |
| Decrease Cost: Rental Assistance Program Due to Decreased Recordation Tax Premium Estimates | (3,236,787) | 0.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | (591,010) | 0.00 |
| FY24 Recommended | 45,327,836 | 8.90 |

☼ Neighborhood Revitalization

This program provides planning and implementation for neighborhood revitalization in targeted areas. Activities include commercial revitalization (physical and economic) in both local retail centers and central business districts as well as assistance to address other community concerns, including issues related to housing and public services. Primary funding for these activities is provided from the County's Capital Improvements Program and from other Federal and State funds, including Community Development Block Grants and State Community Legacy Grants.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|--|--------------------|--------------------|-----------------------|--------------------|--------------------|
| Focused Neighborhood Assistance Activity (expenditures) ¹ | \$335,287 | \$198,276 | \$962,039 | \$100,000 | \$800,000 |
| Facade Program - Private dollars leveraged | \$0 | \$0 | \$150,000 | \$719,000 | \$792,000 |
| Focused Neighborhood Assistance Active projects | 3 | 3 | 1 | 3 | 4 |
| Focused Neighborhood Assistance beneficiaries ² | 1,400 | 1,565 | 1,500 | 11,892 | 11,892 |
| Facade Program - Number of businesses benefited | 0 | 0 | 6 | 12 | 12 |

¹ FY23 activities include three active projects (Montclair Manor, Montgomery Village, and Wedgewood Projects). FY24-25 assumes construction activity for the two phased Long Branch Streetscape and Pedestrian Linkages Projects.

² FY23 activities include three active projects (Montclair Manor, Montgomery Village, and Wedgewood Projects). FY24-25 assumes construction activity for the two phased Long Branch Streetscape and Pedestrian Linkages Projects.

| FY24 Recommended Changes | Expenditures | FTEs |
|---|---------------------|-------------|
| FY23 Approved | 1,876,950 | 7.50 |
| Replace: Shift Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements | 153,337 | 1.30 |
| Replace: Shift Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements | 92,431 | 0.60 |
| Replace: Shift Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements | 0 | (1.90) |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | (723,792) | 0.10 |
| FY24 Recommended | 1,398,926 | 7.60 |

BUDGET SUMMARY

| | Actual FY22 | Budget FY23 | Estimate FY23 | Recommended FY24 | %Chg Bud/Rec |
|--|--------------------|--------------------|----------------------|-------------------------|---------------------|
| COUNTY GENERAL FUND | | | | | |
| EXPENDITURES | | | | | |
| Salaries and Wages | 5,673,863 | 6,072,291 | 5,853,978 | 6,988,420 | 15.1 % |
| Employee Benefits | 1,688,269 | 1,680,888 | 1,628,577 | 1,972,918 | 17.4 % |
| County General Fund Personnel Costs | 7,362,132 | 7,753,179 | 7,482,555 | 8,961,338 | 15.6 % |
| Operating Expenses | 1,999,377 | 1,751,387 | 1,734,705 | 1,909,703 | 9.0 % |
| County General Fund Expenditures | 9,361,509 | 9,504,566 | 9,217,260 | 10,871,041 | 14.4 % |
| PERSONNEL | | | | | |
| Full-Time | 107 | 110 | 110 | 114 | 3.6 % |
| Part-Time | 0 | 0 | 0 | 0 | --- |
| FTEs | 62.65 | 65.65 | 65.65 | 71.25 | 8.5 % |
| REVENUES | | | | | |
| Landlord-Tenant Fees | 7,328,326 | 7,592,500 | 7,240,000 | 7,487,350 | -1.4 % |

BUDGET SUMMARY

| | Actual FY22 | Budget FY23 | Estimate FY23 | Recommended FY24 | %Chg Bud/Rec |
|-------------------------------------|------------------|------------------|------------------|---------------------|-----------------|
| Common Ownership Community Fees | 717,625 | 792,500 | 802,850 | 1,024,705 | 29.3 % |
| Other Charges/Fees | (12,265) | 74,350 | 64,000 | 41,500 | -44.2 % |
| Other Fines/Forfeitures | 78,376 | 40,000 | 40,000 | 9,000 | -77.5 % |
| Miscellaneous Revenues | (19,872) | 6,500 | 6,500 | 6,500 | --- |
| Board of Appeals Fees | (3,544) | 8,000 | 8,000 | 0 | -100.0 % |
| Other Licenses/Permits | 0 | 492,000 | 2,000 | 3,000 | -99.4 % |
| Fire Code Enforcement Permits | 0 | 60,000 | 60,000 | 0 | -100.0 % |
| County General Fund Revenues | 8,088,646 | 9,065,850 | 8,223,350 | 8,572,055 | -5.4 % |

MONTGOMERY HOUSING INITIATIVE

EXPENDITURES

| | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|---------------|
| Salaries and Wages | 1,318,473 | 1,988,499 | 1,435,377 | 2,455,037 | 23.5 % |
| Employee Benefits | 369,471 | 507,794 | 351,440 | 626,902 | 23.5 % |
| Montgomery Housing Initiative Personnel Costs | 1,687,944 | 2,496,293 | 1,786,817 | 3,081,939 | 23.5 % |
| Operating Expenses | 40,195,853 | 46,594,130 | 45,270,354 | 46,599,753 | --- |
| Montgomery Housing Initiative Expenditures | 41,883,797 | 49,090,423 | 47,057,171 | 49,681,692 | 1.2 % |

PERSONNEL

| | | | | | |
|-----------|-------|-------|-------|-------|--------|
| Full-Time | 0 | 1 | 1 | 1 | --- |
| Part-Time | 0 | 0 | 0 | 0 | --- |
| FTEs | 17.05 | 18.05 | 18.05 | 22.15 | 22.7 % |

REVENUES

| | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|---------------|
| Land Sale Proceeds | 0 | 1,500,000 | 9,839,671 | 0 | -100.0 % |
| Commitment Fee | 0 | 200,000 | 200,000 | 200,000 | --- |
| Asset Management Fee | 0 | 70,200 | 70,200 | 70,200 | --- |
| MHI Transfer Tax | 0 | 100,000 | 120,689 | 100,000 | --- |
| Recordation Tax | 27,898,441 | 19,510,377 | 18,014,231 | 16,273,590 | -16.6 % |
| Loan Payments | 574,252 | 3,300,000 | 2,784,476 | 3,300,000 | --- |
| Miscellaneous Revenues | 661,242 | 75,006 | 94,708 | 75,006 | --- |
| MPDU Revenues | 2,797,573 | 1,970,000 | 1,000,000 | 1,970,000 | --- |
| Other Financing Sources | 6,643 | 47,230 | 47,230 | 54,510 | 15.4 % |
| Investment Income | 5,009,877 | 3,453,280 | 1,227,134 | 4,043,580 | 17.1 % |
| Other Appropriated Financing Sources | 0 | 0 | 47,230 | 54,510 | --- |
| Other Charges and Fees | 95,100 | 0 | 7,290 | 0 | --- |
| MPDU Alternative Payments | 0 | 360,000 | 360,000 | 360,000 | --- |
| HOC Contributions | 0 | 2,846,875 | 2,846,875 | 4,978,750 | 74.9 % |
| Montgomery Housing Initiative Revenues | 37,043,128 | 33,432,968 | 36,659,734 | 31,480,146 | -5.8 % |

GRANT FUND - MCG

EXPENDITURES

| | | | | | |
|---|-------------------|------------------|------------------|------------------|----------------|
| Salaries and Wages | 1,262,949 | 1,932,732 | 1,932,732 | 1,869,393 | -3.3 % |
| Employee Benefits | 187,937 | 507,051 | 507,051 | 392,108 | -22.7 % |
| Grant Fund - MCG Personnel Costs | 1,450,886 | 2,439,783 | 2,439,783 | 2,261,501 | -7.3 % |
| Operating Expenses | 15,127,964 | 7,413,713 | 7,413,713 | 6,584,631 | -11.2 % |
| Capital Outlay | 5,544,089 | 0 | 0 | 0 | --- |
| Grant Fund - MCG Expenditures | 22,122,939 | 9,853,496 | 9,853,496 | 8,846,132 | -10.2 % |

PERSONNEL

| | | | | | |
|-----------|-------|-------|-------|-------|---------|
| Full-Time | 0 | (1) | (1) | (1) | --- |
| Part-Time | 0 | 0 | 0 | 0 | --- |
| FTEs | 21.50 | 20.50 | 20.50 | 14.80 | -27.8 % |

REVENUES

| | | | | | |
|-------------------------|------------|-----------|-----------|-----------|---------|
| Miscellaneous Revenues | 172,954 | 0 | 0 | 0 | --- |
| Federal Grants | 19,449,342 | 7,571,762 | 7,571,762 | 6,930,829 | -8.5 % |
| Other Intergovernmental | 58,755 | 281,734 | 281,734 | 285,303 | 1.3 % |
| State Grants | 471 | 0 | 0 | 630,000 | --- |
| Loan Payments | 0 | 2,000,000 | 2,000,000 | 1,000,000 | -50.0 % |
| Investment Income | 19,634 | 0 | 0 | 0 | --- |

BUDGET SUMMARY

| | Actual FY22 | Budget FY23 | Estimate FY23 | Recommended FY24 | %Chg Bud/Rec |
|----------------------------------|-------------------|------------------|------------------|---------------------|-----------------|
| Grant Fund - MCG Revenues | 19,701,156 | 9,853,496 | 9,853,496 | 8,846,132 | -10.2 % |
| DEPARTMENT TOTALS | | | | | |
| Total Expenditures | 73,368,245 | 68,448,485 | 66,127,927 | 69,398,865 | 1.4 % |
| Total Full-Time Positions | 107 | 110 | 110 | 114 | 3.6 % |
| Total Part-Time Positions | 0 | 0 | 0 | 0 | — |
| Total FTEs | 101.20 | 104.20 | 104.20 | 108.20 | 3.8 % |
| Total Revenues | 64,832,930 | 52,352,314 | 54,736,580 | 48,898,333 | -6.6 % |

FY24 RECOMMENDED CHANGES

| | Expenditures | FTEs |
|--|--------------|------|
|--|--------------|------|

COUNTY GENERAL FUND

FY23 ORIGINAL APPROPRIATION **9,504,566 65.65**

Changes (with service impacts)

Add: One Investigator III Position and One Administrative Specialist III Position to Comply with County Mandates [Landlord-Tenant Mediation] 178,150 2.00

Add: One Housing Code Inspector III Position to Meet County Mandates [Housing Code Enforcement] 143,756 1.00

Add: One Program Specialist II Position (Licensing and Registration) to Increase Outreach and Revenue Collections [Licensing and Registration] 80,280 1.00

Other Adjustments (with no service impacts)

Increase Cost: FY24 Compensation Adjustment 335,391 0.00

Increase Cost: Annualization of FY23 Compensation Increases 319,817 0.00

Increase Cost: Annualization of FY23 Lapsed Positions 219,337 0.00

Technical Adj: Realign Budget by Shifting Expenditures between Personnel Costs and Operating Expenses [Administration] 115,155 0.00

Re-align: Add a Sr. Planning Specialist Position to Support Multifamily Housing Program Operations [Multi-Family Housing Programs] 110,155 1.00

Replace: Shift Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements [Housing Code Enforcement] 99,058 1.00

Replace: Shift Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements [Neighborhood Revitalization] 92,431 0.60

Increase Cost: Implement Bill 26-22 for Radon Testing and Mitigation [Landlord-Tenant Mediation] 58,940 0.00

Increase Cost: Three Percent Inflationary Adjustment to Non-Profit Service Provider Contracts [Administration] 16,981 0.00

Increase Cost: Printing and Mail 4,064 0.00

Decrease Cost: Miscellaneous Operating Expenses [Grants Administration - Federal Programs] (1,000) 0.00

Decrease Cost: Miscellaneous Operating Expenses [Affordable Housing Programs] (1,000) 0.00

Decrease Cost: Miscellaneous Operating Expenses [Multi-Family Housing Programs] (1,000) 0.00

Decrease Cost: Miscellaneous Operating Expenses [Landlord-Tenant Mediation] (1,500) 0.00

Decrease Cost: Retirement Adjustment (7,440) 0.00

Decrease Cost: Miscellaneous Operating Expenses [Housing Code Enforcement] (9,500) 0.00

Decrease Cost: Miscellaneous Operating Expenses [Administration] (14,941) 0.00

Decrease Cost: Miscellaneous Operating Expenses and Professional Education/Training [Common Ownership Community Program] (23,500) 0.00

Decrease Cost: Motor Pool Adjustment (62,909) 0.00

Re-align: Shift a Sr. Planning Specialist Position from the Affordable Housing Program to the Multi-family Program to Support Operational Needs [Affordable Housing Programs] (110,155) (1.00)

Decrease Cost: Annualization of FY23 Personnel Costs (174,095) 0.00

FY24 RECOMMENDED **10,871,041 71.25**

MONTGOMERY HOUSING INITIATIVE

FY23 ORIGINAL APPROPRIATION **49,090,423 18.05**

Changes (with service impacts)

Enhance: Design for Life Program [Affordable Housing Programs] 300,000 0.00

Other Adjustments (with no service impacts)

FY24 RECOMMENDED CHANGES

| | Expenditures | FTEs |
|---|--------------|------|
| Increase Cost: Operating Expenses to Reflect Adjustments to the General Fund Transfer to Housing Initiative Fund (HIF) [Multi-Family Housing Programs] | 3,525,389 | 0.00 |
| Increase Cost: Housing Opportunities Commission (HOC) Production Fund Contribution to the Housing Initiative Fund (HIF) [Multi-Family Housing Programs] | 2,131,875 | 0.00 |
| Increase Cost: Operating Expenses to Reflect Adjusted Investment Income Estimates [Multi-Family Housing Programs] | 590,300 | 0.00 |
| Increase Cost: Realign Budget by Shifting Expenditures between Personnel Costs and Operating Expenses [Multi-Family Housing Programs] | 394,524 | 0.00 |
| Replace: Discounted Federal Funding to Continue Service Delivery for Tenant Outreach, Education, and Counseling [Landlord-Tenant Mediation] | 389,400 | 0.00 |
| Replace: Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements [Affordable Housing Programs] | 170,825 | 1.50 |
| Replace: Shift Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements [Neighborhood Revitalization] | 153,337 | 1.30 |
| Replace: Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements [Administration] | 118,321 | 0.90 |
| Increase Cost: Annualization of FY23 Lapsed Positions | 101,042 | 0.00 |
| Increase Cost: FY24 Compensation Adjustment | 84,095 | 0.00 |
| Increase Cost: Annualization of FY23 Compensation Increases | 83,894 | 0.00 |
| Replace: Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements [Housing Administration] | 61,621 | 0.40 |
| Increase Cost: Three Percent Inflationary Adjustment to Non-Profit Service Provider Contracts [Administration] | 48,242 | 0.00 |
| Increase Cost: Adjustment Other Revenue Sources in the Housing Initiative Fund (HIF) [Multi-Family Housing Programs] | 7,280 | 0.00 |
| Decrease Cost: Retirement Adjustment | (2,965) | 0.00 |
| Decrease Cost: Annualization of FY23 Personnel Costs | (184,524) | 0.00 |
| Decrease Cost: Operating Expenses for Affordable Housing Projects Based on Reduced Land Sale Proceeds Contributions to the Housing Initiative Fund (HIF) [Multi-Family Housing Programs] | (1,500,000) | 0.00 |
| Decrease Cost: Operating Expenses to Reflect the Debt Service Transfer for the Housing Capital Improvements Program (CIP) and the Housing Opportunities (HOC) Production Fund [Multi-Family Housing Programs] | (2,644,600) | 0.00 |
| Decrease Cost: Rental Assistance Program Due to Decreased Recordation Tax Premium Estimates [Multi-Family Housing Programs] | (3,236,787) | 0.00 |

FY24 RECOMMENDED

49,681,692 22.15

GRANT FUND - MCG

FY23 ORIGINAL APPROPRIATION

9,853,496 20.50

Federal/State Programs

| | | |
|--|--------|------|
| Add: Community Clinic, Inc. - Increasing Breastfeeding Access for Low-Income Women | 45,000 | 0.00 |
| Add: Collegiate Directions - Career Mentoring Initiative | 45,000 | 0.00 |
| Add: Community Bridges - College Access and Success Program for Girls | 45,000 | 0.00 |
| Add: Ayuda - Domestic Violence & Family Law Survivors Program | 45,000 | 0.00 |
| Add: Montgomery County Coalition for the Homeless, Inc. - Rapid Exit Specialist | 45,000 | 0.00 |
| Add: EveryMind - Friendly Visitor and Rep Payee Case Management Services | 45,000 | 0.00 |
| Add: Foods and Friends - Improving the Lives and Health of the Most Vulnerable by Improving Food Delivery and Reducing Food Insecurity | 45,000 | 0.00 |
| Add: Community Reach of Montgomery County - Rockville Emergency Assistance Program (REAP) | 44,963 | 0.00 |
| Add: Community Clinic, Inc. - Food as Medicine: CCI's Teaching Kitchen | 40,928 | 0.00 |
| Add: Community FarmShare - Expanding Culturally Valued Fresh Produce Access to at Risk Residents | 37,000 | 0.00 |
| Add: Horizon Greater Washington Inc. Summer Program | 35,000 | 0.00 |
| Add: Digital Bridge USA - Technology Training Community | 34,109 | 0.00 |
| Add: Arts for the Aging - Health Equity Through the Participatory Arts | 30,000 | 0.00 |
| Add: Ethiopian Community Center - Education and Youth Development | 25,572 | 0.00 |
| Add: Mobile Medical Care - Keeping Focused on Diabetic Eye Health | 24,065 | 0.00 |
| Add: Germantown Cultural Arts Center, Inc. - Beyond BlackRock: Positive Youth Development Arts Outreach Programming | 22,428 | 0.00 |
| Add: Community Reach of Montgomery County - Cancer Prevention and Screening and Hypertension Management in the Mansfield Kaseman Health Clinic | 20,935 | 0.00 |

