



MEMORANDUM

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

From: Alice Kennedy, Acting Housing Commissioner

Date: November 30, 2021

Re: City Council Bill 21-0173 Baltimore City Home Repairs Grant Program

Bill Background

If enacted, City Council Bill 21-0173 would establish the Baltimore City Home Repairs Grant Program and charge DHCD with the administration of the program. The purpose of the program is to revitalize and stabilize Baltimore's Neighborhoods by providing grants for home repairs to eligible Baltimore City Homeowners.

DHCH Comments

While DHCD supports the intent of the program we currently offer several home repair assistance programs, all geared to assisting low- and moderate-income residents. These programs lessen the financial burdens of homeownership for Baltimore City residents and free up resources to be able to maintain their property, pay taxes or pay insurance. DHCD programs aid homeowners through both deferred loan and grant opportunities, depending on the program and available funds. The program prioritizes residents at 50% of AMI and below, with a high priority on residents at 30% AMI and below, as well as residents with health problems, and young children in the home. These programs provide up to \$25,000, and in some instances, can provide additional assistance depending on the program and access to additional resources in a given fiscal year.

DHCD Repair Programs for low-income homeowners

The agency's, Office of Rehabilitation Services, of DHCD's Homeownership and Housing Preservation (HPP) division, offers the following programs:



- **Accessible Homes for Seniors** - Grants and Loans to assist homeowners make accessibility-related improvements.
- **Deferred Loan Program** - Deferred loans to assist homeowners correct major housing deficiencies and serious health, code and safety issues.
- **Emergency Roof Repair Program** - Forgivable loans (5 year) for roof repair or replacement to homeowners who are aged 62 and older or who have disabilities.
- **Energy Savings Loan Program** - Deferred loans to assist homeowners make their homes more energy-efficient.
- **Home Preservation Program** - Deferred loans and grants to assist homeowners correct major housing deficiencies and serious health, code and safety issues.
- **Lead Hazard Reduction Grant and Loan Program** - Loans and grants to assist homeowners and landlords lessen the risk of lead poisoning. For families with a pregnant woman or a child under age 6 living in the house or a child who does not live in the house but spends a specified period of time at the property.
- **Maryland Housing Rehabilitation Program** - Below market-rate and deferred loans to homeowners and landlords to correct major deficiencies and serious health, code and safety issues.

DHCD's Division of Homeownership and Housing Preservation also runs the Weatherization Assistance Program (WAP). WAP provides Energy efficiency improvements that lower utility bills and make homes safer and more comfortable. This program is available for eligible owner-and tenant-occupied properties and includes funding for Healthy Home Improvements. DHCD's Lead Hazard Reduction Program (LHRP), is a majority HUD funded program that focuses on reducing lead hazards in homes with children under the age of six or visiting children. The LIGHT intake and assessment unit will evaluate applications for all of the home repair assistance programs in the Division of Homeownership and Housing Preservation, and the programs work together to leverage funding sources and create exponential outcomes for residents.

DHCD also partners with thirteen non-profit and healthcare providers to offer our **Housing Upgrades to Benefit Seniors (HUBS)** program. HUBS serves residents of Baltimore with social workers based at HUBS sites who provide application assistance to older adults to determine home improvements that will make their houses healthier and more secure. Older adults may be eligible for Home Safety Improvements (e.g., grab bars, handrails); Home Rehab Services (e.g., roof repair, plumbing repair); Energy Efficiency Modifications (e.g., LED and CFL light bulbs); Weatherization Services (e.g., insulation, caulking of foundation.)

DHCD currently conducts a "no wrong door", single point-of-entry for programs through the Division of Homeownership and Housing Preservation's LIGHT Intake & Assessment Unit to more effectively coordinate the delivery of a variety of no- and low-cost services to help homeowners become more self-sufficient, safer, more stable and healthier in their homes. This

single intake system evaluates a household for: Weatherization Assistance Program (WAP), Lead Hazard Reduction Program (LHRP), and Office of Rehabilitation Services (ORS) programs.

DHCD Analysis

DHCD has operational and fiscal concerns regarding the implementation of the proposed legislation which represents an unfunded mandate and duplicates many services and resources the agency already provides.

Designated Impact Investment Neighborhoods

As drafted the Legislation calls on the Department to administer the Baltimore City Home Repairs Grant Program and provide grants of varying amounts to eligible residents in need of repairs in Designated Impact Investment Neighborhoods.

The legislation requires that DHCD identify Designated Impact Investment Neighborhoods that meet certain criteria for grant support through the program. DHCD has already identified 4 Impact Investment Areas in East, West, Southwest and Park Heights that have been historically overlooked by investors and revitalization initiatives and that have assets that can provide a central focus for revitalization. DHCD suggests deleting the criteria on page, 2 lines 15 through 25 to designate neighborhoods and meet certain criteria identified in the Bill. DHCD is already focused on community development work throughout the City, by further limiting neighborhoods eligible for participation in this program we run the risk of excluding vulnerable individuals throughout the City.

