

**Maryland General Assembly
Joint Committee on Ending Homelessness
2016 Interim Membership Roster**

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THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

JOINT COMMITTEE ON ENDING HOMELESSNESS

December 14, 2016

The Honorable Thomas V. Mike Miller, Jr., Co-Chairman
The Honorable Michael E. Busch, Co-Chairman
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Ending Homelessness is pleased to submit a summary report of its 2016 interim activities. This report also serves as the committee's annual report. This was the committee's second year of activity. The committee met four times this interim (July 6, August 24, October 26, and November 22).

The committee's work this interim continued activities from the first year of exploring issues related to homelessness while also focusing on potential areas of recommendations. The meetings included a discussion of housing counselor programs in Maryland and other states, security deposit assistance programs, affordable housing, results of the Youth Reach Maryland count of unaccompanied homeless youth, and impacts of federal fund changes on homeless services programs. Attached is a summary of the committee's interim studies as well as recommendations of the committee.

We wish to thank the joint committee members for their participation, representatives of public and private organizations who kept us informed, and our committee staff for their support.

Respectfully submitted,

Handwritten signature of Richard S. Madaleno, Jr.

Richard S. Madaleno, Jr.
Senate Chair

Handwritten signature of Mary L. Washington.

Mary L. Washington
House Chair

RSM:MW/TDZ:KSS/kmc

Enclosure

cc: Members of the Joint Committee on Ending Homelessness
Mr. Warren G. Deschenaux
Mr. Ryan Bishop
Ms. Carol L. Swan

Joint Committee on Ending Homelessness

Interim Report

The Joint Committee on Ending Homelessness (JCEH) was established by Chapter 427 of 2014, which became effective June 1, 2015. To ensure that public resources, programs, and policies are coordinated and effective in preventing, mitigating the effects of, and ending homelessness in Maryland, the committee is to study issues related to homelessness including (1) housing; (2) income; (3) health care; (4) education; (5) government supports; and (6) veterans experiencing homelessness. The committee is to consult with governmental agencies, community-based organizations, and other stakeholders to identify State policies, programs, and actions that should or could prevent, mitigate the effects of, and end homelessness in Maryland. The committee is to review and make recommendations, including identifying new laws, regulations, programs, services, and budgetary priorities to meet these goals. The committee is also required to search for any intradepartmental or interdepartmental gaps, inconsistencies, and inefficiencies in the implementation or attainment of the State policies, programs, and actions related to these goals. The committee is required to submit an annual report to the General Assembly of its activities and recommendations. This report fulfills this requirement.

Chapter 104 of 2016 expanded the membership of JCEH from 10 to 16, adding 3 additional members from both the House of Delegates and Senate. The chapter became effective October 1, 2016. The additional members from the House of Delegates were appointed prior to JCEH's first 2016 interim meeting. At this time, the additional Senate members have not been appointed.

During this second year of activity as a committee, JCEH held four meetings (July 6, August 24, October 26, and November 22). The committee heard information on a variety of topics in the first three meetings. The first three meetings continued activities from last interim's work including updates on the Youth Reach Maryland count of unaccompanied homeless youth, while also including new topics to expand the committee members' knowledge and begin providing potential areas of committee recommendations. Topics discussed at these meetings included:

- a summary of relevant legislation proposed during the 2016 session;
- an overview of the pilot Youth Reach Maryland survey results;
- a review of housing counselor programs and the potential for a revolving loan fund for payment of security deposits as requested in the 2016 *Joint Chairmen's Report (JCR)*;
- a discussion of affordable housing including challenges for developing policy and other recommendations and State plans;

- an overview of the work of the Interagency Council on Homelessness (ICH), including updates on the emergency cold weather shelter planning and reporting of cold weather deaths as requested in the 2016 JCR;
- a discussion of supportive housing;
- a review of the impact of changes in the priority of federal funding for transitional housing and permanent supportive housing providers in Maryland; and
- an introduction to a grant received by the University of Maryland School of Social Work to focus on a new Homeless Social Work Council.

