



**Committee:** PHED  
**Committee Review:** Completed  
**Staff:** Linda McMillan, Senior Legislative Analyst  
**Purpose:** To make preliminary decisions – straw vote expected  
**Keywords:** DHCA; HIF; Affordable Housing Opportunity Fund

AGENDA ITEM #3-4  
May 10, 2021  
**Worksession**

## SUBJECT

Department of Housing and Community Affairs FY22 Operating Budget, including Housing Initiative Fund and FY21 Designated Reserve for Affordable Housing Capital Improvements Program (CIP): Affordable Housing Opportunity Fund (FY21 Special Appropriation and FY22 funding recommendation)

## EXPECTED ATTENDEES

Aseem Nigam, Director, Department of Housing and Community Affairs (DHCA)  
Frank Demarais, Deputy Director, DHCA  
Stephanie Killian, Chief, Housing Division, DHCA  
Christopher Anderson, Chief, Community Development Division, DHCA  
Pofen Salem, Office of Management and Budget

## FY22 COUNTY EXECUTIVE RECOMMENDATION

The Department of Housing and Community Affairs contains three funds: The General Fund, Grant Fund, and Housing Initiative Fund (HIF or Montgomery Housing Initiative.) This first table summarizes the General Fund and Grant Fund.

### Summary of FY22 Recommended Budget

Housing and Community Affairs	FY21 Approved	FY22 CE Recommended	Change from FY21 Approved
<b>General Fund</b>	<b>\$8,640,221</b>	<b>\$8,870,929</b>	<b>2.7%</b>
Personnel Costs	\$7,075,657 62.65 FTEs	\$7,241,136 62.65 FTEs	2.3% 0.0FTEs
Operating Costs	\$1,564,564	\$1,629,793	4.2%
<b>Grant Fund</b>	<b>\$9,730,075</b>	<b>\$9,742,923</b>	<b>0.1%</b>
Personnel Costs	\$2,320,488 21.0 FTEs	\$2,482,041 21.5 FTEs	7.0% 0.5FTEs
Operating Costs	\$7,409,587	\$7,260,882	(2.0%)
<b>Total Expenditures (General and Grant Funds – not including HIF)</b>	<b>\$18,370,075</b> <b>83.65 FTEs</b>	<b>\$18,613,852</b> <b>84.15 FTEs</b>	<b>1.3%</b> <b>0.5FTEs</b>

Housing Initiative Fund (HIF) resources come from both the operating budget and the Capital Improvements Program. The CIP funding is current provided through the Affordable Housing

Acquisition and Preservation Project. The Executive's total FY22 recommendation for the Housing Initiative Fund also includes the recommendation for the Affordable Housing Opportunity Fund CIP project.

Housing and Community Affairs	FY21 Approved	FY22 CE Recommended	Change from FY21 Approved
Housing Initiative Fund (Operating Budget appropriation only)	\$8,640,221	\$8,870,929	2.7%
Personnel Costs	\$2,344,036 17.05 FTEs	\$2,366,876 17.05 FTEs	1.0% 0.0FTEs
Operating Costs	\$32,335,041	\$40,715,091	25.9%
<b>Total Operating Budget Expenditures for HIF</b>	<b>\$34,679,877 17.05 FTEs</b>	<b>\$43,081,967 17.05 FTEs</b>	<b>24.2% 0.0FTEs</b>

### Summary of Total HIF FY22 Resources Recommended by County Executive

Beginning Fund Balance	20,635,425
Revenues from Taxes and Fees	30,246,626
General Fund Transfer	25,340,829
Use of Designated Reserve for Affordable Housing	3,400,000
Less Transfer Out for Debt Service/Other	(17,172,367)
SUBTOTAL Operating Resources Available	62,450,513
CIP: Affordable Housing Acquisition and Preservation	22,000,000
CIP: Affordable Housing Opportunity Fund	6,000,000
SUBTOTAL all resources	90,450,513
Less Ending Fund Balance	(1,350,000)
<b>NET Allocation for Affordable Housing</b>	<b>89,120,513</b>

The FY22 Revenues for the HIF include \$6.8 million in one-time proceeds from land sales. The Executive is generally required to deposit 25% of land sales proceeds in the HIF. Proceeds are from sale from Laytonville Airport (\$32,750); WSSC Site II (\$2,515,000) and M-NCPPC Headquarters Silver Spring (\$4,240,000).

### COMMITTEE RECOMMENDATIONS

- **The PHED Committee recommends (3-0) approval of the Executive's recommendation for the Non-HIF General Fund and the Grant Fund appropriations.** There are only minor adjustments to the General Fund for compensation and other central charges. The Grant Fund is based on expected revenues from CDBG and other grant resources. The revenues in the Grant Fund do not include the CDBG-CV (Coronavirus) or other federal funding for rental assistance and homelessness. The PHED Committee received an update on Code Enforcement and agreed to schedule a future session on Code Enforcement and Common Ownership Communities.

- The PHED Committee reviewed the resources in the HIF, including the allocation of \$3.4 million from the \$6.3 million remaining in the FY21 Designated Reserve for Affordable Housing for the FY22 cost associated with the HOC Housing Production Fund. The Council reserved \$6.8 million in FY21 to be able to return to proposal such as the HOC Housing Production Fund and the potential for a similar investment to increase the funding available for housing preservation projects. The Council appropriated \$500,000 in FY21 for the HOC Housing Production Fund so \$6.3 million remains. **The PHED Committee agrees with the Executive's use of \$3.4 million of this allocation for the FY22 cost of the HOC Housing Production Fund. The PHED Committee recommends a FY21 special appropriation of \$2.9 million to transfer the remaining designated reserve to the HIF for affordable housing.** This would increase the beginning balance and FY22 resources to the HIF by \$2.9 million. **The PHED Committee also recommends a Category #2 item of \$3.4 million to be able to consider an Affordable Housing Preservation Fund during the year if fiscal conditions allow.**
- **The PHED Committee recommends (3-0) increasing the allocation in the HIF that supports Homeownership Programs from \$2 million to \$3 million; noting that this increase is accommodated by the additional \$2.9 million from the designated reserve.** The PHED Committee will schedule a session to review homeownership assistance programs including County, Housing Opportunities Commission (HOC), State and federal options.
- **The PHED Committee recommends (2-1; Councilmember Jawando opposed) approval of only the \$8 million in FY21 funding for the Affordable Housing Opportunity Fund and reallocation of the \$6 million recommended for this fund to the Affordable Housing Acquisition and Preservation CIP project so it can be available for short-term or long-term financing.** The Affordable Housing Opportunity Fund be used in partnership with a Community Development Financial Institution (CDFI) to identify and finance affordable housing preservation acquisitions and is expected to bring new sources of financing to the table. The funds would be used for short-term or intermediate financing and, when permanent financing is in place, funds would be returned to the Opportunity Fund to revolve and support new financing. **Councilmember Jawando, supports the Executive's recommendation for both FY21 and FY22** agreeing with Council staff that many details and questions have been worked through in the past several months and this would create a new option for the preservation of affordable housing that is expected to leverage new sources of funds. **The Committee is recommending (3-0) two written updates on the implementation and activities of the Opportunity Fund if approved by Council.**
- **The PHED Committee recommends approval of the 10-year limits on non-HOC PILOTS (payment in lieu of taxes) as recommended by the Executive.** The Council is required by law to set these limits. The Committee will return to discuss amendments to the current PILOT law.

## SUMMARY OF KEY ISSUES

- **Housing Initiative Fund (HIF) Key Issues:** (1) The FY22 HIF total (operating and CIP) is a \$20 million increase from the FY21 allocation. In addition to one-time land sale proceeds, the Executive has increased the Transfer from the General Fund by over \$5 million from \$19.8 million to \$25.3 million. (2) The Recordation Tax Premium that is allocated to the HIF for rent assistance is projected to decline by 16.7% to \$14.8 million. Because the Recordation Tax can fluctuate, DHCA has a contingency and so all current expenses can be met even with the decline in revenue. (3)

The six-year fiscal plan for the HIF shows that debt service will increase from \$16.7 million in FY22 to \$21.8 million in FY27. The increase in the six-years is from the continued addition of HIF housing bonds in the Acquisition and Preservation CIP project to maintain the \$22 million in new funding each year (a portion of funding also comes from loan repayments). The \$89 million in total resources for FY22 has several one-time sources of funds, including a large beginning fund balance and land sales proceeds. The six-year fiscal plan projects total resources for FY23 to be \$54.9 million.

- **Affordable Housing Opportunity Fund Key Issues:** (1) This will be a new revolving financing tool and will be dedicated to preservation of affordable housing. (2) DHCA will issue a solicitation and partner with a CDFI. It is expected that the CDFI will help to identify projects through market research and will create financing package that will bring new sources of funding to the table. It is expected that the County funds will fill the last financing gap of about 10%. (3) The fund can also be used in preserving affordable housing that is identified through Right-of-First-Refusal. (4) DHCA and the CDFI will pre-set terms which will allow housing partners to plan and reduce the time needed for approval. (4) Initial acquisition will focus on retaining current affordability and avoiding displacement of tenants. It will be focused on identifying the most at-risk properties. Long-term financing will support long-term affordability and goal of affordability to low-income households. (5) The source of funds is Recordation Tax Premium that is dedicated to the CIP (not to rental assistance). There is no long-term debt associated with the creation of this Fund. (6) The Executive transmitted a FY21 Special Appropriation in December 2020 for the \$8 million in FY21 funds held for this project. The Council held a public hearing on January 12, 2021. (7) The Executive is recommending an additional \$6 million in FY22 for a total of \$14 million. No funds are included in the expenditure schedule past FY22. (8) The majority of the Committee (Councilmember Jawando opposed) was concerned that the need is for long-term financing and recommends the FY21 funds be appropriated so the effort can be evaluated; but FY22 funds should be appropriated to the Affordable Housing Acquisition and Preservation Fund so that can be used for short-term or long-term financing as needed. (9) Councilmember Jawando supported the Executive's proposal to create this new fund noting that questions have been answered since it was first proposed, and it should be allowed to move forward at the FY21 and FY22 funding levels recommended.

**This report contains:**

Staff Report	Pages 1-10
HIF Fiscal Plan	© 1
DHCA HIF Pipeline Report	© 2-14
Affordable Housing Opportunity Fund (AHOF) DHCA Slides	© 15-18
January 12, 2021 staff memo and testimony AHOF	©19-30
PHED Recommended AHOF PDF	© 31
PHED Recommended Acquisition and Preservation Fund PDF	© 32
CBDG/HOME/ESG Draft Action Plan	© 33-38
FY22 DGCA CE Recommended Budget	© 39-54

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## MEMORANDUM

TO: County Council

FROM: Linda McMillan, Senior Legislative Analyst

SUBJECT: FY22 Operating Budget: Department of Housing and Community Affairs,  
including Housing Initiative Fund (HIF)  
FY21 Designated Reserve for Affordable Housing  
Affordable Housing Opportunity Fund (FY21 Supplemental and CIP Amendment  
and FY22 Appropriation)

PURPOSE: Council worksession; vote expected

***Expected to attend this session:***

Aseem Nigam, Director, Department of Housing and Community Affairs (DHCA)  
Frank Demarais, Deputy Director, DHCA  
Stephanie Killian, Chief of Housing Division, DHCA  
Christopher Anderson, Chief, Community Development Division, DHCA  
Pofen Salem, Office of Management and Budget

The Department of Housing and Community Affairs Operating Budget includes appropriation to the General Fund, the Grant Fund, and the Housing Initiative Fund.

The first section of this memo provides the PHED Committee commendations and review of the General Fund and Grant Fund. For the General Fund, the Executive is recommending an increase of 2.7% with no change in FTEs.

The Grant Fund is an estimate of expected revenues from the Community Development Block Grant, HOME, and Emergency Solutions Grants. It does not reflect any of the special CDBG COVID response funds that have been received so far for rent and homelessness assistance.

The table on the following page summarizes the recommendations for the General Fund and Grant Fund.

# **1. DHCA: Operating Budget - General and Grant Funds (Not including HIF)**

## **Summary of FY22 Recommended Budget**

<b>Housing and Community Affairs</b>	<b>FY21 Approved</b>	<b>FY22 CE Recommended</b>	<b>Change from FY21 Approved</b>
<b>General Fund</b>	<b>\$8,640,221</b>	<b>\$8,870,929</b>	<b>2.7%</b>
Personnel Costs	\$7,075,657 62.65 FTEs	\$7,241,136 62.65 FTEs	2.3% 0.0FTEs
Operating Costs	\$1,564,564	\$1,629,793	4.2%
<b>Grant Fund</b>	<b>\$9,730,075</b>	<b>\$9,742,923</b>	<b>0.1%</b>
Personnel Costs	\$2,320,488 21.0 FTEs	\$2,482,041 21.5 FTEs	7.0% 0.5FTEs
Operating Costs	\$7,409,587	\$7,260,882	(2.0%)
<b>Total Expenditures (General and Grant Funds – not including HIF)</b>	<b>\$18,370,075 83.65 FTEs</b>	<b>\$18,613,852 84.15 FTEs</b>	<b>1.3% 0.5FTEs</b>

In addition, for FY22 \$996,681 is charged to other departments: \$101,627 to Permitting Services; \$691,391 to Recycling and Resource Management; and \$203,663 to the CIP. FTEs charged to other departments are 8.2, the same as FY21.

There is little change within the General Fund appropriation for DHCA. The only changes to the General Fund are compensation, central charges, and the partial lapse of a vacant position.

FY21 Compensation Adjustment	202,289
FY22 Compensation Adjustment	108,769
Motorpool Adjustment	65,302
Print and Mail	(73)
Annualization of FY21 Personnel Costs	(4,597)
Retirement Adjustment	(46,613)
Partial Lapse of Vacant Position	(94,369)
<b>NET CHANGE</b>	<b>230,708</b>

The changes to the Grant Fund are driven by the expectations for funds from the Community Development Block Grant (CDBG), HOME, and ESG funds. These do not include any of the targeted CDBG-CV funds the County has received for rental and homeless system assistance.

Community Development Block Grant	6,023,400
HOME Investment Partnership	3,021,595
Emergency Solutions Grant	417,251
<b>Estimated TOTAL</b>	<b>9,462,246</b>

A draft Action Plan is attached at © 33-38 and shows the expected uses, including grants to non-profits and to projects that are administered by the municipalities.

**The PHED Committee recommends approval (3-0) of the Executive's recommendations for the General Fund and Grant Fund.**

### **Code Enforcement Update**

DHCA provided the Committee with an update on the Code Enforcement program and when it is likely the pro-active inspections of multi-family housing will be able to resume. This program has been critical in better identifying violations and putting in place a structure for monitoring properties with either severe or chronic problems. Code Enforcement was impacted by COVID with indoor inspections being limited to health and safety complaints in order to reduce exposure to staff and residents. DHCA said that they have continued to inspect common areas in the troubled properties as well as completing inspection needed for Accessory Dwelling Units, and those requested for foster care and childcare. Code Enforcement staff also served as COVID Ambassadors as county businesses were beginning to re-open, providing outreach and education about current restrictions and requirements.