Other Adjustments (with no service impacts)

| | | |
|--|---------|------|
| Technical Adj: Realign budget allocation between PC and OE to Meet the Estimated Grant Amount [Grants Administration - Federal Programs] | 178,282 | 0.00 |
| Increase Cost: Emergency Solutions Grant Operating Expenses [Grants Administration - Federal Programs] | 4,119 | 0.00 |
| Increase Cost: Takoma Park Code Enforcement Contract [Grants Administration - Federal Programs] | 3,569 | 0.00 |

FY24 RECOMMENDED CHANGES

| | Expenditures | FTEs |
|---|------------------|--------------|
| Replace: Shift Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements [Affordable Housing Programs] | 0 | (1.50) |
| Replace: Shift Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements [Housing Code Enforcement] | 0 | (1.00) |
| Replace: Shift Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements [Neighborhood Revitalization] | 0 | (1.90) |
| Replace: Shift Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements [Housing Administration] | 0 | (0.40) |
| Replace: Shift Grant Funded Positions to Be Funded with County Resources to Meet Federal Requirements [Administration] | 0 | (0.90) |
| Decrease Cost: Annualization of FY23 Personnel Costs | (178,282) | 0.00 |
| Decrease Cost: Home Investment Partnership Program (HOME) Grant Operating Expenses [Grants Administration - Federal Programs] | (282,255) | 0.00 |
| Decrease Cost: Community Development Block Grant (CDBG) Adjustments [Administration] | (630,000) | 0.00 |
| Decrease Cost: Community Development Block Grant (CDBG) Operating Expenses [Grants Administration - Federal Programs] | (732,797) | 0.00 |
| FY24 RECOMMENDED | 8,846,132 | 14.80 |

PROGRAM SUMMARY

| Program Name | FY23 APPR Expenditures | FY23 APPR FTEs | FY24 REC Expenditures | FY24 REC FTEs |
|--|---------------------------|-------------------|--------------------------|------------------|
| Administration | 2,331,339 | 13.80 | 2,551,169 | 13.70 |
| Affordable Housing Programs | 925,856 | 7.50 | 1,138,019 | 6.50 |
| Common Ownership Community Program | 905,190 | 6.15 | 1,011,332 | 6.15 |
| Grants Administration - Federal Programs | 8,741,200 | 6.70 | 9,346,977 | 6.70 |
| Housing Administration | 399,229 | 3.95 | 443,491 | 3.95 |
| Housing Code Enforcement | 4,768,248 | 38.50 | 5,505,188 | 39.50 |
| Landlord-Tenant Mediation | 1,487,910 | 9.00 | 2,104,741 | 11.00 |
| Licensing and Registration | 470,853 | 3.20 | 571,186 | 4.20 |
| Multi-Family Housing Programs | 46,541,710 | 7.90 | 45,327,836 | 8.90 |
| Neighborhood Revitalization | 1,876,950 | 7.50 | 1,398,926 | 7.60 |
| Total | 68,448,485 | 104.20 | 69,398,865 | 108.20 |

CHARGES TO OTHER DEPARTMENTS

| Charged Department | Charged Fund | FY23 Total\$ | FY23 FTEs | FY24 Total\$ | FY24 FTEs |
|-----------------------------------|----------------------|-----------------|--------------|------------------|--------------|
| COUNTY GENERAL FUND | | | | | |
| Permitting Services | Permitting Services | 108,638 | 1.00 | 118,842 | 1.00 |
| Recycling and Resource Management | Solid Waste Disposal | 707,264 | 5.50 | 776,562 | 5.50 |
| CIP | Capital Fund | 165,915 | 1.70 | 179,460 | 1.70 |
| Total | | 981,817 | 8.20 | 1,074,864 | 8.20 |

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

| Title | FY24 | FY25 | FY26 | FY27 | FY28 | FY29 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| COUNTY GENERAL FUND | | | | | | |
| EXPENDITURES | | | | | | |
| FY24 Recommended | 10,871 | 10,871 | 10,871 | 10,871 | 10,871 | 10,871 |
| No inflation or compensation change is included in outyear projections. | | | | | | |
| Annualization of Positions Recommended in FY24 | 0 | 183 | 183 | 183 | 183 | 183 |
| New positions in the FY24 budget are generally assumed to be filled at least two months after the fiscal year begins. Therefore, the above amounts reflect annualization of these positions in the outyears. | | | | | | |
| Elimination of One-Time Items Recommended in FY24 | 0 | (108) | (108) | (108) | (108) | (108) |
| Items recommended for one-time funding in FY24, including (operating budget expenses associated with new hires, including office equipment and vehicles), will be eliminated from the base in the outyears. | | | | | | |

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

| Title | FY24 | FY25 | FY26 | FY27 | FY28 | FY29 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Labor Contracts | 0 | 312 | 312 | 312 | 312 | 312 |
| These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items. | | | | | | |
| Subtotal Expenditures | 10,871 | 11,258 | 11,258 | 11,258 | 11,258 | 11,258 |

MONTGOMERY HOUSING INITIATIVE

EXPENDITURES

| | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| FY24 Recommended | 49,682 | 49,682 | 49,682 | 49,682 | 49,682 | 49,682 |
| No inflation or compensation change is included in outyear projections. | | | | | | |
| Labor Contracts | 0 | 86 | 86 | 86 | 86 | 86 |
| These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items. | | | | | | |
| Subtotal Expenditures | 49,682 | 49,768 | 49,768 | 49,768 | 49,768 | 49,768 |

ANNUALIZATION OF FULL PERSONNEL COSTS

| | FY24 Recommended | | FY25 Annualized | |
|--|---------------------|-------------|-----------------|-------------|
| | Expenditures | FTEs | Expenditures | FTEs |
| One Investigator III Position and One Administrative Specialist III Position to Comply with County Mandates | 167,790 | 2.00 | 223,702 | 2.00 |
| One Program Specialist II Position (Licensing and Registration) to Increase Outreach and Revenue Collections | 75,100 | 1.00 | 175,226 | 1.00 |
| One Housing Code Inspector III Position to Meet County Mandates | 80,770 | 1.00 | 107,687 | 1.00 |
| Total | 323,660 | 4.00 | 506,615 | 4.00 |

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN

Montgomery Housing Initiative

| FISCAL PROJECTIONS | FY23 APPROVED | FY23 ESTIMATE | FY24 RECOMMENDED | FY25 PROJECTION | FY26 PROJECTION | FY27 PROJECTION | FY28 PROJECTION | FY29 PROJECTION |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| ASSUMPTIONS | | | | | | | | |
| Indirect Cost Rate | 18.35% | 18.35% | 17.96% | 17.96% | 17.96% | 17.96% | 17.96% | 17.96% |
| CPI (Fiscal Year) | 3.0% | 6.8% | 2.1% | 1.8% | 2.2% | 2.3% | 2.4% | 2.5% |
| Investment Income Yield | 1.2% | 3.0% | 4.3% | 3.0% | 3.0% | 3.0% | 2.5% | 2.5% |
| BEGINNING FUND BALANCE | 12,747,400 | 47,422,860 | 15,555,321 | 2,910,300 | 2,134,299 | 1,334,898 | 511,297 | 164,696 |
| REVENUES | | | | | | | | |
| Taxes | 19,610,377 | 18,134,920 | 16,373,590 | 17,035,642 | 17,134,946 | 18,032,213 | 18,945,292 | 20,165,327 |
| Charges For Services | 70,200 | 77,490 | 70,200 | 71,443 | 73,008 | 74,709 | 76,472 | 78,346 |
| Miscellaneous | 13,752,391 | 18,400,094 | 14,981,846 | 13,738,046 | 13,738,046 | 13,738,046 | 13,278,246 | 13,294,256 |
| Subtotal Revenues | 33,432,968 | 36,612,504 | 31,425,636 | 30,845,131 | 30,946,000 | 31,844,968 | 32,300,010 | 33,537,929 |
| INTERFUND TRANSFERS (Net Non-CIP) | | | | | | | | |
| Transfers To Debt Service Fund | (19,262,000) | (15,262,000) | (19,155,600) | (22,490,720) | (26,693,590) | (29,742,400) | (29,741,500) | (29,743,400) |
| MHI HOC Housing Opportunity Fund | (7,073,200) | (3,073,200) | (5,771,000) | (7,069,500) | (7,072,100) | (7,070,300) | (7,068,800) | (7,072,900) |
| MHI Property Acquisition | (12,188,800) | (12,188,800) | (13,384,600) | (15,421,220) | (19,621,490) | (22,672,100) | (22,672,700) | (22,670,500) |
| Transfers To The General Fund | (458,070) | (458,070) | (553,516) | (553,516) | (553,516) | (553,516) | (553,516) | (553,516) |
| Indirect Costs | (458,070) | (458,070) | (553,516) | (553,516) | (553,516) | (553,516) | (553,516) | (553,516) |
| Transfers From The General Fund | 30,182,949 | 30,182,949 | 33,257,439 | 33,257,439 | 33,257,439 | 33,257,439 | 33,257,439 | 33,257,439 |
| General Fund | 30,182,949 | 30,182,949 | 33,257,439 | 33,257,439 | 33,257,439 | 33,257,439 | 33,257,439 | 33,257,439 |
| TOTAL RESOURCES | 56,643,247 | 98,498,243 | 60,529,280 | 43,968,634 | 39,090,632 | 36,141,389 | 35,773,730 | 36,663,148 |
| PSP OPER. BUDGET APPROP/ EXP'S. | | | | | | | | |
| Operating Budget | (2,939,743) | (34,389,941) | (3,525,390) | (3,649,429) | (3,793,311) | (3,948,342) | (4,111,054) | (4,284,339) |
| Debt Service: Other (Non-Tax Funds only) | (47,230) | (47,230) | (54,510) | 0 | 0 | 0 | 0 | 0 |
| Rental Assistance Program (RAP) | (19,510,377) | 0 | (16,273,590) | (17,035,642) | (17,134,946) | (18,032,213) | (18,945,292) | (20,165,327) |
| Affordable Housing Loans | (12,472,750) | (12,620,000) | (13,946,104) | (5,567,165) | (1,245,378) | 1,932,562 | 3,029,411 | 3,452,212 |
| HHS Housing Programs | (9,706,200) | 0 | (9,706,200) | (9,706,200) | (9,706,200) | (9,706,200) | (9,706,200) | (9,706,200) |
| Neighborhoods to Call Home | (1,414,123) | 0 | (1,875,899) | (1,875,899) | (1,875,899) | (1,875,899) | (1,875,899) | (1,875,899) |
| Design for Life | n/a | 0 | (300,000) | 0 | 0 | 0 | 0 | 0 |
| Homeownership Assistance Program | (3,000,000) | 0 | (4,000,000) | (4,000,000) | (4,000,000) | (4,000,000) | (4,000,000) | (4,000,000) |
| Subtotal PSP Oper Budget Approp / Exp's | (49,090,423) | (47,057,171) | (49,681,693) | (41,834,335) | (37,755,734) | (35,630,092) | (35,609,034) | (36,579,553) |
| OTHER CLAIMS ON FUND BALANCE | (4,276,224) | (35,885,751) | (7,937,287) | 0 | 0 | 0 | 0 | 0 |
| TOTAL USE OF RESOURCES | (53,366,647) | (82,942,922) | (57,618,980) | (41,834,335) | (37,755,734) | (35,630,092) | (35,609,034) | (36,579,553) |
| YEAR END FUND BALANCE | 3,276,600 | 15,555,321 | 2,910,300 | 2,134,299 | 1,334,898 | 511,297 | 164,696 | 83,595 |
| END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES | 5.8% | 15.8% | 4.8% | 4.9% | 3.4% | 1.4% | 0.5% | 0.2% |

Assumptions:

- Approximately \$89.6 million will be allocated in affordable housing, including expenditures of \$57.6 million reflected in this fund and \$32 million for the Affordable Housing Acquisition and Preservation CIP Project #760100. The CIP fund assumes the issuance of \$19.28 million of debt, \$2.72 million in estimated loan repayments, and \$10 million funded with Recordation Tax Premium in FY24. The funding provides a continued high level of support for renovation of distressed housing, the acquisition and preservation of affordable housing units, creation of housing units for special needs residents and mixed-income housing and a variety of services for permanent supportive housing and community development.
- A supplemental request totaling \$30.2 million in Loan Repayments for the Preservation of Naturally Occurring Affordable Housing Fund CIP Project #762201 was submitted to the Council in January 2023 for approval. The funding will be used to preserve current naturally occurring affordable housing in areas at risk of rent escalation to higher market rents, including the Purple Line Corridor and other County transit corridors.
- Montgomery County Council Resolution #15-110 provides for an allocation from the General Fund to the Montgomery Housing Initiative fund (MHI) of the equivalent to 2.5% of actual General Fund property taxes from two years prior to the upcoming fiscal year for the purpose of maintaining and expanding the supply of affordable housing. However, the actual transfer from the General Fund will be determined each year based on the availability of resources.

Notes:

- These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates.
- The Executive recommends an additional \$3.07 million to be transferred from the General Fund to the MHI fund, compared to \$30.18 million approved for FY23. A combination of the \$33.26 million transferred from the General Fund and the projected \$4.98 million contributed by the interest payments generated from HOC Housing Production Fund will reach beyond the 2.5% policy goal.
- Operating budget includes personnel costs, contracts for homeownership education, and miscellaneous expenses for consultants, technology upgrades and monitoring.

AFFORDABLE HOUSING SUPPORT SUMMARY

| Funding Sources | 2019 | 2020 | FY21 CC Approved | FY22 CC Approved Budget | Total County Resources (FY08 - FY22) | Avg Resources FY08-FY22 | FY23 Approved Budget | FY24 Recommended Budget | Projected Creation / Preservation of Affordable Housing (FY24) | Notes |
|---|--------------------|--------------------|--------------------|-------------------------|--------------------------------------|-------------------------|----------------------|-------------------------|--|--|
| Operating Budget Expenditures | | | | | | | | | | |
| DHCA - MHI Operating Budget | 35,589,790 | 41,293,021 | 34,679,877 | 43,122,517 | 441,644,078 | 29,442,939 | 49,090,423 | 49,681,692 | | MHI Debt Service Interest in FY24 includes the Taxable Housing Certificates issued for HOC Production Fund. Clients Served |
| DHCA - MHI Debt Service (interest only) | 3,900,000 | 4,173,700 | 4,546,700 | 4,563,250 | 41,167,514 | 2,744,501 | 4,787,383 | 7,225,931 | | |
| HHS - General Fund - Housing Programs | 13,115,387 | 13,115,387 | 13,115,387 | 16,847,775 | 133,855,966 | 10,257,064 | 30,962,294 | 46,931,755 | 2,700 | |
| HOC - Non-Departmental Account | 6,680,270 | 6,788,019 | 6,824,693 | 6,895,693 | 94,019,182 | 6,267,945 | 7,633,168 | 7,972,501 | | |
| Total Operating Budget | 59,285,447 | 65,370,127 | 59,166,657 | 71,429,235 | 730,686,740 | 48,712,449 | 92,473,268 | 111,811,879 | | |
| Affordable Housing Acquisition and Preservation Project (CIP) | | | | | | | | | | |
| MHI | - | - | - | - | 4,775,000 | 397,917 | - | - | | |
| HIF Revolving Loan Program | 19,679,000 | 20,559,000 | 13,293,000 | 8,751,000 | 183,534,000 | 12,235,600 | 14,896,000 | 19,277,000 | | |
| Loan Repayment Proceeds (actual) | 16,817,000 | 1,441,000 | 8,707,000 | 13,249,000 | 76,946,507 | 5,129,767 | 21,854,000 | 2,723,000 | | |
| G.O. Bonds | (9,725,000) | - | 4,540 | - | 4,544,540 | 504,949 | - | 10,000,000 | | |
| Recordation Tax Premium | - | - | - | - | - | - | - | - | | |
| DHCA - Affordable Housing Acquisition and Preservation Project (CIP) - Total | 26,771,000 | 22,000,000 | 22,004,540 | 22,000,000 | 269,800,047 | 18,268,233 | 36,750,000 | 32,000,000 | | |
| Affordable Housing Opportunity Fund (CIP) | | | | | | | | | | |
| Preservation of Naturally Occurring Affordable Housing (NOAH) Fund | - | - | - | - | 14,000,000 | 14,000,000 | 6,000,000 | - | 8,408 | Includes MHI and CIP (Including \$30.2 million FY23 supplemental for NOAH fund). In support of operating costs for Non-profits and Senior housing Units captured in DHCA |
| DHCA - Payment in Lieu of Taxes (Non-HOC PILOTs) | 17,297,513 | 18,162,389 | 19,070,508 | 20,024,034 | 171,456,722 | 12,765,384 | 20,624,755 | 20,624,755 | 600 | |
| DHCA - Payment in Lieu of Taxes (HOC PILOTs) | 10,311,486 | 9,833,474 | 9,570,344 | 9,993,954 | 125,436,849 | 9,028,720 | 10,593,592 | 11,123,275 | 157 | |
| DGS - Discounted Land Value | 11,540,000 | 1,000,000 | - | 6,797,750 | 49,493,163 | 8,041,559 | 1,500,000 | - | | |
| Total Affordable Housing Support | 125,205,446 | 116,365,990 | 109,812,049 | 137,447,223 | 144,244,973 | 110,816,345 | 206,441,615 | 175,559,909 | 11,865 | |