Some of the information presented at the prior three meetings is summarized in the following section. This section will be followed by recommendations of the committee, which were developed during the fourth meeting of the committee.

Homelessness in Maryland

The *2016 Annual Report on Homelessness*, prepared by ICH, highlighted new data on homelessness in Maryland. ICH not only reported on data from the U.S. Department of Housing and Urban Development (HUD) annual point-in-time (PIT) count, which is the traditional source of data on homeless populations but also included data on annualized numbers of homelessness from individuals served by homeless services in fiscal 2016. The 2016 HUD PIT count only included a count of sheltered homeless individuals. The 2016 HUD PIT count found 7,352 homeless individuals in Maryland, of which the largest share were located in Baltimore City (2,388). However, the numbers of homeless clients served in fiscal 2016 was 29,670, of which the largest share were located in Baltimore City (11,807). The number of homeless clients served in fiscal 2016 was higher than in fiscal 2015, an increase of 6.9%.

ICH also provided information on the share of the State's homeless population by region compared to the share of the overall State population by region. This information shows that the size of the homeless population in the Central and Western Maryland regions is disproportionately larger than the two region's share of the State population. According to the ICH report, the majority of the homeless population in Maryland are male (61%), single (63%), and African American (58%). Adults over the age of 24 comprise 71% of the homeless population, and 23% are children under the age of 18. The 2016 HUD PIT count found 245 unaccompanied homeless youth; however, the Youth Reach Maryland pilot count of this population found 834 unaccompanied homeless youth in nine jurisdictions. The 2017 Youth Reach Maryland count is expected to include more jurisdictions. Youth Reach Maryland has confirmed the addition of the Carroll County, Southern Maryland, and Mid-shore Continuums of Care (CoC). Montgomery County may also be added to the count. Finally, Howard County is planning a parallel count through a separate funding stream.

In the 2016 report, ICH included an estimate of homeless encampments statewide. ICH estimated 217 encampments during August and September 2016, the majority of which are located in the Central Maryland region (135).

ICH also provided information in a report on local cold weather shelter planning processes in the State as requested by the 2016 JCR. These planning processes vary by jurisdiction with nine jurisdictions having season-long cold weather shelters and the remainder opening only as needed based on weather. The planning processes in many jurisdictions have separate general emergency management plans from homeless increment weather sheltering plans. ICH's recommendations included collaborative planning from all stakeholders including homeless service providers CoC leads, emergency managers, local government leaders and other local agencies and nonprofit organizations; providing publicly owned buildings as a shelter resource; conducting a cost benefit analysis of maintaining season-long compared to as-needed shelters; and evaluating certain local needs and funding opportunities. ICH also recommended planning begin during the summer, and that a retrospective meeting be held following the season to discuss resource gaps and identify improvements.

ICH also provided information in a report on the number of inclement weather deaths for individuals believed to be homeless. These deaths totaled 1,029 between 2007 and May 2016, of which 652 were not due to natural causes. Of the 652 nonnatural caused deaths, 55% were drug or alcohol related, 13% were due to accident or other injury, and 11% were due to hypothermia. These deaths typically spiked in winter months but occurred throughout the year.

According to ICH's report, based on HUD's 2015 Housing Inventory Count and PIT data, Maryland had emergency shelter space to meet the needs of only 56% of the homeless population. Typically, shelters turn people away due to a lack of space or a client's refusal to follow program rules and requirements. ICH could not determine the total number of people turned away from shelters statewide; however, during fiscal 2016, the Department of Human Resources (DHR) funded programs reported turning away 19,191 individuals.