DHCA provided the following written comments:

DHCA has been waiting on staff and community-wide vaccinations to assist in protecting against the virus before beginning interior inspections across the full code enforcement section; we are still conducting certain inspections and responding to health and safety complaints. We are continuing to watch the infection numbers and trends, as well as vaccine rollouts to better gauge our re-entry schedule. We are in discussions with other similarly situated county departments such as DPS to work together in moving interior inspection forward. We will be engaging OHR, OEM and MCGEO regarding our plan move forward. We are hopeful that we can begin performing interior inspections by Summer 2021 at the latest assuming vaccine distribution continues.

Currently, 28 of 35 Code Inspector positions are filled. DHCA will be staffing up as the County begins to re-open further.

**The PHED Committee agreed to schedule an additional update on Code Enforcement.**

## **2. Housing Initiative Fund**

The County Executive is recommending operating and capital resources which, after transfers out for debt service and indirect costs, will provide over \$89 million for affordable housing production, preservation, support for rental assistance and homeownership programs, and community-based services. The 6-Year Fiscal Plan for the HIF is at © 1. This is a \$20.5 million increase from the amount appropriated and held in designated reserve for FY22.



### Summary of Total HIF FY22 Resources Recommended by County Executive

Beginning Fund Balance	20,635,425
Revenues from Taxes and Fees	30,246,626
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Less Ending Fund Balance	(1,350,000)
<b>NET Allocation for Affordable Housing</b>	<b>89,120,513</b>

Some of this increase is due to a the higher-than-expected beginning balance of \$20.6 million. In addition:

- The Executive recommends increasing the transfer from the General Fund by \$5.528 million to \$25.340 million.
- The Executive has included \$6.8 million in proceeds from land sales based on the 25% required transfer to the HIF. The funding is from:
  - Land Sale (\$131,000) to Davis Airport from Laytonsville Airport LLC - \$32,750 to the HIF
  - WSSC Site II Land Sale (\$10.076M) from Global LifeSci Development Corporation as part of the White Oak Redevelopment - \$2.515 million to the HIF.
  - M-NCPPC Headquarters in Silver Spring (\$17M, part of the Wheaton Redevelopment CIP agreement) - \$4.25 million to the HIF.

However, the Recordation Tax Premium that is for rental assistance and appropriated in the HIF has decreased. This is a critical funding source for the rental assistance system for DHHS and for the Housing Opportunities Commission (HOC).

	FY20	FY21 Budget	FY21Est	FY22	
Recordation Tax	\$57,692,541	\$59,185,261	\$50,196,366	\$52,665,092	-11.0%
To HIF	\$18,388,868	\$17,717,608	\$14,068,216	\$14,753,187	-16.7%

Because the Recordation Tax Premium can fluctuate, DHCA has kept a portion of revenues in contingency so that it can draw on them for ongoing costs associated with rental assistance. For FY22, there are \$14.753 million needed to fund the ongoing rental assistance obligations. But, as can be seen, the FY21 estimate is below that amount. Because of contingency funds, FY22 should not be a problem.

The HIF allocates monies to continue funding for the “HHS Housing Program” category that includes permanent supportive housing that was approved under the initial Housing First effort (\$8,369,080); the 100,000 Homes initiative (\$437,120) and the Zero 2016 veterans’ initiative (\$900,000).

As shown in the HIF Fiscal Plan, costs to the HIF for debt will increase. There are two main costs associated with debt. The first is the debt service for the bonds that fund the affordable housing acquisition and preservation CIP project. The cost is projected to increase from \$9.6 million in FY21 to \$18.4 million in FY27. The projection is based on the approval of the CIP project that assumes the additional bonds needed each year to provide a total of \$22 million in annual new expenditure authority. The second, is the cost associated with the HOC Housing Production Fund which is \$3.4 million each year starting in FY22 (there are also additional revenues to the HIF that will come from HOC). In FY22 the Executive recommends using \$3.4 million from the current designated reserve to cover this cost.

The amount of funding available in the operating budget Affordable Housing Loans is increased from \$1.2 million to \$12.5 million. The FY21 amount was lowered last year by the \$6.8 million that was put in the Designated Reserve for Affordable Housing so that the Council could consider using it for the HOC Housing Production Fund or other affordable housing purposes.

The HIF fiscal plan uses \$3.4 million of the designated reserve in FY22 to fund the first full year cost of the HOC Housing Production Fund. In FY21, \$500,000 was appropriated by the Council to authorize the HOC Production Fund.

The CIP portion of the HIF, the Affordable Housing Acquisition and Preservations project, remains at an additional \$22 million in resources for each of the six years. In FY22, most of the funding is from loan repayments, with \$8.7 in additional bonds. This is projected to flip in FY23, with \$19 million in new bonds being required to maintain the \$22 million level.

**The Committee discussed with DHCA whether they are continuing to close on projects, given the large beginning balance. The Committee also discussed the ongoing issue of how to be more transparent about the amount of funding that is available in the HIF so housing partners and the Council can understand if there is sufficient money for the projects that are ready to move forward.**

**DHCA provided its 2021 Affordable Housing Pipeline Report which includes project recently funded and those that are currently under consideration. The pipeline report is attached at © 2-14.**

### **3. Use of FY21 Designated Reserve for Affordable Housing**

Currently, there is \$6.3 million remaining in the designated reserve for affordable housing. The Executive proposes using \$3.4 million in FY22 to pay the first full year cost of the HOC Housing Production Fund. Council staff finds this reasonable as the Council would have used \$3.4 million in FY21 had it been needed.

If the \$3.4 is allocated to the HOC Production Fund, \$2.9 million remains in the designated reserve. It was the intent of the Council to use this for affordable housing, not to let it fall to unrestricted general fund reserves.

**The PHED Committee recommends (3-0) the Council approve a FY21 Special Appropriation of \$2.9 million to move this funding from the Designated Reserve for Affordable Housing to the Housing Initiative Fund.** While the \$6.8 million was originally reserved to allow for consideration of leveraging debt to increase the funding for preservation, the Committee agreed that given current fiscal uncertainties and currently projected constraints on the HIF, now is not the time to move forward.

**The Committee recommends adding a \$3.4 million Category #2 item for the Housing Preservation Fund** and agreed to return to this issue mid-year to see if the situation has changed and consider way to leverage additional funds for preservation. This amount is an estimate of considering something similar to the \$50 million in the Housing Production Fund.

#### **4. Shifting Additional Funds to Homeownership**

For the past few years, the Council has authorized DHCA to use \$2 million from the HIF for homeownership assistance programs. The two agencies that partner with DHCA for these efforts are the Housing Opportunities Commission and the Maryland Department of Housing and Community Development. The County has partnered with DHCD to provide qualified prospective homebuyers with both down payment assistance and low interest loans. The following table show the number of households served.

	FY21	FY20	FY19
HOC	39	40	46
MD DHCD	45	45	44
TOTAL	84	85	90

DHCA says that MD DHCD would accept additional funds if associated with expanding current program structure, without additional limitations on uses. Each \$1 million would represent 40 additional down payment assistance packages of \$25,000 (the maximum amount). DHCA explained that in the partnership with the State, the County funds provide a loan that is forgiven over a ten-year period. If the home is sold earlier, the pro-rated amount is repaid.

The amount of funding for homeownership can be reconsidered each year, so increasing the amount in FY22 does not create a permanent new baseline.

DHCA shared that they are reviewing options for to support low-income homeownership, reviewing options of expanding down payment support, investing in project-based subsidy, and expanding homebuyer education. The Committee discussed the importance of this type of initial assistance to help people get that first home and build equity.

**The PHED Committee recommends increasing the FY22 amount allocated to support homeownership by \$1 million from \$2 million to \$3 million. The Committee noted that the funding from a portion of the \$2.9 million Designated Reserve will support this increase.**

**The PHED Committee agreed to schedule a future session on homeownership programs that would include a discussion of County (including HOC), State, and federal opportunities.**

**5. Affordable Housing Opportunity Fund:** FY21 Supplemental Appropriation, Amendment to the FY21-26 CIP, and FY22 Appropriation

The County Executive recommended the creation of an Affordable Housing Opportunity Fund as a part of his original FY21-26 Capital Improvements Program. This fund would be different than the other financing tools that are currently provided through the Housing Initiative Fund or other DHCA resources as it would:

- Primarily be used for short-term financing of up to 36 months; but may be used for intermediate term agreements (3 to 4 years).
- Focus on the purchase and preservation of affordable housing. These properties could be identified either through Right of First Refusal (RoFR) or through market research for acquisition outside the RoFR process.
- DHCA will enter into a contractual agreement with the Community Development Financial Institution (CDFI) and these funds will be used by the CDFI in creating the financing package.
- The relationship with the CDFI is expected to help identify properties and housing partners that might not be otherwise identified bring in new sources of funding to the table.
- The CDFI and DHCA expect to pre-set terms for the use of this money, improving the ability of developers to plan.
- The CDFI will bring additional administrative capacity to the affordable housing program as the CDFI will negotiate and prepare underwriting and closing documents, but the County will give final approval and close on all investments.
- When funds are repaid from these loans, the money will return to this CIP project to create a revolving account.
- While these funds will be reserved for projects in partnership with the CDFI, the funds themselves will remain with the County – they will not be transferred in whole to another organization to create an outside fund. However, for the CDFI to know what funding is available, they will be reserved for this purpose.
- The PDF says that a portion of the units must be affordable to households at or below MPDU incomes and the projects will support long-term affordability.
- DHCA expects that for every \$1 invested, there will be \$4 of private lending.
- It is expected that these funds will help close the last gap in the financing stack that is often the last 10% of the package as bank and non-profit lenders will often not exceed a 90% loan-to-value.

- It is expected that this fund will reduce pressure on the Housing Initiative Fund for short-term acquisition financing, allow the HIF funds to focus on long-term financing needs.

Presentation slides from DHCA are attached at © 15-18.

The Executive originally recommended \$10 million in each of FY21 and FY22 for this fund. Last year, to meet overall CIP affordability, the Council reduced the amounts to \$8 million in FY21 and \$6 million in FY22. The source of fund is the Recordation Tax Premium for capital projects (not rental assistance). There is no County debt associated with this proposal.

The PHED Committee recommended, and the Council agreed not to appropriate while further consideration was given to the structure of the fund.

### ***Supplemental Appropriation Request***

On December 12, 2020, the Council introduced a \$8 million FY21 Supplemental Appropriation and Amendment to the FY21-26 CIP as the request of the County Executive.

A public hearing was held on January 12, 2021. The Council received testimony in favor of the project from Coalition Home/Montgomery County Coalition for the Homeless, NFP Affordable Housing Corporation, and the Affordable Housing Conference of Montgomery County in addition to the testimony from Director Nigam. The January 12 staff report and testimony are attached at ©19-30.

Council staff recommended approval of the FY21 Supplemental Appropriation and FY22 Appropriation for this project. Council staff noted that the Executive and DHCA see a partnership with a CDFI as a new option to create capital to acquire and preserve affordable housing – and they expect to target the housing most at-risk of losing affordability. As has been noted in many discussions, the County needs many tools in its toolbox to meet its housing goals and this is one new option.

Council staff raised a question, and the Committee discussed the expectation for long-term affordability and the level of affordability for housing acquired using these funds. DHCA explained that the goal is to acquire properties and maintain the current affordability in order to prevent tenant from being displaced. The long-term financing agreements are expected to have requirements about long-term affordability as well as a goal of deeper affordability for a percentage of units.

**The PHED Committee recommends (2-1; Councilmember Jawando opposed) approval of only the \$8 million in FY21 funding for the Affordable Housing Opportunity Fund and reallocation of the \$6 million recommended for this fund to the Affordable Housing Acquisition and Preservation CIP project. The Committee majority** notes that allocating the \$6 million in FY22 funding to the existing Acquisition and Preservation CIP project would allow it to be used for acquisition or long-term financing. The majority recommendation requires a CIP amendment to the Affordable Housing Acquisition and Preservation CIP project. This project was

included in the announcements for the public hearing so it can be amended if the Council agrees with this recommendation.

**Councilmember Jawando, supports the Executive's recommendation for both FY21 and FY22** agreeing with Council staff that many details and questions have been worked through in the past several months and this would create a new option for the preservation of affordable housing and is expected to leverage new sources of funds.

**The Committee is recommending (3-0) two written updates on the implementation and activities of the Opportunity Fund if approved by Council.**

**The PHED Committee recommends (3-0) that the Executive must transmit to the Council by December 1, 2021 and April 1, 2022 reports on the use of the Affordable Housing Opportunity Fund.**

The December 1 timeframe will allow time for contracting with the CDFI and to have an opportunity to close projects. The report should include:

- Number of proposals brought to CDFI and DHCA for funding through the Affordable Housing Opportunity Fund and the number of units in each.
- Existing affordability of units in developments proposed for funding.

**For funded proposals:**

- Total cost of acquisition/development and the sources and terms of financing.
- Total number of units and unit size.
- Price/Affordability of all units; controlled and market when acquired and expectation for long-term affordability through long-term financing.
- Is the development located within one mile of a Metro, Purple Line, or BRT stop?
- Any additional HIF funding used for projects acquired through this Fund.

In addition, the report must include the cost of the CDFI services during the reporting period.

It will be important to evaluate the effectiveness of this new financing tool to make sure it is addressing the need of housing partners and is creating new opportunities and bringing new capital to the system.

### **Payment in Lieu of Taxes (PILOT) Cap**

The current law requires the Council establish limits for non-HOC PILOTs. The PILOT for WMATA properties did not change this section of the County Code. The following is the budget provision that is proposed for the FY22 resolution. The following is the operating budget provision and recommended amounts.

The Director of Finance must maintain a record of all payment-in-lieu-of-taxes (PILOT) agreements currently in effect under the Tax-Property Article of the Maryland Code. The record must estimate (in current year dollars) the amount of property taxes abated for each agreement for each of the next 10 fiscal years. As authorized by County Code Section 52-24, the Director of Finance may sign payment-in-lieu-of-taxes agreements for affordable housing that abate annual property tax revenues, up to the following annual limits, for all properties not owned or operated by the Housing Opportunities Commission:

#### **Cumulative Maximum for Non-HOC PILOT Tax Abatements**

FY 22	\$20,024,034
FY 23	\$20,624,755
FY 24	\$21,243,497
FY 25	\$21,880,802
FY 26	\$22,537,226
FY 27	\$23,213,343
FY 28	\$23,909,743
FY 29	\$25,105,230
FY 30	\$25,105,230
FY31	\$25,105,230

The Director of Finance must not sign any payment-in-lieu-of-taxes agreement that would increase the total amount of abated property tax revenues above any of the listed annual limits without prior approval of the Council by resolution.