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| # | Program | FY23 Approved | FY23 Estimated | FY24 CE Recommended | % Change FY23 App. to FY24 Rec. |
|---|--|---------------------|--------------------|---------------------|---------------------------------|
| Department of Housing and Community Affairs (DHCA) | | | | | |
| <i>Rental Assistance</i> | | | | | |
| 1 | Eviction Prevention (HPRA- Homeless Prevention and Relocation Assistance) | \$432,062 | \$432,062 | \$445,025 | 3.00% |
| 2 | Rental Assistance (based on Existing Rental Agreements) | \$2,446,907 | \$2,612,930 | \$2,691,318 | 9.99% |
| 3 | Capitalized Rental Assistance (to Reduce Rents on New HCA-financed Projects) | \$428,171 | \$380,000 | \$391,400 | -8.59% |
| 4 | Hampshire Towers Rental Assistance (10-Years) | \$1,000,000 | \$1,000,000 | \$1,000,000 | 0.00% |
| 5 | Grosvenor Tower - Capitalized Rental Assistance | - | - | \$312,060 | N/A |
| 6 | MPDU Extensions | \$2,398,637 | - | - | N/A |
| A | Total DHCA Affordable Housing Programs (HIF-funded) | \$6,705,777 | \$4,424,992 | \$4,839,803 | -27.83% |
| Department of Health and Human Services (HHS) | | | | | |
| <i>Rental Assistance</i> | | | | | |
| 7 | Rental Assistance | \$4,097,726 | \$4,097,726 | \$4,097,726 | 0.00% |
| 8 | Rental Assistance Program - State Match | \$142,011 | \$142,011 | \$142,011 | 0.00% |
| 9 | Exp. Hsg 1st - DHHS HIP Rental Subsidies (10 Singles / 10 Families) | \$419,828 | \$419,828 | \$419,828 | 0.00% |
| 10 | Exp. Hsg 1st - DHHS HIP Service Coordination | \$88,580 | \$88,580 | \$88,580 | 0.00% |
| 11 | Exp. Hsg 1st - Client Needs | \$153,882 | \$153,882 | \$153,882 | 0.00% |
| 12 | Exp. Hsg 1st - County RAP (150 Subsidies) | \$431,673 | \$431,673 | \$431,673 | 0.00% |
| 13 | Med Vulnerable Adults - Rental Subsidies (25 singles) | \$478,641 | \$478,641 | \$478,641 | 0.00% |
| 14 | Med Vulnerable Adults - Supportive Services (25 singles) | \$322,081 | \$322,081 | \$322,081 | 0.00% |
| 15 | Rental Assistance Program - Case Manager - IAPS (Broker Position) | \$62,727 | \$62,727 | \$62,727 | 0.00% |
| 16 | MCCH - PPH (previously HOME) | \$656,728 | \$656,728 | \$656,728 | 0.00% |
| 17 | Rapid Rehousing Program | \$220,935 | \$220,935 | \$220,935 | 0.00% |
| 18 | Progress Place PLQ's | \$336,810 | \$336,810 | \$336,810 | 0.00% |
| 19 | MCCH - PPH | \$175,436 | \$175,436 | \$175,436 | 0.00% |
| 20 | HHS Rental Assistance Gap | \$499,214 | \$499,214 | \$499,214 | 0.00% |
| B | Total DHHS Affordable Housing Programs (HIF-funded) | \$8,086,272 | \$8,086,272 | \$8,086,272 | 0.00% |
| Housing Opportunities Commission (HOC) | | | | | |
| <i>Rental Assistance</i> | | | | | |
| 21 | Rent Supplement Program | \$2,181,798 | \$2,038,996 | \$2,038,996 | -6.55% |
| 22 | Move Up Initiative | \$177,369 | \$320,160 | \$320,160 | 80.51% |
| 23 | Community Choice Homes Initiative / McKinney Supporting Hsg Prog | \$720,677 | \$720,677 | \$720,677 | 0.00% |
| 24 | Youth Bridge Initiative | \$88,682 | \$88,682 | \$88,682 | 0.00% |
| C | Total HOC Affordable Housing Programs (HIF-funded) | \$3,168,526 | \$3,168,515 | \$3,168,515 | 0.00% |
| D | Emergency Rental Assistance Contingency (in HIF) | \$1,550,073 | -\$168,009 | \$179,000 | -88.45% |
| Services to End and Prevent Homelessness (SEPH) | | | | | |
| 25 | Administration | \$860,872 | IP* | \$962,338 | 11.79% |
| 26 | Continuum of Care | | | | |
| 27 | Permanent Supportive Housing | | | | |
| 28 | Coordinated Entry | \$1,268,743 | IP* | \$1,634,153 | 28.80% |
| 29 | Healthcare for the Homeless | \$1,983,566 | IP* | \$2,059,076 | 3.81% |
| 30 | Homeless Services for Families | \$3,341,888 | IP* | \$7,496,987 | 124.33% |
| 31 | Homeless Services for Single Adults | \$12,549,040 | IP* | \$13,438,681 | 7.09% |
| 32 | Housing Initiative Program | \$297,441 | IP* | \$2,207,959 | 642.32% |
| 33 | Interagency Commission on Homelessness | \$4,000 | IP* | \$4,000 | 0.00% |
| 34 | Permanent Supportive Housing | \$5,426,912 | IP* | \$5,719,969 | 5.40% |
| 35 | Prevention | \$8,441,630 | IP* | \$11,088,159 | 31.35% |
| 36 | Rapid Rehousing | \$3,142,840 | IP* | \$3,082,070 | -1.93% |
| 37 | Rental Assistance Program | \$4,553,003 | IP* | \$4,604,464 | 1.13% |
| 38 | Emergency RAP (one-time ARPA funding) | \$3,438,875 | IP* | \$14,016,832 | 307.60% |
| E | Total SEPH Affordable Housing Programs (HHS General Fund and Federal Funds) | \$45,308,810 | \$0 | \$66,314,688 | |
| Non-Competitive Contracts | | | | | |
| 39 | A Wider Circle | \$350,290 | \$350,290 | \$360,800 | 3.00% |
| 40 | CASA | \$457,575 | \$457,575 | \$471,300 | 3.00% |
| 41 | Community Reach | \$22,248 | \$22,248 | \$22,915 | 3.00% |
| 42 | Eastern Montgomery Emergency Assistance Network | \$27,810 | \$27,810 | \$28,640 | 2.98% |
| 43 | Enterprise Community Partners | - | - | \$384,936 | N/A |
| 44 | Habitat for Humanity Metro Maryland | \$44,496 | \$44,496 | \$195,830 | 340.11% |
| 45 | Housing Initiative Partnership | \$116,640 | \$116,640 | \$224,210 | 92.22% |
| 46 | Housing Unlimited | \$88,992 | \$88,992 | \$91,660 | 3.00% |
| 47 | Latino Economic Development Corporation of Washington, D.C. | \$60,000 | \$60,000 | \$119,310 | 98.85% |
| 48 | Legal Aid Bureau | \$118,800 | \$118,800 | \$55,770 | -53.06% |
| 49 | Montgomery County Renters Alliance | \$70,000 | \$70,000 | \$244,290 | 248.99% |
| 50 | Montgomery Housing Partnership | \$317,034 | \$317,034 | \$326,530 | 3.00% |
| 51 | Rebuilding Together Montgomery County | \$406,026 | \$406,026 | \$568,205 | 39.94% |
| F | Total Non-Competitive Contracts (DHCA General Fund and/or HIF) | \$2,079,911 | \$2,079,911 | \$3,094,396 | 48.78% |

MEMORANDUM

April 24, 2023

TO: Health and Human Services Committee and Planning, Housing, & Parks Committee

FROM: Tara Clemons Johnson, Legislative Analyst
Essie McGuire, Senior Legislative Analyst

SUBJECT: FY24 Operating Budget, Department of Health and Human Services

PURPOSE: Worksession, recommendations and votes expected

Expected Attendees:

Dr. James Bridgers, Acting Director, Department of Health and Human Services (DHHS)
Ilana Branda, Acting Chief, Services to End and Prevent Homelessness, DHHS
Jason Rundell, Acting Chief Operating Officer, DHHS
Deborah Lambert, Office of Management and Budget

**SERVICES TO END AND PREVENT HOMELESSNESS (SEPH):
HOUSING AND PREVENTION PROGRAMS**

| | FY23 Approved | FY24 Rec | Difference |
|------|----------------------|-----------------|-------------------|
| SEPH | \$45,308,810 | \$66,314,688 | \$21,005,878 |
| FTE | 87 | 137 | 50 |

The Executive is recommending an additional **\$17,736,270** for the FY24 housing and prevention programs. The recommendation includes \$14 million in ARPA funding which is planned to be expended in FY24. The Executive’s FY24 recommendation includes the following

- one-time ARPA grant funding of \$14,016,832 for the Emergency Rental Assistance program (ERAP),
- Eviction Prevention Previously Funded by ARPA with General Funds, \$1,719,438
- \$1,700,000 - Rent subsidy to keep up with rent increases for the Housing Initiative program,

- \$300,000 - Rent subsidy to keep up with rent increases for Permanent Supportive Housing,

CE Recommended Changes: Housing and Prevention Programs

| Item | Recommended Increase (Decrease) | FTE | One-time only? | Notes |
|------------------------------|---------------------------------|-----|----------------|------------------------|
| TIER I: HIGH PRIORITY | | | | |
| Eviction Prevention | \$1,719,438 | | N | Replacing ARPA funding |
| Housing Initiative Program | \$1,700,000 | | N | Rent Increases |
| Permanent Supp. Housing | \$300,000 | | N | Rent Increases |
| | | | | |
| Net Total | \$3,719,438 | | | |
| TIER II: PRIORITY | | | | |
| | | | | |
| Net total | | | | |

A. SEPH Vacancies and FY24 Rec FTEs

As of March 2023, Services to End and Prevent Homelessness has 11 vacancies totaling \$1.2 million. The details are included in the following bullets:

- 1 of the 11 positions has been vacant for more than one year, a Community Health Nurse II. The other 10 positions are vacant less than a year.
- The position types include 5 social workers, 3 program managers, 2 nurses and 1 community service aid.

FY24 Recommended FTE Changes

The FY24 budget recommends an increase of **49.9 FTEs**, the breakdown of the additions is below:

- 28 FTEs for the Emergency Rental Assistance program (term positions)
- 3 FTEs in Coordinated Entry services (multi-program adjustments)
- 1 FTE in Homeless Services for Single Adults (multi-program adjustments)
- 3 FTEs in the Housing Initiative Program (multi-program adjustments)
- 6.9 FTEs in Prevention (multi-program adjustments)
- 6 FTEs in Rapid Re-housing (multi-program adjustments)
- 2 FTEs in the Rental Assistance program (multi-program adjustments)

Council staff recommendation

- The committee can request an update from SEPH on the current status of the positions and if there are plans to lapse positions within SEPH for FY24.
- There is a significant number of FTEs added to all the housing programs. The Committee may want to request for DHHS to detail the need for increased staffing

- The committee may want to request how hiring will be managed for the ERAP given DHHS estimates 6 months lapse for new positions and the grant funds are expected to be exhausted by FY24.

B. Emergency Rental Program,

- A total of \$14,016,832 and 28 FTEs is recommended in the Executive’s FY24 operating budget in Emergency Rental Assistance using ARPA Funds. These funds have been used to support the County’s COVID Rental Relief Program (CRRP)
- The projected emergency rental assistance contingency for FY24 is increased significantly, from \$3.3m to \$14m.

DHHS shared that specific to ERA/CRRP given the outreach and availability expansion in each round DHHS has continued to see more families coming in. Additionally, as over 50% of renters in the County were cost-burdened before COVID, the perceived availability of funds has pushed more households to seek rental assistance in order to make their monthly household budget balance. DHHS does anticipate exhausting the remaining funds available in FY24 if they continue with the type of grants they are currently providing (e.g. larger amounts, total of arrears versus judgement amount).

There are 28 term positions that were approved by OMB last year. The ARPA grant is not renewable, and DHHS expects to reach the maximum administrative dollar set aside at the end of FY24. Therefore, without alternative funds these positions will term-out at the end of FY24.

In total, the CRRP has approved \$98.1 million in payments for 12,397 households. The County closed round 4 of the programs in January 2023. Applications are still being reviewed but so far, 64% are ineligible and 27% have been approved. To be eligible for the CRRP Round 4, households must meet the minimum criteria:

- have experienced COVID-19-related financial hardship,
- have a gross household income from either your 2020 or 2021 tax return or the previous 30 days that is at or below 50% of AMI,
- have resided in Montgomery County since at least August 2021,
- have an obligation to pay rent, formally or informally, and be behind on their rental obligation by at least two months, as of June 30, 2022.

Council staff recommendation:

- **Support the recommended increase of \$14,016,832** in ARPA grant funding for Emergency Rental Assistance Program.

C. Rental Assistance Program

- A total of \$8.6 million is recommended in the Executive’s FY24 operating budget to support the DHHS Rental Assistance Program (RAP).
- Of this amount, \$4.6 million is County general funding, the remaining amount is allocated from the Housing Initiative Fund (HIF).
- The budget reflects a reduction of (\$3,438,875) in FY23 ARPA funds. These are not recommended to be replaced by County funds.

- The Executive’s FY24 recommendation would take the program funding back closer to FY22 levels.

| FY23 Budget for RAP | Annual spending by funding source | # estimated HH served | Avg anticipated assistance |
|----------------------------|--|----------------------------------|-----------------------------------|
| \$4,553,003 | General Fund | 1750 (GF and HIF Combined) | \$2,200 |
| \$3,800,000 | HIF | | |

In addition to the money referenced above, there was \$3.4m in ERAP funding available for assistance.

| Estimated FY24 | Annual spending by funding source | # estimated HH served | Avg anticipated assistance |
|-----------------------|--|-----------------------------------|-----------------------------------|
| \$4,604,464 | General Fund | 1,711 (GF and HIF Combined) | \$3,500 |
| \$3,800,000 | HIF | | |

The Rental Assistance Program is a long-standing shallow subsidy program and is not related to the rental assistance programs that are in response to COVID. The Council approved changes through Bill 25-20 to update the program based on the recommendations of the Interagency Commission on Homelessness and the gap analysis. The main changes were:

- Reduced age of eligibility for RAP from 62 to 55;
- Clarified definition of a person with a documented disability;
- Removed the prohibition of eligibility for County residents without certain immigration documentation; and
- Provided that the specific benefit amount is established in regulation rather than law.

Rental Assistance Program Summary:

- The level of Federal funding for the ERAP/Emergency rental assistance is decreasing as the ARPA and CARES funding winds down. DHHS notes that since May 2020, the program has received and substantially distributed over \$105 million in ERAP funds and \$22 million in CARES funds. This level of funding will not continue; the \$14 million for FY24 is one time only and we anticipate that will conclude Federal funding.
- The County Rental Assistance Program (RAP) is level funded in terms of County funds and is also losing the ARPA allocation from FY23.
- The RAP program is established in County Code and regulation and focuses on a vulnerable population; the ERAP program supports a broader population and had parameters established during an emergency.
- The Council may need to clarify its intent as to what form of rental assistance program County funds should support as the Federal funds end in FY24.

D. Eviction Prevention Program

- The FY24 Recommended budget amount is \$1,719,438, shifting from ARPA funding to County general funds
- More than 12,000 evictions have been prevented (see ©9)

The Eviction Prevention services includes assessment of need, emergency financial assistance, and case management to help households keep their current housing, obtain new housing, prevent utility shut-off, restore disconnected utility services, and moving/storage assistance. The Eviction Prevention coordinated approach is available at ©8

Eviction prevention grants are available to households that meet income guidelines, have received a court judgement for an eviction and have not received an eviction prevention grant in the prior 12 months.

Council staff recommendation:

- **Support the recommended increase of \$1,719,438** for the Housing Initiative Program and Permanent Supportive Housing.

E. Increase in Rental Rates

- The FY24 Executive budget recommends an increase of **\$1,700,000** to keep up with rental increases in the Housing Initiative Program
- The FY24 Executive budget recommends an increase of **\$300,000** to keep up with rental increases in the Permanent Supportive Housing program

As rental costs are increasing, the Housing programs are challenged to work within fixed a budget to continue to serve the same number of people (at minimum) and provide housing that meets individuals and family’s needs.

Housing Initiative Program - Average rents are increasing and DHHS is projecting average assistance per year per household to increase by approximately \$2,500. In order to continue to serve **500 households, \$1.7M in additional funding** is needed. Without this increase, fewer households would be served.

Permanent Supportive Housing – Average rents are increasing so the department is projecting average assistance per year per household to increase by approximately \$1,900. In order to continue to serve **160 households, an additional \$300k in funding** is needed. Without this increase, fewer households would be served.