Housing Counselor and Security Deposit Assistance Programs

Housing Counselor

The 2016 JCR requested that JCEH, with the cooperation of DHR and the Department of Housing and Community Development (DHCD), study housing counselor programs, including available funding, as well as the feasibility of developing a revolving loan fund to assist individuals in paying security deposits. The staff of JCEH, working with DHR and DHCD, presented a report examining these issues at the committee's August 24 meeting. The full report may be found on the Department of Legislative Services (DLS) website, <http://dls.state.md.us/Default.aspx> *Review of Housing Counselor Programs and the Potential for a Revolving Loan Fund for Payment of Security Deposits.*

The current housing counselor programs operated by State agencies are very different programs, targeting different populations. DHR's program currently provides grants to six jurisdictions to fund the housing counselor position. The housing counselor assists homeless individuals with provider services including housing search assistance; developing lists of available housing resources; establishing a working relationship with landlords, property managers, and realty companies; coordinating services with clients' case managers; and assisting with issues contributing to chronic housing problems. The program is funded at \$258,414 annually, since fiscal 2012, and primarily composed of general funds. From fiscal 2011 through 2015, the number of individuals served through the program has ranged from 1,177 in fiscal 2015 to 2,345 in fiscal 2014.

DHCD's program focuses on current homeowners who are experiencing foreclosure, supports first-time homebuyers, and provides financial education courses. The program has been funded primarily through the Maryland Housing Counseling Fund, which receives funding through servicer foreclosure filing fees and borrower foreclosure mediation request fees, and in some years the National State Attorneys General Settlement.

DHR's program is somewhat unique among states in focusing solely on the provision of housing counselor services. Some states include this type of service under an umbrella grant or fund where these types of services might be an eligible use of funds rather than being supported as a standalone program. Only three states appear to offer housing counselor-type programs as a standalone program (District of Columbia, Hawaii, and Rhode Island). Although other states do not necessarily offer the same type of services, lessons can be learned for potential expansions of the housing counselor program in DHR. In particular, a variety of funding sources were used by states to either support standalone housing counselor programs or for housing counselor activities that are eligible expenditures under federal grant programs such as Temporary Assistance for Needy Families, Emergency Solutions Grant, CoC, Community Development Block Grant, Social Services Block Grant, and HOME Investment Partnership. Many of these fund types are in use by State agencies in Maryland, so a reprioritization would be required to dedicate this funding to housing counselor activities. Another potential lesson is the option of creating an umbrella funding grant under which jurisdictions could determine what types of services or programs would best serve the community needs.

Security Deposit Assistance Programs

DLS found that at least 26 states have state-funded security deposit programs, although many states comingle state and federal funds. Nonprofit organizations and local governments also operate security deposit assistance programs. Most security deposit programs are grant programs. In addition to grant programs, security deposit assistance programs may consist of loans, guarantees, or surety bonds. DLS provided information on nongrant programs in three states (Connecticut, Delaware, and New Hampshire,) and one local government (Montgomery County, Maryland). New Hampshire offers both a loan program and a guarantee program. Connecticut offers a guarantee program. Delaware offers a loan program but provides grants from the same

fund for applicants at or below 30% of the area median income (AMI). Montgomery County used to offer a loan program but has transitioned its program to surety bonds.

Under guarantee programs, the landlord receives a guarantee that the security deposit will be paid upon default by the tenant or, in the case of Connecticut, if damage requiring repair or back rent is owed. Unlike the Connecticut program, the New Hampshire program requires the tenant to make fractional payments until the security deposit is covered, and then it is transferred to the landlord. The loan programs require tenant repayment, in both states that offer this program, and in Montgomery County before the program was changed. Under a surety bond program, a surety bond is accepted by a landlord as an alternative to a security deposit. A security bond is purchased by a tenant to protect the landlord from damages to the rental property.

Some of the states and local governments to which DLS spoke discussed concerns in administering these programs, including difficulties related to collection techniques. Montgomery County also cited difficulties in tracking clients if the client moved prior to the completion of the repayment. Delaware noted a default rate for its loans of just under 25%. New Hampshire noted for its guarantee program that it pays out, at least in part, on about 20% of cases.

Security deposit assistance can help low-income residents experiencing homelessness or at risk of homelessness in obtaining permanent housing by providing funds that are not held in savings by the recipient. Government loans and guarantees with affordable repayment terms are a better alternative for families than turning to predatory loans, but they may leave families with debts and create additional barriers to self-sufficiency. As a result, many providers prefer grants instead. Loan and guarantee programs have some benefits, in terms of eventual return of funds. However, the administrative cost of these programs can be significant. Federal fund sources are of limited assistance in setting up a revolving loan program because of restrictions on the funding.

