



OFFICE OF RACIAL EQUITY AND SOCIAL JUSTICE

Marc Elrich  
*County Executive*

Tiffany Ward  
*Director*

MEMORANDUM

April 8, 2022

To: Jennifer Bryant, Director  
Office of Management and Budget

cc: Gabe Albornoz, President  
County Council

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

Re: Racial Equity Impact Assessment (REIA) for Supplemental Appropriation #22-74  
Preserving Naturally Occurring Affordable Housing

- I. **FINDING:** The Office of Racial Equity and Social Justice (ORESJ) finds that Supplemental Appropriation #22-74 Preservation of Naturally Occurring Affordable Housing creates an opportunity to advance racial equity and social justice in the County, however ORESJ cannot determine at this point the extent to which this funding will reduce affordability challenges disproportionately impacting residents of color and low-income people. Specifically, ORESJ cannot conclude that this funding will reduce racial disparities in housing-cost burden in the County. Reductions in this disparity will depend on a number of factors, including how many units are impacted, where those units are located, how long units will be maintained and priced at or below market rates, and whether other aspects of residents' economic lives are secure.
- II. **BACKGROUND:** The purpose of Supplemental Appropriation #22-74 Preservation of Naturally Occurring Affordable Housing is to leverage funding made available through State of Maryland recordation tax premiums to purchase and develop housing in ways that preserve existing units at risk of rent escalation. This includes in the Purple Line Corridor and other County transit corridors. The major goal of this funding is to provide more deeply affordable, stable housing for residents at risk of rent escalation in certain parts of the County.

ORESJ has conducted Racial Equity Impact Assessments (REIAs) on multiple Supplemental Appropriations related to the racial inequities and disparities that characterize many of the County's housing affordability and stability challenges. Below is a selection of these REIAs:

- REIA of Supplemental Appropriation #21-527 Department of Health and Human Services Rental Assistance Program:  
<https://www.montgomerycountymd.gov/ore/Resources/Files/21-527.pdf>
- REIA of Special Appropriation #22-10 Assistance in Community Integration Services:  
<https://www.montgomerycountymd.gov/ore/Resources/Files/22-10.pdf>
- REIA of Supplemental Appropriation #22-31 Nebel Street Shelter:  
<https://www.montgomerycountymd.gov/ore/Resources/Files/22-31.pdf>

Common across these REIAs are descriptions of the systemic nature of housing inequities, their root causes, and the burdens bore by communities of color and very low-income people. Researchers from the National Low Income Housing Coalition (NLIHC) and The Center for Law and Social Policy (CLASP) summarize dynamics stating:

*“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.”<sup>1</sup>*

The root causes described by NLIHC and CLASP, along with the interlocking effects of inequitable educational opportunities and labor market discrimination, have resulted in lower median wages<sup>2</sup> and fewer opportunities to accumulate savings and wealth, buy a home or secure high-quality and stable affordable rental housing<sup>3</sup>. Accompanying these structural inequities is a system-wide national shortage of rental housing for extremely low-income households. NLIHC describes how different segments of the rental market are affected differently during periods of economic growth or distress and concludes that regardless of the cycle, the market consistently fails to provide adequate, affordable housing for extremely low-income renters<sup>4</sup>.

---

<sup>1</sup> Rebecca Yae, Emma Foley, Jessi Russell, and Diana Orozco. National Low Income Housing Coalition and The Center for Law and Social Policy. Prioritization in Emergency Rental Assistance Programs: A Framework of Strategies, Policies, and Procedures to Better Serve Priority Populations. April 2021. <https://nlihc.org/sites/default/files/Prioritization-in-Emergency-Rental-Assistance-Programs.pdf>.