Council staff recommendation:

- **Support the recommended increase of \$2,000,000** for the Housing Initiative Program and Permanent Supportive Housing.

This report contains:

| | |
|--|-------|
| FY24 County Executive recommended budget - SEPH | ©1-7 |
| Eviction Prevention Coordinated Approach | ©8 |
| State of Homelessness in Montgomery County, Feb 2023 | ©9-26 |



Services to End and Prevent Homelessness

RECOMMENDED FY24 BUDGET

\$66,314,688

FULL TIME EQUIVALENTS

137.40

☀ JAMES BRIDGERS PH.D., MBA, ACTING DIRECTOR

FUNCTION

The programs of Services to End and Prevent Homelessness (SEPH) have a common vision: access by all people to safe, affordable housing, and opportunities to improve quality of life. The mission of SEPH is to make homelessness a rare, brief, and non-recurring event by operating from a Housing First philosophy. Housing First recognizes that people are most successful when they have a choice in housing and seeks to eliminate barriers such as sobriety requirements or treatment compliance. SEPH provides a full continuum of services including housing stabilization, homeless diversion, and permanent housing; and employs evidence-based and promising practices. SEPH programs collaborate with public and private partners through the Interagency Commission on Homelessness. Special needs populations include: veterans; both individuals and families; persons with behavioral health challenges; individuals with developmental disabilities; transitioning youth; and seniors with disabilities experiencing or at risk of homelessness.

PROGRAM CONTACTS

Contact Ilana Branda of the HHS - Services to End and Prevent Homelessness at 240.777.4594 or Deborah Lambert of the Office of Management and Budget at 240.777.2794 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

☀ Admin - Services to End and Prevent Homelessness

This program provides leadership and direction for the administration of Services to End and Prevent Homelessness and advises the Interagency Commission on Homelessness (ICH) and Montgomery County Continuum of Care (CoC).

| FY24 Recommended Changes | Expenditures | FTEs |
|---|----------------|-------------|
| FY23 Approved | 860,872 | 6.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 101,466 | 0.00 |
| FY24 Recommended | 962,338 | 6.00 |

☀ Coordinated Entry

Coordinated entry is a process developed to ensure that all people experiencing a housing crisis have fair and equal access to

remedies and are quickly identified, assessed for, referred, and connected to housing and assistance based on their strengths and needs. Within a Coordinated Entry System, each person is prioritized for housing based on vulnerability using a data-driven, real-time process. Montgomery County's Coordinated Entry System embraces Housing First principles of low barrier access, consumer choice, community integration, and housing orientation.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|---|-------------|-------------|----------------|-------------|-------------|
| Number of homeless individuals with a completed vulnerability assessment (Using the VI-SPDAT) to determine housing placement ¹ | 1,061 | 1,222 | 1,300 | 1,300 | 1,300 |
| Coordinated Entry - Days from housing program assignment to housed ² | 33 | 116 | 90 | 75 | 60 |
| Percent of homeless individuals with a completed vulnerability assessment (using the VI-SPDAT) to determine housing placement | 89% | 86% | 91% | 93% | 95% |

¹ Projected goals for FY23 onward are impacted by previous years' actual values, so projected values are based on pre-FY20 values. In FY20-FY21, the COVID pandemic limited contact between case managers and clients resulting in an abnormally low number of clients with a completed VI-SPDAT.

² Changes in housing inventory have caused longer than average wait times to move clients into housing.

| FY24 Recommended Changes | Expenditures | FTEs |
|---|------------------|-------------|
| FY23 Approved | 1,268,743 | 6.90 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 365,410 | 3.00 |
| FY24 Recommended | 1,634,153 | 9.90 |

Healthcare for the Homeless

Healthcare for the Homeless provides medical and dental services to individuals experiencing homelessness in emergency shelters, street outreach, and transitional housing. Medical services are also provided to individuals and families served in permanent supportive housing programs. Healthcare for the Homeless is committed to reducing the health disparities for people experiencing homelessness by providing low barrier access to services and reducing re-admissions to hospitals.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|---|-------------|-------------|----------------|-------------|-------------|
| Number of individuals receiving primary care services through Healthcare 4 the Homeless (Mobile Med) ¹ | 180 | 202 | 220 | 240 | 260 |
| Number of hospital transfers from year-round shelters (based on 911 emergency calls) ² | 427 | 395 | 350 | 300 | 250 |

¹ This measure tracks new patients served.

² FY21-FY22 actual numbers show a decrease in the number of hospital transfers. With the implementation of medical respite and improvements in service coordination, SEPH anticipates hospital transfers to continue to decrease.

| FY24 Recommended Changes | Expenditures | FTEs |
|---|------------------|-------------|
| FY23 Approved | 1,983,566 | 5.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 75,510 | 0.00 |
| FY24 Recommended | 2,059,076 | 5.00 |

Homeless Services for Families

Homeless Services for Families provides emergency shelter and transitional housing to families with children. Services include intake and assessment, case management, and housing location to link families experiencing homelessness to housing, behavioral health, financial, and legal programs. All services are housing focused with a goal of connecting families with permanent housing as

quickly as possible and removing systemic barriers to accessing housing and services.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|---|-------------|-------------|----------------|-------------|-------------|
| Number of individuals as part of a family unit experiencing homelessness for the first time | 426 | 304 | 300 | 300 | 300 |
| Average length of stay in days by homeless families in emergency shelter ¹ | 54 | 75 | 60 | 50 | 40 |
| Percent of households returning to homelessness | 10% | 5% | 5% | 5% | 5% |

¹ During FY21 and through FY22, the Continuum of Care (CoC) saw an increase in the number of Households with minor children as well as an increase in household size. This created difficulties in getting families housed and out of shelter, resulting in an increase in length-of-time (LOT) in shelter for families.

| FY24 Recommended Changes | Expenditures | FTEs |
|---|------------------|-------------|
| FY23 Approved | 3,341,888 | 3.00 |
| Enhance: Overflow Sheltering in Hotels | 3,023,211 | 0.00 |
| Add: COVID Sheltering in Hotels for Isolation of COVID Positive or Exposed People who are Experiencing Homelessness (one time) | 1,001,675 | 0.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 130,213 | 0.00 |
| FY24 Recommended | 7,496,987 | 3.00 |

☀ Homeless Services for Single Adults

Homeless Services for Single Adults provides emergency shelter, street outreach, and transitional housing to adults experiencing homelessness. All services are housing focused with a goal of connecting adults with permanent housing as quickly as possible by removing barriers such as poor credit, criminal history, limited or no access to behavioral and somatic healthcare, and low or no income. Homeless services include centralized shelter intake and diversion, comprehensive case management, assertive engagement, housing location, employment training and job development, legal services, and assistance with entitlements like Food Stamps and Medicaid.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|---|-------------|-------------|----------------|-------------|-------------|
| Number of homeless single adults counted during Annual Point in Time Count | 480 | 478 | 470 | 465 | 460 |
| Length of time homeless in days for adults in emergency shelter, outreach, or transitional housing ¹ | 119 | 84 | 75 | 60 | 45 |
| Percent of positive exits to permanent housing from street outreach, emergency shelter, or transitional shelter | 41% | 38% | 40% | 40% | 40% |

¹ In FY22, length-of-time (LOT) in shelter, outreach, or transitional housing has returned to pre-FY21 levels and, with more widespread implementation of diversion and rapid exit programs, SEPH expects the trend to continue towards our Built for Zero goal of 45 days.

| FY24 Recommended Changes | Expenditures | FTEs |
|---|-------------------|-------------|
| FY23 Approved | 12,549,040 | 2.00 |
| Enhance: Security Funding for Interfaith Works Emergency Shelters | 388,702 | 0.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 500,939 | 1.00 |
| FY24 Recommended | 13,438,681 | 3.00 |

☀ Housing Initiative Program

The Housing Initiative Program is a Housing First permanent supportive housing program serving individuals and families with disabilities. Program participants are quickly connected to permanent scattered site units without any preconditions and offered

intensive wraparound support services. The rental assistance is provided by the Department of Health and Human Services staff and services are offered via contracts with non-profit partners. This program also acts as the lead entity for the 1115 Medicaid Waiver Assistance in Community Integration Services through the State Department of Health.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|---|-------------|-------------|----------------|-------------|-------------|
| Housing Initiative Program: Number of clients served | 902 | 927 | 1,000 | 1,100 | 1,200 |
| Housing Initiative Program: Days from housing program assignment (to accepted) to housed ¹ | 192 | 406 | 365 | 180 | 90 |
| Percent of households who retain permanent housing after 12 months | 95% | 99% | 99% | 99% | 99% |
| Percent decrease in acuity score, measuring the severity of presenting issues impacting housing stability | 36% | 36% | 45% | 55% | 60% |

¹ Projected values are based on desired improvements using a baseline of 406 from FY22. The goal is to bring the number of days from assigned to housed closer to 45, but previous years' values will impact future projections.

| FY24 Recommended Changes | Expenditures | FTEs |
|---|------------------|-------------|
| FY23 Approved | 297,441 | 2.00 |
| Increase Cost: Rent Subsidy Funding to Keep Up with Rent Increases for Housing Initiative Program | 1,700,000 | 0.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 210,518 | 3.00 |
| FY24 Recommended | 2,207,959 | 5.00 |

☀ Interagency Commission on Homelessness

The Montgomery County Continuum of Care (CoC) coordinates the community's policies, strategies, and implementation of a housing and services system to prevent and end homelessness through a collaboration of public and private sector groups. Responsibilities include promoting a community-wide commitment to ending homelessness, providing funding for efforts to promote community-wide planning and strategic use of resources to address homelessness, and improving coordination and integration with mainstream resources and other programs targeted to people experiencing homelessness. The Interagency Commission on Homelessness is a group of appointed leaders of the CoC who have authority to make decisions on behalf of the CoC.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|--|---------------|-------------|----------------|-------------|-------------|
| Dollars brought into the continuum from non-County funds ¹ | \$106,316,327 | \$8,747,358 | \$6,321,446 | \$2,882,571 | \$2,882,571 |
| Number of individuals with lived experience participating as ICH Commissioner or on committees | 15 | 8 | 15 | 16 | 17 |
| Number of total homeless individuals counted during the Annual Point in Time Count | 577 | 581 | 525 | 473 | 425 |

¹ The increase in grants in FY21 is due to COVID-19, with \$105,501,792.90 being specifically for COVID-19. These grants have been extended and cover multiple fiscal years to spend down. Funding received during COVID was not renewable, resulting in a decrease in non-county funds brought into the county. Projected values reflect renewable funding with one-time funding amounts (i.e., COVID grants) omitted.

| FY24 Recommended Changes | Expenditures | FTEs |
|--------------------------|--------------|-------------|
| FY23 Approved | 4,000 | 0.00 |
| FY24 Recommended | 4,000 | 0.00 |

☀ Permanent Supportive Housing

Permanent Supportive Housing is an evidence-based practice that provides immediate access to a permanent housing subsidy and

long-term, wraparound support services to households with disabilities. All programs use a Housing First approach that offers housing without preconditions such as sobriety, treatment compliance, or participation in services.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|---|-------------|-------------|----------------|-------------|-------------|
| Permanent Supportive Housing: Number of clients served ¹ | 2,153 | 2,177 | 2,200 | 2,250 | 2,300 |
| Permanent Supportive Housing: Days from housing program assignment (to accepted) to housed ² | 154 | 266 | 200 | 150 | 100 |
| Percent of households who retain permanent housing after 12 months | 92% | 99% | 99% | 99% | 99% |
| Percent of clients retaining permanent housing | 97% | 98% | 99% | 99% | 99% |
| Percent of people that graduate from the program | 7% | 13% | 15% | 17% | 19% |

¹ Many permanent supportive housing options were available to clients beginning in FY21 due to the increase in COVID funding and other related legislation changes. Additionally, SEPH aims to increase the number of individuals served in Permanent Supportive Housing (PSH) each year by utilizing state-funded programs such as the Housing Initiative Program's Assistance in Community Integration Services Pilot (HIP ACIS) and filling additional PSH slots made available as a result of move-ups via the Emergency Housing Voucher Program (EHV).

² Lack of affordable and available housing units within the County and the court process for landlords have slowed down unit availability (COVID-related from FY21 to FY22). Additionally, many of our providers and the County have experienced staff turnover, which has impacted services and resulted in an increase in days from housing assignment to housed from FY21 to FY22. Using FY22 as the new baseline, FY23-FY25 projections reflect continued challenges in housing clients. SEPH will work to reduce the backlog and decrease the length of time from assigned to housed through FY23-FY25.

| FY24 Recommended Changes | Expenditures | FTEs |
|---|------------------|-------------|
| FY23 Approved | 5,426,912 | 2.00 |
| Increase Cost: Rent Subsidy Funding to Keep Up with Rent Increases for Permanent Supportive Housing Program | 300,000 | 0.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | (6,943) | 0.00 |
| FY24 Recommended | 5,719,969 | 2.00 |

Prevention

Prevention provides conflict resolution, mediation, financial assistance, housing location, and case management to County residents at risk of or experiencing homelessness. The program's focus is to partner with families and individuals to resolve their housing emergency through creative problem-solving. State and County grants are provided to prevent evictions and utility cut offs or secure new housing. Short-term case management services are provided to help at-risk households develop and implement plans to prevent a future housing crisis.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|---|-------------|-------------|----------------|-------------|-------------|
| Households receiving emergency grants to prevent eviction/homelessness (County and State funds) ¹ | 5,127 | 10,247 | 11,000 | 11,000 | 11,000 |
| Percent of households who received prevention assistance and within 12 months enter the homeless continuum ² | 5% | 2% | 5% | 5% | 5% |

¹ The increase from FY21 to FY22 was due to COVID funding, on which SEPH received an extension, so prevention clients are still being served from funds issued in FY21. SEPH can spend down these grants over multiple fiscal years and, thus, projections for FY23-FY25 are higher than the FY21 actual.

² This measure, by definition, has a one-year lag. FY22 is therefore based on cases initiated in FY21.

| FY24 Recommended Changes | Expenditures | FTEs |
|---|------------------|--------------|
| FY23 Approved | 8,441,630 | 55.10 |
| Replace: Eviction Prevention Previously Funded by ARPA Continued with General Funds | 1,719,438 | 0.00 |

| FY24 Recommended Changes | Expenditures | FTEs |
|---|-------------------|--------------|
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 927,091 | 6.90 |
| FY24 Recommended | 11,088,159 | 62.00 |

Rapid Rehousing

Rapid Rehousing (RRH) is an intervention program designed to help individuals and families to quickly exit homelessness, return to housing in the community, and not become homeless again in the near term. The core components of a rapid rehousing program are housing identification, move-in and rent assistance, and rapid rehousing case management and services. The goal of the program is to help people quickly obtain housing, increase income, and support self-sufficiency to stay housed. Rapid re-housing is offered without any preconditions, such as employment, income, absence of criminal record, or sobriety.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|---|-------------|-------------|----------------|-------------|-------------|
| Rapid Rehousing - Number of clients served ¹ | 812 | 964 | 1,000 | 1,100 | 1,200 |
| Cost per positive exit ² | \$8,680 | \$18,480 | \$15,000 | \$13,000 | \$11,000 |
| Percent of households with increased income since entering rapid rehousing ³ | 32% | 24% | 30% | 35% | 40% |
| Percent of exits to permanent housing | 78% | 83% | 85% | 85% | 90% |

¹ COVID-related funds increased the number served.

² Increase in cost per positive exit from FY21 to FY22 can be attributed to property owners increasingly requiring double security deposits to lease to higher risk Rapid Rehousing (RRH) clients as well as a shortage of housing options making it take longer to house clients, which has resulted in a lower rate of housing in RRH.

³ Households have experienced challenges in increasing their income due to changes in the work environment, including not returning to work due to lack of telework options because of the nature of their jobs and the inability to obtain increased compensation in existing employment.

| FY24 Recommended Changes | Expenditures | FTEs |
|---|------------------|-------------|
| FY23 Approved | 3,142,840 | 0.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | (60,770) | 6.00 |
| FY24 Recommended | 3,082,070 | 6.00 |

Rental Assistance Program

The Rental Assistance Program (RAP) provides a shallow subsidy to individuals and families at risk of or currently experiencing homelessness. The target populations for this program are seniors, people with disabilities, and others on a fixed income.

| Program Performance Measures | Actual FY21 | Actual FY22 | Estimated FY23 | Target FY24 | Target FY25 |
|---|-------------|-------------|----------------|-------------|-------------|
| Number of unique households with an active rental subsidy during the year ¹ | 882 | 900 | 950 | 1000 | 1050 |
| Percent of clients who utilized housing stabilization services (HSS) within a year after receiving rental assistance (RAP) ² | 18% | 35% | 25% | 20% | 15% |

¹ Despite increased funding from the Recordation Tax Premium (RTP) of approximately \$1,000,000, Rental Assistance Program (RAP) enrollment has slowed due to clients no longer being able to self-refer and the narrowed pool of eligible clients due to the updated eligibility criteria at the beginning of FY22.