**The PHED Committee recommends (3-0) approval of the amounts recommended. The PHED Committee agreed that they will return to consider amendments to the current PILOT law.**

FY22-27 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Montgomery Housing Initiative				
FISCAL PROJECTIONS	FY21 ESTIMATE	FY22 REC	FY23 PROJECTION	FY24 PROJECTION	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION
<b>ASSUMPTIONS</b>							
Indirect Cost Rate	18.64%	19.18%	19.18%	19.18%	19.18%	19.18%	19.18%
CPI (Fiscal Year)	1.3%	1.6%	2.0%	2.4%	2.4%	2.4%	2.4%
Investment Income Yield	0.2%	0.1%	0.4%	0.4%	0.4%	0.4%	0.4%
<b>BEGINNING FUND BALANCE</b>	<b>29,438,536</b>	<b>20,635,425</b>	<b>1,330,000</b>	<b>410,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUES</b>							
Taxes	14,168,216	14,853,187	15,687,110	16,857,444	17,605,446	20,040,563	21,583,480
Charges For Services	70,200	70,200	71,597	73,330	75,119	76,952	78,830
Miscellaneous	6,557,056	15,323,239	9,252,236	9,259,516	9,205,006	9,205,006	9,205,006
<b>Subtotal Revenues</b>	<b>20,795,472</b>	<b>30,246,626</b>	<b>25,010,943</b>	<b>26,190,290</b>	<b>26,885,571</b>	<b>29,322,521</b>	<b>30,867,316</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>							
Transfers To Debt Service Fund	(10,121,700)	(16,718,400)	(17,918,500)	(19,172,900)	(20,516,800)	(21,824,200)	(21,820,900)
MHI - Property Acquisition Fund	(9,621,700)	(13,318,400)	(14,518,500)	(15,772,900)	(17,116,800)	(18,424,200)	(18,420,900)
MHI - HOC Housing Production Fund		(3,400,000)	(3,400,000)	(3,400,000)	(3,400,000)	(3,400,000)	(3,400,000)
Transfers To The General Fund	(462,465)	(453,967)	(453,967)	(453,967)	(453,967)	(453,967)	(453,967)
Indirect Costs	(462,465)	(453,967)	(453,967)	(453,967)	(453,967)	(453,967)	(453,967)
Transfers From The General Fund	20,312,045	28,740,829	25,340,829	25,340,829	25,340,829	25,340,829	25,340,829
From General Fund	19,812,045	25,340,829	25,340,829	25,340,829	25,340,829	25,340,829	25,340,829
From Designated General Fund Reserve for Affordable Housing	500,000	3,400,000	0	0	0	0	0
<b>TOTAL RESOURCES</b>	<b>59,961,888</b>	<b>62,450,513</b>	<b>33,309,305</b>	<b>32,314,252</b>	<b>31,255,633</b>	<b>32,385,183</b>	<b>33,933,278</b>
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(5,878,951)	(2,769,776)	(2,769,776)	(2,769,776)	(2,769,776)	(2,769,776)	(2,769,776)
Debt Service: Other (Non-Tax Funds only)	(52,050)	(49,650)	(47,230)	(54,510)	0	0	0
Labor Agreement	n/a	0	(102,458)	(221,188)	(345,571)	(475,270)	(610,521)
Rental Assistance Program (RAP)	(14,068,216)	(14,753,187)	(15,687,110)	(16,857,444)	(17,605,446)	(20,040,563)	(21,583,480)
Affordable Housing Loans	(1,205,743)	(12,551,814)	(687,071)	691,606	2,422,700	3,857,966	3,988,039
HHS Housing Programs	(9,706,200)	(9,706,200)	(9,701,380)	(9,708,660)	(9,706,200)	(9,706,200)	(9,706,200)
Neighborhoods to Call Home	(1,251,340)	(1,251,340)	(1,251,340)	(1,251,340)	(1,251,340)	(1,251,340)	(1,251,340)
Homeownership Assistance Program	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(34,162,500)</b>	<b>(43,081,967)</b>	<b>(32,246,365)</b>	<b>(32,171,312)</b>	<b>(31,255,633)</b>	<b>(32,385,183)</b>	<b>(33,933,278)</b>
<b>OTHER CLAIMS ON FUND BALANCE</b>	<b>(5,163,963)</b>	<b>(18,038,546)</b>	<b>(652,940)</b>	<b>(142,940)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(39,326,463)</b>	<b>(61,120,513)</b>	<b>(32,899,305)</b>	<b>(32,314,252)</b>	<b>(31,255,633)</b>	<b>(32,385,183)</b>	<b>(33,933,278)</b>
<b>YEAR END FUND BALANCE</b>	<b>20,635,425</b>	<b>1,330,000</b>	<b>410,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Affordable Housing and Acquisition and Preservation CIP Project #P760100	(22,000,000)	(22,000,000)	(22,000,000)	(22,000,000)	(22,000,000)	(22,000,000)	(22,000,000)
Affordable Housing Opportunity Fund CIP Project #P762101	(8,000,000)	(6,000,000)					
<b>TOTAL ALLOCATION IN AFFORDABLE HOUSING (MHI Fund + CIP Projects)</b>	<b>(69,326,463)</b>	<b>(89,120,513)</b>	<b>(54,899,305)</b>	<b>(54,314,252)</b>	<b>(53,255,633)</b>	<b>(54,385,183)</b>	<b>(55,933,278)</b>
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	<b>34.4%</b>	<b>2.1%</b>	<b>1.2%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

**Assumptions:**

1. A total of \$89.1 million will be allocated in affordable housing, including expenditures of \$61.1 million reflected in this fund, \$22 million for the Affordable Housing Acquisition and Preservation CIP Project #760100, and \$6 million for Affordable Housing Opportunity Fund CIP Project #762101. The CIP fund assumes the issuance of \$13.25 million of debt, \$8.75 million in estimated loan repayments, and \$6 million funded with Recordation Tax Premium in FY22. The funding provided a continued high level of support for renovation of distressed housing, the acquisition and preservation of affordable housing units, creation of housing units for special needs residents and mixed-income housing and a variety of services for permanent supportive housing and community development.
2. A supplemental request for the new Affordable Housing Opportunity Fund CIP was submitted to the Council in December 2020 for approval. The funding will be used to address the urgent challenge of preservation and development of affordable housing in areas at risk of rent escalation to higher market rents, including County transit corridors.
3. Montgomery County Council Resolution #15-110 provides for an allocation from the General Fund to the Montgomery Housing Initiative fund (MHI) of the equivalent to 2.5% of actual General Fund property taxes from two years prior to the upcoming fiscal year for the purpose of maintaining and expanding the supply of affordable housing. However, the actual transfer from the General Fund will be determined each year based on the availability of resources.

**Notes:**

1. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates.
2. The Executive recommends an additional \$5.5 million to be transferred from the General Fund to the MHI fund, compared to \$19.8 million approved for FY21. A combination totaling \$25.3 million transferred from the General Fund, the additional \$6.8 million collected from land sale proceeds, and the projected \$1.77 million contributed by the interest payments generated from HOC Housing Production Fund will reach beyond the 2.5% policy goal.
3. Operating budget includes personnel costs, contracts for homeownership education, and miscellaneous expenses for consultants, technology upgrades and monitoring.



# Department of Housing and Community Affairs

AFFORDABLE HOUSING PIPELINE REPORT  
ASEEM NIGAM, DIRECTOR



HOUSING AND COMMUNITY AFFAIRS | 1401 ROCKVILLE PIKE, 4TH FLOOR; ROCKVILLE, MD 20852 |

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## DHCA Loan Pipeline

Updated: 3/26/2021

### CY20 Closed Loans

During CY20 DHCA and our Multifamily Housing Team closed 13 loans totaling over \$23.9 million, which will produce or preserve 2,265 total units, of which 926 will be affordable. Each project required varying levels of investment; however, DHCA typically provides between \$50-60,000 per affordable unit. In FY20, DHCA provided an average of \$33,399 per affordable unit. Below please find information on the 13 transactions that closed in FY20.

#### 1. MHP Parkview Towers

- Owner/Developer: Montgomery Housing Partnership, Inc.
- 7667 Maple Avenue, Takoma Park
- Stabilization and repairs of exterior façade issues at this 125-unit LIHTC assisted property.
- 105 units accommodate households with incomes at 30%, 50%, and 60% of AMI.
- Work included the stabilization, design, and installation of a permanent wall repair system for the property.
- Financing \$300,000 from the County as well as funding from a private lender and the Maryland Department of Housing and Community Development (MD DHCD).
- Project may require additional County funding, which will be considered at a later time.
- **Closed March 2020**



#### 2. Knowles Avenue Senior Housing

- Owner/Developer: Knowles Manor, LLC
- 3906 Knowles Avenue, Kensington
- Production/new construction of 94 units of **senior** housing which will be affordable to households earning 30%, 50%, and 80% of AMI.
- Project is receiving 4% LIHTC's from MD DHCD and State is allowing income averaging calculations for the 80% of AMI units.



- DHCA provided \$8,900,000 for the project's development and construction costs. In addition, the project received a PILOT and an MPDU Alternative Location Payment.
- **Closed July 2020**

### 3. Fireside Park Apartments

- Owner/Developer: Rockville Housing Enterprises
- 735 Monroe Street, Rockville
- Preserved an existing rental housing development that provides housing to families earning 50%, 60% and 80% of AMI.
- Project contains 22 buildings with a total of 236 units that require rehabilitation due to a major fire that occurred in 2018.
- Project received 4% LIHTC's from MD DHCD.
- DHCA provided \$5,342,517 in financing for the development of the project.
- **Closed April 2020**



### 4. Snowden's Ridge Apartments

- Owner/Developer: Arlington Partnership for Affordable Housing, Inc.
- 2105 Harlequin Terrace, #A, Silver Spring
- Previously, the County provided funding to acquire/preserve this 87-unit 100% Section 8 property via Right of First Refusal to preserve the property's expiring Section 8 contract.
- The County provided a **\$5 million** loan to provide needed rehabilitation funding for the project along with LIHTC and MD DHCD tax-exempt bonds as the permanent financing.
- **Closed December 2020**

### 5. Gramax

- Project ended its initial LIHTC compliance period and was sold.
- DHCA met with the purchaser as a part of the Right of First Refusal process to ensure that the LIHTC extended use remained in place.
- DHCA extended existing PILOT to be concurrent with MD DHCD extended use agreement.
- **Closed July 2020**





#### 6. Container Housing Initiative

- Conducted a feasibility study to determine the applicability of modular and/or shipping containers as an affordable housing resource.
- Affordability and financing info; estimated at \$1M.
- Project did not materialize.



#### 7. Montgomery Paint Branch

- Property sale and purchase
- PILOT extended to preserve 49 Section 8 units.
- **Closed September 2020**



#### 8. Randolph Road/ Bushey Drive Redevelopment – Predevelopment Loan

- Owner/Developer: AHC Inc.
- 4010 Randolph Road, Silver Spring
- County initiated and sponsored redevelopment of the former Montgomery County Department of Recreation Site into 168 units of affordable rental apartments and 27 homeownership units.
- Project will create an 100% affordable development that will serve households with incomes between 30% and 70% AMI.
- Development team is a creative partnership between AHC Inc., Habitat for Humanity - Metro Maryland, and Interfaith Works.
- The County provided a \$2,000,000 predevelopment loan to support a portion of the predevelopment activities needed to bring the development to fruition.
- **Closed July 2020**



#### 9. Winarsky Properties

- Preserved naturally occurring affordable housing.
- Property received as a Chapter 53-A Right of First Refusal – review.
- Preserved 29 of 67 units with rents not to exceed 60% of AMI.
- No displacement of existing residents.
- **Closed December 2020**

#### 10. Rosaria Communities – St. Andrews

- Owner/Developer: Rosaria Communities of Montgomery County (not-for-profit organization)
- 2232 Countryside Drive, Silver Spring
- Acquisition and renovation of single-family property to be occupied by three developmentally disabled individuals and one caregiver.
- The County provided \$300,000 in financing to support a portion of the acquisition and renovation costs of the project.
- Development will support the mission of the organization to construct or renovate housing in Montgomery County, MD to increase independent living opportunities for adults with developmental disabilities.
- **Closed October 2020**

#### 11. Park at Kingsview

- Owner/Developer: PRP Real Estate Management
- 13414 Daventry Way, Germantown
- Preserved 41 expiring MPDUs through a rental agreement.
- The County provided funding of \$800,000.
- **Closed August 2020**

#### 12. The Seasons

- Preserved 18 expiring MPDUs
- MPDUs expired in 2020/2021
- **Closed December 2020**

#### 13. HUI Scattered Site

- A \$219,193 Housing Initiative Fund (HIF) loan to HUI for the purchase of a three (3) bedroom townhomes.
- HUI is a County approved Community Housing Development Organization (CHDO) eligible for both HOME and HIF funding.
- HUI is purchasing this property to house persons undergoing mental recovery.
- **Closed August 2020**

#### 14. HUI State Bond Match

- This \$780,807 loan is being funded under a recently renewed HUI permanent loan fund (PLF) commitment with DHCA to acquire scattered-site rental units for persons earning at or below fifty percent (50%) of area median income.
- DHCA funds are for acquisition only and are partnered with Maryland State Community Bond grant funds in the amount of \$1,000,000.
- **Closed August 2020**

## CY21 Pipeline Loans

DHCA's CY21 pipeline currently consists of 13 loans totaling \$75.7 million, which, if approved and closed, will produce or preserve 1,070 total units, of which 890 will be affordable. Please find information on these loans below.

### 1. MHP Hillbrooke Towers

- Owner/Developer: Montgomery Housing Partnership, Inc.
- 515 Thayer Avenue, Silver Spring
- Preservation and rehabilitation of a 55-unit apartment building.
- The property was purchased by Montgomery Housing Partnership in 2015 as part of disposition by a private owner.
- County provided \$6MM in funding to assist with the rehabilitation of the property, which also included LIHTC, bond financing and subordinate financing from MD DHCD.
- **Closed February 2021**



### 2. MHP Hillwood Manor

- Owner/Developer: Montgomery Housing Partnership, Inc.
- 1100 Linden Avenue, Takoma Park
- Preservation and renovation of 96-units of multifamily rental housing
- Project contains 78 units at or below 60% AMI and 18 market rate units
- Renovation plan includes new kitchens, baths, HVAC, electrical, plumbing, paint, flooring and extensive repair to the common areas and exterior
- Financing strategy includes 4% LIHTC, MD DHCD direct financing, a seller take-back note, and County funding.
- Requested level of County funding is \$9.7M.
- Closing anticipated September 2021.