<sup>2</sup> Andrew Aurand, Dan Emmanuel, Daniel Threet, Ikra Rafi, and Diane Yentel. The National Low-income Housing Coalition. The GAP: A Shortage of Affordable Homes. March 2021. Available at: [https://reports.nlihc.org/sites/default/files/gap/Gap-Report\\_2021.pdf](https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2021.pdf)

<sup>3</sup> Opportunity Starts at Home. Racial Inequities in Housing: Fact Sheet. Available at: <https://www.opportunityhome.org/resources/racial-equity-housing/>

<sup>4</sup> Andrew Aurand, Dan Emmanuel, Daniel Threet, Ikra Rafi, and Diane Yentel.

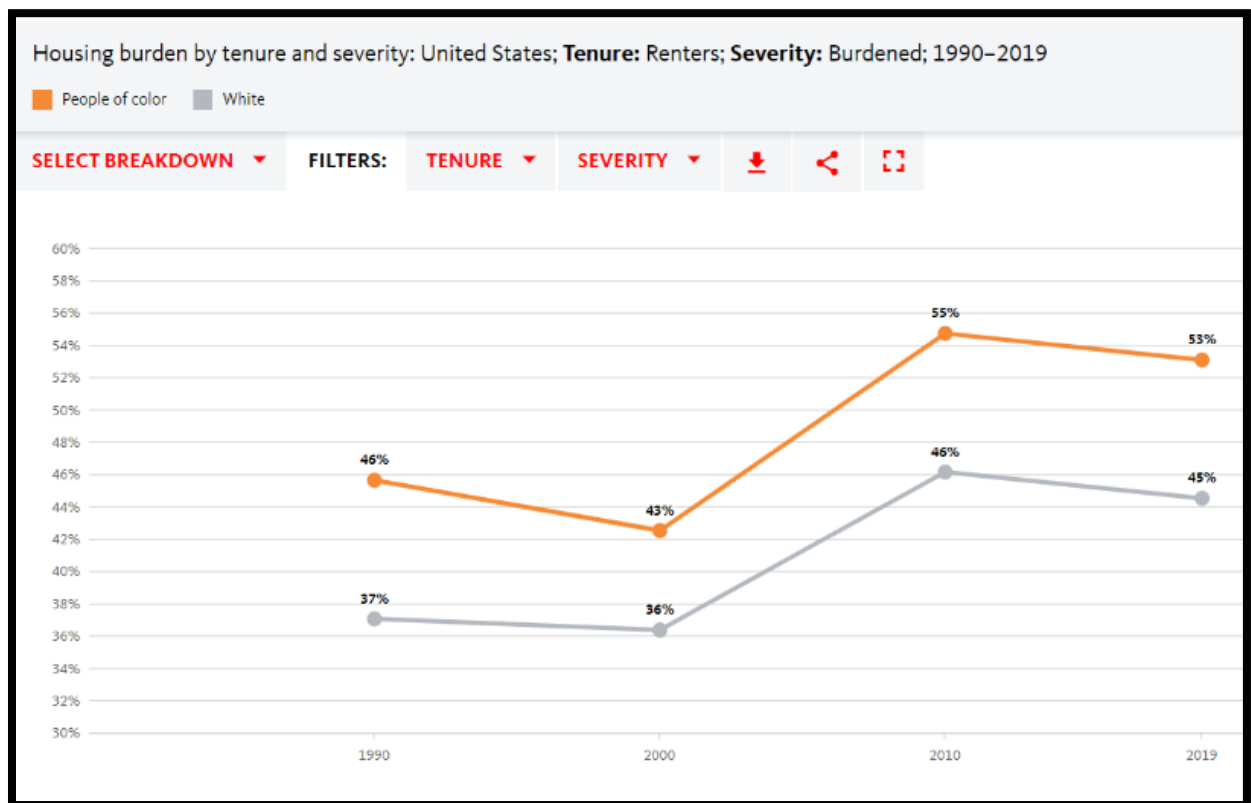
# Racial Equity Impact Assessment (REIA) for Supplemental Appropriation #22-74 Preserving Naturally Occurring Affordable Housing

April 8, 2022

Page 3 of 8

These above-described inequities and systemic housing supply issues have contributed to racial disparities in homelessness, criminal justice outcomes, food security, health, and upward mobility<sup>5</sup>. One consistent measure of the cumulative effects of housing inequities is the percent of a population that is housing cost burdened<sup>6</sup>. Housing cost burden is defined as households who pay over 30% of their income towards rent or mortgage.