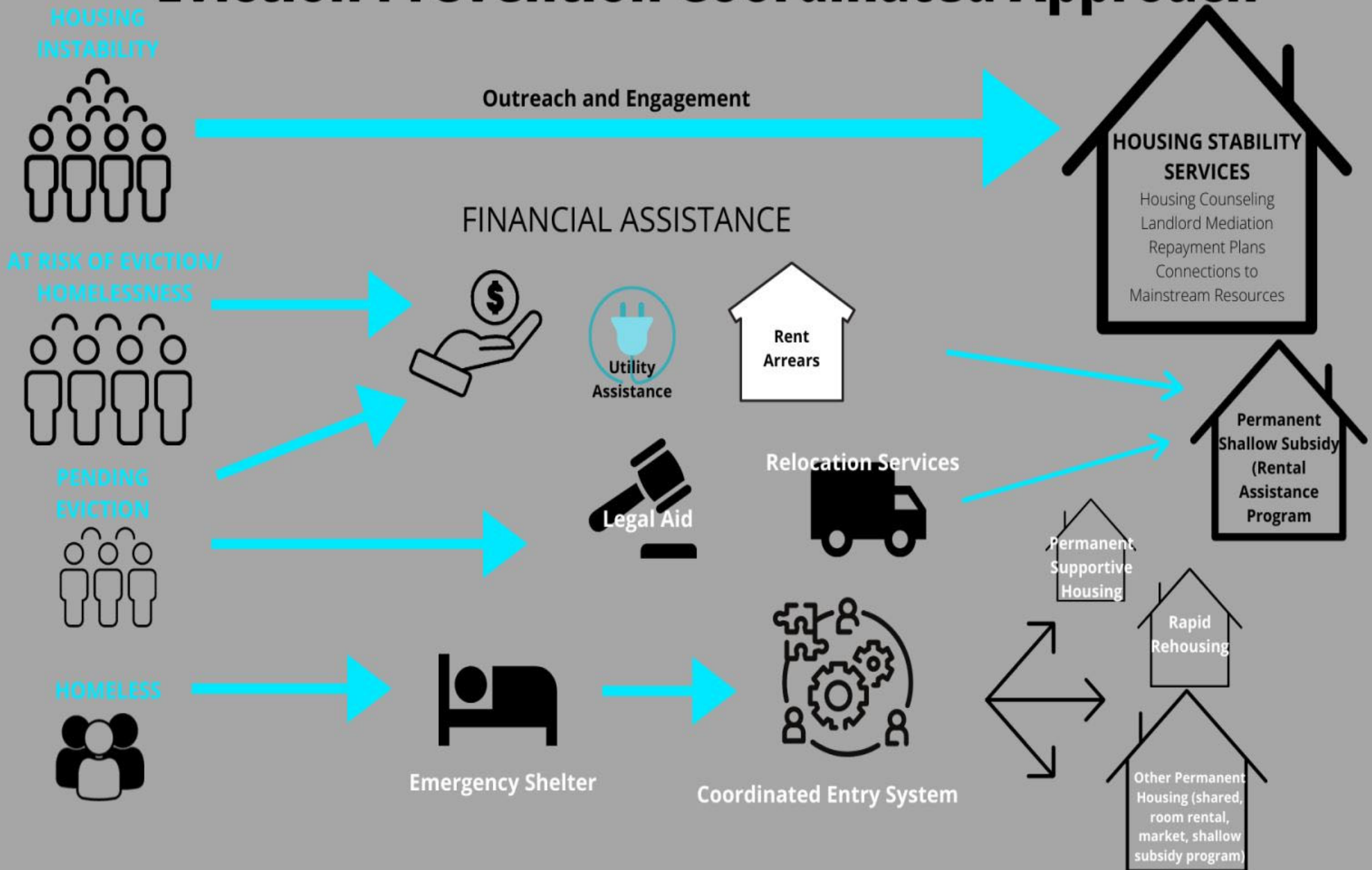
² This measure, by definition, has a one year lag. FY22 is therefore based on cases initiated in FY21. RAP was expanded to allow residents exiting from the Sustainable Housing Rental Assistance Program (SHARP), Exit Bonus, or RRH qualify for the benefit. Many of these clients exited with minimal or no supportive services with the aforementioned programs, which lasted 12 months at most. This likely impacted the percent of clients who needed support after one year in the FY22 reporting period.

| FY24 Recommended Changes | Expenditures | FTEs |
|---|---------------------|--------------|
| FY23 Approved | 7,991,878 | 5.50 |
| Enhance: Emergency Rental Assistance Grant | 14,016,832 | 28.00 |
| Replace: Funding for Rental Assistance Program from ARPA to DHHS General Fund | (3,438,875) | 0.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 51,461 | 2.00 |
| FY24 Recommended | 18,621,296 | 35.50 |

PROGRAM SUMMARY

| Program Name | FY23 APPR Expenditures | FY23 APPR FTEs | FY24 REC Expenditures | FY24 REC FTEs |
|--|-------------------------------|-----------------------|------------------------------|----------------------|
| Admin - Services to End and Prevent Homelessness | 860,872 | 6.00 | 962,338 | 6.00 |
| Coordinated Entry | 1,268,743 | 6.90 | 1,634,153 | 9.90 |
| Healthcare for the Homeless | 1,983,566 | 5.00 | 2,059,076 | 5.00 |
| Homeless Services for Families | 3,341,888 | 3.00 | 7,496,987 | 3.00 |
| Homeless Services for Single Adults | 12,549,040 | 2.00 | 13,438,681 | 3.00 |
| Housing Initiative Program | 297,441 | 2.00 | 2,207,959 | 5.00 |
| Interagency Commission on Homelessness | 4,000 | 0.00 | 4,000 | 0.00 |
| Permanent Supportive Housing | 5,426,912 | 2.00 | 5,719,969 | 2.00 |
| Prevention | 8,441,630 | 55.10 | 11,088,159 | 62.00 |
| Rapid Rehousing | 3,142,840 | 0.00 | 3,082,070 | 6.00 |
| Rental Assistance Program | 7,991,878 | 5.50 | 18,621,296 | 35.50 |
| Total | 45,308,810 | 87.50 | 66,314,688 | 137.40 |

Eviction Prevention Coordinated Approach



State of Homelessness in Montgomery County

Montgomery County Council

Health and Human Services Committee Briefing

February 9, 2023



The WHY

Like you, I know people who drink, people who do drugs, and bosses who have tantrums and treat their subordinates like dirt. They all have good jobs. Were they to become homeless, some of them would surely also become 'alcoholics,' 'addicts,' or 'mentally ill.' - Elliot Liebow

Housing First Principles

- Provide immediate access to permanent housing without any preconditions
- Choice and self-determination
- Recovery Orientation
- Individualized and person-driven supports
- Social and Community Integration



4

Homeless CoC Core Values

Housing First and Person-driven supports

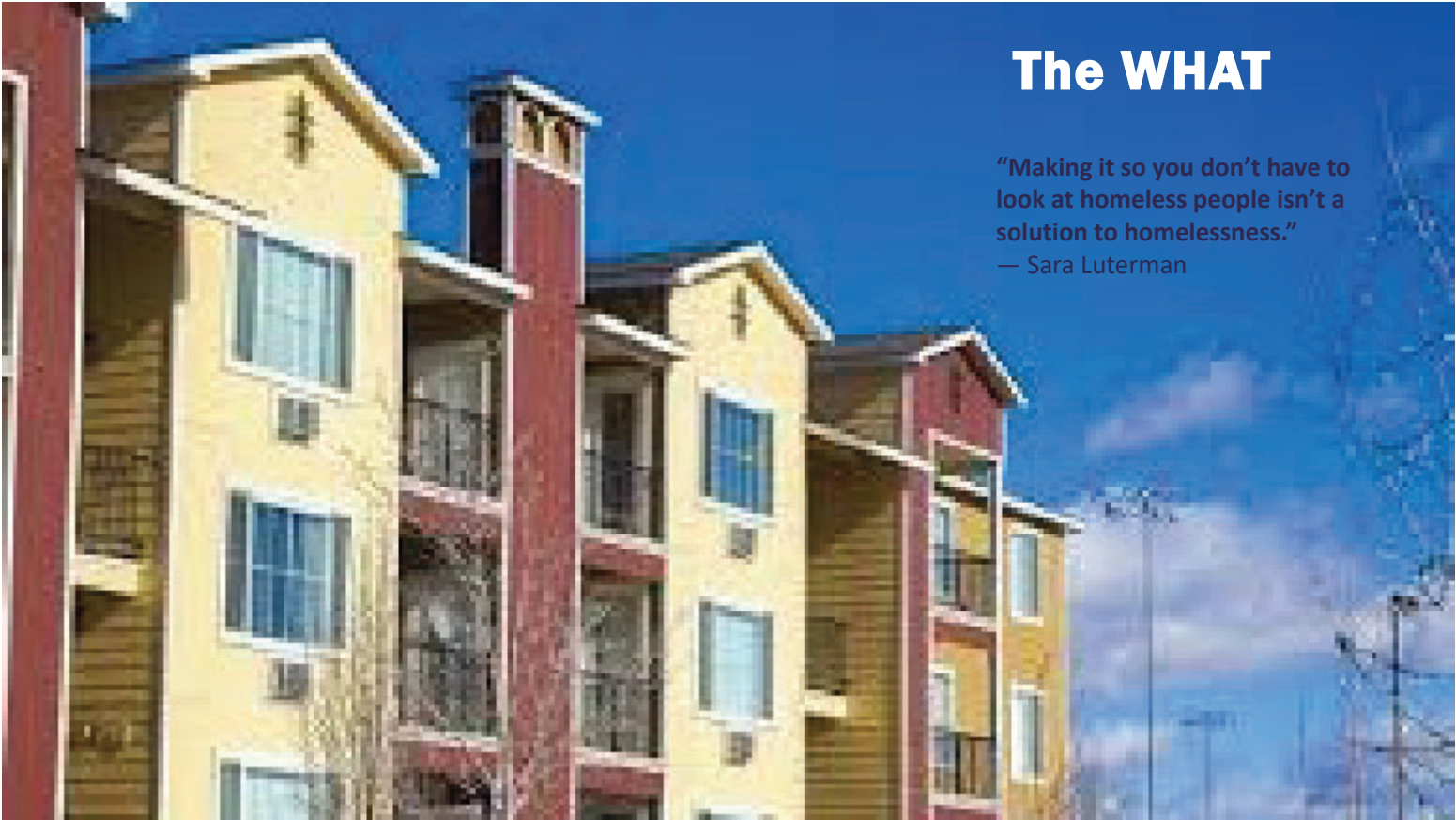
Data and Results Based Decisions

Diversity, Equity, and Inclusion

Continuous Change and Improvement

Collaboration Across the Continuum of Care

5



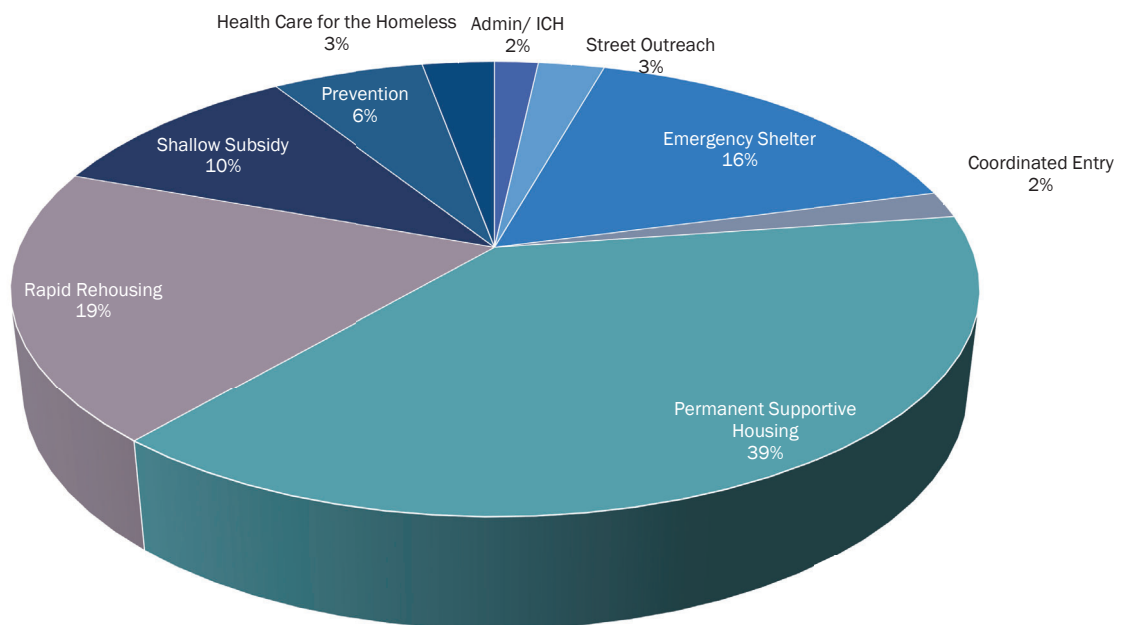
The WHAT

“Making it so you don’t have to look at homeless people isn’t a solution to homelessness.”

— Sara Luterman

FY23 Budget for Homeless Services (excludes \$113M of federal funding for eviction prevention)

Total = \$81M



Making Homelessness Rare, Brief, and One-time Only

Preventing Homelessness by providing:

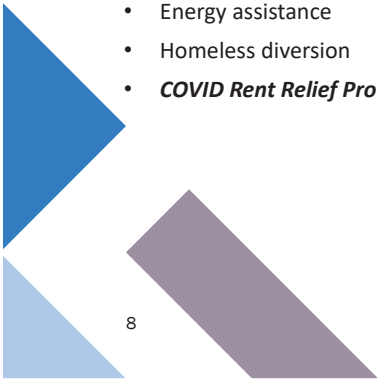
- Emergency financial assistance
- Short-term prevention case management
- Energy assistance
- Homeless diversion
- **COVID Rent Relief Program**

Rapidly connecting households to permanent housing by providing:

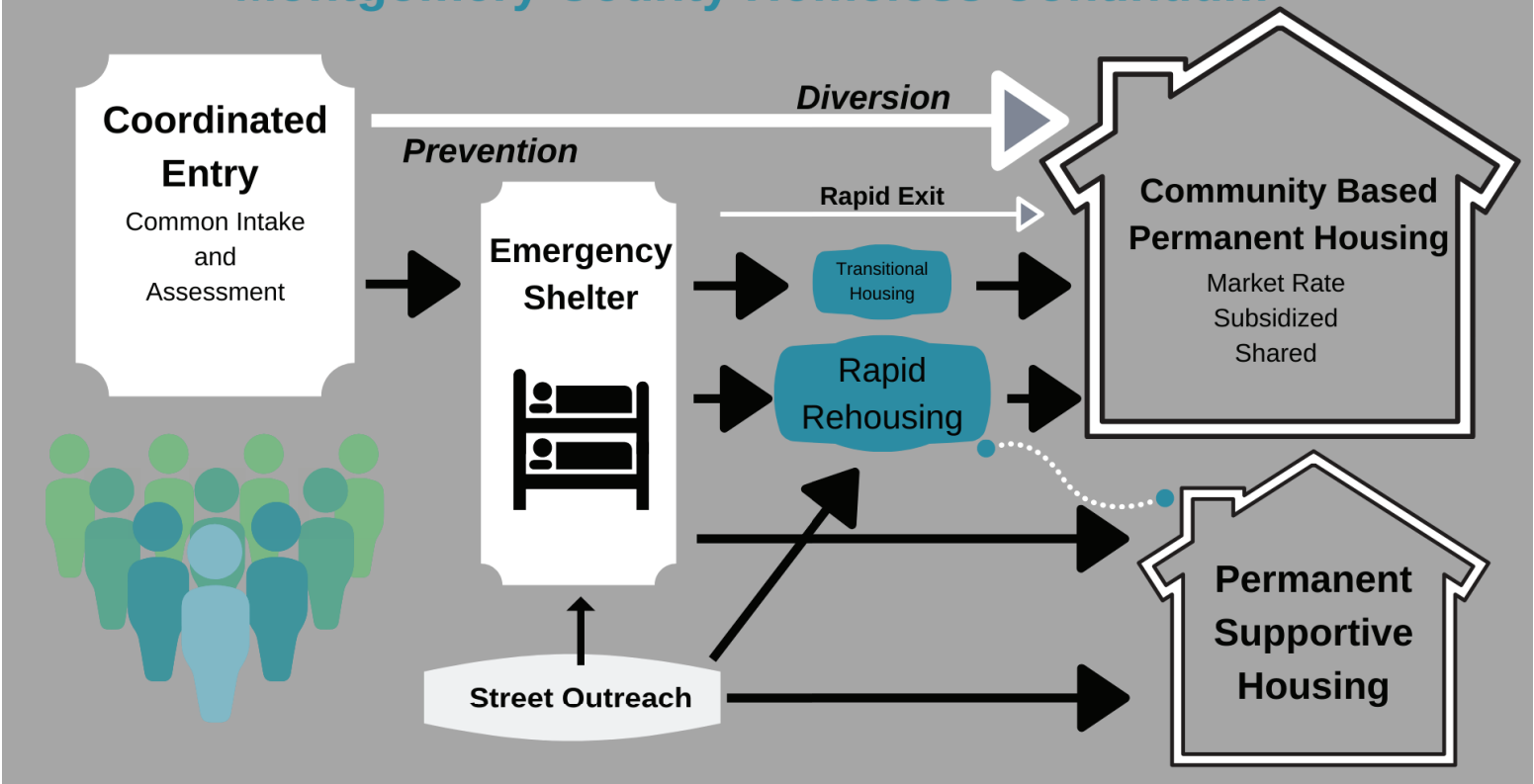
- Housing location services
- Short-term housing subsidy and intensive case management (RRH)
- Housing focused emergency shelter and street outreach
- **Exit Bonus Program**
- **Rapid Resolution**