Affordable Housing and Permanent Supportive Housing

Affordable housing was discussed at two JCEH meetings this interim. In the August 24 meeting, a variety of affordable housing developers and organization representatives spoke on challenges in the industry and ideas and tools for the development of affordable housing. In one of the presentations, Ms. Jessica D. Zuniga, Principal, Foundation Development Group, noted that from 2001 to 2014, the number of individuals paying more than 30% of their income for rent increased from 14.8 million to 21.3 million individuals, and 51% of those are paying more than 50% of income on rent. She also noted the increase in rent (7%) compared to income (1%).

Some of the challenges noted by the presenters including those from Ms. Nancy S. Rase, Principal, Nancy Rase Consulting Services, LLC, and the Montgomery Housing Partnership were:

- the limited amount of land zoned for multifamily housing;

- the high cost of land;
- the high cost of construction, particularly due to green building and energy standards;
- the lack of inclusionary zoning policies;
- the difficulties in compiling funding and competing for funding; and
- the need for additional funding to support deeply affordable housing (housing for individuals earning less than 30% of AMI).

Other presenters, including from the Community Development Network and Homes for America, Inc., mentioned policy options/recommendations including:

- additional funding for the Rental Housing Works program in DHCD;
- funding a Community Development Fund (legislation proposed in 2016) to support community development including affordable housing;
- additional funding for the Maryland Affordable Housing Trust Fund;
- passing the HOME Act (which addresses discrimination against renters based on the source of income);
- establishing land banks, which could be assembled for use for affordable housing;
- increasing the Community Investment Tax Credit; and
- supporting local policy options (inclusionary zoning, local trust funds, and altering zoning policies to allow for tiny houses, which could be used for transitional housing).

In the October 26 meeting, the committee heard from Mr. Matthew J. Heckles, Assistant Secretary of Development Finance, DHCD. Mr. Heckles noted that there has been an increase in the production of units built with the rental assistance development programs in recent years but that these programs do not address the deeply affordable housing market, as they typically target individuals with incomes of 50% to 60% of AMI. He also noted that DHCD has applied for funding from the National Housing Trust Fund, which would allow DHCD to focus on affordable housing for extremely and very low-income households. This fund source has been in development for a number of years, and funding is now available. Mr. Heckles noted that the next steps of the Community Development Administration are to understand the needs of the homeless and to match programs and resources to fill the gaps. The committee asked whether DHCD has annual affordable and deeply affordable housing targets for its programs. Mr. Heckles stated that DHCD did not have them at this time but could develop them in the future.

ICH, in its annual report, explained that the cause of homelessness is primarily a lack of available, affordable, or adequate housing. Expanding the number of affordable and deeply affordable (households earning under 30% AMI) units is essential to ending homelessness in Maryland.

The joint committee recognizes the importance of providing supportive services in addition to affordable housing for people experiencing, or who are at risk of, chronic homelessness. Rapid re-housing, funded by the Emergency Solutions Grant, is a Housing First strategy that provides housing identification, short-to-medium term rental assistance, and case management.

In March 2016, Montgomery County, Prince George's County, and Baltimore City requested an 1115 waiver that would allow providers to bill Medicaid for housing identification, housing attainment, and support services to maintain housing. If the Centers for Medicare and Medicaid Services approves the program, Maryland would consider opening the waiver up to the remaining jurisdictions in the State as part of the second phase of the pilot.

JCEH also supports ICH's work on preventing people from being discharged into homelessness from hospital care, emergency rooms, clinics, or correctional institutions. This is a critical point where an intervention can help people experiencing, or at risk of, chronic homelessness.

Impacts of Federal Fund Priority Changes

HUD has altered its funding priorities to deemphasize transitional housing and support permanent supportive housing and rapid re-housing. At the October 26 meeting, the committee heard from Mr. Eric F. Pierce, Policy Analyst, DLS, on the impact of the change on providers.