Eligibility

The Legislation calls on participants to meet certain eligibility requirements for participation in the program. Page 4, lines 5 through 29 of the proposed legislation outlines the eligibility requirements for program participation and proof of residency. Ownership would not be difficult to determine but actual proof of residency would be very difficult to establish at a level that may be able to withstand a City, State or Federal audit.

This legislation defines principal residence as the location where an individual regularly resides and is the location designated by the individual for the legal purpose of voting, obtaining a driver's license and filing income tax returns. If the intent of this Bill is to provide grants for home repairs to Baltimore City Homeowners, the Bill should be amended to clarify that it is for homeowner occupied properties. As written, proof of principal residence is open to tenants that could provide sufficient documentation that they meet the residency requirements. Additionally,

Brandon M. Scott, Mayor • **Alice Kennedy**, Acting Housing Commissioner

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limiting the Household Income to at or below 80% of the City's median income or less, may limit the use of various funding sources with their own income limitations. This is higher than the thresholds currently used by DHCD, our programs prioritize residents 50% AMI and below, with a high priority on residents 30% AMI and below. Eligibility requirements should be left to the Department to develop Rules and Regulations to most effectively carry out the legislation geared towards those most in need.

Assistance Provided

As drafted the Legislation calls on the Department to administer the Baltimore City Home Repairs Grant Program and provide grants of varying amounts to eligible residents in need of general repairs, accessibility repairs, emergency repairs and mobile home repairs.

Mobile homes are not currently defined nor allowed in the City's Zoning, Building or Housing Codes. Mobile home repairs should also be deleted from page 5, lines 8-14 of the Bill.

DHCD already provides assistance to eligible residents for accessibility repairs, emergency repairs and in some instances, general repairs through its Housing Rehabilitation and Repairs Program. DHCD does not presently offer assistance for "mobile home repairs".

The Housing Upgrades to Benefit Seniors (HUBS) program presently provides home modifications, repairs and wraparound services to assist the City's low-income senior homeowners. In order to participate in the HUBS program, participants must be 65 or older and meet income qualifications. DHCD spends an average of \$20,000 per property predominantly for furnace replacement and roof repairs. Currently DHCD maintains an approximate 600-person wait list of older adults who are between the ages of 55-64 who are not eligible for the HUBS program. A massive in-flux of additional funding is needed to address the backlog of emergency repairs for older adults which should be prioritized over general repairs for aesthetic or non-emergency reasons.

DHCD would recommend removing general repairs from page 5, line 1 of the Bill and renumber accordingly.

Implementation

DHCD has concerns around the additional staffing capacity this program would require to evaluate grant applications and verify eligibility requirements laid out in the Bill. The Department of Finance anticipates the program would cost \$784,798 and additional staff would be needed to complete application verification and process grant distributions. Software upgrades may also

be needed to manage the application process. DHCD anticipates a high demand for home repair grants and would anticipate the need for (8) additional staff including:

- (1) Construction Project Supervisor II
- (2) Rehabilitation Technicians II
- (3) Rehabilitation Technicians III
- (1) Rehabilitation Loan Processor
- (1) Office Support Specialist III

Other Considerations

As written the legislation would take effect on the 30th day after the date it is enacted and remain in effect until November 30, 2024. DHCD would recommend an amendment to move the effective date to 180 days after enactment to allow the agency time for additional hiring and program design. DHCD does not presently have the organizational capacity to stand up and implement the Baltimore City Home Repairs Grant Program in a 30-day time period.

Funding

It is unclear how this legislation will be funded, barring a new funding source. DHCD does not currently have the financial capacity to implement the Baltimore City Home Repairs Grant Program.

This legislation is a companion Bill to City Council Bill 21-0172 Baltimore City Legacy Residents – Urban Homesteading Program the purpose of which is to revitalize and stabilize Baltimore City’s neighborhoods by providing legacy residents with an affordable pathway to homeownership and City Council Bill 21-0174 Baltimore City Senior Homeowners Grant Program which would provide \$5,000 for seniors citywide at risk of losing their homes due to predatory reverse mortgages. Taken together they are collectively referred to as “House Baltimore” and should be considered in tandem.

Conclusion

Keeping low-income homeowners & Legacy Residents in their homes is a key strategy to preserving affordable housing in our city. DHCD supports the intent of this legislation however the proposal laid out in this Bill is duplicative of work already underway by the Department. DHCD is committed to seeking additional funding to revitalize and stabilize Baltimore’s Neighborhoods by providing grants for home repairs to eligible Baltimore City Homeowners.

DHCD **opposes** the passage of City Council Bill 21-0173.

AK/sm

cc: Ms. Nina Themelis, Mayor's Office of Government Relations

Appendix

Figure 1, DHCD's Impact Investment Areas (IIAs)

