



TO: The Honorable City Council President and Members of the Baltimore City Council

CC: Natawna Austin, Executive Secretary

FROM: Shamiah T. Kerney, Chief Recovery Officer

DATE: January 10, 2022

SUBJECT: City Council Bill 21-0174 Baltimore City Senior Homeowner Grants Program

Background

City Council Bill 21-0174 would establish the Baltimore City Senior Homeowners Grant Program and charge DHCD with the administration of the program. The housing package—inclusive of this Bill—proposes use of \$200 million from the City's allocation of State and Local Fiscal Recovery Funds granted by the American Rescue Plan Act (ARPA).

Recovery Office Comments

In general, the US Treasury Department's Interim Final Rule (IFR) and FAQ guidance suggest housing stability services for senior citizens, like the proposed grant program, are likely an eligible use of ARPA funds, so long as applicant clearly defines this population's experience of and/or vulnerability to negative, economic impacts resulting from COVID-19. However, eligibility is still uncertain as further information on the actual costs of the program will be necessary in order to adequately assess the program's eligibility under ARPA SLFRF.

We strongly recommend the applicant consider Maryland's ARPA Homeowner Assistance Fund (HAF) as a more appropriate funding source than ARPA SLFRF, as Treasury specifically notes reverse mortgages as an eligible use of ARPA HAF funds. Ability to rely on the HAF as a funding source is contingent upon receiving more detail about Maryland's plans for these funds.

Eligible uses of ARPA funds

1. Interim Final Rule – II. Eligible Uses, Section A, Public Health and Economic Impacts, Subsection: Assistance to Households

- IFR defines “assistance to households or populations facing negative economic impacts due to COVID-19” as an eligible use of funds, and explicitly includes mortgage assistance.
- Assistance is eligible if an individual experienced negative, economic impact due to the pandemic.

- Applicants may presume individuals who experienced unemployment, increased food or housing insecurity, and/or are low- or moderate-income experienced negative, economic impact resulting from the pandemic.

2. *FAQ 2.21 – Use of funds for eviction prevention efforts and housing stability services*

- Examples of housing stability services include “specialized services for individuals with disabilities or seniors that supports their ability to access or maintain housing.”
- Applicants are permitted to “transfer funds to, or execute grants or contracts with, court systems, nonprofits, and a wide range of other organizations to implement these strategies.”

Considerations

- Applicant should clearly define intention and plan to assess how individuals experienced a negative, economic impact due to the pandemic or are members of vulnerable groups outlined by IFR. ARPA funds are not eligible for individuals outside of this distinction. ○ Negative, economic impact may be assumed for vulnerable groups, which IFR defines as low or moderate income, food or housing insecure, and/or those who experienced unemployment
- Administrative and resource burden on City agencies administering the program
- Other federal funding streams have been made available for housing assistance. Reverse mortgages are explicitly allowed under the ARPA Homeowner Assistance Fund.
- **State and Local Fiscal Recovery Funds granted by the American Rescue Plan Act (ARPA) must be used for costs incurred on or after March 3, 2021.** Further, costs must be obligated by December 31, 2024, and expended by December 31, 2026.

Conclusion

The proposed Baltimore City Senior Homeowners Grant Program could provide funding to seniors for reverse mortgage payment assistance. A determination of eligibility of this program is contingent upon further details of the specific use of these funds. However, in considering whether a potential use is eligible under the Assistance to Households category, a recipient of ARPA funds must consider whether, and the extent to which, the household has experienced a negative economic impact from the pandemic. **The Recovery Office takes no position on this legislation and defers to the agency tasked with administering this program—the Department of Housing and Community Development.**