Research indicates that high-cost burdens can affect all renter households, but that renters of color are more likely to be housing-cost burdened than white renters; even when controlling for income, renter households of color have higher cost burdens than white renter households<sup>7</sup>. Data from Policy Link's National Equity Atlas confirms this racial gap and shows that this trend has persisted over time.



**Source:** Policy Link. National Equity Atlas. Housing burden by tenure, severity: United States; **Tenure:** Renters; **Severity:** Burdened; **Year:** 1990-2019. Available at: [https://nationalequityatlas.org/indicators/Housing\\_burden#/?breakdown=2&geo=010000000000000000](https://nationalequityatlas.org/indicators/Housing_burden#/?breakdown=2&geo=010000000000000000)

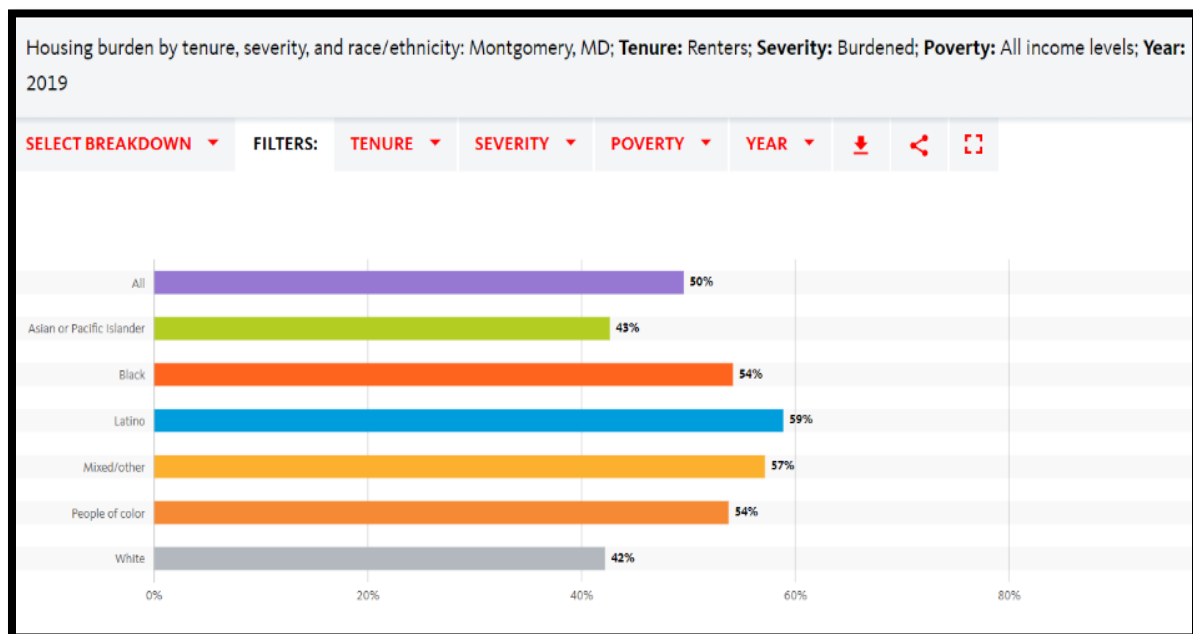
<sup>5</sup> Opportunity Starts at Home.