Ensuring households get the right intervention

- Coordinated entry
- Housing First permanent supportive housing
- Permanent shallow rental subsidy
- Healthcare of the Homeless
- Connections to mainstream services (entitlements, behavioral health, childcare subsidies, workforce development)



Montgomery County Homeless Continuum

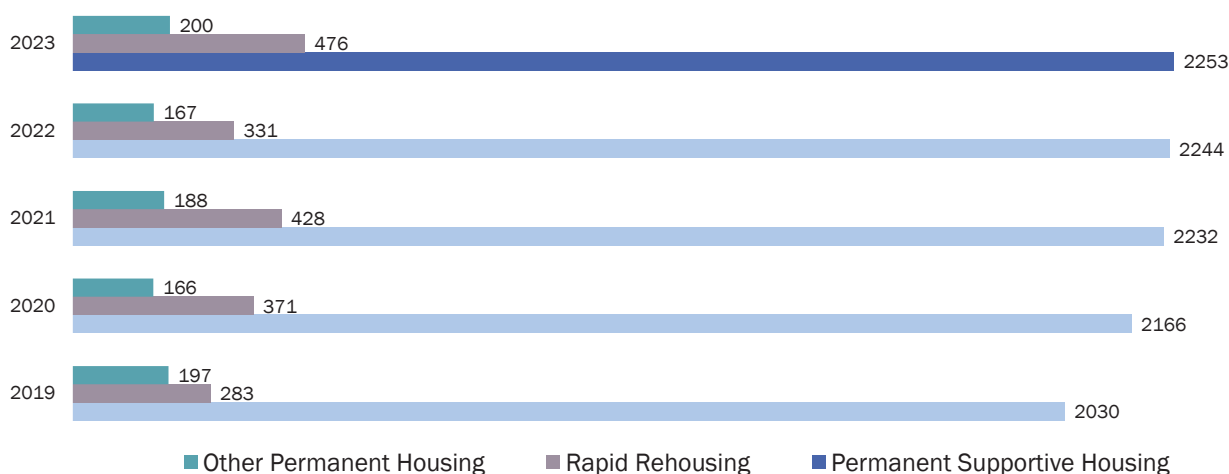


Emergency Shelter Beds

| | Beds for Households W/O Children | Beds for Households W Children | Units for Households w/Children | Total Year-Round Beds as of 02/23 | Season Beds as of 02/23 | Total Beds |
|------------------------------|----------------------------------|--------------------------------|---------------------------------|-----------------------------------|-------------------------|------------|
| COVID and Overflow Hotels | 295 | 142 | 42 | 437 | 0 | 437 |
| Emergency Shelter Beds | 358 | 127 | 32 | 431 | 54 | 485 |
| Transitional/Safe Haven Beds | 46 | 0 | 0 | 46 | 0 | 46 |
| TOTALS | 699 | 269 | 74 | 914 | 54 | 968 |

10

Housing Inventory Count 2018 – 2023*



11

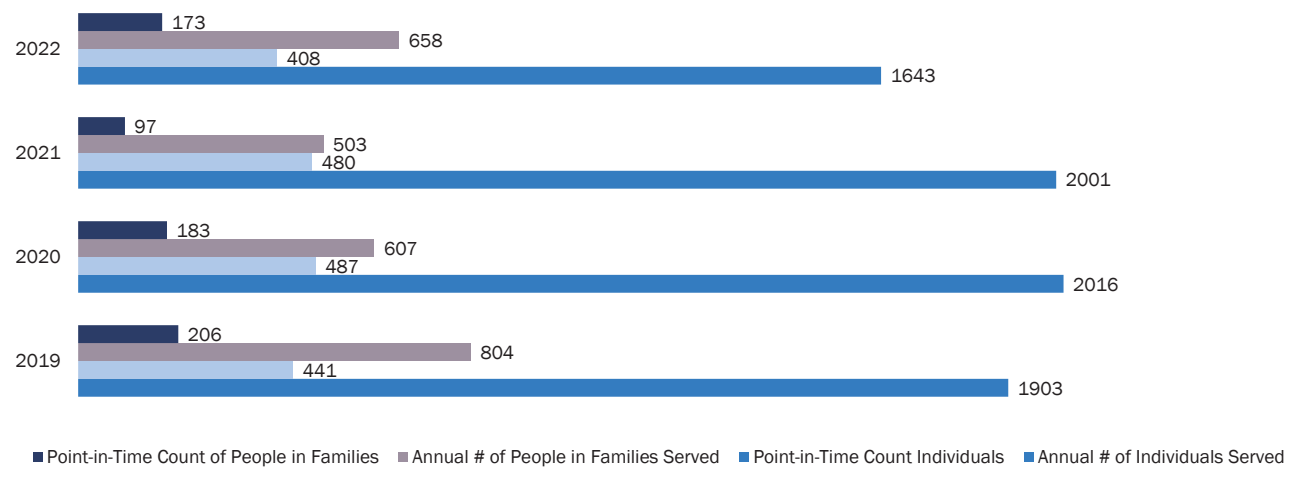
*2023 data is preliminary and may change before submission to HUD



WHO we serve

“None of us are home until all of us are home.”
— Project HOME

Number Served Year over Year Compared to Point-in-Time Count



Annual Homeless Point-in-Time Count: 10 Year Review



41% Decrease in Homelessness since 2013

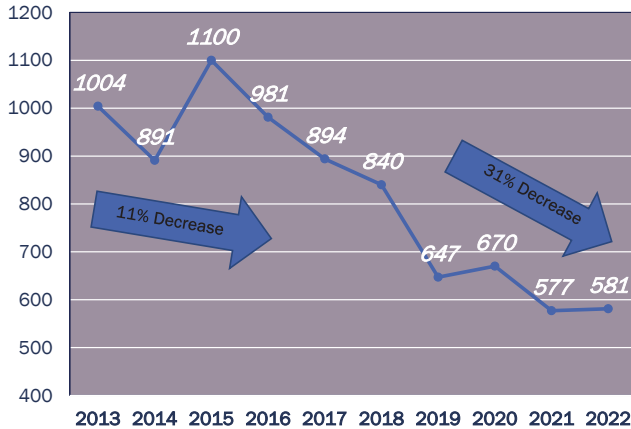


36% Reduction in the # of Adult-Only Households

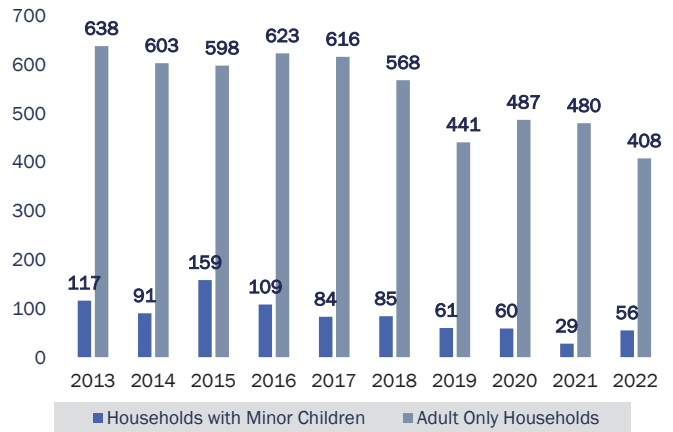


50% Reduction in the # of Households with Children

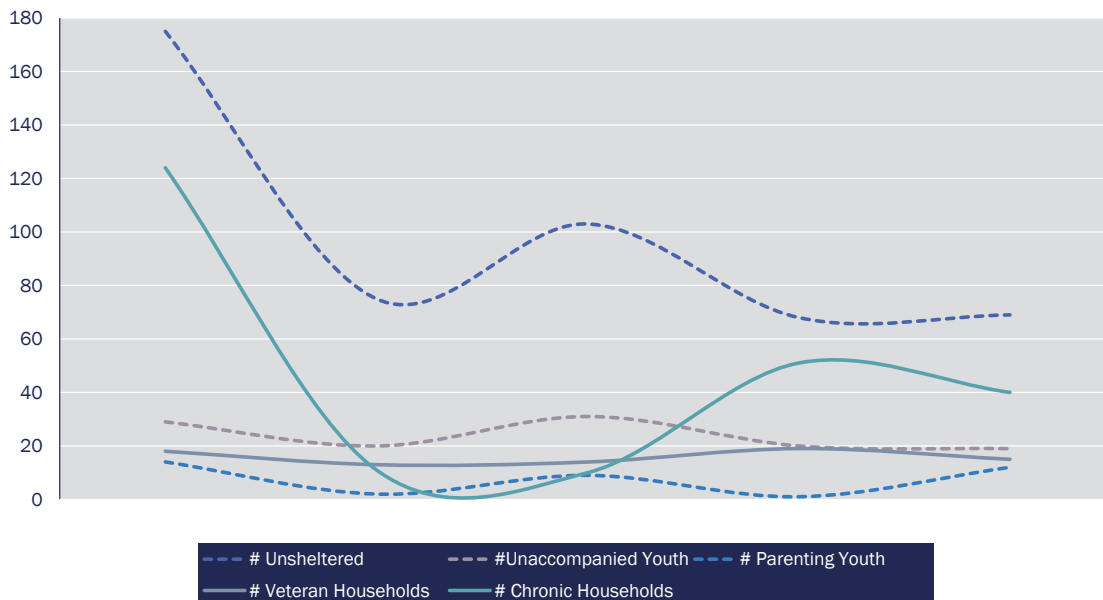
Total People Literally Homeless by Year



Homeless Households by Year and Type



Homelessness by Subpopulation: 5 Year Review



48% Decrease in Unsheltered



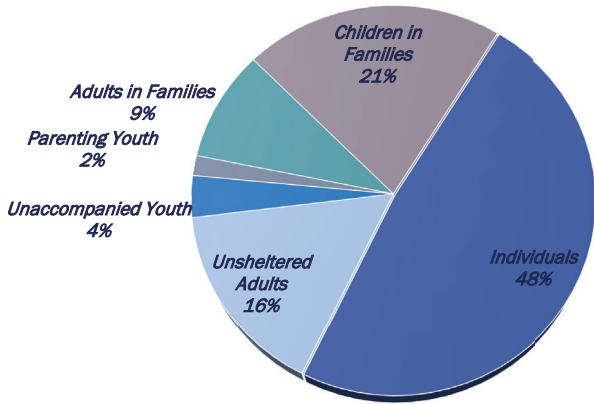
34% Decrease in Unaccompanied Youth



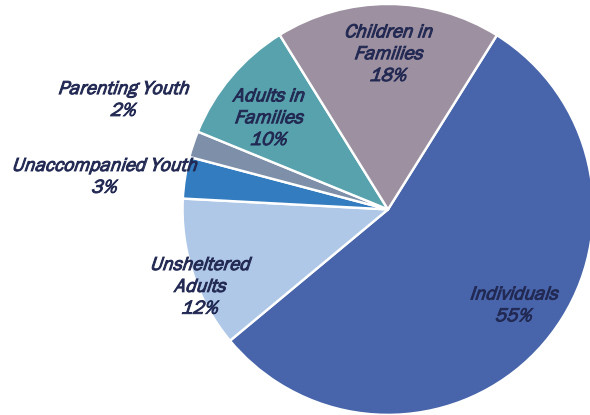
68% Decrease in Chronic

Point-in-Time Count by Population Type

2018 Annual Point-in-Time Count

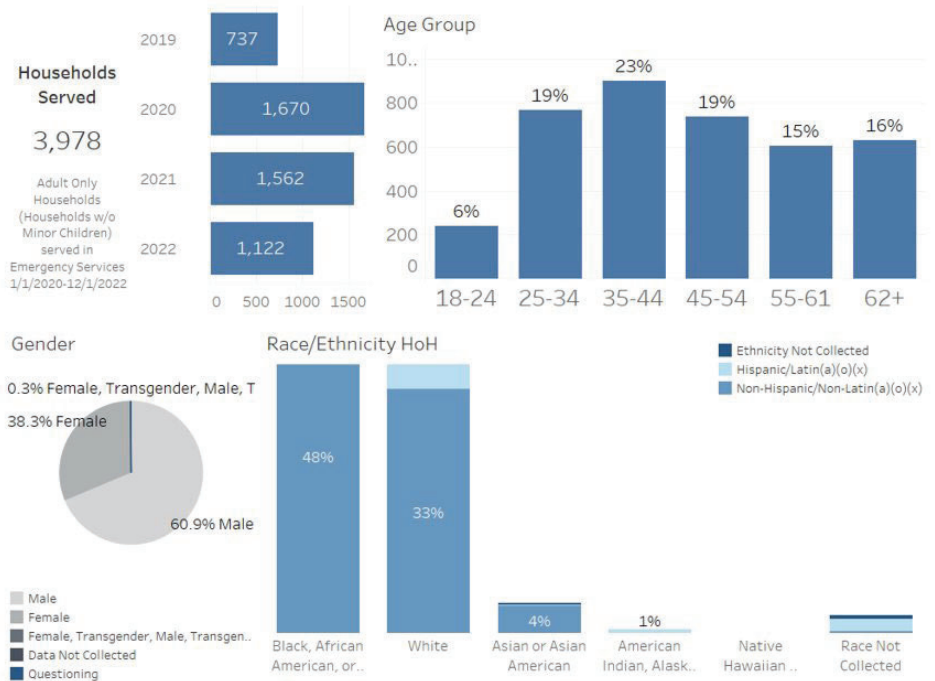


2022 Annual Point-in-Time Count



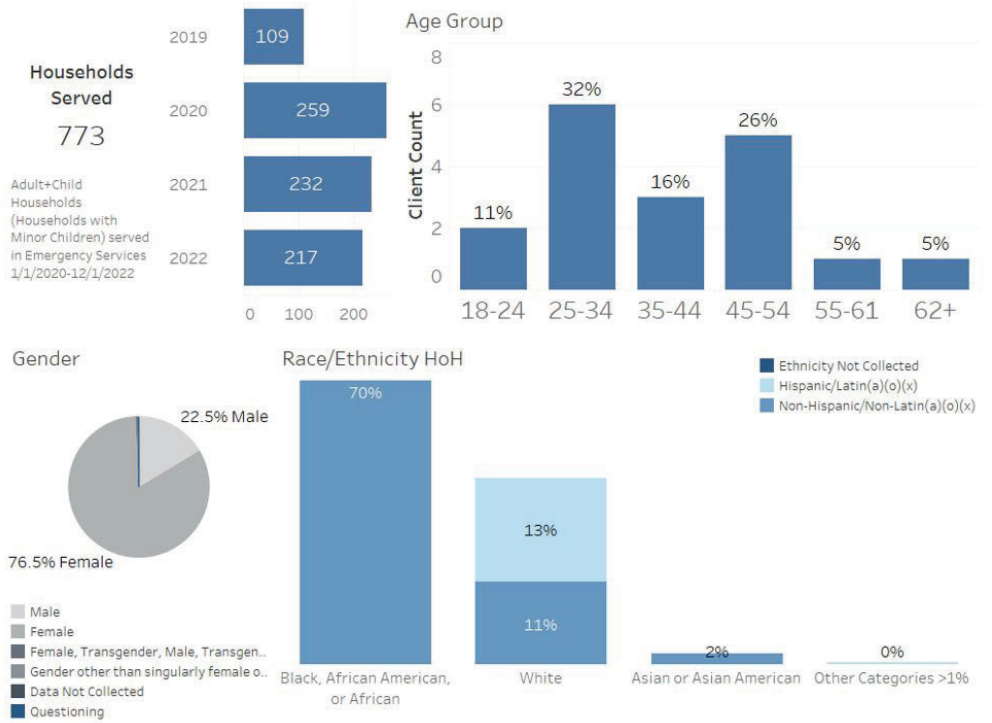
Adult Only Households

Program Demographic Profile - Adult Only Households (Households w/o Minor Children)