### 3. MHP Frederick Avenue

- Owner/Developer: Montgomery Housing Partnership, Inc.
- 439 & 425 Frederick Avenue, Gaithersburg
- Renovation of property to preserve affordability.
- A minimum of 50 percent of the units would be affordable at 60% AMI.
- Developer creating the scope of work.



- Anticipated financing structure includes tax-exempt bonds, LIHTC and subordinate state debt.
- Requested level of County funding is \$3M.
- Closing date to be determined.

#### 4. 715 Sligo

- Owner/Developer: REBI, Inc.
- 715-719 Sligo Avenue, Silver Spring
- Development and new construction of 75 +/- family or senior housing units.
- Seventy – eighty five percent of the project will be affordable to housing earning at or below 60% AMI.
- DHCA is working with developer and MD DHCD to finalize financing structure of the project.
- Requested level of County funding is \$3M.
- Received 9% LIHTC in recent DHCA award.
- Closing date to be determined.

#### 5. Brooke Park

- Owner/Developer: HOC
- 6401 MacArthur Blvd, Bethesda
- Preservation and redevelopment of 17 multifamily units.
- All 17 units would be affordable to households earning no more than 30-80% AMI.
- Projected DHCA loan is \$3.7M.
- Anticipated closing 2<sup>nd</sup> quarter CY21.

#### 6. NCCF Greentree Campus Site

- Owner/Developer: National Center for Children and Families (NCCF)
- 6301 Greentree Road, Bethesda
- 12-acre campus type location of NCCF offices, buildings for the provision of emergency, transitional and homeless housing services for County residents.
- Project provides 62 homeless shelter beds for persons between 0% and 50% AMI.
- A DHCA existing loan modification of adding \$500,000 of HIF funds for building repairs and replacement reserves.
- Anticipated closing 2<sup>nd</sup> quarter CY21.



#### 7. HUI Scattered Sites

- Two (2) bedroom condominium acquisition for Single Room Occupancy (SRO) units for persons undergoing mental recovery.
- DHCA is providing a \$52,331 HOME Program loan for acquisition.
- Project is receiving \$67,272 in MD State Community Bond Grant funds.
- Project is receiving \$46,875 in Maryland Affordable Housing Trust (MAHT) Grant funds.

- Project will serve persons at or below 30% AMI.
- Anticipated closing is April 2021.

#### HUI Scattered Sites

- Three (3) bedroom townhome acquisition for Single Room Occupancy (SRO) units for persons undergoing mental recovery.
- DHCA is providing a \$116,299 in HOME Program loan for acquisition.
- Project to receive \$235,211 in MD State Community Bond Grant funds.
- Project to receive \$75,000 in Maryland Affordable Housing Trust (MAHT) Grant funds.
- Project will serve persons at or below 30% AMI.
- Anticipated closing is April 2021.

#### HUI Scattered Sites

- Three (3) bedroom townhome acquisition for Single Room Occupancy (SRO) units for persons undergoing mental recovery.
- DHCA is providing a \$121,536 in HOME Program loan for acquisition.
- Project to receive \$190,389 in MD State Community Bond Grant funds.
- Project to receive \$75,000 in Maryland Affordable Housing Trust (MAHT) Grant funds.
- Project will serve persons at or below 30% AMI.
- Anticipated closing is April 2021.

#### 8. Sandy Spring Senior Village

- Owner/Developer: KCG Development, LLC
- 17810 Meeting Housing Road, Sandy Spring
- Acquisition and renovation/conversion of existing office/commercial building into 56 units of affordable senior rental apartments.
- All units will be affordable to households with incomes at 40%, 50% and 60% AMI.
- The total development costs of \$20.3MM is supported by a senior private lending loan, MD DHCD subordinate financing and equity via 4% LIHTC.
- The County is being requested to provide gap funding through subordinate financing of \$3,808,000 and a PILOT to support the affordable units.
- Project funding request denied by DHCA Director.



#### 9. Residences at Forest Glen

- Owner/Developer: Montgomery Housing Partnership
- 2106 Belvedere Blvd, Silver Spring
- Complete redevelopment of the dilapidated 72-unit Forest Glen Apartments into a 189-unit mixed income apartment community approximately 2 blocks from the Forest Glen Metro Station.
- The project will be one of the first twinning tax credit developments in Maryland, which combines both 9% and 4% Low Income Housing Tax Credits in the same development.
- The County loan request is approximately \$15MM to support the redevelopment of the site.
- Anticipated closing is December 2021.



#### 10. St. Anne's Senior Housing

- Owner/Developer: Mission First Housing Development Corp. and St. Anne's CDC.
- 25104 Ridge Road, Damascus
- New construction of an affordable 76-unit multifamily building for seniors with TDC of \$23.4M.
- Project will contain 5 units (30% AMI), 5 units (50% AMI), 63 units (60% AMI) and 3 units (70% AMI).
- Financing strategy includes 4% LIHTC, MD DHCD direct financing, and County funding.
- Requested level of County funding is \$2.5M.
- Anticipated closing is September 2021.

#### 11. Jewish Foundation for Group Homes, Inc. (JFGH)

- Owner/Developer: Jewish Foundation for Group Homes, Inc.
- 1309 Leister Drive, Silver Spring
- Acquisition funding for single family rambler for conversion to a group home for 3 persons with Intellectual and Developmental Disabilities (IDD).
- Project to serve persons with incomes between 0% and 50% AMI and will contain 5 units (30% AMI), 5 units (50% AMI), 63 units (60% AMI) 3 units (70% AMI).
- Requested level of County funding is \$430,000.
- Anticipated closing 3<sup>rd</sup> quarter CY2021.

#### 12. Park Montgomery

- Owner/Developer: Enterprise Community Development Inc.
- 8660 Piney Branch Road, Silver Spring
- Proposed project is the refinance/renovation of the existing 141-unit high rise rental apartment and the new construction of a 76-unit building on the same parcel. The development will preserve and create a total of 217 units. Out of the total 217, an estimated 198 units will be affordable to households between 30% and 60% AMI.

- The proposed development will be a twinning project, which combines both 9% and 4% Low Income Housing Tax Credits in the same development.
- The proposed County support is a subordinate loan of \$8,550,000 and a PILOT agreement for the affordable units.
- Closing date to be determined.

#### 13. Naples Manor Townhomes

- Right of First Refusal Execution.
- 64 – Three bedroom townhomes in Silver Spring.
- Rents affordable at 60-65 percent of Area Median Income.
- Purchase price approximately \$250,000 per unit.
- County purchased and sold to Enterprise Community Development.
- **Closed February 2021**

#### 14. HOC Westside Shady Grove

- HOC joint venture with EYA and Bozzuto.
- Mixed use new construction of 268 units and commercial space.
- 80 units affordable at 50% and 60% AMI. DHCA subordinate construction lender.
- **Closed January 2021**

#### 15. MHP Parkview Towers – Phase 2

- Owner/Developer: Montgomery Housing Partnership, Inc.
- 7667 Maple Avenue, Takoma Park
- Stabilization and repairs of exterior façade issues at this 125-unit LIHTC assisted property.
- 105 units accommodate households with incomes at 30%, 50%, and 60% of AMI.
- Work will installation of a permanent wall repair system for the property.
- Cost to be shared by all project financing sources, private lender and the MD DHCD.

#### 16. MCCH Property Rehab

- Rehabilitation of property serving households earning 50% or less of AMI.

### CY22 Pipeline Loans

#### 1. MHP Montouri Site

- MHP Montouri Site – Acquisition and development of vacant site as “MPDU collector site”.

### Projects “In Discussion”

1. Montgomery College Tiny House – Potential partnership with Montgomery College to be defined.
2. Milestone Senior – Project is the new construction of affordable senior housing; project in early discussion stage.
3. HOC – Hillandale – This is the redevelopment of the HOC Holly Hall site a former public housing site that will have increased units with a projected 155 units of senior housing and a 308-unit family building.

4. Seabury Resources - Springvale Terrace – renovation of the 146 unit senior independent and assisted living facility. Most residents residing at the property have incomes at 30-50% AMI. The property will seek tax-exempt bonds and LIHTC equity for renovation financing.
5. The Fields of Gaithersburg – This is a Qualified Contract purchase of an owner opting out of a LIHTC compliance period. The Qualified Contract purchase process is managed by MD DHCD.
6. Homes at Olde Towne – Potential sale by owner of a LIHTC project.
7. 315 Diamond Avenue – New construction, mixed-income, mixed-use project consisting of 109-units of apartment housing located in the center of Gaithersburg adjacent to the MARC Train. 52 of the 109 units are slated to be affordable to households at or below 60% AMI.

<https://mcgov.sharepoint.com/teams/DHCA/Housing/Multifamily/Shared Documents/Reports/Annual ROFR Report/2020 Report/Project Narratives - April 2021.docx>

# *Affordable Housing Opportunity Fund*

Expanding Preservation Capacity

Marc Elrich  
County Executive



Aseem K. Nigam  
Director, DHCA

# Structure of the Opportunity Fund

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- Organizes commitments of private capital in advance, increasing the impact of County lending to support housing preservation.
- Increases available funds without additional funding or borrowing/debt service by the County.
- Utilizes skills of mission driven financial institution with experience arranging acquisition financing and evaluating transactions based on successful programs nationally and regionally.
- County will approve all investments and manage the lending of its funds.

# How the Fund Differs from Current HIF Lending

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- Predefined eligibility, underwriting and documentation, along with predetermined CDFI and County funds reduces costs and improves funding certainty and closing timing.
- CDFI lending combines with 75-80% first trust lending for up to 90% of acquisition, allowing County funds needed as low as 10%, rather than full 20-25%, supporting two or three times as many deals.
- CDFI combined with County funding produce competitive costs lower than alternative equity financing



# Preserving At-Risk Currently Affordable Housing

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- Acquisition and stabilizing properties with long-term affordability requires developers to act quickly with competitively priced funds.
- Establishing a dedicated Fund allows private capital and developers to target properties which align with County preservation priorities.
- Acquisitions will require a refinancing strategy involving long-term affordability, with protections for existing tenants pending completion of long-term affordability requirements.

**Committee:** PHED

**Committee Review:** At a future date

**Staff:** Linda McMillan, Senior Legislative Analyst

**Purpose:** To receive testimony – no vote expected

**Keywords:** Affordable Housing

AGENDA ITEM #5

January 12, 2021

**Public Hearing**

## SUBJECT

Amendment to the FY21-26 Capital Improvements Program and Supplemental Appropriation to the FY21 Capital Budget; Montgomery County Government; Department of Housing and Community Affairs; Affordable Housing Opportunity Fund (P762101); \$8,000,000 (Source of Funds: Recordation Tax Premium (MCG))

## EXPECTED ATTENDEES

NA

## COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- Introduced on December 15, 2020. PHED Committee to be scheduled at a future date.

## DESCRIPTION/ISSUE

Montgomery County has a shortage of housing that is affordable to moderate and low-income households, particularly households earning less than 50% area median income. Additional financing strategies to help preserve affordable housing are needed. The Executive recommends the creation of an Affordable Housing Opportunity Fund. The Department of Housing and Community Affairs is planning to enter into a partnership with an entity, such as a Community Development Financial Institution (CDFI), to identify appropriate projects and assist in creating financing packages that leverage non-county funding. Funds from the Affordable Housing Opportunity Fund will fill the financing gap so that the project can move forward. It is expected that these funds will primarily be used for initial short-term financing of up to 36 months but may also be used for intermediate term agreements. Eight million dollars is requested for FY21 and \$6 million for FY22.

## SUMMARY OF KEY DISCUSSION POINTS

- Both new financing tools and additional public and private resources are needed to preserve affordable housing in Montgomery County, particularly housing that is affordable to households with incomes below 50% of AMI.
- In January, the Executive recommended the creation of an Affordable Housing Opportunity Fund that would be used to preserve affordable housing through the purchase of existing buildings by partners that commit to long-term affordability. This is likely to occur through the county's ability to exercise right-of-first refusal.
- The Council agreed with the recommendation of the Planning, Housing, and Economic Development Committee to approve the project but not to appropriate until additional questions were answered about the structure for this fund.

- The Department of Housing and Community Affairs has continued to work through the details on the structure and now plans to issue a solicitation to partner with an entity, such as a CDFI, that will assist with identifying projects and partners, developing financing plans that will leverage new sources of non-county capital, and reviewing loans. This partner will be able to access the county funds to close gaps in financing packages.
- The Executive has transmitted a CIP amendment and is requesting a supplemental appropriation of \$8 million. The source of funds is Recordation Tax Premium that is available for county CIP projects.

**This report contains:**

Executive memo, Resolution, and PDF

© 1-4

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5116133

OFFICE OF THE COUNTY EXECUTIVE  
ROCKVILLE, MARYLAND 20850Marc Elrich  
County Executive

## M E M O R A N D U M

December 4, 2020

TO: Tom Hucker, President, County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Amendment to the FY21-26 Capital Improvements Program and Supplemental Appropriation #14-S21-CMCG-6 to the FY21 Capital Budget  
Montgomery County Government  
Department of Housing and Community Affairs  
Affordable Housing Opportunity Fund (P762101), \$8,000,000

I am recommending a supplemental appropriation to the FY21 Capital Budget and amendment to the FY21-26 Capital Improvements Program in the amount of \$8,000,000 for the Affordable Housing Opportunity Fund (No. P762101). Appropriation for this project will address the urgent challenge of preservation and development of affordable housing in areas at risk of rent escalation to higher market rents, including the Purple Line Corridor and other County transit corridors.

This increase is needed because the County has a severe shortage of affordable housing and needs to maximize and leverage private investment in the preservation and creation of dedicated affordable housing. The recommended amendment is consistent with the criteria for amending the CIP because project leverages significant non-County sources of funds. The funds will be used to support creation of a public-private affordable housing acquisition fund, leveraging County acquisition loans with predetermined private sector lending to support long-term affordable housing preservation. It will allow development of an agreement with the private sector capital providers, including targeted uses and lending terms as agreed upon by the County and the private sector partners as part of an acquisition funding pool, to support lending for acquisition of targeted properties to create long-term affordable housing. Borrowers are expected to repay loans when long-term affordability financing is arranged, revolving the funds back to support additional acquisitions.

I recommend that the County Council approve this appropriation and amendment to the FY21-26 Capital Improvements Program in the amount of \$8,000,000 and specify the source of funds as Recordation Tax Premium.

I appreciate your prompt consideration of this action.