<sup>6</sup> The National Equity Atlas. Policy Link. Housing Burden Definition. Available at: [https://nationalequityatlas.org/indicators/Housing\\_burden#/?breakdown=5&geo=040000000000024031](https://nationalequityatlas.org/indicators/Housing_burden#/?breakdown=5&geo=040000000000024031)

<sup>7</sup> Joint Center for Housing Studies of Harvard University. America's Rental Housing 2020. Available at: [https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard\\_JCHS\\_Americas\\_Rental\\_Housing\\_2020.pdf](https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Americas_Rental_Housing_2020.pdf)

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<sup>8</sup>. In fact, according to NLIHC, there is no state or county in the US where a renter working full-time at minimum wage can afford a two-bedroom apartment<sup>9</sup>. Because this REIA relates specifically to the development of affordable housing in the County, the remainder of this analysis will focus on the extent to which supplemental funding will or has the potential to address disparities in housing cost-burden in the County.

In Montgomery County, rental housing cost burden is highest among Latino residents at 59%; and the percentage of residents of color experiencing rental housing cost burden is 4 percentage points higher than in the County overall, and 14 percentage points higher than the percent of white residents who are rental housing cost burdened.



**Source:** Policy Link. National Equity Atlas. Housing burden by tenure, severity, and race/ethnicity: Montgomery, MD; **Tenure:** Renters; **Severity:** Burdened; **Poverty:** All income levels; **Year:** 2019. Available at: [https://nationalequityatlas.org/indicators/Housing\\_burden#/?geo=04000000000024031](https://nationalequityatlas.org/indicators/Housing_burden#/?geo=04000000000024031)

There are also disparities in housing cost burden by nativity. The chart below shows that 54% of the immigrant population in Montgomery County (regardless of income) is housing cost burdened, compared to 46% of US born residents. Looking more closely, almost 60% of Latino immigrants and Black immigrants are housing cost burdened, compared to 47% of

<sup>8</sup> Joint Center for Housing Studies of Harvard University.

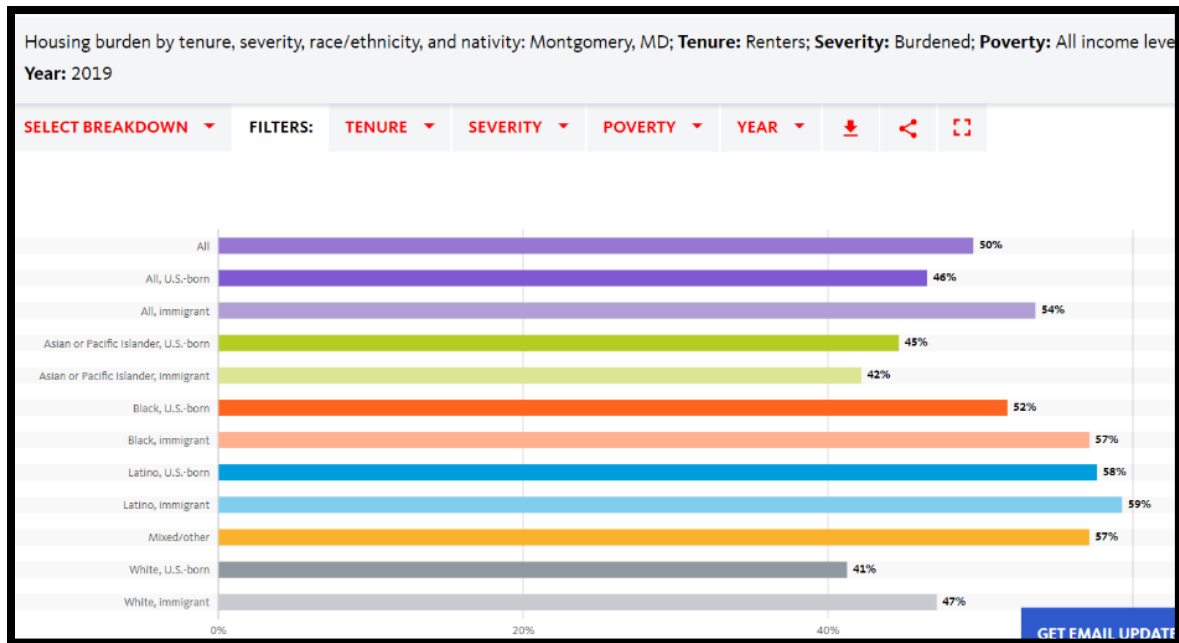
<sup>9</sup> The National Low Income Housing Coalition. "The Problem". Available at: <https://nlihc.org/explore-issues/why-we-care/problem>.

