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FROM	NAME & TITLE	Robert Cennane, Budget Director	CITY of BALTIMORE <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410) 396-4774		
	SUBJECT	City Council Bill 20-0592 – Office to End Homelessness – Establishment, Administration, and Permanent Housing Voucher Program		

TO

DATE:

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

September 28, 2020

**Position: Oppose**

The Department of Finance is herein reporting on City Council Bill 20-0592, 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 to be funded by the Affordable Housing Trust Fund.

**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.

The Affordable Housing Trust Fund (AHTF), established by the votes in 2016 via a ballot Charter amendment, is a continuing, non-lapsing fund for developing and preserving affordable housing in the City for low-income and very low-income households. This Fund is funded by a tax placed on property sales and transfers for \$1 million and is administered by a commission that establishes the spending goals and priorities.

**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 and personnel, totaling more than \$236,075.

<b>Voucher Program Expenses</b>	<b>Cost</b>
Program Compliance Officer I	\$72,837
Accountant I	\$75,401
Administrative Coordinator	\$72,837
Technology	\$10,000
Supplies and other costs	\$5,000
<b>Minimum Program Costs</b>	<b>\$236,075</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. Salary and benefits cost for these three staff positions are estimated at \$221,075 and Finance estimates approximately \$10,000 will be needed for technology and software and \$5,000 for supplies and other costs. This does 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.

Considering the current financial situation, the Department of Finance cannot support implementation of the permanent voucher program with General Funds. Establishing and running a new program at this scale would pull resources from current services. However, 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”. Therefore, the AHTF, as a dedicated fund, should carry the administrative and operational costs.

#### **Other Considerations**

The Department of Finance identified the following concerns when reviewing this legislation. First, Finance does not believe that City Council has the legal ability to appropriate funds from the Affordable Housing Trust Fund, as laid out in the bill, and defers to the Law Department for further advisement. Second, 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. Third, the administration and operational costs to establish a Permanent Housing Voucher Program appear duplicative of the work already completed by HABC, which has the infrastructure already established to run equivalent programs.

#### **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 the ability of City Council to create this program and appropriate funds for it in the current form of the legislation.

**For the reasons stated above, the Department of Finance opposes City Council Bill 20-0592.**

cc: Henry Raymond  
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