MEMORANDUM

November 15, 2021

To: Jennifer Bryant, Director
   Office of Management and Budget

From: Tiffany Ward, Director
   Office of Racial Equity and Social Justice

Re: Special Appropriation: #22-34 Emergency Rental Assistance Program 2 (Update to and, in support of #21-527 Racial Equity Impact Assessment of Special Appropriation)

On June 21, 2021, the Office of Racial Equity and Social Justice (ORESJ) submitted to the Office of Management and Budget (OMB) a Racial Equity Impact Assessment (REIA) for supplemental appropriation #21-527 Emergency Rental Assistance. Available information about Supplemental Appropriation #22-34 indicates that the funding will be used to continue the administration of the County’s Covid-19 rental assistance program and will do so using federal funds. The continuation is needed to address ongoing economic challenges created by the pandemic; the program will provide rental and utility assistance to households facing economic hardship. US Department of Treasury stipulates that funds must be prioritized to households with income at or below 50% of Area Median Income (AMI) and those who have been unemployed more than 90 days. While federal funds will be used for Supplemental Appropriation #22-34 and State funding was used for Supplemental Appropriation #21-527, there are no significant differences in the targeting approaches or goals of these supplemental appropriations—ORESJ’s finding statement, background, and data analysis remain unchanged. ORESJ, therefore, recommends that those considering supplemental #22-34 do so by reviewing the REIA that ORESJ submitted for Supplemental Appropriation #21-527 (copied below).

To supplement information provided in the REIA for Supplemental Appropriation #21-527, ORESJ would like to recommend continued application of a racial equity lens to the utilization of federal pandemic related assistance. Below are principles shared by the
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Groundwork Collaborative\(^1\) and PolicyLink\(^2\) regarding use of American Rescue Plan Act funding.

1. Center marginalized and disproportionately affected communities in this crisis.
2. Prioritize public engagement, and practice transparency and accountability in determining funding priorities.
3. Recognize that threats, risks, and traumas are daily conditions experienced in low-income and communities of color; deploy resources in ways that begin to address root causes.
4. Invest with the goal of stronger, more equitable economies than we had before Covid-19 and the recession it triggered.
5. Track disaggregated data to ensure accountability to equity goals.

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I. **FINDING:** The Office of Racial Equity and Social Justice finds that Special Appropriation #21-527 advances racial equity and social justice in Montgomery County. The Montgomery County Department of Health and Human Services’ (DHHS) Homeless Prevention Index will support the department in targeting and prioritizing communities of color and low-income communities in outreach and distribution of Covid-19 rent assistance. Communities of color and low-income communities entered the pandemic with disproportionate rates of rental housing cost burden and face inequities in the labor market amounting to increased risk for housing insecurity during the pandemic recovery.

II. **BACKGROUND:** Special Appropriation #21-527 provides additional funding, through Maryland Department of Housing and Community Affairs, to the Montgomery County Department of Health and Human Services in the amount of $28,145,367 to fund and administer a third phase of the County’s Covid-19 Rent Relief Program. The Covid-19 Rent Relief Program is designed to assist households in the County who have been unable to pay rent due to Covid-19 related income loss. The State’s guiding principles for use of the funds include:

- Equitable allocation of funds based on need and prioritizing those most at risk of eviction;
- Low-barrier, with simplified eligibility and screening;

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\(^1\) Presentation delivered by Azza Altiraifi of the Groundwork Collaborative during the Government Alliance on Race and Equity’s (GARE) virtual launch of a webinar series focused on American Rescue Plan. September 24, 2021.

• Locally driven to address housing stability and basic needs of tenants and deploying with trusted community partners.

Based on these principles, DHHS’ long-term work with community partners, and its homelessness prevention index, the department has prioritized the following considerations in its distribution of assistance and its targeting of outreach: households who have been experiencing unemployment for at least the previous 90 days; have current eviction actions (hearing/judgement); or who live in high need geographic areas. Research confirms that these and other targeting criteria are critical to preventing low-income and communities of color from experiencing disproportionate rates of eviction when emergency orders and eviction moratoria expire.