# Racial Equity Impact Assessment (REIA) for Supplemental Appropriation #22-74 Preserving Naturally Occurring Affordable Housing

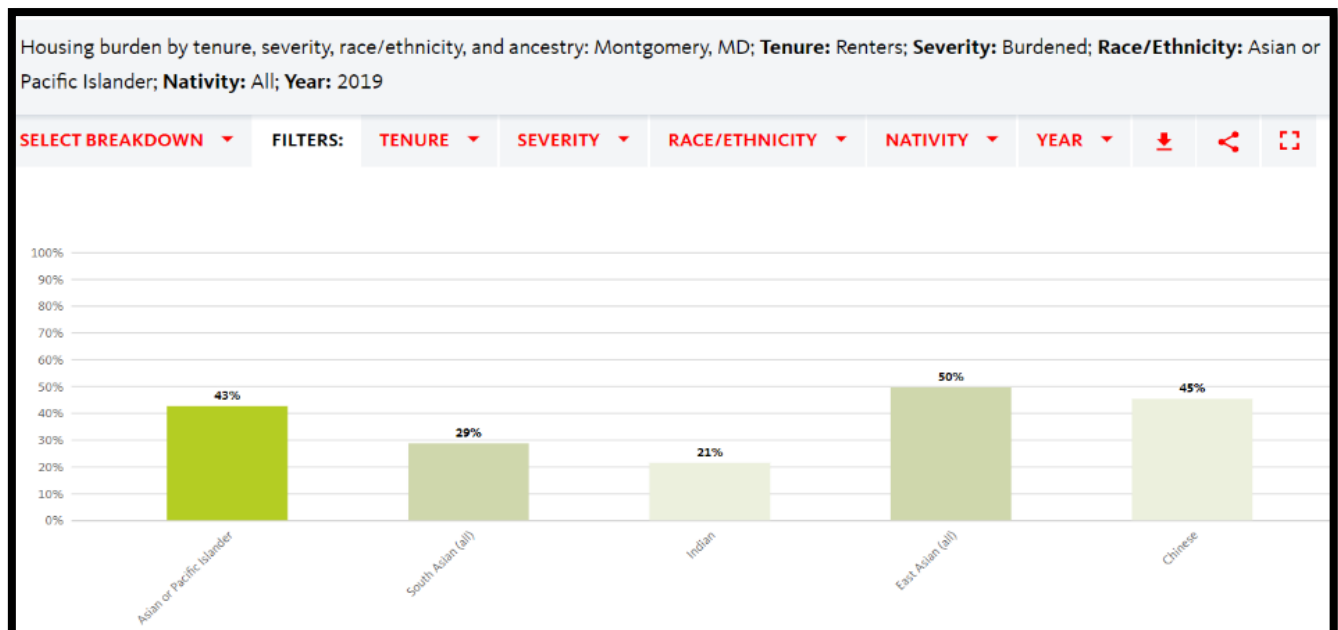
April 8, 2022

Page 5 of 8

White immigrants. Interestingly, US born Asian/Pacific Islander residents experience higher rates of housing cost burden compared to their immigrant counterparts. A closer examination of ancestry shows that half of the Asian/Pacific Islander residents who are rent burdened are East Asian, with 45% being Chinese.



