



## MEMORANDUM

To: The Honorable President and Members of the Baltimore City Council  
c/o Natawna Austin, Executive Secretary

From: Alice Kennedy, Acting Housing Commissioner *AK*

Date: September 22, 2020

### **Re: City Council Bill 20-0592 Office to End Homelessness - Establishment, Administration, and Permanent Housing Voucher Program**

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 20-0592 for the purpose of establishing the Baltimore City Office to End Homelessness; declaring that the policy of the Mayor and City Council of Baltimore to make homelessness rare, brief, and non-recurring; providing that the Office will be led by an Executive Director appointed by the Mayor and confirmed by the City Council; establishing the duties of the Office; requiring certain reports; establishing the Permanent Housing Voucher Program; providing for certain funding for the Permanent Housing Voucher Program; setting forth the eligibility requirements for the Permanent Housing Voucher Program; requiring that the Office adopt rules and regulations to administer the Permanent Housing Voucher Program; establishing procedures on a family's admission into the Permanent Housing Voucher Program; setting forth certain programmatic functions for the Permanent Housing Voucher Program through tenant-based vouchers and project-based vouchers; providing for the termination of assistance under the Permanent Housing Voucher Program for certain enumerated reasons; providing for hearings for certain terminations and denials of assistance; establishing certain hearing procedures and the conduct of the hearings; repealing City Code Article 1, Subtitle 24 {"Overnight Shelters"} as duplicative; defining certain terms; generally relating to ending homelessness in Baltimore; and providing for a special effective date.

If enacted, City Council Bill 20-0592 shall be funded by an annual disbursement from the Affordable Housing Trust Fund (AHTF) of at least \$1.3 million dollars.

Article I, Section 14 of the City Charter describes the Trust Fund, sources of revenue, administration and oversight, membership and roles and responsibilities of the Commission, income requirements, permitted uses, and affordability periods. This revision to the Charter resulted from a 2016 voter approved amendment which established the Fund.

The Fund is intended to support both rental and for-sale affordable housing for very-low and low-income households. The Trust Fund requires that all revenue be used to help those with incomes at or below 50 percent of the Area Median Income (AMI) as established by the Department of Housing and Urban Development (HUD).

In 2019, the City established the AHTF Commission in accordance with the Charter. In doing so, the administration took efforts to include on the Commission various stakeholders who were integral to the successful voter referendum. DHCD met with a Committee of the Commission to reach consensus on how to best allocate the available Trust funds and the Commission went on to approve a recommended Spending Plan for what at the time was the estimated total funding. In July 2020, the spending plan was revised due to a decline in total anticipated revenue from \$33.5 million to \$21 million, and to allocate \$2.75M for pandemic related relief. The current Spending Plan is below.

SPENDING PRIORITIES	AMENDED FY20 & FY21	REVISED FY20 & FY21
Community Land trust/Shared Equity	9,250,000	6,250,000
New Construction - Rental Housing	5,000,000	2,000,000
Preservation of Existing Rental Housing	3,130,000	1,706,766
Senior Homeownership Repair & Homeownership Preservation	4,900,000	3,000,000
Choice Neighborhoods	4,000,000	3,000,000
Rent Supplement (3% Annual increase)	3,545,000	1,342,800
Inclusionary Housing	750,000	201,804
Flexible Funds	1,500,000	-
Administrative Costs (5% of total funds)	1,425,000	1,065,862
Pandemic Homelessness Prevention (One-Time Expenditure)	-	2,750,000
<b>Total</b>	<b>33,500,000</b>	<b>21,317,232</b>

DHCD supports the intent of this Bill, to ensure funding for rent supplements, which are proposed to be in the form of a voucher program. The revised Spending Plan; approved by the Commission, contains \$1.3 million in such funding. Support for vouchers has always been an explicit priority for the Fund.

However, given the recent experience in which available revenue for the Fund fell short of expectations, DHCD is reluctant to support statutory funding levels for any of the many worthy AHTF categories. In addition, unanticipated emergencies may arise, such as the current COVID crisis which is impacting both the availability of funds -by dampening real estate activity- and has impacted decisions on how to best use the funds. Even without the COVID crisis it is noteworthy that the primary source of funding, a surcharge on high-value real estate recordation and transfer taxes, is highly volatile by nature and will vary year to year under any circumstances. Statutory constraints on the Spending Plan will limit the ability to adapt the use of the Fund to changing circumstances.



Additionally, the required dedication of funds through City Council Bill 20-0592, would circumvent the role of the AHTF Commission in working with and advising the Department on how to best allocate available Trust funds. The City Charter explicitly establishes that the duties of the Commission include making recommendations, advising, and consulting with the Department of Housing and Community Development regarding the establishment of essential policies, rules, and regulations relating to the implementation, **expenditures**, and ongoing operation of the trust fund. This Bill would limit the ability of the Commission to play this critical function. Please consider the City Law Department's concerns regarding this issue.

Finally, it is DHCD's understanding that many AHTF Commission members are opposed to this legislation for the reasons outlined above, and the topic will be taken up at the October meeting.

DHCD has concerns regarding the Bill and **defers to the City Law Department and the Mayor's Office of Homeless Services** regarding the passage of 20-0592.

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cc: Mr. Blendy, Nicholas, *Mayor's Office of Government Relations*