

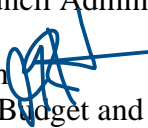



April 25, 2023

FISCAL AND POLICY NOTE

TO: Jennifer A. Jenkins
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: David Williams 
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CB-042-2023 Senior Housing Assistance Program (DR-1)

CB-042-2023 (*Proposed by:* Council Members Oriadha, Olson, Ivey, Blegay, Burroughs, and Dernoga)

Assigned to the Committee of the Whole

AN ACT CONCERNING PRINCE GEORGE'S COUNTY SENIOR HOUSING ASSISTANCE PROGRAM ACT OF 2023 for the purpose of establishing the Prince George's County Senior Housing Assistance Program; establishing the Prince George's County Senior Housing Assistance Fund; providing financial rental assistance to Prince George's County senior residents based on AMI level; providing mortgage payment assistance to Prince George's County senior residents based on AMI level; providing for County property tax payment assistance based on AMI level; providing for the application for County property tax payment assistance, mortgage payment assistance, and County property tax assistance; providing for certain eligibility criteria; providing for certain limitations; and generally providing for senior housing assistance.

Fiscal Summary

Direct Impact

Expenditures: Additional expenditures will be necessary for the administration of the program and for awards. The funding of this bill is subject to appropriation and depends on the number of applications.

Revenues: No anticipated impact

Indirect Impact

Likely Favorable

Legislative Summary:

CB-042-2023, proposed and sponsored by Councilmembers Oriadha, Olson, Ivey, Blegay, Burroughs, and Dernoga was presented on March 13, 2023, and referred to the PHED Committee. On April 18, the bill was discharged from the PHED Committee and referred to the Committee of the Whole. This bill would provide temporary rental, mortgage, and property tax assistance to qualified seniors aged 62 or older that meet the prescribed income threshold of 40% of the area median income within the Washington-Arlington-Alexandria Metropolitan Statistical Area. Applicants can apply biannually and can receive 100% of their requested application amount upon approval.

Background/Current Law:

The County currently has separate programs for income-based rental assistance and property tax relief for senior citizens. These existing programs cover all residents who would be eligible for relief under CB-042-2023 on the basis of tenant status, and a likely large majority of those that would be eligible for property tax assistance under the bill.

Rental Assistance Program

With the enactment of CB-023-2023¹ on April 18, 2023, the Council created the Prince George's County Rental Assistance Program (RAP). A County resident may be eligible for RAP assistance if:

- the resident is a tenant of a rental property located within Prince George's County; and
- the tenant is subject to a legally binding lease or sublease agreement; and
- the tenant's primary residence is said rental property; and
- the tenant's household income is equivalent to or less than 60% of the Area Median Income

¹ [CB-023-2023](#)

(“AMI”) for the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area as established by the United States Office of Management and Budget.

Limitations include a provision that only one tenant per rental property may receive assistance from the fund at any given time, as well as a limitation of six months of assistance in the 24-month period after an initial reward. After this 24-month period, a tenant may reapply for and receive additional assistance. Assistance under the RAP is limited to 20% of the tenant’s monthly rent. RAP funding availability is “subject to allocation from the County budget and any other funding sources.”

Tax Credit for Elderly or Disabled Homeowners

With the enactment of CB-029-2022,² the Council established a property tax credit for elderly residents at least 65 years old as authorized by §9-258 of the Tax-Property Article of the Annotated Code of Maryland. To receive the credit, the resident must be at least 65 years old, have lived in the same dwelling for at least 5 years, and the dwelling must have a maximum assessed value of \$500,000³ at the time of application. As presented, the Bill includes a property tax credit that is 20% of the County property tax and would last for a period of up to five (5) years if the individual remains eligible for the credit.

Other Tax Relief

County Code Section 10-197 establishes a real property tax deferral for elderly or disabled homeowners.⁴ This program permits a person who is at least 65 years old or disabled (as defined in the law) to *defer* payment of real property taxes if the combined gross income of all owners, and all individuals who reside in the dwelling (other than renters) does not exceed \$45,000 per year. Interest on deferred taxes accrues at nine percent (9%) per year. While this program may provide temporary relief, at a high cost, it is not a long-term solution as is a tax credit.

Relevant legislation from Other Jurisdictions

In other jurisdictions, senior assistance programs are generally compartmentalized within the relief efforts from the COVID-19 pandemic. The majority of direct cash housing assistance for seniors is administered via the federal government. The state of Maryland has a Community for Life program via the state’s Department of Aging that provides grants for home repairs for qualifying applicants but not direct financial assistance for taxes, rent, and/or mortgage payments.⁵

Resource Personnel

- Kony Serrano Portillo, Deputy Chief of Staff, District 7

² [CB-029-2022](#)

³ This number is adjusted annually for inflation.