ME:ll

Attachment: Amendment to the FY21-26 Capital Improvements Program and Supplemental Appropriation #14-S21-CMCG-6

c: Aseem Nigam, Director, Department of Housing and Community Development  
Jennifer Bryant, Acting Director, Office of Management and Budget

Resolution: \_\_\_\_\_  
 Introduced: \_\_\_\_\_  
 Adopted: \_\_\_\_\_

COUNTY COUNCIL  
 FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: Amendment to the FY21-26 Capital Improvements Program and Supplemental Appropriation #14-S21-CMCG-6 to the FY21 Capital Budget Montgomery County Government Department of Housing and Community Affairs Affordable Housing Opportunity Fund (P762101), \$8,000,000

**Background**

1. Section 307 of the Montgomery County Charter provides that any supplemental appropriation shall be recommended by the County Executive who shall specify the source of funds to finance it. The Council shall hold a public hearing on each proposed supplemental appropriation after at least one week's notice. A supplemental appropriation that would comply with, avail the County of, or put into effect a grant or a Federal, State or County law or regulation, or one that is approved after January 1 of any fiscal year, requires an affirmative vote of five Councilmembers. A supplemental appropriation for any other purpose that is approved before January 1 of any fiscal year requires an affirmative vote of six Councilmembers. The Council may, in a single action, approve more than one supplemental appropriation. The Executive may disapprove or reduce a supplemental appropriation, and the Council may reapprove the appropriation, as if it were an item in the annual budget.
2. Section 302 of the Montgomery County Charter provides that the Council may amend an approved capital improvements program at any time by an affirmative vote of no fewer than six members of the Council.
3. The County Executive recommends the following capital project appropriation increases:

<u>Project Name</u>	<u>Project Number</u>	<u>Cost Element</u>	<u>Amount</u>	<u>Source of Funds</u>
Affordable Housing Opportunity Fund	762101	Land	\$8,000,000	Recordation Tax Premium

Amendment to the FY21-26 Capital Improvements Program and Supplemental Appropriation  
 #14-S21-CMCG-6  
 Page Two

4. This increase is needed because the County has a severe shortage of affordable housing and needs to maximize and leverage private investment in the preservation and creation of dedicated affordable housing. The recommended amendment is consistent with the criteria for amending the CIP because project leverages significant non-County sources of funds. The funds will be used to support creation of a public-private affordable housing acquisition fund, leveraging County acquisition loans with predetermined private sector lending to support long-term affordable housing preservation. It will allow development of an agreement with the private sector capital providers, including targeted uses and lending terms as agreed upon by the County and the private sector partners as part of an acquisition funding pool, to support lending for acquisition of targeted properties to create long-term affordable housing. Borrowers are expected to repay loans when long-term affordability financing is arranged, revolving the funds back to support additional acquisitions.
5. The funds will support the County negotiating an agreement with a private sector partner to serve as a fund manager, arranging additional acquisition lending funds from private sector sources, and coordinating acquisition opportunities under terms and conditions targeted with the County's funds.
6. The County Executive recommends an amendment to the FY21-26 Capital Improvements Program and a supplemental appropriation in the amount of \$8,000,000 for the Affordable Housing Opportunity Fund (No. P762101) and specifies that the source of funds will be Recordation Tax Premium.
7. Notice of public hearing was given and a public hearing was held.

**Action**

The County Council for Montgomery County, Maryland, approves the following action:

The FY21-26 Capital Improvements Program of the Montgomery County Government is amended as reflected on the attached project description form and a supplemental appropriation is approved as follows:

<u>Project Name</u>	<u>Project Number</u>	<u>Cost Element</u>	<u>Amount</u>	<u>Source of Funds</u>
Affordable Housing Opportunity Fund	762101	Land	\$8,000,000	Recordation Tax Premium

This is a correct copy of Council action.

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Selena Mendy Singleton, Esq. Clerk of the Council



## Affordable Housing Opportunity Fund (P762101)

<b>Category</b>	Community Development and Housing	<b>Date Last Modified</b>	05/18/20
<b>SubCategory</b>	Housing (MCG)	<b>Administering Agency</b>	Housing & Community Affairs
<b>Planning Area</b>	Countywide	<b>Status</b>	Planning Stage

	Total	Thru FY19	Est FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
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### EXPENDITURE SCHEDULE (\$000s)

Land	14,000	-	-	14,000	8,000	6,000	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>14,000</b>	-	-	<b>14,000</b>	<b>8,000</b>	<b>6,000</b>	-	-	-	-	-

### FUNDING SCHEDULE (\$000s)

Recordation Tax Premium (MCG)	14,000	-	-	14,000	8,000	6,000	-	-	-	-	-
<b>TOTAL FUNDING SOURCES</b>	<b>14,000</b>	-	-	<b>14,000</b>	<b>8,000</b>	<b>6,000</b>	-	-	-	-	-

### APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 21 Request	-	Year First Appropriation	-
Appropriation FY 22 Request	6,000	Last FY's Cost Estimate	-
Supplemental Appropriation Request	8,000		
Cumulative Appropriation	-		
Expenditure / Encumbrances	-		
Unencumbered Balance	-		

### PROJECT DESCRIPTION

This project provides funding to address the urgent challenge of preservation and development of affordable housing in areas at risk of rent escalation to higher market rents, including the Purple Line Corridor and other County transit corridors.

The Affordable Housing Opportunity Fund will be used to provide seed money to establish a public-private preservation commitment of funds which will proactively leverage additional resources to support affordable housing developers in preserving and producing targeted affordable housing. The purpose of the funds is to assist affordable housing developers purchasing properties offered for sale, and potentially to purchase property from the County which it acquires under the Right of First refusal law. A portion of the units in these properties must serve households with incomes that are at or below incomes eligible for the Moderately Priced Dwelling Unit (MPDU) Program.

The funds will be operated through establishing a contractual agreement with a fund manager, such as a Community Development Financial Institution (CDFI), to coordinate commitment of private capital investment in acquisitions of properties to create long-term affordability. Under predetermined terms, the Opportunity Fund will be dedicated to acquisition transactions in combination with the private capital with County approval of each transaction. The funding is expected to support financing activity within six months of allocation, based on the time needed to identify partners, develop investment guidelines, and document responsibilities. Loan terms will primarily be short-term (up to 36 months) in duration. Funds are expected to revolve based on refinancing or redevelopment financing.

### PROJECT JUSTIFICATION

The County has a severe shortage of affordable housing and needs to maximize and leverage private investment in the preservation and creation of dedicated affordable housing. The fund structure will establish predetermined underwriting parameters and qualifications for affordable housing developers rapidly purchasing properties targeted for preservation. After acquisition, the fund structure will allow time to implement longer term actions addressing specific property opportunities, from rental agreements to redevelopment. The expectation is that these funds will leverage approximately \$4 for every \$1 of County funding. Opportunities to purchase property utilizing the County's Right of First Refusal could arise without advance notice and would not be planned in advance. Other targeted acquisitions would benefit from access to a dedicated source of ready funding. Properties may be acquired by the County, the Housing Opportunities Commission, non-profit developers or other entities that agree to maintain affordability or develop/redevelop a property for affordable housing.

### OTHER

Resale or control period restrictions to ensure long-term affordability should be a part of projects funded with these monies.

### FISCAL NOTE

Future loan repayments are expected and will be used to finance future housing activities in this project. FY21 supplemental in Recordation Tax Premium (MCG) for the amount of \$8,000,000.

### COORDINATION

Montgomery County Revenue Authority, Housing Opportunities Commission, non-profit housing providers, private sector developers, and financing institutions.

**TESTIMONY ON BEHALF OF COUNTY EXECUTIVE MARC ELRICH  
ON THE AMENDMENT TO FY21-26 CAPITAL IMPROVEMENT  
PROGRAM AND SUPPLEMENTAL APPROPRIATION TO THE FY21  
CAPITAL BUDGET FOR DEPARTMENT OF HOUSING AND  
COMMUNITY AFFAIRS FOR THE AFFORDABLE HOUSING  
OPPORTUNITY FUND (P762101), \$8,000,000.**

**January 12, 2021**

Good afternoon Council President and Councilmembers, my name is Aseem Nigam, Director of the Department of Housing and Community Affairs. I am here on behalf of the County Executive in support of the supplemental capital project appropriation for the Affordable Housing Opportunity Fund.

This appropriation is needed because the County has a severe shortage of affordable housing and needs to move quickly to keep naturally occurring affordable housing as affordable for the longer term and needs to maximize and leverage private investment in the preservation and creation of dedicated affordable housing. The recent Montgomery Planning studies, like the Housing Needs Assessment and the Preservation Study shed light on the scope of our housing affordability challenges as well as opportunities like the Opportunity Fund.

The Preservation Study identified that, over the next ten years, we are at risk of losing 7,000 to 11,000 units of the approximately 26,000 units of naturally occurring affordable housing where many County residents are living.

This appropriation of County funds will support DHCA in working with the private sector to create and leverage a dedicated pool of revolving short-term financing that will enable developers to respond quickly to opportunities to acquire properties at risk of loss of affordability and position them for longer term affordability. To achieve this, the County will negotiate an agreement with a private sector partner to serve as a fund manager; arrange additional acquisition lending funds from private sector sources; and coordinate acquisition opportunities under terms and conditions developed in partnership with the County. This short-term financing once repaid



from long-term financing, will become available to support additional acquisitions of affordable housing.

Many other jurisdictions already are pursuing the approach like the Affordable Housing Opportunity Fund. This supplemental appropriation will allow the County to engage private capital providers in structuring approaches to our housing challenge with dedicated acquisition funds for preservation efforts. Also, the Opportunity Fund will relieve pressure on the Housing Initiative Fund (HIF) for acquisition purpose and the HIF could be solely used for long-term financing.

Thank you.



## **Testimony on Supplemental Appropriation for The Affordable Housing Opportunity Fund**

### **Coalition Homes and MCCH**

**January 11, 2021**

Good afternoon Council President Hucker and members of the Montgomery County Council. My name is Jeffrey Mosley and I am testifying on behalf of Coalition Homes (CH) and the Montgomery County Coalition of the Homeless (MCCH). MCCH provides solutions in Montgomery County to ensure that homelessness is rare, brief, and nonrecurring. This mission is underscored by our vision to build a community where everyone has a safe, stable, and affordable place to call home. MCCH's affiliate, CH, owns, manages and seeks to expand the supply of the county's affordable housing dedicated as permanent supportive housing (PSH).

MCCH and CH applauds the creation of the Affordable Housing Opportunity Fund. The Fund will provide a critical platform for Department of Housing and Community Affairs (DHCA) to hasten the acquisition and preservation of dwellings that might otherwise become unaffordable, particularly when we critically need these resources. We support the supplemental appropriation of \$8 million for FY21 and \$6 million for FY22. We strongly encourage however that the Council increase the funding to \$10 million for each fiscal year. Capitalizing the Fund at \$10mm annually would help leverage \$60-80mm in non-County dollars to acquire properties dedicated to affordable housing. CH specifically will apply for these funds to acquire properties and develop over 90 permanent supportive housing units for people with no to very-low incomes.

Investing in permanent supportive housing units is part of MCCH and CH's strategy to reduce the number of County residents that are dependent on shelter space and enable them to live independently and sustainably. CH owns and provides 181 PSH opportunities for families struggling with homelessness; these are families with incomes at or below 30 percent of area median income. We expect to utilize the DHCA's Affordable Housing Opportunity and Housing Initiative Funds along with non-public capital and the proposed \$50mm bond for affordable housing development and preservation to finance acquisition and renovations to increase our portfolio of PSH units.

MCCH and CH joins our Montgomery Housing Alliance partners in supporting the creation and appropriation of the Affordable Housing Opportunity Fund and positive consideration of the associated housing bonds to further affordable housing development opportunities. These resources will help ensure that CH and other affordable housing developers will have access to capital with the necessary rates and terms to meet the growing need for low wealth residents.

Thank you for your time and giving me the opportunity to share these observations.

Sincerely,

A handwritten signature in black ink, appearing to be 'J Mosley', with a long horizontal stroke extending to the right.

Jeffrey Mosley  
Director, Coalition Homes  
Chief Real Estate Officer, Montgomery County Coalition for the Homeless

AHCMC Testimony before the Montgomery County Council on January 12, 2020  
Regarding Appropriations for the Affordable Housing Opportunity Fund

Good afternoon. I am Diana Eisenstat, Executive Director of the Affordable Housing Conference of Montgomery County. AHCMC is celebrating its 30<sup>th</sup> year advocating for the preservation and creation of affordable housing. We welcome the opportunity to lend our support for the \$8 million appropriation for the Affordable Housing Opportunity Fund. Pre-pandemic, nearly 50% of Montgomery County residents were housing burdened. With rental and mortgage arrearages continuing to increase as unemployment rates remain high, we strongly recommend restoring the initially proposed \$10 million appropriation. This is an investment we cannot afford not to make.

Montgomery County and jurisdictions across the Country have long faced an affordable housing crisis. The pandemic has laid bare the disparate impact of inadequate housing on the health and well-being of low-income residents and communities of color. Revolving funds that provide both leverage and bridge financing to secure long-term funding, like the Affordable Housing Opportunity Fund, are essential to sustaining dedicated affordable housing properties. There are numerous models of public/private and not-for-profit sector partnerships in our region—Enterprise’s Equitable Path Forward and JBG Smith’s Washington Housing Initiative to name a couple-- offering great potential to address the affordable housing crisis. The level of investment needed to get and keep people housed calls for partnerships and a multi-pronged approach. To that end, AHCMC also strongly encourages the Council and the County Executive to approve the \$50 million bond financing proposed for the Housing Production Fund, and the \$50 million bond financing proposed for the preservation and creation of affordable housing along the Purple Line Corridor.

The Montgomery County Planning Board estimates that nearly 27% of all new households moving into the County during the next two decades will earn between \$25,000 and \$50,000. Similarly, seniors have comprised much of the growth in the county during the last decade. If we are to meet the affordable housing needs of our residents, and especially vulnerable populations, pursuing investments through a variety of platforms and relationships will be imperative to ensuring a thriving community. We are grateful for your commitment and dedication to identifying solutions to the affordable housing crisis plaguing our community and others across the country. In keeping with the County’s stellar reputation, we urge you to approve the \$10 million appropriation for the Affordable Housing Opportunity Fund and the \$100 million in bond financing. Thank you.

**NFP Affordable Housing Corp.**  
**4405 East West Highway, Suite 309**  
**Bethesda, MD 20814**

January 7, 2021

Montgomery County Council  
100 Maryland Avenue, 6th Floor  
Rockville, MD 20850

**Re: Affordable Housing Opportunity Fund**

Dear Members of the Council:

I am submitting this letter in support of the Supplemental Appropriation to the County Government's FY21 Capital Budget and Amendment to the FY21-26 CIP, DHCA - \$8,000,000 for the Affordable Housing Opportunity Fund. I support Montgomery County policies and programs to maintain and increase the much-needed supply of affordable and low-income housing, which this appropriation addresses.

