



## OFFICE OF RACIAL EQUITY AND SOCIAL JUSTICE


Marc Elrich  
County Executive

Tiffany Ward  
Director and Chief Equity Officer

### MEMORANDUM

June 2, 2025

To: Jennifer Bryant, Director  
Office of Management and Budget

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

Re: Racial Equity Impact Assessment (REIA) Supplemental Appropriation (SA) #25-72 Montgomery County Housing Initiative Fund to Backfill DHCA Overcharges

- I. **FINDING:** The Office of Racial Equity and Social Justice finds that supplemental appropriation #25-72 *Montgomery County Housing Initiative Fund to Backfill DHCA Overcharges* advances racial equity and social justice in Montgomery County, as it enables the replacement of funding for the Housing Initiative Fund (HIF) which is used to provide gap financing for affordable housing development. Given racial disparities in housing affordability and the importance of the HIF in helping to fill affordable housing gaps in the County, this supplemental appropriation is part of ongoing efforts to address racial equity and social justice in housing affordability.
- II. **BACKGROUND:** The purpose of Supplemental Appropriation #25-72 *Montgomery County Housing Initiative Fund to Backfill DHCA Overcharges* in FY24 is to allocate \$6,380,000 to the Department of Housing and Community Affairs (DHCA) Montgomery Housing Initiative Fund (HIF) from the General Fund. This allocation will allow DHCA to maintain adequate resources within the HIF; loan funds from the HIF were used to cover a funding shortfall that the Department of Health and Human Services (DHHS) encountered at the end of FY24. Allocating funds from the HIF allowed DHHS to continue to “carry out its commitment to providing direct rental and utility assistance to residents in need.”<sup>1</sup>.

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<sup>1</sup> Memo from County Executive Marc Elrich to Council President Kate Stewart. April 23, 2025.

DHCA explained that backfilling the HIF will support maintaining and creating affordable housing units in the County: “This supplemental, if approved, will add funding to the HIF for the acquisition, renovation, and construction of new affordable housing properties to preserve or increase the County’s affordable housing inventory. The funding will assist developers and property management companies in maintaining or creating affordability for households with incomes at or below the eligibility threshold for the Moderately Priced Dwelling Unit (MPDU) program, which is currently set at 70% of Area Median Income (AMI).”<sup>2</sup>

III. **ANALYSIS:** ORESJ has produced a number of REIAs that detail the root causes, systemic inequities, and racial disparities that characterize many of the housing challenges in Montgomery County and the US more generally:

- Racial Equity Impact Assessment (REIA) for Supplemental Appropriation (SA) #24-72 Amendment to the FY24 Operating Budget and Amendment to Fiscal Year 2024 Operating Budget Resolution 20-184 Section G, FY24 Designation of Entities for Non-Competitive Contract Award Status: The Montgomery County Government, Department of Health and Human Services, Services to End and Prevent Homelessness, Shelter Services, Overflow and Security expansion. (Source of Funds: General Funds)  
<https://www.montgomerycountymd.gov/ore/Resources/Files/24-72.pdf>
- Racial Equity Impact Assessment (REIA) Supplemental Appropriation (SA) #24-14 Implementation of the Rent Stabilization Bill  
<https://www.montgomerycountymd.gov/ore/Resources/Files/24-14.pdf>
- Racial Equity Impact Assessment (REIA) Supplemental Appropriation (SA) #23-102 Emergency Rental Assistance Program 2  
<https://www.montgomerycountymd.gov/ore/Resources/Files/23-102.pdf>
- Racial Equity Impact Assessment (REIA) for Supplemental Appropriation (SA) #22-85, Maryland Department of Housing and Community Development Grant: Emergency Rental Assistance Program and (SA) #22-86 Additional MD Emergency Rental Assistance Program 1  
<https://www.montgomerycountymd.gov/ore/Resources/Files/22-85and22-86.pdf>

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<sup>2</sup> DHCA response to RESJ Analysis Template.

- Special Appropriation: #22-34 Emergency Rental Assistance Program 2 (Update to and, in support of #21-527 Racial Equity Impact Assessment of Special Appropriation)  
<https://www.montgomerycountymd.gov/ore/Resources/Files/22-34.pdf>
- Supplemental Appropriation: #22-31 Nebel Street Shelter  
<https://www.montgomerycountymd.gov/ore/Resources/Files/22-31.pdf>
- Supplemental Appropriation: Special Appropriation REIA HHS Rental Assistance  
<https://www.montgomerycountymd.gov/ore/Resources/Files/21-527.pdf>

These REIAs all emphasize the structural nature of the inequities that create racial disparities in housing, financial security, and economic opportunities. Findings from these REIAs highlight the importance of public investment to overcome market forces and zoning regulations that can stymie affordable housing development. This supplemental appropriation will replenish the HIF, which will allow the revolving loan fund to provide gap financing, in the form of low-interest loans, for affordable housing development. Because of historical and current racial inequities, creating and maintaining affordable housing (along with anti-displacement policies) is essential to shrinking housing affordability gaps in the County.

In addition to these REIAs, ORESJ offers the following data on unemployment, household income, rent burden, and poverty disaggregated by race and ethnicity.

Race/Ethnic Group	% Unemployed	Median Household Income	Gross Rent More Than 30% of Household Income	% in Poverty
Asian	2.5%	\$121,004	33.0%	5.9%
Black	5.8%	\$72,617	59.8%	13.6%
Latino	4.0%	\$75,547	66.4%	11.5%
Other	3.9	\$66,870	73.4%	13.8%
White	2.2%	\$131,635	43.4%	4.1%

**Source:** Racial Equity Profile Update. Montgomery County, Maryland. Jupiter Independent Research Group. April 2023. Pg. 13, Pg. 16, Pg. 24, and Pg. 26 Available at:

<https://www.montgomerycountymd.gov/ORE/Resources/Files/JUPITERRACIALEQUITYPROFILE.pdf>

These data demonstrate the presence of economic inequities and affirm the need for gap financing provided by the HIF to help address racial disparities in housing affordability.

cc: Scott Bruton, Director, Department of Housing and Community Affairs  
Tricia Swanson, Director, Strategic Partnerships, Office of the County Executive