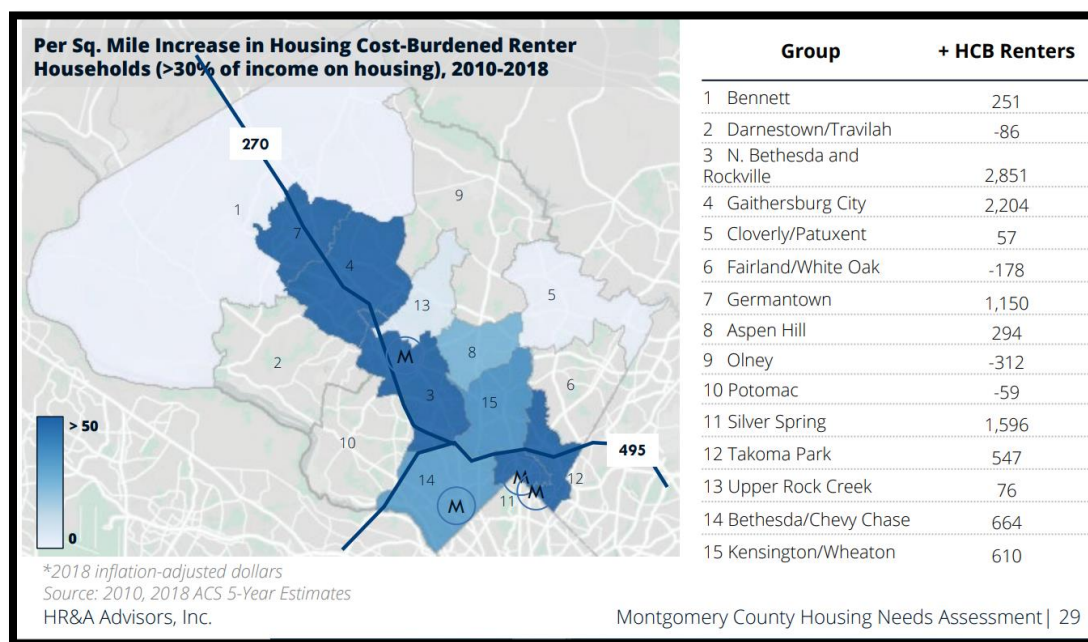
**Source:** Policy Link. National Equity Atlas. Housing burden by tenure, severity, race/ethnicity, and nativity: Montgomery, MD; **Tenure:** Renters; **Severity:** Burdened; **Poverty:** All income levels; **Year:** 2019. Available at: [https://nationalequityatlas.org/indicators/Housing\\_burden#/?breakdown=4&geo=04000000000024031](https://nationalequityatlas.org/indicators/Housing_burden#/?breakdown=4&geo=04000000000024031)



**Source:** Policy Link. National Equity Atlas. Housing burden by tenure, severity, race/ethnicity, and nativity: Montgomery, MD; **Tenure:** Renters; **Severity:** Burdened; **Race/Ethnicity:** Asian or Pacific Islander; **Nativity:** All; **Year:** 2019. Available at:

[https://nationalequityatlas.org/indicators/Housing\\_burden#/?breakdown=5&geo=04000000000024031](https://nationalequityatlas.org/indicators/Housing_burden#/?breakdown=5&geo=04000000000024031)

It is also notable that the distribution of low-income households and those most impacted by racial disparities in housing cost burden are living along the County's major transit routes. The Montgomery County Housing Needs Assessment from July 2020<sup>10</sup> illustrates the density of low-income cost-burdened households concentrated along the I-270 corridor and on the Southeast part of the County that intersects with I-495. The excerpt from the report below shows where there have been the most significant increases in cost-burdened renters.



**Source:** "Cost burden is rising along transit routes". Montgomery County Housing Needs Assessment. Page 29. Available at: <https://montgomeryplanning.org/wp-content/uploads/2020/07/MoCo-HNA-July-2020.pdf>

Given the systemic nature of the rental housing supply shortage, taking intentional steps to increase housing stock—through preservation and/or construction—that is affordable and aligned with those who have low and extremely low incomes is critical. It's critical to the stability and health of households as well as to economic growth in the County<sup>11</sup>. The funding under this supplemental request creates an opportunity for the County to take steps towards this, which in turn can have an effect on racial disparities in housing-cost burden.