The change in approach began impacting providers in federal fiscal 2015. DLS noted in a presentation on the impact of this change, that as a result of the change, Maryland's CoC funding from HUD decreased from \$48.4 million to \$47.0 million between fiscal 2014 and 2015. However, the decrease was not uniform across all jurisdictions with 10 CoC organizations losing funding (with losses ranging from approximately \$17,000 in Cecil County to \$1.7 million Baltimore City) and 6 CoCs receiving increases in funding (ranging from approximately \$19,000 in Carroll County to approximately \$665,000 in Montgomery County). The changes in funding also were not distributed evenly by funding activities. According to ICH, between fiscal 2015 and 2016, Maryland CoCs experienced a net increase in several areas, including permanent supportive housing and rapid re-housing, while transitional housing funds fell by 73%.

DLS conducted a survey of 72 providers to better understand the impact of the funding changes on Maryland providers. DLS received responses from 40% of those organizations. Of those organizations, DLS asked how an organization had dealt with funding lost as a result of the reprioritization. The majority of those that responded (54%) indicated that the organization had

not lost any HUD funding, while 31% indicated that the organization reduced services, and 15% indicated that they had obtained alternative funding. Alternative funding included private sources as well as city/county funds. In addition, 39% of the organizations indicated that they had modified the types of services that they provided based on the reprioritization by HUD, while 38% indicated that they had not modified services. Some of the organizations had not modified services yet but intended to in the future, while others indicated that the organization prefers transitional housing regardless of federal funding priorities. Some organizations indicated that they would be more likely to focus on permanent housing if more resources were available from the State (such as providing operating funds, capital funds, or technical training).

The full analysis of the results was not available at the time of the presentation on this topic. However, a detailed report of the results was conducted and is available upon request.

Recommendations

While JCEH makes several recommendations related to legislation, the joint committee is not sponsoring legislation, rather the committee is expressing its support for legislation in these areas.

1. The Maryland Consolidated Capital Bond Loan of 2016 included language expressing intent that the Rental Housing Program in DHCD (including Rental Housing Works) receive a minimum of \$20.0 million annually through a combination of general funds, recognizing the State should minimize its use of taxable debt or general obligation (GO) bonds. JCEH supports funding to the Rental Housing Program at the \$20.0 million level in fiscal 2018. JCEH sent a letter to the Governor reiterating this support, which is enclosed in this report.
2. In a presentation to JCEH, Ms. Antonia K. Fasanelli of the Homeless Persons Representation Project, recommended that the joint committee review the Rental Allowance Program in DHCD because the current subsidies are too low to be useful and only last for a limited time. JCEH recommends legislation be drafted to extend the length of time for which the subsidy is available, be paired with other affordable housing programs in DHCD, and be used to make units deeply affordable (affordable to those earning less than 30% of the area median income).
3. As part of the August 24 meeting, JCEH heard about the limitations of the Maryland Affordable Housing Trust Fund. The trust fund currently receives all of the interest earned on certain trust accounts held by title insurers or their agents. The trust fund may also solicit and accept gifts, grants, or money from the federal government, State government, local governments, or any private source. In fiscal 2007 and 2011, the trust fund received funds from the State (\$1.0 million of general funds in fiscal 2007 and \$2.0 million of GO funds in fiscal 2011). The trust fund had income of \$1.2 million in fiscal 2015. The trust fund issued grants totaling \$44.4 million between October 1, 1992, and June 30, 2016.

The joint committee is concerned about the ability of the current funding stream to support the development of affordable housing and is interested in future discussions of whether the current funding stream is adequate to meet the goals of the program, whether additional funding should be provided to enable the program to meet its goals, or whether it still serves the intended purpose.

