

Boltac

FROM	NAME & TITLE	Robert Cename, Budget Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410) 396-4774		
	SUBJECT	City Council Bill 20-0625 – Landlord-Tenant – Right to Council in Eviction Cases		

DATE:

TO

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

November 9, 2020

Position: Oppose

The Department of Finance is herein reporting on City Council Bill 20-0625, Landlord-Tenant – Right to Counsel in Eviction Cases, the purpose of which is to establish a mechanism to provide counsel for individuals facing eviction, provide for an additional member of the Affordable Housing Trust Fund Commission, require an annual report to the Mayor and City Council, and require licensed landlords to disclose information regarding right to counsel in eviction matters to their tenants.

Background

Approximately 140,000 eviction cases are filed each year in the City with approximately 125,000 renter households. This equates to roughly 7-10 evictions filings for every low-income family renting in Baltimore City. The City’s eviction rate is approximately 5.3%. Historically only 1% of tenants in eviction proceedings are represented in court and 99% of landlords are represented. Other States and jurisdictions have implemented right to counsel for tenants, including Massachusetts, Philadelphia, New York City, and San Francisco.

The City currently provides funding approximately \$7 million annually to non-profit and independent agencies through Community Development Block Grant (CDBG) funding. Some of the organizations that receive these funds provide eviction prevention and legal counsel. This legislation requires the Commissioner of the Department of Housing and Community Development (DHCD) ensure all tenants receive legal representation from community organizations and that these organizations conduct community engagement and education with tenants. However, the legislation establishes that the provision of legal representation is subject to the appropriation of funds.

Fiscal Impact

The Department of Finance anticipates that this legislation will require at least one full-time employee in DHCD to oversee the program and work with the community organizations providing the direct services, which will cost approximately \$110,000. However, Finance is unable to provide a projection at this time of the cost to provide legal representation due to limited data. As stated previously, the legislation states that legal representation is dependent upon appropriation. A report by Stout, prepared for The Public Justice Center, would require \$5.7 million to hire attorney, supervisors, and paralegals, as well as cover non-personnel costs. Although the legislation states that legal representation is dependent upon allocation, it is important to note that in order to allocate funds from this program other programs, such code enforcement or temporary sheltering, would likely need to be reduced or cut due to the City’s limited budget and current fiscal concerns related to revenue shortfalls and a possible veto-override of Kirwan.

While implementation of this legislation may prevent eviction of households, thereby reducing individuals experiencing displacement and possibly reducing costs for services for people experiencing homelessness, the Department of Finance cannot determine when these “savings” may arise. The Mayor’s Office of Homeless Services (MOHS) Fiscal 2021 budget is \$63.1 million, with \$12.3 million from the General Fund. Of this budget, approximately \$9.5 million is allocated to providing temporary housing, such as emergency shelters, safe havens, transitional housing, and the winter shelter program.

Other Considerations

In terms of ability to fund this legislation, the City has seen sharp revenue declines for Fiscal 2021, with no idea on when a recovery would begin, and expenses have increased as the City responds to COVID-19. To address these concerns, the City has instituted a hiring and spending freeze. In addition, the City has prioritized eviction prevention during the response, allocating \$20 million from CARES funding, which is one-time federally supported funding.

The Department of Finance recognizes that eviction filings in the City are sometimes used as a means to collect rent and recognizes that a policy change is needed to better protect the City’s most vulnerable residents. Since the funding level of this program may vary year to year, Finance defers to DHCD and its partners on whether variable funding might pose challenges for the community organizations designated to provide these services.

Conclusion

This legislation establishes a right to counsel for tenants in Baltimore, which will likely have a significant fiscal impact if funded to the level needed to provide counsel for all 140,000 eviction filings in the City. As part of COVID-19 response, the City received one-time State and federal funding to help residents facing housing uncertainty due to COVID-19. Overall, the City has limited resources to support this legislation and adding a new program places a strain on these resources, which may result in reduced or cut funding for other programs.

The City’s budget process provides a method for agencies to propose new programs and move funding around to ensure effective strategic implementation of programs. Finance believes that the budget process should be the means for implementing a program like this, to ensure it aligns with other strategies and programs. While the City would likely realize some “savings” by implementing this legislation, the Department of Finance does not support legislating this program without further discussion with partners like DHCD, MOHS, and Housing Authority of Baltimore City and a deeper fiscal analysis to assess the effectiveness and budgetary impact of the proposed program.

For the reasons stated above, the Department of Finance opposes City Council Bill 20-0625.

cc: Henry Raymond
Matthew Stegman
Nina Themelis