

*BaltAC*

<b>FROM</b>	NAME & TITLE	Robert Cename, Budget Director	CITY of <b>BALTIMORE</b> <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410) 396-4774		
	SUBJECT	City Council Bill 21-0004 – Office to End Homelessness – Establishment, Administration, and Permanent Housing Voucher Program		

DATE:

**TO**

The Honorable President and  
Members of the City Council  
City Hall, Room 400

February 23, 2021

**Position: Oppose**

The Department of Finance is herein reporting on City Council Bill 21-0004, Office to End Homelessness – Establishment, Administration, and Permanent Housing Voucher Program, the purpose of which is to establish the Baltimore City Office to End Homelessness that will be led by an Executive Director appointed by the Mayor and confirmed by the City Council. Additionally, this legislation establishes a Permanent Housing Voucher Program.

**Background**

Based on point in time counts, approximately 2,500 adults and children experience homelessness in Baltimore on any given night. The Mayor’s Office of Homeless Services (MOHS), formerly part of the Mayor’s Office of Human Services, works to prevent homelessness by providing permanent, transitional, and temporary housing, in addition to emergency shelter and supportive and outreach services to individuals and families experiencing homelessness.

Currently, MOHS supports voucher programs with community partners and the Housing Authority of Baltimore City (HABC), but does not directly manage or fund such programs. One example is the Assistance in Community Integration Services Pilot (ACIS), which is funded through a Medicaid grant. MOHS, HABC, and Health Care for the Homeless partner on this program to provide direct services to participants and permanent housing from HABC vouchers and rental subsidies, as well as private housing through Health Care for the Homeless and other partners.

**Fiscal Impact**

The Department of Finance reached out to MOHS and HABC to assess costs for implementing this legislation. The establishment of the Office to End Homelessness should be cost neutral, since it would likely result in the elimination of MOHS and transfer of these funds and positions. However, implementation of a new Permanent Housing Voucher Program would require a large investment of funding for the vouchers and program staff and costs, ranging from \$1.1 million to \$1.9 million depending on the number of vouchers provided annually.

<b>Annual Voucher Program Costs</b>	<b>50 Vouchers</b>	<b>75 Vouchers</b>	<b>100 Vouchers</b>
Housing Costs	\$803,200	\$1,204,800	\$1,606,400
Program Staff	\$321,835	\$321,835	\$321,835
Program Costs	\$15,000	\$15,000	\$15,000
<b>Minimum Program Costs</b>	<b>\$1,140,035</b>	<b>\$1,541,635</b>	<b>\$1,943,235</b>

HABC operates several types of Housing Choice Voucher programs and several different types of housing programs. These programs provide an average housing assistance payment of \$922 per month, or \$11,064 annually, for a single household. It is estimated that other housing costs, including utilities, furniture, and moving expenses. Based on these estimates, the cost of the housing assistance program would vary depending on the number of vouchers issued each year.

<b>Housing Expenses</b>	<b>Annual Household Cost</b>
Rental Costs	\$11,064
Other Costs	\$5,000
<b>Minimum Program Costs</b>	<b>\$16,064</b>

MOHS estimates that a minimum of three full-time staff positions, one program compliance officer, an accountant, and an administrative support position, are required to properly administer the number of households that could be served through the voucher program. In addition, they would require one part-time hearing officer to meet the requirements of the legislation. This position would require a law degree and likely paid at a rate of \$90 per hour, which could cost up to \$100,760 depending on the number of hours worked and other personnel costs. Salary and benefits cost for these three full-time and one part-time staff positions could cost up to \$321,835. In addition, Finance estimates approximately \$10,000 will be needed for technology and software and \$5,000 for supplies and other costs. These estimates do not include housing inspections for the voucher program, which ensure rental units funded are licensed and meet City code. Inspection costs are dependent on the number of units and cost \$125 per unit per inspection, as well as overhead of about 10%-15% per unit inspection.

<b>Voucher Program Expenses</b>	<b>Cost</b>
Program Compliance Officer I	\$72,837
Accountant I	\$75,401
Administrative Coordinator	\$72,837
Part-time Hearing Officer	\$100,760
Technology	\$10,000
Supplies and other costs	\$5,000
<b>Minimum Program Costs</b>	<b>\$336,835</b>

### **Other Considerations**

The legislation states that the Permanent Housing Voucher Program may be funded by an annual appropriation from the Affordable Housing Trust Fund (AHTF) and the Ordinance of Estimates. The AHTF, as established in the Charter, does authorize funding for “services to low income households to assist them in obtaining housing and remaining stably housed”. Based on analysis of transfer and recordation tax revenue in Fiscal 2016 through Fiscal 2018, the Department of Finance estimated that the yield tax could generate up to \$13 million. However, this is an unpredictable source of revenue since it is dependent on the housing market conditions. The Department of Finance has seen an overall decline in transfer and recordation revenues across the board, as well as among those properties over \$1 million. In addition, the revenues can vary based on the value of outlier transactions, such as a \$142 million transaction in Fiscal 2017 and a \$242 million transaction in Fiscal 2018.

Considering the current financial situation and projected budget deficit for Fiscal 2021, and likely in Fiscal 2022, the Department of Finance cannot support implementation of the permanent voucher program with General Funds should the AHTF be unable to provide funding. Establishing and running a new program at this scale would require the City to pull resources from current services, likely resulting to cuts

in other programs. Should the AHTF not be able to support this program, the City would be unable to maintain the program, which could result in residents losing the housing this program provides.

The Department of Finance identified the following concerns when reviewing this legislation. There are notable concerns about the availability of adequate housing stock for such a voucher program, so Finance defers to MOHS and the Department of Housing and Community Development (DHCD) on how the proposed program meets current needs, availability of units, and current housing strategies, especially those established by the AHTF Commission. In addition, Finance has concerns about legislating such a program when the priorities and needs may change as a result of new leadership, programs, or housing needs. Finally, the administrative and operational costs to establish a Permanent Housing Voucher Program replicate the work already completed by HABC, which has the infrastructure already established to run equivalent programs, but those structures required for a successful program may not be fully met by this legislation.

### **Conclusion**

The City is facing major fiscal concerns and cannot at this time support the implementation of a new program with General Fund dollars without pulling resources from other services. In addition, there are several concerns about legislating the creation of this voucher program due to limited housing stock, how it may or may not fit into the City's housing strategies, and whether the program established by the legislation includes the requirements needed to succeed.

**For the reasons stated above, the Department of Finance opposes City Council Bill 21-0004.**

cc: Henry Raymond  
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