⁴ Prince George’s County Code, [Section 10-197](#)

⁵ Maryland Department of Aging- [Community for Life](#)

Discussion/Policy Analysis

CB-042-2023

CB-042-2023 would amend Subtitle 13. *Housing and Property Standards. Division 3. Subdivision 1. General Provisions*, to add new Sections 13-180.01 and 13-180.02. New §13-180.01 establishes the Prince George's County Senior Housing Assistance Program (SHAP) for low-income seniors to receive direct financial assistance for rent, mortgage, and/or property tax obligations. The availability of the funds for SHAP shall be subject to appropriation from the county budget and any other fund sources. The bill calls for an allocation of \$1,000,000 to fund the program. The Director of the Department of Family Services will be charged with the organization and administration of the SHAP program and provide an annual report to the County Council and County Executive summarizing the activities of the program.

Eligibility and limitations are laid out via §13-180.02 An applicant may be eligible for assistance if they:

- Are 62 years of age or older
- Are a tenant or homeowner located within Prince George's County
- Are subject to a legally binding lease, sublease, or mortgage.
- Have a household income equivalent less than or equal to 40% of the Area Median Income for the Washington-Arlington-Alexandria Metropolitan Statistical Area.

Limitations include no more than two applications per year. Rental and mortgage awards are capped at one award per property. County property tax awards will only be awarded to those that have Prince George's County tax obligations.

Economic Evaluation

The median household income for the Washington-Arlington-Alexandria Metropolitan Statistical Area is \$106,415⁶ and the Prince George's County median household income is \$91,124⁷ The income ceiling for qualifying applicants is \$42,566 or less (40% of the AMI or 47% of the County median). Prince George's County has a population of 946,971 according to the 2022 Census Bureau data, 14.5% of which is 65 or older.⁸ The chart in Figure 1 shows the current income distribution of Prince George's County. Figure 2 illustrates the County's population, by age.

⁶ DataUSA- [DC-VA-MD-WV](#)

⁷ U.S. Census Bureau-[Quickfacts](#)

⁸ U.S. Census Bureau-[Prince George's County](#)

Households by Income	County: Prince George's	
	Households	% of Households
Under \$15,000	18,451	5.68%
\$15,000 - \$24,999	13,435	4.13%
\$25,000 - \$34,999	16,604	5.11%
\$35,000 - \$49,999	27,614	8.50%
\$50,000 - \$74,999	51,688	15.91%
\$75,000 - \$99,999	46,465	14.30%
\$100,000 - \$124,999	39,286	12.09%
\$125,000 - \$149,999	30,216	9.30%
\$150,000 - \$199,999	36,756	11.31%
\$200,000 - \$249,999	18,531	5.70%
\$250,000 - \$499,999	17,873	5.50%
\$500,000+	8,034	2.47%

Figure 1, Source PGHealthZone 2022 Demographics, Prince George's County Health Department⁹

Population by Age	County: Prince George's	
	Persons	% of Population
Under 18	207,461	22.24%
18+	725,200	77.76%
25+	639,574	68.58%
65+	141,301	15.15%
85+	13,433	1.44%

Figure 2, Source PGHealthZone 2022 Demographics, Prince George's County Health Department¹⁰

From Figure 1 we can discern that around 25%, or roughly 76,000 households, have an income of \$49,999 or less. Figure 2 indicates that 15.15%, or just over 141,000, of the County's population is 65 or over. County median gross rent is set at \$1,593 and the median housing costs of residents with a mortgage is \$2,212 according to the latest census data.¹¹ Because these numbers don't align directly with the eligibility age or income require CB-042-2023 identifying the precise number of potential applicants is virtually impossible, but it is likely to number in the thousands. However, generally speaking, targeted cash assistance for seniors has the dual effect of reducing senior poverty and reliance on other forms of assistance as well as prevents geographic displacement.