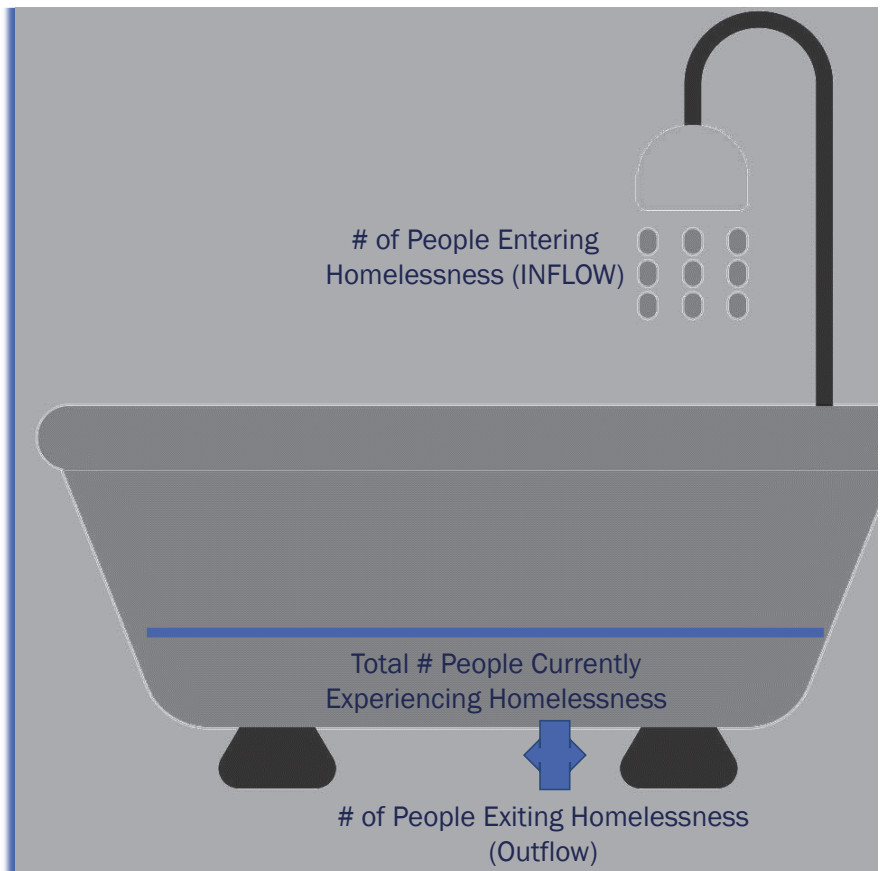


Households with Children

Program Demographic Profile - Adult+Child Households (Households with Minor Children)

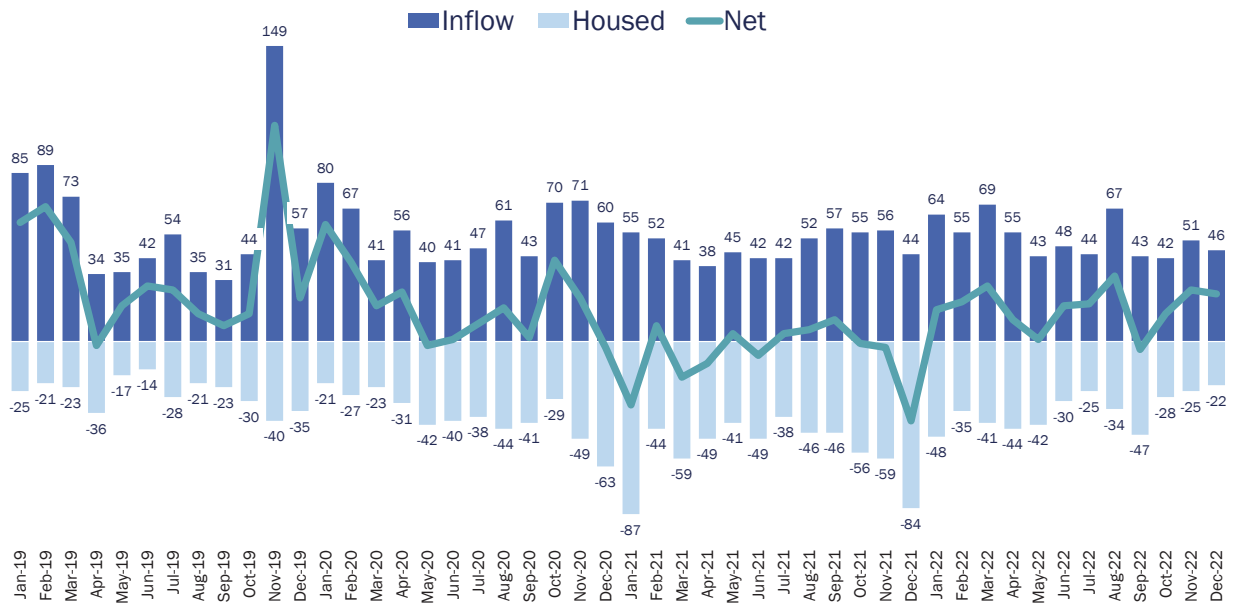


What an End to Homelessness in Montgomery County Look Like



Monthly Inflow/Outflow Adult-Only Households

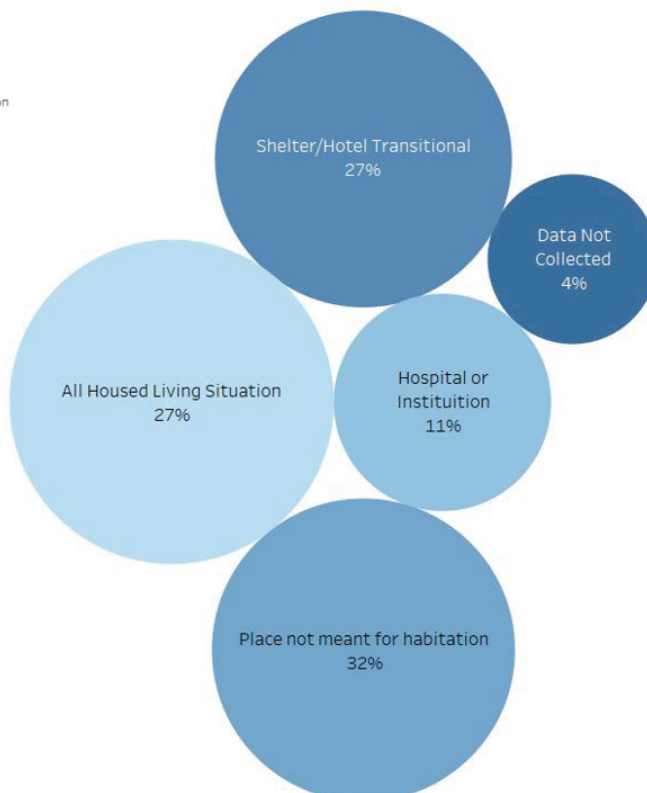
Montgomery County - CoC
Singles Inflow and Outflow



20

Prior Living Situation - Adult Only Households

- All Housed Living Situation
- Hospital or Institution
- Place not meant for habitation
- Shelter/Hotel Transitional
- Data Not Collected



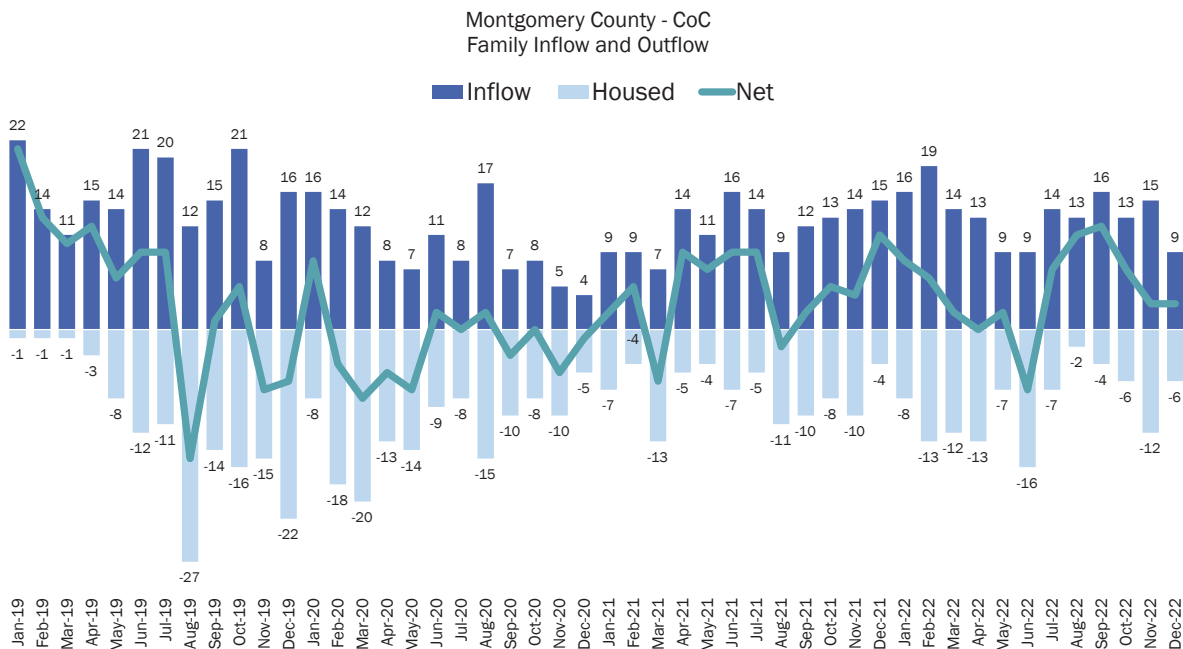
Prior Living Situation

Monthly Averages for Adult-Only Households

| | Average Monthly Inflow | Average Monthly Outflow | Average Net |
|------|------------------------|-------------------------|-------------|
| 2019 | 61 | 26 | +35 |
| 2020 | 56 | 37 | +20 |
| 2021 | 48 | 55 | -7 |
| 2022 | 52 | 35 | +17 |

22

Monthly Inflow/ Outflow Families

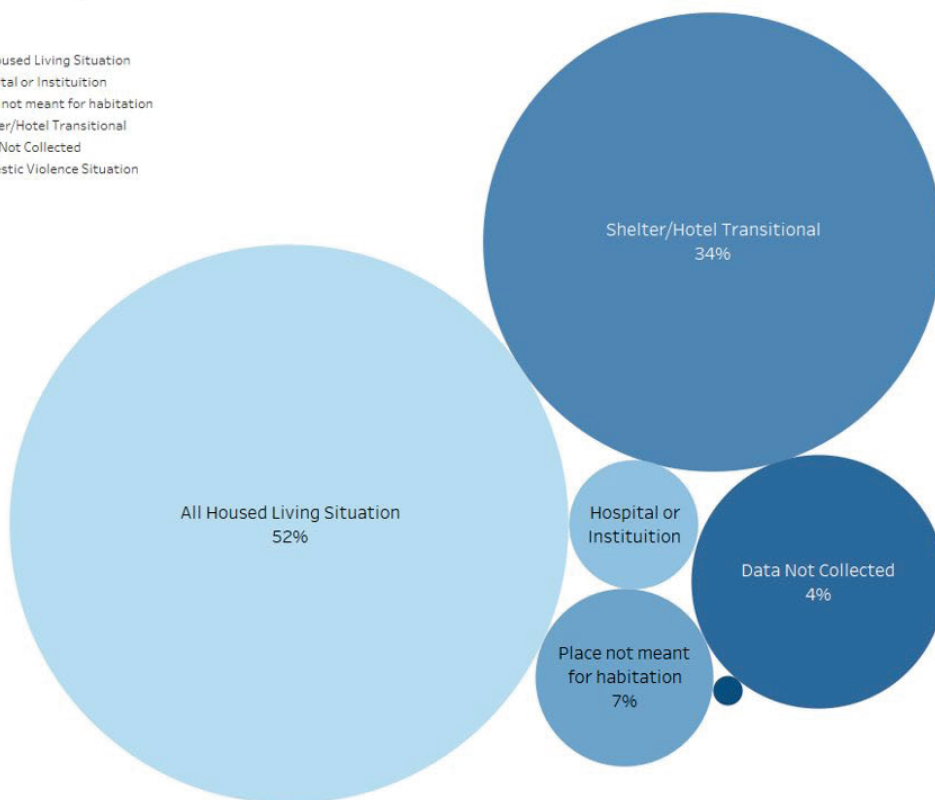


23

Prior Living Situation - Adult+Child Households

- All Housed Living Situation
- Hospital or Institution
- Place not meant for habitation
- Shelter/Hotel Transitional
- Data Not Collected
- Domestic Violence Situation

Prior Living Situation



Monthly Averages for Households with Children

| | Average Monthly Inflow | Average Monthly Outflow | Average Net |
|------|------------------------|-------------------------|-------------|
| 2019 | 16 | 11 | +5 |
| 2020 | 10 | 12 | -2 |
| 2021 | 12 | 7 | +5 |
| 2022 | 13 | 9 | +4 |

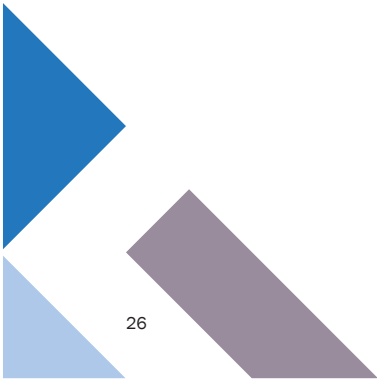
Utilization Rates

Permanent Supportive Housing

| Bed Capacity | Currently Housed | Utilization Rate |
|--------------|------------------|------------------|
| 2453 | 1817 | 74% |

Rapid Rehousing

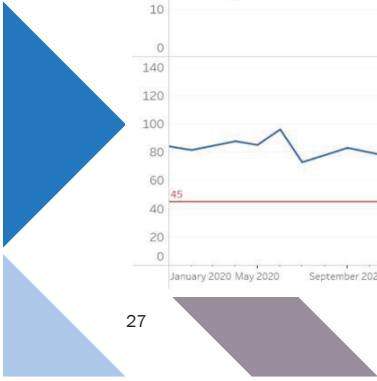
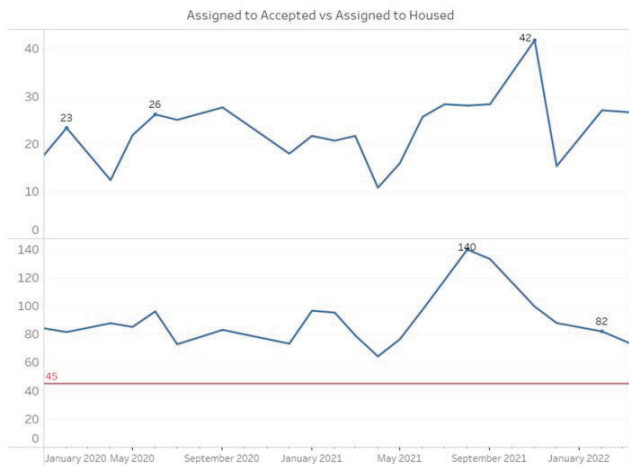
| Bed Capacity | Currently Housed | Utilization Rate |
|--------------|------------------|------------------|
| 740 | 476 | 64% |



Numbers of Days to Housing

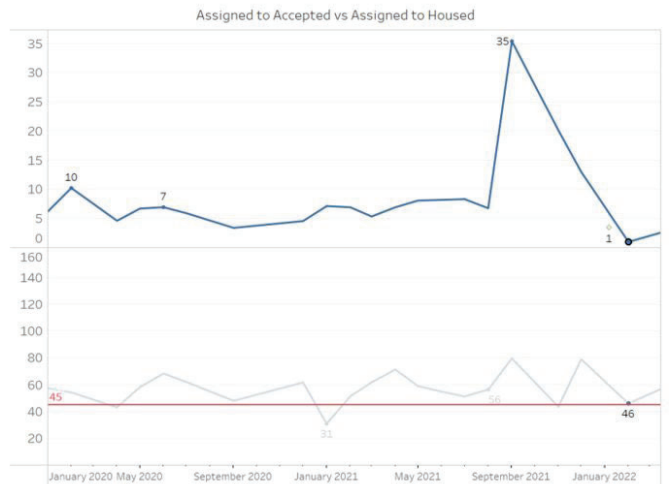
Adult- Only Households

Length of Time Homeless Adult Only Households

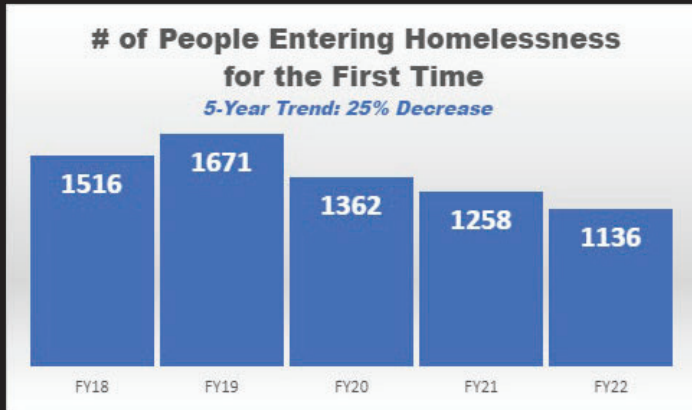


Households with Children

Length of Time Homeless Households with Minor Children (Families)

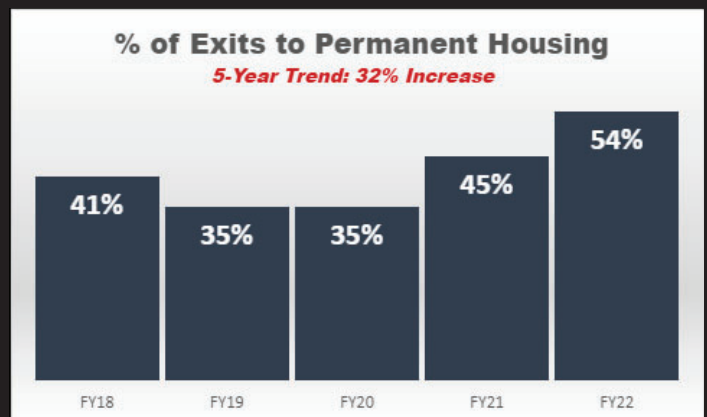
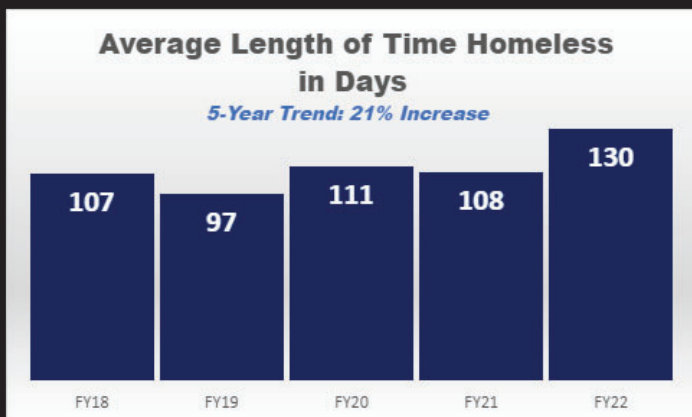


