


<b>FROM</b>	NAME & TITLE	Robert Cename, Budget Director <i>BaltAC</i>	CITY of <b>BALTIMORE</b> <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall		
	SUBJECT	City Council Bill 21-0173—Baltimore City Home Repairs Grant Program		

DATE:

**TO**

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

December 20, 2021

**Position: Oppose**

The Department of Finance is herein reporting on City Council Bill 21-0173, Baltimore City Home Repairs Grant Program.

**Fiscal Impact**

The Department of Finance anticipates an annual cost of approximately \$784,698 for implementation of this legislation. This legislation is part of a package of legislation with *21-0172 Baltimore City Legacy Residents-Urban Homesteading Program* and *21-0174 Baltimore City Senior Homeowners Grant Program*. As a package, implementation of these bills is estimated to cost approximately \$16.1 million at minimum, excluding the actual grant funding that would be issued through the program established by 21-0174.

<b>Baltimore City Home Repairs Grants Program</b>	
(1) Operations Officer I	\$121,277
(1) Construction Project Supervisor II	\$127,824
(2) Rehabilitation Technicians II	\$146,248
(3) Rehabilitation Technicians III	\$242,193
(1) Rehabilitation Loan Processor	\$57,261
(1) Office Support Specialist III	\$56,895
Computer Equipment	\$25,000
Software Licenses	\$8,100
Grant Costs	\$13,875,000
<b>Minimum Program Costs</b>	<b>\$14,659,798</b>

*Staffing Costs*

In consultation with DHCD, the Baltimore City Home Repairs Grant Program would need (1) Operations Officer I, (1) Construction Project Supervisor II, (2) Rehabilitation Technician IIs, (3) Rehabilitation Technician IIIs, (1) Rehabilitation Loan Processor, and (1) Office Support Specialist III. Based on these staffing estimates, Finance projects an annual estimated personnel cost of approximately \$751,698. Additionally, costs for technological equipment and software licenses would be an additional \$33,100.

It should be noted that the Operations Officer I position listed for this program would also manage the program established in City Council bill 21-0173 Baltimore City Home Repairs Grant Program. If both

programs were implemented, the costs for both programs would include only one Operations Officer I position.

#### *Grant Costs*

In terms of the cost of grants disbursed through this program, Finance estimates a minimum cost of approximately \$13.9 million. This figure includes estimates based on anticipated participation through the proposed Urban Homesteading Program and current outstanding applications through DHCD's LIGHT program.

DHCD estimates that there are approximately 315 properties eligible for participation in the Urban Homesteading Program proposed in 21-0172. If all of these properties were part of the Urban Homesteading Program, Finance estimates that grant funding just for those properties would range from \$7.9 million, if all applicants received the maximum General Repairs grant, to \$14.2 million, if all applicants received the maximum of all three grants.

<b>Urban Homesteading Program</b>	
General Repair	\$7,875,000
Accessibility Repair	\$3,150,000
Emergency Repair	\$3,150,000
<b>Cost Estimate</b>	<b>\$14,175,000</b>

DHCD provides grants and loans for similar projects as outlined in the Home Repairs Grant Program. DHCD estimates there are approximately 600 applications in their LIGHT Intake and Assessment Unit that may qualify for this program. DHCD services over 200 houses annually, with an average cost of \$10,000 per house. However, many houses that receive services through DHCD require work that costs more than \$10,000. Based on this information, Finance estimates that providing grants to applicants outside of the Urban Homesteading Program would cost at minimum \$6 million, with an expectation that costs would be higher due to possible increases in demand for services and larger grant issuances considering the different criteria of these programs.

Finance assumes that the 315 properties would receive the full grant available for general repairs at minimum, \$7,875,000, and the 600 applications from LIGHT would receive an average of \$10,000, for a total of \$6 million. This totals a minimum cost estimate of \$13,875,000 for the grants disbursed through this program.

#### **Other Considerations**

Finance has identified several concerns regarding implementation of the program and the impact for the City and participants.

First, this legislation establishes a program that is duplicative of services already being provided by DHCD. DHCD currently provides various grants and loans up to \$25,000 for homeowners that address the types of repairs laid out in this legislation. This includes grants and loans for accessibility-related improvements; deferred loans to correct major housing deficiencies and serious health, code, and safety issues; forgivable loans for emergency roof repairs or replacements for homeowners 62 years and older or who have disabilities; and loans and grants to address lead in the home; deferred loans to improve energy-efficiency. In addition, DHCD prioritizes residents with income at or below 50% of the area median income (AMI),

with a priority on residents with health problems, children in the home, and 30% AMI or below. These programs are currently funded using Federal and State funds, with a Fiscal 2022 budget of approximately \$6.8 million. As written, the program limits participation to homeowners in neighborhoods that meet certain criteria with the intent of targeting neighborhoods that were historically redlined or overlooked by investors and revitalization efforts, while DHCD's current programs do not have limitations by neighborhood.

Second, this legislation is part of a package of legislation with City Council bills *21-0172 Baltimore City Legacy Residents-Urban Homesteading Program* and *21-0174 Baltimore City Senior Homeowners Grant Program*. The intent is that the grants provided through this program will be utilized by participants in the Urban Homesteading Program. Based on analysis from DHCD, median rehabilitation costs for properties that might be available through the program can be up to \$200,000. Depending on the property and rehabilitation needs, the \$25,000 grants may cover only a fraction of the costs; therefore, long-term residents residing in these neighborhoods may not be able to participate due to the need to demonstrate their ability to complete all repairs. It is unclear then whether the legislation would benefit the intended residents, specifically legacy residents in the targeted communities.

Third, the legislation would take effect on the 30<sup>th</sup> day after the date it is enacted. Standing up a program of this size in 30 days does not seem feasible considering staffing and outreach needs, as well as establishing proper processes and procedures.

Finally, the City Council has suggested that this legislative package could be funded using the American Rescue Plan Act (ARPA). Finance defers to the Mayor's Office of Recovery Programs on whether these programs are eligible uses of ARPA funding. Considering the timeline laid out above, and that all ARPA funds must be spent by December 2026, there could be issues of properly administering the program using these funds, if eligible. If this program is not eligible for ARPA funding, the General Fund would be unable to support such a large program, considering the current fiscal outlook due to the COVID-19 pandemic and increased education spending as a result of the implementation of the Blueprint for Maryland's Future legislation, which begins in Fiscal 2023.

### **Conclusion**

While the Department of Finance supports the intention of this legislation, the City is unable to fund the program through the General Fund without reducing existing programs. In addition, the impact of the program on the intended residents is unclear as the program established by this legislation is duplicative of currently established DHCD programming.

**For the reasons stated above, the Department of Finance opposes City Council Bill 21-0173.**

cc: Henry Raymond  
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