⁹ PGHealthZone-[Demographics 2022](#)

¹⁰ PGHealthZone-[Demographics 2022](#)

¹¹ U.S. Census Bureau- [Quickfacts](#)

Equity Evaluation

The bill focuses on low-income senior residents which are particularly vulnerable in the wake of rising inflation and adverse economic conditions stemming from the pandemic. Seniors are more likely to have fixed incomes and suffer from discrimination in the workplace and in the hiring process according to research conducted by the National Bureau of Economic Research.¹² Housing instability has deleterious health effects on all age groups and seniors are most vulnerable due to the increased probability of health issues as they age. The federal government provides a myriad of senior support programs to supplement SSI and disability in addition to providing special attention to low-income earners. In Prince George's County the median income for residents between the ages of 45-64 earn an annual median income of \$107,567 and those 65 and older earn a median income of \$74,223 based on American Community Survey data.¹³ This policy does raise some equity concerns as older Prince Georgians aged 62 and older have multiple methods to acquire financial assistance and are above the prescribed income ceiling written in the legislation. Devoting funds for property tax obligations may also raise equity concerns as homeowners typically enjoy greater housing and overall economic stability than renters. The average effective property tax rate in Prince George's County is 1.34%¹⁴ and according to Zillow the average home price is \$388,117¹⁵. With these metrics in mind the pool of qualified applicants for property tax relief may be miniscule, furthermore bill CB-029-2022¹⁶ outlines an Elderly Tax Credit initiative set to effect on July 1, 2023. Allocating further funds to elderly property tax initiatives may reduce awards for the most in need and represent a duplication of efforts.

Administrative Evaluation

The implementation of this program, if enacted, might be done without incurring significant additional administrative cost to the county (less the \$1,000,000 fund allowance). The implementation and administration can be conducted by the Department of Family Service's Aging and Disabilities Services Division. The Community Options Waiver facilitates the Senior Assisted Living Group Home Subsidy program, there are currently 3 full time grant funded and 19 limited term grant funded staff assigned to this program according to the 2024 Proposed Budget Book. The Department still has a total of 25 grant funded vacancies as of March 2023, if the responsibilities proscribed by this bill can be successfully compartmentalized within the Aging and Services Division it would be possible to keep administrative costs within the scope of the agency's projected spending for the following fiscal year – provided that these vacancies can be filled. The Department of Family Services also administers a multitude of state and federally mandated senior-directed program that may contain staff with the requisite expertise to screen and select qualified applicants.

¹² NBER- [Population Aging, Age Discrimination, and Age Discrimination Protections at the 50th Anniversary of the Age Discrimination in Employment Act](#)

¹³ U.S. Population-[Prince George's County Maryland Population and Demographics](#)

¹⁴ Smart Asset-[Maryland Property Tax Calculator](#)

¹⁵ Zillow- [Prince George's County Home Values](#)

¹⁶ Prince George's County- [CB-029-2023](#)

Efficacy Evaluation

The use of the Department of Family services as the primary agency will greatly enhance the efficacy of this bill if implemented. The Aging and Disabilities Services Division has personnel with experience provided direct services to senior populations. The efficacy of the program will largely be determined by the size of the eligible population. The income ceiling for SHAP is \$42,556 and a sizeable number of Prince Georgians aged 62 and older have incomes that exceed this ceiling. Determining a reliable population estimate within the eligible income range for this program is challenging with the current data available. The bill is also subject to appropriation and the \$1,000,000 fund amount may vary in years after Fiscal Year 2024.

Process Values

This program was developed with sound process values. SHAP will be charged to the Department of Family Services where staff members and programs are specifically tailored to providing services for seniors. Training and acquisition of existing and new staff can be done with limited additional expenditures outside of the agencies projected budget for FY 2024. One concern is that the parameters of awards in the legislation are somewhat ambiguous. It is not clear if applicants are eligible for a mixture of the rent, mortgage, or property taxes.

Fiscal Impact

- *Direct Impact*

Enactment of CB-042-2023 will have a direct adverse fiscal impact on the County due to the funding and administration of this program. Administrative costs can be mitigated if the program is staffed and implemented with the Department of Family Services' existing staff allotment for FY 2024. The program award budget is set at \$1,000,000 for Fiscal Year 2024. For following years, the program will be subject to appropriation, but as noted above, the pool of potentially eligible residents, and thus potential applications, is likely to be large. In addition to the number of eligible applicants, the amount of awards will be contingent on the program parameters as established by the Department of Family Services.

- *Indirect Impact*

Enactment of CB-042-2023 may have favorable indirect fiscal impact in the form of tax revenues due to increased consumer spending from savings transferred to renters and homeowners. The County may also experience growth in community investment and entrepreneurship from seniors that are successfully assisted through the program.

- *Appropriated in the Current Fiscal Year Budget*

No

Effective Date of Proposed Legislation:

The Act shall take effect forty-five (45) days after it becomes law.

If you require additional information, or have questions about this fiscal impact statement, please reach out to me via phone or email.