This appropriation will support affordable housing developers working with the County to preserve existing affordable housing. When properties become available, affordable housing developers and owners need to have confidence that financing is available, and having a dedicated source of funding for specific types of properties—in this case affordable housing--helps to reduce risks and reduce timelines.

This appropriation of County funds will support private sector lenders committing funds for a broader dedicated pool of revolving short-term financing. Affordable housing developers have existing funding options, which are arranged on a transaction-by-transaction basis. The project eligibility and underwriting guidelines established in advance will support targeting and evaluation of opportunities. The proposal to have a private sector partner serve as a fund manager, arranging private sector mission focused acquisition lending in coordination with the County, will provide advantages in competing for property. The County's involvement will also support coordination of the long-term affordable financing to take out and repay the acquisition loan to support future acquisitions.

The Affordable Housing Opportunity Fund is an innovative way to increase funds for affordable housing in Montgomery County by, among other things, leveraging approximately \$4 for every \$1 of County funding. I strongly urge the Council to support this appropriation.

Sincerely,



Rick Edson  
Executive Director  
[redson@hcadc.com](mailto:redson@hcadc.com)  
240.505.9293



# Affordable Housing Opportunity Fund (P762101)

Category	Community Development and Housing	Date Last Modified	04/23/21
SubCategory	Housing (MCG)	Administering Agency	Housing & Community Affairs
Planning Area	Countywide	Status	Planning Stage

Total	Thru FY20	Rem FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
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## EXPENDITURE SCHEDULE (\$000s)

Land	8,000	-	-	8,000	8,000	-	-	-	-	-
TOTAL EXPENDITURES	8,000	-	-	8,000	8,000	-	-	-	-	-

## FUNDING SCHEDULE (\$000s)

Recordation Tax Premium (MCG)	8,000	-	-	8,000	8,000	-	-	-	-	-
TOTAL FUNDING SOURCES	8,000	-	-	8,000	8,000	-	-	-	-	-

## APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 22 Request	-	Year First Appropriation	
Cumulative Appropriation	8,000	Last FY's Cost Estimate	14,000
Expenditure / Encumbrances	-		
Unencumbered Balance	8,000		

## PROJECT DESCRIPTION

This project provides funding to address the urgent challenge of preservation and development of affordable housing in areas at risk of rent escalation to higher market rents, including the Purple Line Corridor and other County transit corridors.

The funds will be used to provide seed money to establish a public-private preservation commitment of funds which will proactively leverage public and private capital to support affordable housing developers in preserving and producing targeted affordable housing. The County commitment of the funds will allow establishing parameters of a contractual agreement with a fund manager, such as a Community Development Financial Institution (CDFI), which would coordinate commitment of private capital to align with the County's funds and support acquisitions of properties to create long-term affordability. The County's project funds would be dedicated as available to acquisition transactions in combination with the private capital under predetermined terms, with County lending based on approval of each transaction. The approved funds are expected to support financing activity within six months of allocation, based on time needed to identify partners, develop investment guidelines, and document responsibilities. The funds will be used to assist affordable housing developers purchasing properties offered for sale, and potentially to purchase property from the County which it acquires under the Right of First Refusal law. A portion of the units in these properties must serve households with incomes that are at or below incomes eligible for the Moderately Priced Dwelling Unit (MPDU) program. Loan terms will primarily be short-term (up to 36 months) in duration. Funds are expected to revolve based on refinancing or redevelopment financing.

## PROJECT JUSTIFICATION

The County has a severe shortage of affordable housing and needs to maximize and leverage private investment in the preservation and creation of dedicated affordable housing. The fund structure will establish predetermined underwriting parameters and qualifications for rapidly purchasing targeted properties. The fund structure will allow time for implementing a range of longer-term actions addressing specific property opportunities, from rental agreements to redevelopment. The expectation is that these funds will leverage approximately \$4 for every \$1 of County funding. Opportunities to purchase property utilizing the County's Right of First Refusal could arise without advance notice and would not be planned in advance. Other targeted acquisitions would benefit from access to a dedicated source of ready funding. Properties may be acquired by the County, the Housing Opportunities Commission, non-profit developers or other entities that agree to maintain affordability, or develop/redevelop a property for affordable housing.

## OTHER

Resale or control period restrictions to ensure long-term affordability should be a part of projects funded with these monies.

## FISCAL NOTE

The County Executive has requested appropriation for FY21 as shown above in the cumulative appropriation. Future loan repayments are expected and will be used to finance future housing activities in this project.

## COORDINATION

Montgomery County Revenue Authority, Housing Opportunities Commission, non-profit housing providers, private sector developers, and financing institutions.



# Affordable Housing Acquisition and Preservation (P760100)

Category	Community Development and Housing	Date Last Modified	04/23/21
SubCategory	Housing (MCG)	Administering Agency	Housing & Community Affairs
Planning Area	Countywide	Status	Ongoing

Total	Thru FY20	Rem FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
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## EXPENDITURE SCHEDULE (\$000s)

Land	364,236	191,238	34,998	138,000	22,000	28,000	22,000	22,000	22,000	22,000	-
TOTAL EXPENDITURES	364,236	191,238	34,998	138,000	22,000	28,000	22,000	22,000	22,000	22,000	-

## FUNDING SCHEDULE (\$000s)

Current Revenue: Montgomery Housing Initiative	4,775	2,500	2,275	-	-	-	-	-	-	-	-
HIF Revolving Program	259,425	128,767	32,723	97,935	13,293	8,751	19,053	18,981	18,857	19,000	-
Loan Repayment Proceeds	89,496	55,431	-	34,065	8,707	13,249	2,947	3,019	3,143	3,000	-
Recordation Tax Premium (MCG)	10,540	4,540	-	6,000	-	6,000	-	-	-	-	-
TOTAL FUNDING SOURCES	364,236	191,238	34,998	138,000	22,000	28,000	22,000	22,000	22,000	22,000	-

## APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 22 Request	28,000	Year First Appropriation	FY01
Cumulative Appropriation	248,236	Last FY's Cost Estimate	358,236
Expenditure / Encumbrances	197,112		
Unencumbered Balance	51,124		

## PROJECT DESCRIPTION

This project provides funding for acquisition and/or renovation of properties for the purpose of preserving or increasing the County's affordable housing inventory. The County may purchase properties or assist not-for-profit, tenant, or for-profit entities, or Housing Opportunities Commission with bridge financing to purchase and renovate properties. The monies may be used to purchase properties that are offered to the County under the Right of First Refusal Law or otherwise available for purchase. A portion of the units in these properties must serve households with incomes that are at or below incomes eligible for the Moderately Priced Dwelling Unit (MPDU) program. A priority should be given to rental housing.

## COST CHANGE

Added funding over the next six-year period to continue support for preserving and increasing the County's affordable housing units. Also reflects an increase based on additional FY19 loan repayments.

## PROJECT JUSTIFICATION

To implement Section 25B, Housing Policy, and Section 53A, Tenant Displacement (Right of First Refusal), of the Montgomery County Code. Opportunities to purchase property utilizing the County's Right of First Refusal arise without advance notice and cannot be planned in advance. Properties may be acquired by the County, non-profit developers, HOC or other entities that agree to develop or redevelop property for affordable housing.

## OTHER

Resale or control period restrictions to ensure long term affordability should be a part of projects funded with these monies.

## FISCAL NOTE

Debt service will be financed by the Montgomery Housing Initiative (MHI) Fund. In addition to the appropriation shown above, future loan repayments are expected and will be used to finance future housing activities in this project.

## DISCLOSURES

Expenditures will continue indefinitely.

## COORDINATION

Housing Opportunities Commission, non-profit housing providers, and private sector developers.

**ACTION PLAN**  
**Projected use of Funds for CDBG, HOME and ESG**  
**July 1, 2021 – June 30, 2022**

**This draft uses prior year allocations as estimates**

**Community Development Block Grant (CDBG)**

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)** **\$6,023,400**

The county expects to receive \$5,023,400 in CDBG funds for County Fiscal Year 2020, and with anticipated program income of \$1,000,000, an estimated total of \$6,023,400 in CDBG funds will be available for the following activities.

**PROJECTS ADMINISTERED BY COUNTY GOVERNMENT**

**Department of Housing and Community Affairs (DHCA)** **\$5,669,400**

**Housing Acquisition and Preservation** **\$2,113,333**

Funds will be used for affordable housing activities. Eligible activities include loans to assist in the purchase of existing properties for use as housing affordable to low- and moderate-income residents and funds for housing rehabilitation to enable low and moderate income owners of single-family homes and owners of multi-family properties occupied by low- and moderate-income tenants to eliminate code violations and make other necessary improvements, including accessibility and energy conservation improvements. Assistance may also be provided for group home acquisition. An estimated 85 units will be created, preserved, or improved.

**Group Home Rehabilitation** **\$600,000**

Funds will be used to assist nonprofit providers in rehabilitating group homes occupied by lower-income, special needs persons to eliminate code violations and make other necessary improvements, including accessibility and energy conservation improvements. An estimated 15 homes will be improved, serving approximately 100 clients.

**Focused Neighborhood Assistance (needs updating)** **\$945,000**

The Focused Neighborhood Assistance (FNA) program provides financial and technical assistance to select affordable neighborhoods to improve the quality of life, safety and welfare of residents. Construction services will be underway for the Grover's Forge, Center Stage, Walker's Choice and The Hamptons neighborhoods of Montgomery Village during FY21. Additional construction activities will be underway in FY21 for the Montclair Manor community in Silver Spring. All of these communities will benefit from site improvements and new lighting throughout their neighborhoods. Construction projects will still be active for physical improvements in The Kimberly Place Condominiums. DHCA anticipates 78 households will directly benefit from home improvements in Kimberly Place. Approximately 735 households will benefit from common area improvements.

**Code Enforcement** **\$300,000**

Funds will be used to partially cover costs incurred for code enforcement efforts in low-and moderate income areas. Approximately 740 cases / households will be processed.



**Facility Planning** \$50,000  
The funds will be used for preliminary planning and design for a variety of projects in eligible areas for possible inclusion in a future budget.

**Administration (capped)** \$950,000  
This will fund DHCA's staff in planning, administration and monitoring of the CDBG program, including preparation of the Consolidated Plan, staff support for a citizens' advisory committee, environmental reviews, preparation of contracts, payment processing and auditing, federal reporting and loan servicing.

**Fair Housing Activities** \$20,000  
Funds will be used for activities that serve to affirmatively further fair housing choice. Activities may include sales, rental and lending testing, education/outreach, training and research. Activities will be administered by the Office of Human Rights. An estimated 140 people will benefit.

**Contingency** \$100,000  
The fund will be used to cover unanticipated costs for other eligible activities.

**NONPROFIT PROVIDERS (UPDATE COMPLETE)** \$630,000  
Funds will be used to provide a variety of CDBG-eligible public services to low- and moderate-income county residents eligible for CDBG-funded assistance:

**Boys & Girls Clubs of Greater Washington, Inc.** \$45,000  
**"Social Emotional Learning (SEL)"**  
Provides activities for disadvantaged youth to improve social and emotional well-being, support academic success, and promote a healthy lifestyle. Estimated to benefit 100 youth.

**Community Reach of Montgomery County, Inc.** \$45,000  
**"Mansfield Kaseman Health Clinic"**  
Provides support for the operations of a new Diabetes Center, including podiatry services, ophthalmology services, and general care provided by a medical assistant. Estimated to benefit 300 patients.

**ECDC Enterprise Development Group, Inc.** \$30,000  
**"Small Business Loan Program"**  
Provides loans and one-on-one technical assistance for low- and moderate-income small business entrepreneurs. Estimated to benefit 30 clients.

**EveryMind, Inc.** \$45,000  
**"SASS - Stabilizing Adults through Situational Support"**  
Provides assistance to low-income residents in preventing evictions, securing shelter, making and keeping appointments for physical and mental medical health care services, and finding and keeping jobs. Estimated to benefit 140 people.

**Korean Community Service Center of Greater Washington, Inc.** \$40,000  
**"Strengthening Asian Families through Empowerment and Services (SAFES)"**  
Provides outreach to clients with limited English proficiency regarding access to social services, health care, and workforce development. Estimated to benefit 2,470 people.

<b>Latin American Youth Center, Inc.</b>	<b>\$42,500</b>
<b>“Mental Health Assistance”</b>	
Provides individual and family counseling, psychoeducational group sessions, and referrals through the Maryland Multicultural Youth Centers. Estimated to benefit 25 youth.	
<b>Mobile Medical Care, Inc.</b>	<b>\$43,500</b>
<b>“Expanding Family Planning Options for Uninsured, Low-Income Women”</b>	
Provides safe and effective long-acting reversible contraception (LARC) for low-income, uninsured Montgomery County women for whom other birth control methods are not a viable family planning option. Estimated to benefit 60 clients.	
<b>Montgomery County Coalition for the Homeless, Inc.</b>	<b>\$45,000</b>
<b>“Home Builders Care Assessment Center Rapid Exit Specialist”</b>	
Provides for the Rapid Exit Specialist position to quickly identify and access safe and appropriate alternatives to emergency shelter for men experiencing a housing crisis. Estimated to benefit 120 clients.	
<b>Montgomery Housing Partnership, Inc.</b>	<b>\$42,500</b>
<b>“Homework Club”</b>	
Provides afterschool academic enrichment for kids in grades K-5 who live in Montgomery Housing Partnership’s affordable housing properties. Estimated to benefit 108 children.	
<b>Montgomery Housing Partnership, Inc.</b>	<b>\$45,000</b>
<b>“Play and Learn”</b>	
Provides a kindergarten readiness program for children, ages 3 to 4 living in Montgomery Housing Partnership’s affordable housing properties. Estimated to benefit 107 children.	
<b>NAMI Montgomery County (MD), Inc.</b>	<b>\$31,500</b>
<b>“Mental Health Promotion for Low-Income Latinx Residents”</b>	
Provides bilingual education, awareness and resources for Spanish-speaking families and caregivers of individuals with mental illness. Estimated to benefit 537 people.	
<b>Per Scholas, Inc.</b>	<b>\$45,000</b>
<b>“IT Job Training”</b>	
Provides Information Technology job training to un/underemployed low-income and diverse residents and connects them to regional tech jobs. Estimated to benefit 50 trainees.	
<b>The Shepherd’s Table, Inc.</b>	<b>\$45,000</b>
<b>“Beyond the Table”</b>	
Provides 200 prepared meals, once a day, to individuals and families in neighborhoods where the need is the greatest. Estimated to benefit 15,000 people.	
<b>The Shepherd’s Table, Inc.</b>	<b>\$45,000</b>
<b>“Eye Clinic”</b>	
Provides free eye exams, glasses, and treatment for glaucoma and cataracts. Estimated to benefit 400 patients.	
<b>Vietnamese Literary and Artistic Club of the Washington Metropolitan Area</b>	<b>\$40,000</b>
<b>“Healthcare Program”</b>	

Provides outreach and education in Vietnamese regarding health care options under the Affordable Care Act as well as translators to access services. Estimated to benefit 165 people.