As with other indicators of financial wellbeing, the Covid-19 pandemic has worsened existing racial disparities, particularly in housing security and affordability. Researchers from the National Low-Income Housing Coalition and The Center for Law and Social Policy summarize the historical and current harms underlying these racial disparities, “The cumulative impact of chattel slavery, segregation, and racist housing and urban policies on the Black community, as well as our nation's long history of excluding Native, Asian, and immigrant communities from federal housing programs has profoundly shaped which groups disproportionately experience extremely low incomes, housing insecurity, and homelessness.” This history and persistent inequities in labor and housing markets have resulted in lower wages and higher housing costs for households of color, contributing to growing numbers of rent cost-burdened households prior to the pandemic. Cost burden is defined as households who pay over 30% of their income towards rent or mortgage. Low-income renter households who were cost-burdened

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5 Sophia Wedeen. “Black and Hispanic Renters Face Greatest Threat of Eviction in Pandemic”. 
prior to the pandemic are the most likely to experience housing insecurity as a result of the pandemic. High-cost burdens can affect all renter households, but *America’s Rental Housing 2020* report explains that renters of color are more likely to be housing-cost burdened than white renters; even when controlling for income, minority renter households have higher cost burdens than white renter households. Data from Policy Link’s National Equity Atlas confirms this racial gap and shows that this trend has persisted over time. *The America’s Rental Housing 2020* report also explains that other characteristics such as age, number of workers and presence of children in a household affect cost-burden rates, noting that full-time employment doesn’t necessarily ease affordability pressures. Taken together, when the pandemic hit, renter households of color were facing greater financial precarity and as a result are having a difficult time weathering income losses due to Covid-19.

Based on preexisting disparities in housing affordability and the disproportionate impact of Covid-19 on communities of color, researchers, and policy advocates, in consultation with jurisdictions and communities, have developed approaches to designing and administering federally funded emergency rental assistance programs. In April 2021, researchers from The Center for Law and Social Policy and National Low Income Housing Coalition jointly produced a framework of policies, strategies and procedures for prioritizing populations facing the greatest risks and most acute housing insecurity in the delivery of Covid-19 emergency rental assistance. The framework draws on lessons from *Advancing Racial Equity in Emergency Rental Assistance Programs* and advocates for centering racial equity and participatory community engagement at each phase of emergency rental assistance program design and implementation. The framework underscores the importance of analyzing local histories of racialized disinvestment in determining geographic focus and identifying community partners who can validate and critique conclusions drawn from quantitative data alone. In terms of using income as a prioritization factor, the framework explains the importance of looking critically at the application of the US Housing and Urban Development calculation of AMI as a targeting criterion, noting that geographic areas used to calculate AMI may be economically diverse—including wealthier suburbs—thus skewing the AMI for low-income renters in less wealthy parts of an area. The framework outlines several other factors for consideration in geographic prioritization:

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share of renter-households, rate of severely housing cost-burdened renters, rates of evictions and eviction filings, incidence rate of COVID-19, death rate due to COVID-19, unemployment rates. Additionally, National Innovation Service’s Framework for an Equitable Covid-19 Response suggests targeting based on those who have been historically marginalized, not just those at risk of eviction during the current crisis—therefore adding the following factors to those mentioned above:

- involvement in systems with high levels of disproportionality such as child welfare and justice
- lack of access to basic services such as quality, safe housing within a community, employment opportunities, health care, food, and transportation

The DHHS Covid-19 preventing homelessness index helps to identify communities and geographic areas facing the greatest risk of eviction and experiencing the most significant unmet need. It factors in key indicators that might cause a household to enter the homelessness continuum, including single parent households, rates of poverty, and systemic inequities related to race and ethnicity. The index also considers housing stress such as overcrowding and turnover in addition Covid specific impacts on health and employment. The index allows DHHS to plan outreach, monitor applications by demographic and other characteristics, and adjust outreach tactics to better reach residents facing the most significant Covid-19 related housing hardships. This type of targeting, including the underlying conceptual and statistical analysis described in a September 2020 presentation to the HUD Exchange on Covid-19 Planning and Response is consistent with many of the recommendations in the above discussed frameworks. It also demonstrates the importance of applying a racial equity lens to each aspect of program implementation so that decisionmakers can understand who is most impacted, based on historical and contemporary inequities, and what strategies may be most effective in responding to and redressing those inequities.

III. **ANALYSIS OF DATA:** Analysis prepared by OLO Analyst Natalia Carrizosa, in September 2020 using data from U.S. Department of Housing and Urban Development Comprehensive Housing Affordability Strategy Data, 2013-2017 reveal the scope of rental housing cost burdens in Montgomery County, particularly for households paying between 30% and 50% of AMI.

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Using US Housing Pulse Survey Data from May 26-June 7, The Center on Budget and Policy Priorities produced two data tables demonstrating the disproportionate hardship renter households of color and households with children are facing.


These data suggest that without intervention, when eviction moratoria expire, households of color and those with children will be facing the greatest housing insecurity risk.

cc:  Raymond Crowel, Director, Department of Health and Human Services
Aseem Nigam, Director, Department of Housing and Community Affairs
Ken Hartman, Director, Strategic Partnerships, Office of the County Executive
Dale Tibbitts, Special Assistant, Office of the County Executive