4. The 2016 JCR requested that JCEH review housing counselor programs, including available funding. DLS assisted the committee with this review, as discussed earlier. The 2016 JCR also requested that ICH review emergency cold weather shelter planning processes. ICH made several recommendations in these areas and plans to work to standardize this process. JCEH recommends that legislation be drafted that expands the existing DHR Housing Counselor Program, both in terms of the jurisdictions that receive grants and to provide the funding to additional jurisdictions already receiving grant funds. As part of this legislation, JCEH recommends that consideration be given to alter the program to incentivize jurisdictions applying for the funds to develop a comprehensive housing plan addressing among other items, affordable housing and emergency cold weather shelter plans for people experiencing homelessness. The cold weather shelter plans should address collaborative planning, options for local authorities to provide a dedicated space for emergency cold weather shelters, plans for entering client data into the Homeless Management Information System, plans to track spending on cold weather shelter specific costs, and plans to provide additional funds for clinicians to support higher need clients that access the shelter(s) consistent with the recommendations of ICH and recognizing that ICH is moving forward to standardize cold weather sheltering practices. JCEH also recommends that legislation to expand the program include assistance to build capacity of small nonprofit organizations that work in this field, including efforts by housing counselors to coordinate with these organizations.
5. The HOME Act, introduced in recent years (HB 1151/SB 547 in the 2016 session), would prohibit discrimination in housing/real estate transactions based on source of income. The bill does not prevent landlords from denying tenancy for other reasons such as credit. JCEH, as part of its support for the removal of barriers to housing, supports efforts to prohibit discrimination in housing/real estate transactions based on source of income.
6. In the August 24 meeting, JCEH heard that land banks, which are quasi-governmental organizations to which property is transferred and title cleared for land assembly, can be used to assemble land for affordable housing development. Currently, Baltimore City is the only county level jurisdiction with this authority. The Baltimore City Land Bank Authority was established by Chapter 468 of 2008 and repealed and transferred to the Baltimore City Charter by Chapter 624 of 2009. Municipalities, under Title 5 Subtitle 4 of the Local Government Article, currently have the authority to establish a land bank authority in accordance with the subtitle by ordinance. JCEH supports enabling legislation to provide this authority to the remaining county governments.

7. JCEH also recommends that ICH include goals in its annual report related to the development of affordable housing units for the following three fiscal years, including specific goals for affordable units, deeply affordable units, and permanent supportive housing units.



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

JOINT COMMITTEE ON ENDING HOMELESSNESS

December 13, 2016

The Honorable Lawrence J. Hogan, Jr.
Governor, State of Maryland
100 State Circle
Annapolis, Maryland 21401

Dear Governor Hogan:

The Rental Housing Program (including the Rental Housing Works component) in the Department of Housing and Community Development is used to rehabilitate and create new affordable housing for low-to-moderate-income individuals, families, and elderly residents, or special needs populations. In fiscal 2017, a total of \$32.0 million was initially provided for the Rental Housing Program, of which \$12.5 million was available from a combination of general obligation (GO) bond funds and general funds (\$2.5 million in GO bond funds and \$10.0 million in general fund pay-as-you-go funds that were restricted for the program from the Board of Public Works funding in Supplemental Budget No. 3). Cost containment actions approved in a recent Board of Public Works meeting reduced the general fund portion of the program to \$9.0 million. Included in the total program funding is \$15.5 million in special funds and \$4.0 million in federal funds.

During our August 24, 2016, meeting, the Joint Committee on Ending Homelessness heard from affordable housing developers concerning the value of the Rental Housing Program, specifically Rental Housing Works, and support for full funding of the program. Language in the Maryland Consolidated Capital Bond Loan (MCCBL) of 2016 expressed legislative intent that the Governor's budget provide a minimum of \$20.0 million annually in general funds, GO bond funds, or a combination of the two funding sources for the Rental Housing Program. The joint committee concurs with the affordable housing developers regarding the value of the Rental Housing Program for the development of affordable housing. The lack of affordable housing is a key cause of homelessness. As a result, the joint committee hopes to see a minimum of \$20.0 million provided for the program in general funds, GO bond funds, or a combination of the two sources in the fiscal 2018 budget, as was anticipated in the 2016 MCCBL.

Sincerely,

Handwritten signature of Richard S. Madaleno, Jr.

Richard S. Madaleno, Jr.
Senate Chairman

Handwritten signature of Mary L. Washington.

Mary L. Washington
House Chairman

RM:MW/TDZ/kmc

cc. Members, Joint Committee on Ending Homelessness
Secretary Kenneth C. Holt