**PROJECTS ADMINISTERED BY MUNICIPALITIES** **\$354,000**

**CITY OF TAKOMA PARK (needs updating)** **\$91,000**

**Neighborhood Improvement Initiative**

Funds will be used for planned ADA streetscape improvements in CDBG eligible areas. Specific projects sites, to be identified in partnership with the Public Works Department, will be approved by Montgomery County to ensure compliance with federal requirements. This project will serve an estimated 2,619 people.

**CITY OF ROCKVILLE (needs updating)** **\$263,000**

**Rockville Single Family Rehabilitation Program**

**\$81,099**

The City of Rockville will assist single-family homeowners with home repairs. An estimated five households are expected to benefit.

**Community Reach of Montgomery County, Inc.**

**\$51,551**

Repair and Maintenance of the Jefferson House, a group home serving special needs residents. An estimated six people are expected to benefit.

**Cornerstone Montgomery, Inc.**

**\$61,650**

Repair and Maintenance of a multi-family facility providing permanent supportive housing. An estimated 119 people are expected to benefit.

**Housing Unlimited, Inc.**

**\$8,700**

Renovate a City of Rockville home that provide permanent, affordable, independent housing for homeless and near homeless individuals in mental health recovery. An estimated three people are expected to benefit.

**Rockville Housing Enterprises (RHE)**

**\$60,000**

Replace the roofs and damaged soffits on four units at the David Scull property. An estimated four households are expected to benefit.

**SUMMARY OF EXPECTED BENEFIT FROM CDBG PROJECTS**

Persons	10,833
Households	1,647

## **HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)**

### **HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)**

**\$3,021,595**

The HOME grant is designed to increase housing choices for low-income households through rental and home ownership programs, in cooperation with public, private and nonprofit organizations. During the coming year, it is anticipated that the County will receive \$2,021,595 in funding for HOME projects, and together with anticipated program income of \$1,000,000, an estimated total of \$3,021,595 in HOME funds will be available. Funds will generally be made available in the form of low-interest loans and other subsidies, and units assisted may be both rental and owner-occupied.

### **PROJECTS ADMINISTERED BY COUNTY GOVERNMENT**

#### **Department of Housing and Community Affairs (DHCA)**

##### **Housing Production and Preservation**

**\$2,416,595**

Funds will be used for the construction, acquisition, and / or rehabilitation of housing (both multi- and single-family units). DHCA may work with the private sector, non-profits and / or the Montgomery County Housing Opportunities Commission (HOC) in implementing this program. This is estimated to produce or preserve 48 units.

##### **Community Housing Development Organizations (CHDOs)**

**\$305,000**

##### **Housing Production**

The project will fund the housing development activities of CHDOs. This represents the federally mandated fifteen percent of the HOME allocation. Up to 10 percent of this total (\$20,000) may be used for project-specific technical assistance, site control, and seed money loans. It is anticipated that one to three organizations will use these funds for acquisition, construction, or renovation of rental housing for persons with low incomes. This is estimated to produce or preserve 6 units.

### **PROJECTS ADMINISTERED BY NONPROFITS AND OTHER PUBLIC AGENCIES**

##### **CHDO Operating Assistance**

**\$100,000**

Funds will be used to partially cover the administrative costs of qualified CHDOs: Montgomery Housing Partnership (MHP) and Housing Unlimited, Inc. (HUI). MHP will receive \$60,000 and HUI will receive \$40,000. By regulation, only CHDOs using HOME funds to own, sponsor, or develop affordable housing are eligible for operating support. This operating support cannot exceed 50 percent of a CHDO's operating budget in any fiscal year or \$50,000 annually, whichever is greater.

### **ADMINISTRATION**

**\$200,000**

The fund will be used to cover the county's expenses associated with operating the HOME Program. Administrative expenses cannot exceed 10% of the entitlement amount.

### **SUMMARY OF EXPECTED BENEFIT FROM HOME PROJECTS**

Units	54
CHDOs	2

## EMERGENCY SOLUTIONS GRANT (ESG)

### EMERGENCY SOLUTIONS GRANT (ESG)

**\$417,251**

The ESG Program enables the county to assist persons who are homeless. For County FY2021, it is anticipated that the County will receive \$417,251 in ESG funding. Funds are used in conjunction with the Continuum of Care homeless assistance system and will be administered by the county's Department of Health and Human Services.

#### **Rapid Re-Housing**

**\$417,251**

Housing Stabilization and Relocation Services – \$119,751 - will be available to assist households experiencing homelessness locate, obtain and retain housing. Funds will be used for support services including linkages to mainstream services and employment, rent application fees, and security deposits to assist approximately 35 households move into permanent housing. Eligible singles and families include those living in temporary shelter, in a place not meant for human habitation or other places described in Category I of the homeless definition issued by HUD.

Rental Assistance - \$297,500 will be used to provide up to an average of 9 months but up to 24 months of rental assistance to help households rapidly exit homelessness and retain permanent housing. Assistance will be provided to households that meet the criteria for Category I of the homeless definition issued by HUD upon program admission. Approximately 35 households will be served.

### SUMMARY OF EXPECTED BENEFIT FROM ESG PROJECTS

Households	35
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# Housing and Community Affairs

## RECOMMENDED FY22 BUDGET

\$61,695,819

## FULL TIME EQUIVALENTS

101.20

 ASEEM NIGAM, DIRECTOR

## MISSION STATEMENT

The mission of the Department of Housing and Community Affairs (DHCA) is to prevent and correct problems that contribute to the physical decline of residential and commercial areas; ensure fair and equitable relations between landlords and tenants; increase the supply of affordable housing; and maintain existing housing in a safe and sanitary condition.

## BUDGET OVERVIEW

The total recommended FY22 Operating Budget for the Department of Housing and Community Affairs is \$61,695,819, an increase of \$8,645,646 or 16.30 percent from the FY21 Approved Budget of \$53,050,173. Personnel Costs comprise 19.60 percent of the budget for 107 full-time position(s) and no part-time position(s), and a total of 101.20 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses and Debt Service account for the remaining 80.40 percent of the FY22 budget.

DHCA expects the total signed agreements for affordable housing projects through the Payment in lieu of Taxes (PILOT) program to abate \$20.0 million in taxes in FY22.


In addition, this department's Capital Improvements Program (CIP) requires Current Revenue funding.

## COUNTY PRIORITY OUTCOMES

While this program area supports all seven of the County Executive's Priority Outcomes, the following are emphasized:

-  **A Greener County**
-  **An Affordable, Welcoming County for a Lifetime**
-  **Effective, Sustainable Government**

## INITIATIVES

-  Provide the highest level of affordable housing funding in the County's history by investing \$89.1 million in affordable housing. This includes \$61.1 million in the Montgomery Housing Initiative (MHI) Fund, \$22 million in the Affordable Housing

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Acquisition and Preservation CIP project, and \$6 million for the new Affordable Housing Opportunity Fund. This increases dedicated funding and provides for renovation of distressed housing, the acquisition and preservation of affordable housing units, creation of housing units for special needs residents, services to the "Building Neighborhoods to Call Home" and "Housing First" programs, and creation of mixed-income housing. Since FY08, \$1.14 billion has been invested in support of affordable housing, leveraging \$2.21 billion in non-County funding.

- ★ Continue to protect lower-income residents of the Route 29/Castle Boulevard and Purple Line corridors from rent increases by working with nonprofits to identify and preserve at-risk naturally-occurring affordable housing (NOAH) and actively engaging purchasers with Rental Agreements to preserve affordable rents.
- ★ Continue to actively underwrite affordable housing loans to preserve and produce affordable housing. Twelve developments, including three senior and eight family projects, have already been identified with another project up for consideration. These developments would preserve or produce over 1,150 total and 899 affordable units.
- ★ Boost economic growth by funding the Countywide Facade Improvement Program which will revitalize commercial areas throughout Montgomery County with a focus on older commercial property. The objective is to provide support to small business and encourage private investment. Improvements will include gateway signage, pedestrian lighting, connectivity, streetscape elements, plant material installation, acquisition of long term facade and center signage easements, and other amenities. DHCA will initially focus on five targeted commercial areas including Montgomery Village, Hillandale, Downtown Wheaton, the Glenmont, and Layhill Shopping Centers. This program may also be expanded to other areas of the County.
- ★ Collaborate with Health and Human Services (HHS), and the Housing Opportunities Commission (HOC) to provide rental assistance programs to the residents who need it the most. Over 5,550 households are projected to be assisted in FY22. A renewed focus will be on eviction prevention, including targeted assistance and financial literacy seminars in areas experiencing high evictions.
- ★ Continue to receive funding from Federal grants (i.e., Community Development Block Grant - CDBG, the HOME Investment Partnership Grant, and the Emergency Solutions Grant), which provide funding for affordable housing, housing rehabilitation, commercial revitalization, focused neighborhood assistance, public services, and preventing homelessness.

## INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

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- ★ Continued a paperless Energy Efficiency program with streamlined, efficient guidelines and requirements that provides energy-efficient home improvements to income-eligible homeowners.
- ★ Continued efforts to improve data quality by leveraging external services (e.g. for street address validation) as well as other County data repositories. Work is also being carried out to consolidate data repositories across DHCA's core systems to minimize data maintenance work, improve integration, and support drilling across data models.
- ★ Developed data models and dashboards to support the department's on-going Business Intelligence initiative.
- ★ Committed to using cloud-based services in accordance to the County's own vision. The department is already leveraging the County's Azure file storage instance. DHCA's IT team is also exploring Amazon Web Services (AWS) Elastic Cloud to support its application development's activities.
- ★ Planning the deployment of a new Internet-facing affordable housing search application called 'Rental Guide'. The Rental Guide leverages the most recent web application development standards providing users with an intuitive and efficient interface. The application emphasizes speed, accuracy, and responsiveness.

## PROGRAM CONTACTS

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Contact Tim Goetzinger of the Department of Housing and Community Affairs at 240.777.3728 or Pofen Salem of the Office of

## PROGRAM PERFORMANCE MEASURES

Performance measures for this department are included below (where applicable), with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY21 estimates reflect funding based on the FY21 Approved Budget. The FY22 and FY23 figures are performance targets based on the FY22 Recommended Budget and funding for comparable service levels in FY23.

## PROGRAM DESCRIPTIONS

### Administration

This program provides overall direction, administration, and managerial support to the Department. Activities include budgeting, financial management, asset management, personnel management and administration, program oversight, training, automated systems management, and policy/program development and implementation.

Program Performance Measures	Actual FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Asset Management - Loan repayments billed / received <sup>1</sup>	\$14,169,659	\$21,218,393	\$15,000,000	\$15,450,000	\$15,913,500
Department MC311 Service Requests (SR)	22,247	20,925	21,553	22,199	22,865
Department MC311 Service Request success rate	87.3%	87.1%	89.7%	92.4%	95.2%
NACo Awards earned	5	1	2	2	3

<sup>1</sup> FY20 spike in loan repayments includes several large refinancing payoffs.

FY22 Recommended Changes	Expenditures	FTEs
<b>FY21 Approved</b>	<b>2,002,830</b>	<b>13.20</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	376,883	0.50
<b>FY22 Recommended</b>	<b>2,379,713</b>	<b>13.70</b>

### Affordable Housing Programs

This program creates and preserves affordable single-family housing units. It enforces Chapter 25A of the County Code to ensure that Moderately Priced Dwelling Units (MPDUs) are provided and monitored for resale control. The Code requires that 12.5 percent to 15.0 percent of an approved development of 20 dwelling units or more be MPDUs, depending on the amount of density bonus achieved. The housing units produced are marketed at controlled prices, which makes them affordable to moderate-income households. Additional single-family housing programs provide funding to replace and rehabilitate single-family housing units, and provide energy efficiency solutions and savings. Also, this program is responsible for the Work Force Housing Program.

Program Performance Measures	Actual FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Affordable Housing Program - Number of MC311 Service Requests	889	1,654	1,704	1,755	1,807
Affordable Housing Program - Percent of MC311 Service Requests meeting service length agreement	98.7%	100.0%	100.0%	100.0%	100.0%
Number of affordable housing units produced and available for occupancy (at no cost to the County)	373	79	300	315	324
Number of housing units improved/rehabilitated	212	248	235	240	247



FY22 Recommended Changes	Expenditures	FTEs
<b>FY21 Approved</b>	<b>1,014,654</b>	<b>10.50</b>
Decrease Cost: Partial Lapse of Vacant Positions	(94,369)	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	47,154	0.00
<b>FY22 Recommended</b>	<b>967,439</b>	<b>10.50</b>

## ☀ Common Ownership Community Program

The Common Ownership Community (COC) program ensures fair and equitable relations between the governing bodies of homeowner associations, condominium associations, and cooperatives, and the individuals living within these common ownership communities, and encourages the maintenance and improvement of housing. Activities include mediating and arbitrating disputes; providing information and technical assistance to all parties; and taking legal action as necessary, including referring unresolved complaints to the Montgomery County Commission on Common Ownership Communities.

Program Performance Measures	Actual FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
COC Program Customer Service - Number of MC311 Service Requests	775	757	780	803	827
COC Program Customer Service - Percent of MC311 Service Requests meeting service length agreement	99.1%	99.5%	100.0%	100.0%	100.0%
Percent of Commission on Common Ownership Communities (CCOC) cases resolved prior to a hearing	45.0%	40.0%	45.0%	45.0%	45.0%

FY22 Recommended Changes	Expenditures	FTEs
<b>FY21 Approved</b>	<b>707,176</b>	<b>4.15</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	4,921	0.00
<b>FY22 Recommended</b>	<b>712,097</b>	<b>4.15</b>

## ☀ Grants Administration - Federal Programs

Staff provides management and oversight to ensure compliance with all regulatory requirements for Federal funding awarded to Montgomery County by the U.S. Department of Housing and Urban Development (HUD) for the Community Development Block Grant, the HOME Investment Partnership Grant, and the Emergency Solutions Grant programs. Funds from these programs support both operating activities and capital projects. Activities funded may include property acquisition, new construction, housing rehabilitation, commercial area revitalization, and handicapped accessibility improvements. Staff administers contracts with the cities of Rockville and Takoma Park, as well as nonprofit organizations awarded funding to provide a variety of public services involving assistance to low-income persons.

