

April 16, 2020

The Honorable Sidney Katz
President, Montgomery County Council
100 Maryland Avenue Rockville, MD 20850

Dear Council President Katz:

The Coronavirus pandemic has tragically reinforced a fact that we've known for a long time: that housing is foundational to the health and well-being of individuals. It's impossible to shelter in place if you do not have a home. Accordingly, there is no more important priority in this year's budget than ensuring that families are able to maintain their homes during the pandemic and beyond. Not only is it a moral imperative, it's a public health necessity. Tens of thousands of families have already suffered job losses and are unable to pay their rent or mortgage. Stabilizing the entire housing market, especially affordable housing, will be central to weathering this pandemic. As such, the Council should prioritize funding that does the following: **protects renters, preserves existing affordable housing and produces new affordable housing.**

First, protecting residents. The Coronavirus will push many families that were on the edge of financial security into poverty through no fault of their own. The County can prevent many families from falling into long-term poverty by providing rental assistance until heads of household are able to secure employment again. We commend the County for its quick action to appropriate \$5 million for emergency assistance; however, the need for rental assistance in the coming year will exceed this amount many times over.

In light of the extraordinary circumstances we are faced with, we recommend that the county appropriate an additional \$20 million for rental assistance in FY21. This funding would help thousands of families stay in their homes. In addition, rental assistance should be prioritized for households that are ineligible for unemployment insurance benefits and/or stimulus checks. We cannot wait for the federal or state government to lead the way and provide rent relief to tenants.

Next, we must preserve existing affordable housing and make certain that it exists on the other side of this crisis. Much of the County's affordable housing stock is operated by smaller landlords, and we fear that without any aid to landlords, the buildings will go into default and be bought by investors who will then renovate them for higher-paying tenants after the crisis subsides. The County can protect existing affordable housing in two ways. One, it can ensure that operating assistance is available to owners of affordable housing to offset rent reductions and provide services to quarantined residents. To accomplish this, emergency rental assistance should flow directly to owners, as recommended by the National Housing Trust. Many multifamily properties will experience delinquencies of 50% or greater, making owners unable to service mortgages, fund operations, and provide resident services. As of last Friday, MHP's delinquencies ranged from 20% to 50% depending on the property, and we are expecting May to be even worse. Second, if naturally occurring affordable housing properties do hit the market, which we expect they will, the County should be positioned to provide loans to affordable housing developers to purchase the properties and maintain their affordability. For

that reason, we support the County's Executive's proposed acquisition and preservation fund. Also, we recommend that the Council issue temporary, 100% PILOT tax abatements to affordable housing properties until the crisis passes. Multifamily providers are scrambling to preserve cash flow to sustain our communities and cover anticipated shortfalls in rental revenue, and property tax abatements will go a long way to this end.

And third, the County should provide funding to ensure that investments in new affordable housing continue even as the fiscal outlook remains cloudy. The region was experiencing an affordable housing crisis before the pandemic, and we will still have a housing shortage when this is over. We support the County Executive's operating budget allocation for affordable housing loans. Notwithstanding the fiscal pressures on the County, we are requesting an additional \$10 million on the capital side of the HIF so we can continue to make progress towards the housing production goals endorsed by the Council.

Finally, as you may know, MHP is engaged in supporting small, minority-owned businesses in the Long Branch and Bonifant Street business districts in Silver Spring. The businesses we work with are at a tipping point and need money immediately or they will be forced to close their doors permanently. Businesses report that sales are down by as much as 70%. Many of the businesses we interface with were unable submit an application for the state grant program or the federal Payment Protection Program before funding was exhausted. Also, many of these businesses do not have existing banking relationships, which hurts their chances of receiving funds through the PPP. Minority-owned businesses, especially those for whom English may not be a first language, are more likely to lack the resources or wherewithal to submit the necessary paperwork associated with these programs than white-owned businesses. We urge you set aside a portion of Public Health Emergency Grant Program for minority-owned businesses and make certain that the funds are being equitably distributed.

Thank you for the opportunity to share our thoughts on this year's budget.

Sincerely,

A handwritten signature in cursive script that reads "Robert Goldman". The signature is written in black ink and is positioned above the typed name.

Robert A. Goldman, ESQ.
President