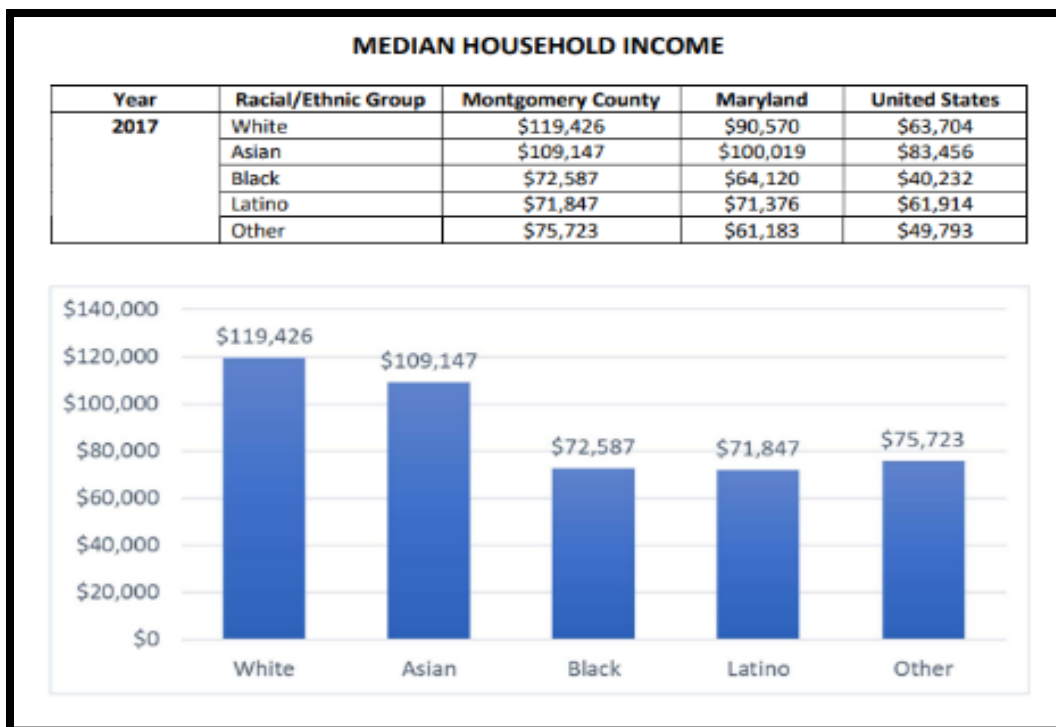
<sup>10</sup> HR&A Advisors, Inc. and LSA. Montgomery County Housing Needs Assessment. July 2020. Available at: <https://montgomeryplanning.org/wp-content/uploads/2020/07/MoCo-HNA-July-2020.pdf>

<sup>11</sup> The National Low Income Housing Coalition.



However, it is the details of specific transactions that will determine the number of units and households impacted, the duration for which rents will be held at or below market rates, and the quality of the units preserved. For example, at the national level, housing policy advocates explain how significant capital investment is needed for the rehabilitation and preservation of subsidized and public housing; it is estimated that the US public housing stock may need as much as \$70 billion in repairs which, if unaddressed, threatens the quality and even the existence of these homes<sup>12</sup>. While the funding under this supplemental request doesn't relate to public housing, it is important to note that the maintenance of naturally occurring public housing will be critical beyond the date of the County's property acquisition. Because housing cost burden is determined by both rent and income, it is important to consider the interplay of employment and the structures that enable or prevent access to living wage jobs.

- III. **DATA ANALYSIS:** Below is a selection of additional data points related to housing security disaggregated by race. The chart below shows racial disparities in median household income in Montgomery County in 2017. Median household income for Black and Latino residents was about 60% of the median household income for white residents.