Making Homelessness RARE



28

Making Homelessness BRIEF



29

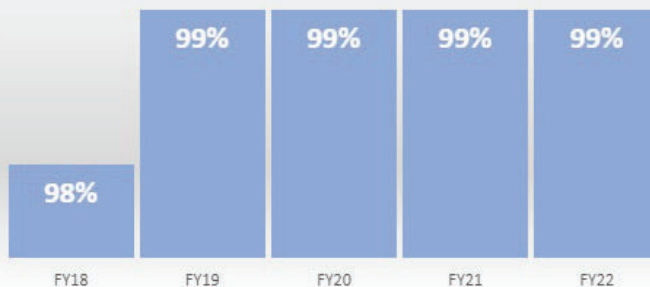
Making Homelessness One-Time Only

% of Households Who Exited to PH and Returned to Homelessness After 24 Months

5-Year Trend: 13% Decrease



% of Households with Successful Exits or Retention of PH



30

Functional Zero

A Shared Aim: Functional Zero

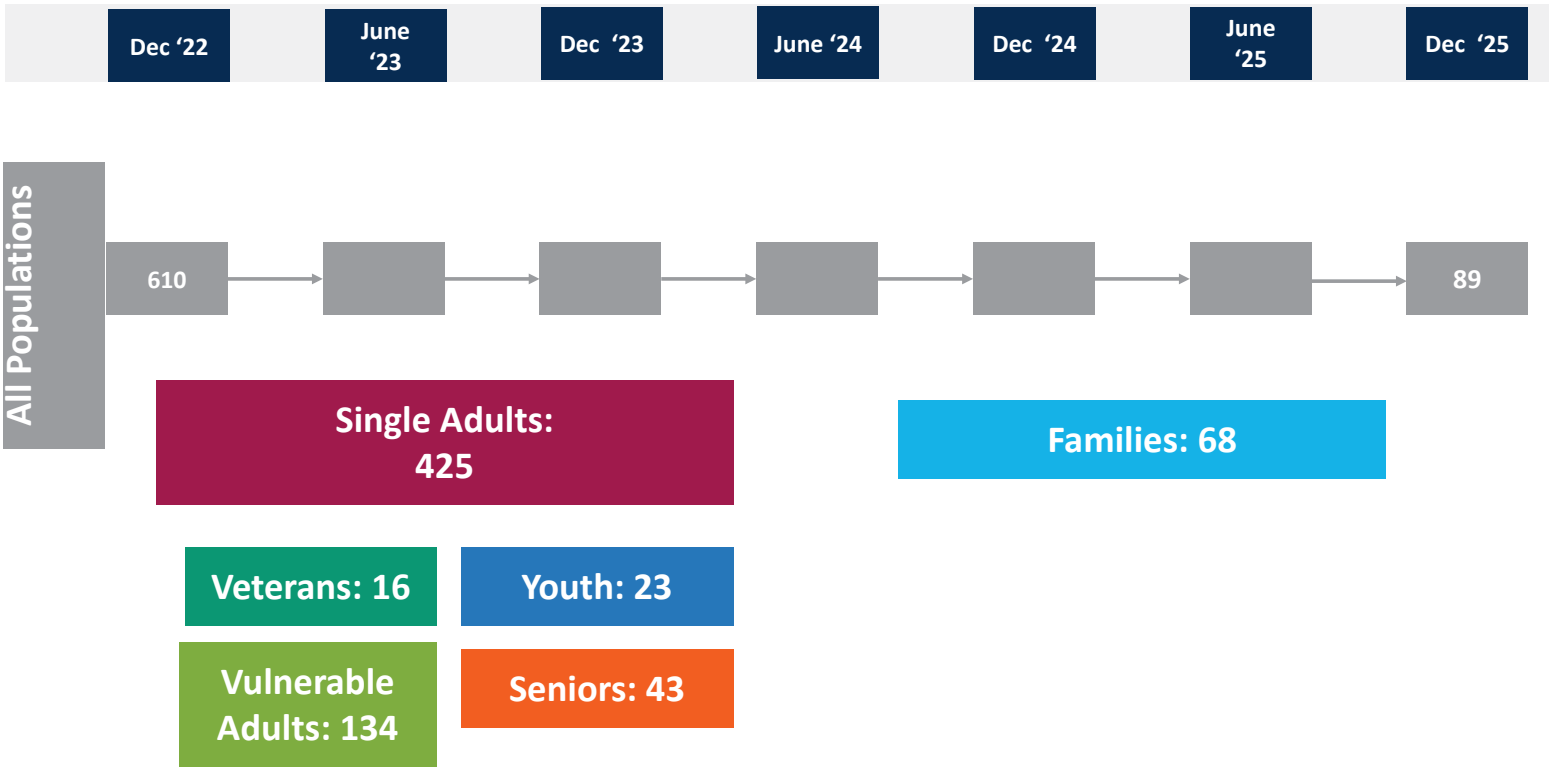


Actively Homeless



6-Mth Avg. Housing Placement Rate

- The number of households actively experiencing homelessness must be **less than or equal to the monthly rate at which households achieve stable housing** (based on 6 month avg.)

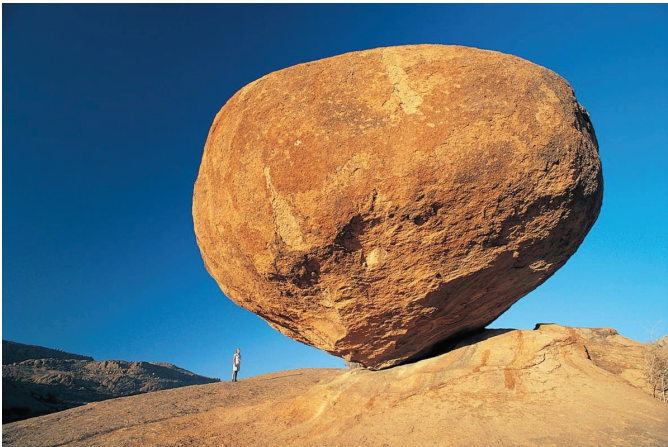


6-Month Milestones

| Working Group | By June 2023, we will have... |
|-----------------------------|---|
| Youth | A fully operational Coordinated Entry System for Youth |
| Families | An average length of time from ID to Move-in of 45 days |
| Seniors | Decreased the number of seniors entering homelessness each month by 50% (from 6 to 3) |
| Vulnerable Adults | An average length of time from Assigned to Housed of 45 days |
| Veterans | No more than 7 Veterans experiencing homelessness (down from 10) |
| Other Adult-Only Households | Housed 350 individuals |

Rocks and Levers

A **big rock** can be any obstacle stopping you from reaching your goal or any opportunity to reach your target



A **lever** is something you can use to get the big rock out of the way

Community Identified Rocks and Levers

| Population | ROCK | LEVER |
|-----------------------------|--|---|
| Youth | Siloed providers | Standing youth committee meeting with updates |
| Veteran | Lack of communication with/from VA | Read-only access to DC HMIS |
| Families | Barriers and delays in accessing HOC housing, childcare subsidies and TCA | Assigned liaisons to increase efficiency |
| Seniors | Inconsistent Values and Service Philosophy amongst systems of care | Improved coordination between agencies; state and local advocacy and education to increase care quality |
| Vulnerable Adults | Provider capacity to service complex trauma/language/culture needs and behavioral health to help stay in housing | Hire Spanish + Amharic and other staff at front door shelter to best identify needs Incentivize bi-lingual staff Cultural competency training |
| Other Adult Only Households | Unemployment and Under employment | Subsidized employment Targeted workforce development Retention supports |
| Universal | Lack of Access to Affordable Housing and Not Enough of it | Tracking and reporting housing discrimination; building more units; dedicated units for people exiting homelessness |

Do More of What Works

Housing First Permanent Supportive Housing

Housing First PSH keeps people housed 98% of the time.

Rapid Rehousing without preconditions

Nearly 80% of people leaving RRH exit to permanent housing, even those with disabilities and without income

Short-term Housing Resolution Program and Exit Bonus

Providing time-limited cash assistance or a rental subsidy has ended homelessness for 536 households. Nearly 80% have remained housed for at least 12 months.

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Targeted yet Flexible Eviction Prevention

More than 12,000 evictions have been prevented and the number of people entering homelessness for the first time has been reduced by 30%.

Centralized Intake and Homeless Diversion

Homelessness is a traumatic experience and should be avoided whenever possible. Flexible funding allows staff to partner with people to resolve their housing crisis.

Meaningful Participation of People with Lived Experience.

If the person sleeping in the tent or the family in shelter do not see a path out of homelessness, we are not doing our job.

The Obstacles in the Way

Barriers to Accessing to Housing and Programs

Eligibility criteria and required documentation often screen people out of housing that best meets their needs

Failures of other Systems of Care

Shelter is not a discharge plan and people need access to mainstream services to sustain housing.

Staffing Capacity of Nonprofit and Government

This work is hard, and salaries are too low making staff recruitment and retention difficult.

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Not Enough Housing

More than 30,000 households in Montgomery County pay more than half of their income for rent.

Systemic and Institutional Racism

Black, Indigenous and other People of Color become homeless because of racist systems and racist systems keep them there.

| # | Program | FY23 Approved | FY23 Estimated | FY24 CE Recommended | % Change FY23 App. to FY24 Rec. |
|---|--|---------------------|---------------------|---------------------|---------------------------------|
| Department of Housing and Community Affairs (DHCA) | | | | | |
| <i>Rental Assistance</i> | | | | | |
| 1 | Eviction Prevention (HPRA- Homeless Prevention and Relocation Assistance) | \$432,062 | \$432,062 | \$445,025 | 3.00% |
| 2 | Rental Assistance (based on Existing Rental Agreements) | \$2,446,907 | \$2,612,930 | \$2,691,318 | 9.99% |
| 3 | Capitalized Rental Assistance (to Reduce Rents on New HCA-financed Projects) | \$428,171 | \$380,000 | \$391,400 | -8.59% |
| 4 | Hampshire Towers Rental Assistance (10-Years) | \$1,000,000 | \$1,000,000 | \$1,000,000 | 0.00% |
| 5 | Grosvenor Tower - Capitalized Rental Assistance | - | - | \$312,060 | N/A |
| 6 | MPDU Extensions | \$2,398,637 | - | - | N/A |
| A | Total DHCA Affordable Housing Programs (HIF-funded) | \$6,705,777 | \$4,424,992 | \$4,839,803 | -27.83% |
| Department of Health and Human Services (HHS) | | | | | |
| <i>Rental Assistance</i> | | | | | |
| 7 | Rental Assistance | \$4,097,726 | \$4,097,726 | \$4,097,726 | 0.00% |
| 8 | Rental Assistance Program - State Match | \$142,011 | \$142,011 | \$142,011 | 0.00% |
| 9 | Exp. Hsg 1st - DHHS HIP Rental Subsidies (10 Singles / 10 Families) | \$419,828 | \$419,828 | \$419,828 | 0.00% |
| 10 | Exp. Hsg 1st - DHHS HIP Service Coordination | \$88,580 | \$88,580 | \$88,580 | 0.00% |
| 11 | Exp. Hsg 1st - Client Needs | \$153,882 | \$153,882 | \$153,882 | 0.00% |
| 12 | Exp. Hsg 1st - County RAP (150 Subsidies) | \$431,673 | \$431,673 | \$431,673 | 0.00% |
| 13 | Med Vulnerable Adults - Rental Subsidies (25 singles) | \$478,641 | \$478,641 | \$478,641 | 0.00% |
| 14 | Med Vulnerable Adults - Supportive Services (25 singles) | \$322,081 | \$322,081 | \$322,081 | 0.00% |
| 15 | Rental Assistance Program - Case Manager - IAPS (Broker Position) | \$62,727 | \$62,727 | \$62,727 | 0.00% |
| 16 | MCCH - PPH (previously HOME) | \$656,728 | \$656,728 | \$656,728 | 0.00% |
| 17 | Rapid Rehousing Program | \$220,935 | \$220,935 | \$220,935 | 0.00% |
| 18 | Progress Place PLQ's | \$336,810 | \$336,810 | \$336,810 | 0.00% |
| 19 | MCCH - PPH | \$175,436 | \$175,436 | \$175,436 | 0.00% |
| 20 | HHS Rental Assistance Gap | \$499,214 | \$499,214 | \$499,214 | 0.00% |
| B | Total DHHS Affordable Housing Programs (HIF-funded) | \$8,086,272 | \$8,086,272 | \$8,086,272 | 0.00% |
| Housing Opportunities Commission (HOC) | | | | | |
| <i>Rental Assistance</i> | | | | | |
| 21 | Rent Supplement Program | \$2,181,798 | \$2,038,996 | \$2,038,996 | -6.55% |
| 22 | Move Up Initiative | \$177,369 | \$320,160 | \$320,160 | 80.51% |
| 23 | Community Choice Homes Initiative / McKinney Supporting Hsg Prog | \$720,677 | \$720,677 | \$720,677 | 0.00% |
| 24 | Youth Bridge Initiative | \$88,682 | \$88,682 | \$88,682 | 0.00% |
| C | Total HOC Affordable Housing Programs (HIF-funded) | \$3,168,526 | \$3,168,515 | \$3,168,515 | 0.00% |
| D | Emergency Rental Assistance Contingency (in HIF) | \$1,550,073 | -\$168,009 | \$179,000 | -88.45% |
| | | \$19,510,648 | \$15,511,770 | \$16,273,590 | |
| Services to End and Prevent Homelessness (SEPH) | | | | | |
| 25 | Administration | \$860,872 | IP* | \$962,338 | 11.79% |
| 26 | Continuum of Care | | | | |
| 27 | Permanent Supportive Housing | | | | |
| 28 | Coordinated Entry | \$1,268,743 | IP* | \$1,634,153 | 28.80% |
| 29 | Healthcare for the Homeless | \$1,983,566 | IP* | \$2,059,076 | 3.81% |
| 30 | Homeless Services for Families | \$3,341,888 | IP* | \$7,496,987 | 124.33% |
| 31 | Homeless Services for Single Adults | \$12,549,040 | IP* | \$13,438,681 | 7.09% |
| 32 | Housing Initiative Program | \$297,441 | IP* | \$2,207,959 | 642.32% |
| 33 | Interagency Commission on Homelessness | \$4,000 | IP* | \$4,000 | 0.00% |
| 34 | Permanent Supportive Housing | \$5,426,912 | IP* | \$5,719,969 | 5.40% |
| 35 | (Eviction) Prevention | \$8,441,630 | IP* | \$11,088,159 | 31.35% |
| 36 | Rapid Rehousing (DHCA HIF, HHS General, Federal ESG, COVID ESG, State) | \$3,142,840 | IP* | \$3,082,070 | -1.93% |
| 37 | Rental Assistance Program | \$4,553,003 | IP* | \$4,604,464 | 1.13% |
| 38 | Emergency RAP (one-time ARPA funding) | \$3,438,875 | IP* | \$14,016,832 | 307.60% |
| E | Total SEPH Affordable Housing Programs (HHS General Fund and Federal Funds) | \$45,308,810 | \$0 | \$66,314,688 | |
| Non-Competitive Contracts | | | | | |
| 39 | A Wider Circle | \$350,290 | \$350,290 | \$360,800 | 3.00% |
| 40 | CASA | \$457,575 | \$457,575 | \$471,300 | 3.00% |
| 41 | Community Reach | \$22,248 | \$22,248 | \$22,915 | 3.00% |
| 42 | Eastern Montgomery Emergency Assistance Network | \$27,810 | \$27,810 | \$28,640 | 2.98% |
| 43 | Enterprise Community Partners | - | - | \$384,936 | N/A |
| 44 | Habitat for Humanity Metro Maryland | \$44,496 | \$44,496 | \$195,830 | 340.11% |
| 45 | Housing Initiative Partnership | \$116,640 | \$116,640 | \$224,210 | 92.22% |
| 46 | Housing Unlimited | \$88,992 | \$88,992 | \$91,660 | 3.00% |
| 47 | Latino Economic Development Corporation of Washington, D.C. | \$60,000 | \$60,000 | \$119,310 | 98.85% |
| 48 | Legal Aid Bureau | \$118,800 | \$118,800 | \$55,770 | -53.06% |
| 49 | Montgomery County Renters Alliance | \$70,000 | \$70,000 | \$244,290 | 248.99% |
| 50 | Montgomery Housing Partnership | \$317,034 | \$317,034 | \$326,530 | 3.00% |
| 51 | Rebuilding Together Montgomery County | \$406,026 | \$406,026 | \$568,205 | 39.94% |
| F | Total Non-Competitive Contracts (DHCA General Fund and/or HIF) | \$2,079,911 | \$2,079,911 | \$3,094,396 | 48.78% |