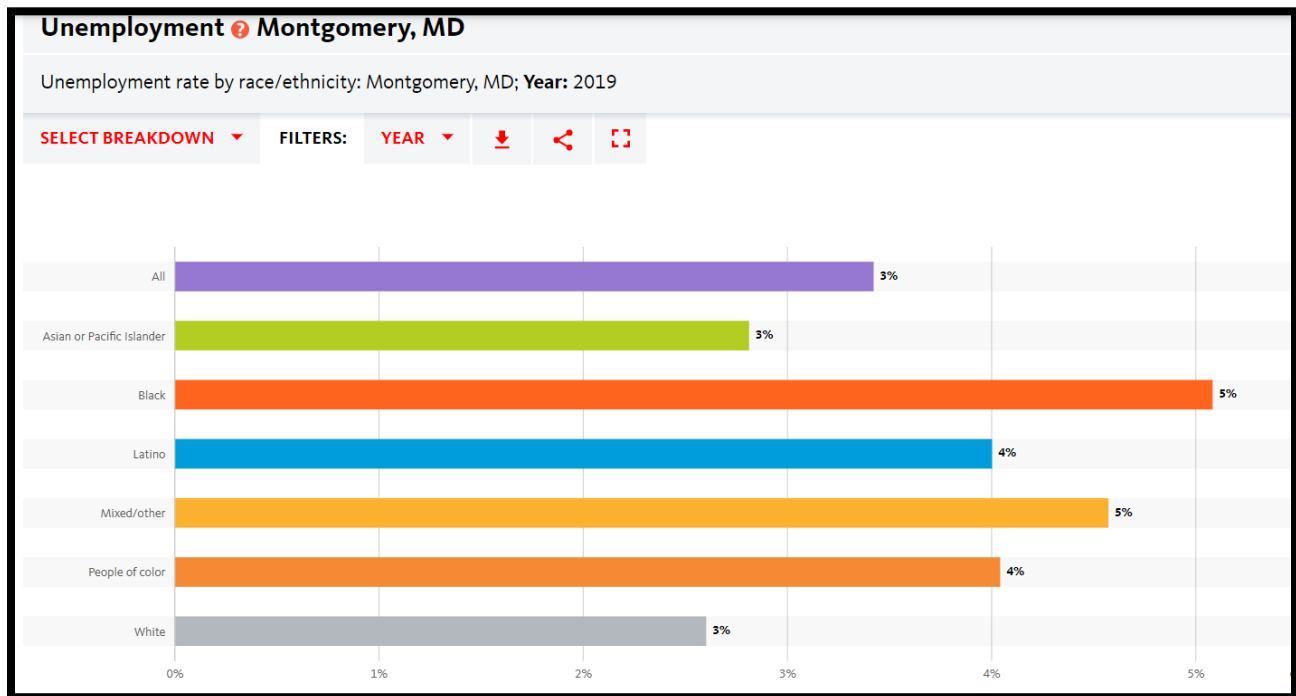


**Source:** Montgomery County, Maryland Office of Legislative Oversight Montgomery County Racial Equity Profile. Available here:

<https://www.montgomerycountymd.gov/OLO/Resources/Files/2019%20Reports/RevisedOLO2019-7.pdf>

<sup>12</sup> Andrew Aurand, Dan Emmanuel, Daniel Threet, Ikra Rafi, and Diane Yentel.

The chart below shows racial disparities in unemployment in Montgomery County in 2019. While the overall unemployment rate was 3% in 2019, it was 5% among Black residents and 4% among Latino residents.



**Source:** Policy Link. National Equity Atlas. Unemployment: Montgomery, MD; 2019. Available at:  
<https://nationalequityatlas.org/indicators/Unemployment#/?geo=04000000000024031>

cc: Ken Hartman, Director, Office of Strategic Partnerships, Office of the County Executive