Program Performance Measures	Actual FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Number of contracts awarded and monitored	43	48	47	43	43
Funding awarded to CDBG public service contracts <sup>1</sup>	\$532,000	\$600,000	\$618,000	\$636,540	\$655,636
CDBG public service contract compliance rate	100%	100%	100%	100%	100%
CDBG public service contract non-housing beneficiaries <sup>2</sup>	4,369	6,382	4,176	4,301	4,430

<sup>1</sup> FY19 spike includes funding for two medical providing assistance to homeless/AIDS patients and other health services.

<sup>2</sup> DHCA partners with the Community Development Advisory Committee, which provides funding recommendations for public service contracts. The beneficiaries of these contracts fluctuate annually based on the type of services provided.

FY22 Recommended Changes	Expenditures	FTEs
<b>FY21 Approved</b>	<b>7,219,168</b>	<b>5.70</b>
Add: Community Development Block Grant: Boys & Girls Clubs of Greater Washington, Inc. - Social Emotional Learning	45,000	0.00
Add: Community Development Block Grant: Community Reach of Montgomery County, Inc. - Mansfield Kaseman Health Clinic	45,000	0.00
Add: Community Development Block Grant: EveryMind, Inc. - Stabilizing Adults through Situational Support	45,000	0.00
Add: Community Development Block Grant: The Shepherd's Table, Inc. - Beyond the Table	45,000	0.00
Add: Community Development Block Grant: The Shepherd's Table, Inc. - Eye Clinic	45,000	0.00
Add: Community Development Block Grant: Montgomery County Coalition for the Homeless, Inc. - Home Builders Care Assessment Center Rapid Exit Specialist	45,000	0.00
Add: Community Development Block Grant: Montgomery Housing Partnership, Inc. - Play and Learn	45,000	0.00
Add: Community Development Block Grant: Per Scholas, Inc. - IT Job Training	45,000	0.00
Add: Community Development Block Grant: Mobile Medical Care, Inc. - Expanding Family Planning Options for Uninsured, Low-Income Women	43,500	0.00
Add: Community Development Block Grant: Latin American Youth Center, Inc. - Mental Health Assistance	42,500	0.00
Add: Community Development Block Grant: Montgomery Housing Partnership, Inc. - Homework Club	42,500	0.00
Add: Community Development Block Grant: Vietnamese Literary and Artistic Club of the Washington Metropolitan Area - Healthcare Program	40,000	0.00
Add: Community Development Block Grant: Korean Community Service Center of Greater Washington, Inc. - Strengthening Asian Families through Empowerment and Services	40,000	0.00
Add: Community Development Block Grant: NAMI Montgomery County (MD), Inc. - Mental Health Promotion for Low-Income Latinx Residents	31,500	0.00
Add: Community Development Block Grant: ECDC Enterprise Development Group, Inc. - Small Business Loan Program	30,000	0.00
Increase Cost: Takoma Park Code Enforcement Contract	12,848	0.00
Re-align: Convert Asset Manager Position from Part-time to Full-time	0	0.50
Decrease Cost: CDBG Grant Adjustments	(630,000)	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(142,914)	(0.50)
<b>FY22 Recommended</b>	<b>7,089,102</b>	<b>5.70</b>

## Housing Administration

This program provides management and oversight to support activities within the housing division including single and multi-family housing programs, and landlord tenant mediation. This program was formerly included as part of Housing Development and Loan Programs.

Program Performance Measures	Actual FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Affordable housing units produced in the production pipeline	847	577	313	323	332
Number of affordable housing units in the preservation pipeline	58	58	558	368	379
Cost per unit of affordable housing units preserved	10,810	7,069	7,356	7,359	7,359
Cost per unit of affordable housing units produced <sup>1</sup>	60,546	24,801	58,839	58,824	58,824
Percent of affordable units created or preserved serving households under 50% AMI <sup>2</sup>	13.0%	42.7%	30.0%	35.0%	37.5%

<sup>1</sup> Average cost per unit fluctuates with the type of project financed.

<sup>2</sup> DHCA's underwriting criteria was recently updated to reflect a goal of providing a certain attainable and consistent level of affordable housing for very low income households.

FY22 Recommended Changes	Expenditures	FTEs
<b>FY21 Approved</b>	<b>477,986</b>	<b>3.95</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(8,865)	0.00
<b>FY22 Recommended</b>	<b>469,121</b>	<b>3.95</b>

## Housing Code Enforcement

This program enforces Chapter 26 of the County Code, *Housing Maintenance*, by inspecting rental condominiums, multi-family apartments, and single-family housing to ensure safe and sanitary conditions; Chapter 48, *Solid Wastes*; and Chapter 58, *Weeds*, the County's residential weeds and rubbish codes. Approximately 80 percent of the single-family inspections result from tenant and/or neighbor complaints; other inspections are the result of concentrated code enforcement efforts in specific areas. The multi-family inspections are based on a requirement for triennial inspections and in response to tenant and/or neighbor complaints. This program is supported by the collection of single-family and apartment/condominium licensing fees.

Program Performance Measures	Actual FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Number of Housing Code Enforcement inspections <sup>1</sup>	38,789	28,253	29,101	40,000	41,200
Housing Code Enforcement Program Customer Service - Number of MC311 Service Requests <sup>2</sup>	8,997	6,888	7,095	7,307	7,527
Housing Code Enforcement Program Customer Service - Percent of MC311 Service Requests meeting service length agreement	69.6%	61.5%	63.4%	65.3%	67.2%
Code Enforcement - Number of violations per unit	1.16	1.64	1.69	1.50	1.35
Code Enforcement - Average severity of violations per unit	1.58	1.27	1.25	1.24	1.23

<sup>1</sup> Per the requirements of Bill 19-15, beginning FY18 DHCA began an intensive two-year housing code enforcement initiative.

<sup>2</sup> 7,527

FY22 Recommended Changes	Expenditures	FTEs
<b>FY21 Approved</b>	<b>4,538,429</b>	<b>38.50</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	56,961	0.00
<b>FY22 Recommended</b>	<b>4,595,390</b>	<b>38.50</b>

## Landlord-Tenant Mediation

This program ensures fair and equitable relations between landlords and tenants and encourages the maintenance and improvement of housing. Activities including mediating and arbitrating disputes; providing information and technical assistance to all parties; and taking legal action as necessary, including referring unresolved complaints to the Montgomery County Commission on Landlord-Tenant Affairs.

Program Performance Measures	Actual FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Number of Landlord Tenant meditations	724	686	700	725	750
Landlord Tenant Affairs Program - Number of MC311 Service Requests	6,927	7,053	7,265	7,483	7,707
Landlord Tenant Affairs Program - Percent of MC311 Service Requests meeting service length agreement	99.1%	99.6%	100.0%	100.0%	100.0%
Percent of landlord/tenant cases mediated successfully (not referred to the Commission)	98.0%	97.0%	98.0%	98.5%	99.0%
Number of evictions prevented due to Landlord & Tenant Affairs' intervention	469	402	500	515	530

<b>FY22 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY21 Approved</b>	<b>1,416,964</b>	<b>8.00</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(4,950)	0.00
<b>FY22 Recommended</b>	<b>1,412,014</b>	<b>8.00</b>

## Licensing and Registration

This program issues licenses to all rental housing (apartments, condominiums, and single-family) and registers all housing units within common ownership communities.

<b>Program Performance Measures</b>	<b>Actual FY19</b>	<b>Actual FY20</b>	<b>Estimated FY21</b>	<b>Target FY22</b>	<b>Target FY23</b>
Licensing and Registration Program - Number of MC311 Service Requests	4,645	4,564	4,701	4,842	4,987
Licensing and Registration Program - Percent of MC311 Service Requests meeting service length agreement	99.9%	100.0%	100.0%	100.0%	100.0%
Number of rental licenses issued	107,283	114,365	117,796	121,330	124,970

<b>FY22 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY21 Approved</b>	<b>423,086</b>	<b>3.20</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	33,170	0.00
<b>FY22 Recommended</b>	<b>456,256</b>	<b>3.20</b>

## Multi-Family Housing Programs

This program creates and preserves affordable multi-family housing units. Loans are made to the HOC, nonprofit organizations, property owners, and for-profit developers. This program provides funding to:

- preserve existing affordable housing units;
- construct and acquire affordable housing units;
- rehabilitate existing rental housing stock;
- participate in housing or mixed-use developments that will include affordable housing;
- acquire land to produce affordable housing; and
- provide low-income rental housing assistance.

Major funding for these projects is provided from the Montgomery Housing Initiative Fund, the Federal HOME Grant, the Federal Community Development Block Grant, and State grants. The program emphasizes the leveraging of County funds with other public and private funds in undertaking these activities.

<b>Program Performance Measures</b>	<b>Actual FY19</b>	<b>Actual FY20</b>	<b>Estimated FY21</b>	<b>Target FY22</b>	<b>Target FY23</b>
Number of affordable housing units preserved and available for occupancy (County funded)	6,019	5,946	6,197	6,381	6,572
Number of affordable housing units produced and available for occupancy (County funded) <sup>1</sup>	403	546	650	668	688
Ratio of non-County dollars leveraged to County dollars in affordable housing projects	4.54	4.25	4.38	4.51	4.64

Program Performance Measures	Actual FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Total affordable housing units produced	1,623	1,202	1,263	1,306	1,345
Total affordable housing units preserved <sup>2</sup>	6,077	6,004	7,129	7,142	7,357

<sup>1</sup> Out year projections may fluctuate based on current pipeline activity and certain assumptions on preservation / production strategies.

<sup>2</sup> Preservation increases projected in FY18-20 due to increases in MHI rental assistance funding.

FY22 Recommended Changes	Expenditures	FTEs
<b>FY21 Approved</b>	<b>33,391,815</b>	<b>6.90</b>
Enhance: Affordable Housing Projects Based on Land Sale Proceeds Contributed to the HIF	6,797,750	0.00
Enhance: Affordable Housing Initiative	5,528,784	0.00
Enhance: Pay Debt Service for HOC Housing Production Fund Using the FY21 Desingated General Fund Reserve for Affordable Housing	3,400,000	0.00
Enhance: Estimated Contributions from HOC Housing Production Fund to Support Additional Projects	1,770,833	0.00
Reduce: Operating Expenses to Reflect Adjusted Revenue Estimates	(362,396)	0.00
Reduce: Operating Expenses to Reflect Adjusted Debt Service Transfer for Housing CIP	(2,391,300)	0.00
Reduce: Rental Assistance Program Due to Revenue Shortfall	(2,964,421)	0.00
Decrease Cost: Committed County Payment Transfer to Debt Service Fund for HOC Housing Production Fund	(3,400,000)	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(13,417)	0.00
<b>FY22 Recommended</b>	<b>41,757,648</b>	<b>6.90</b>

## Neighborhood Revitalization

This program provides planning and implementation for neighborhood revitalization in targeted areas. Activities include commercial revitalization (physical and economic) in both local retail centers and central business districts as well as assistance to address other community concerns, including issues related to housing and public services. Primary funding for these activities is provided from the County's Capital Improvements Program and from other Federal and State funds, including Community Development Block Grants and State Community Legacy Grants.

Program Performance Measures	Actual FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Focused Neighborhood Assistance Activity (expenditures) <sup>1</sup>	\$398,421	\$903,822	\$930,937	\$958,865	\$987,631
Facade Program - Private dollars leveraged	\$0	\$0	\$395,000	\$200,000	\$206,000
Focused Neighborhood Assistance Active projects	4	5	4	3	3
Focused Neighborhood Assistance beneficiaries <sup>2</sup>	179	191	642	81	81
Facade Program - Number of businesses benefited	0	0	1	2	2

<sup>1</sup> FY20 activity includes four active projects (Kimberly Place Balconies and Drainage, Montclair Manor and Montgomery Village). FY21 assumes activity at Kimberly Place Balconies and Wedgewood. FY22 assumes activity is only for Kimberly Place Balconies.

<sup>2</sup> FY20 activity includes four active projects (Kimberly Place Balconies and Drainage, Montclair Manor and Montgomery Village). FY21 assumes activity at Kimberly Place Balconies and Wedgewood. FY22 assumes activity is only for Kimberly Place Balconies.

FY22 Recommended Changes	Expenditures	FTEs
<b>FY21 Approved</b>	<b>1,858,065</b>	<b>6.60</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(1,026)	0.00
<b>FY22 Recommended</b>	<b>1,857,039</b>	<b>6.60</b>

## BUDGET SUMMARY

	Actual FY20	Budget FY21	Estimate FY21	Recommended FY22	%Chg Bud/Rec
<b>COUNTY GENERAL FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	4,898,200	5,349,182	4,839,859	5,567,030	4.1 %
Employee Benefits	1,763,137	1,726,475	1,706,530	1,674,106	-3.0 %
<b>County General Fund Personnel Costs</b>	<b>6,661,337</b>	<b>7,075,657</b>	<b>6,546,389</b>	<b>7,241,136</b>	<b>2.3 %</b>
Operating Expenses	1,375,728	1,564,564	1,511,805	1,629,793	4.2 %
<b>County General Fund Expenditures</b>	<b>8,037,065</b>	<b>8,640,221</b>	<b>8,058,194</b>	<b>8,870,929</b>	<b>2.7 %</b>
<b>PERSONNEL</b>					
Full-Time	106	106	106	107	0.9 %
Part-Time	1	1	1	0	-100.0 %
FTEs	62.65	62.65	62.65	62.65	—
<b>REVENUES</b>					
Board of Appeals Fees	(250)	8,624	8,624	8,000	-7.2 %
Common Ownership Community Fees	698,354	717,500	717,500	722,500	0.7 %
Fire Code Enforcement Permits	(64)	0	0	0	—
Landlord-Tenant Fees	6,526,974	6,998,040	6,998,040	7,119,750	1.7 %
Miscellaneous Revenues	(11,405)	6,500	6,500	6,500	—
Other Charges/Fees	(1,868)	74,250	74,250	74,350	0.1 %
Other Fines/Forfeitures	48,283	40,000	40,000	40,000	—
Other Licenses/Permits	0	492,000	492,000	492,000	—
<b>County General Fund Revenues</b>	<b>7,260,024</b>	<b>8,336,914</b>	<b>8,336,914</b>	<b>8,463,100</b>	<b>1.5 %</b>
<b>MONTGOMERY HOUSING INITIATIVE</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	1,465,123	1,803,173	1,870,206	1,849,048	2.5 %
Employee Benefits	523,375	540,863	370,116	517,828	-4.3 %
<b>Montgomery Housing Initiative Personnel Costs</b>	<b>1,988,498</b>	<b>2,344,036</b>	<b>2,240,322</b>	<b>2,366,876</b>	<b>1.0 %</b>
Operating Expenses	31,607,929	32,335,841	31,922,178	40,715,091	25.9 %
<b>Montgomery Housing Initiative Expenditures</b>	<b>33,596,427</b>	<b>34,679,877</b>	<b>34,162,500</b>	<b>43,081,967</b>	<b>24.2 %</b>
<b>PERSONNEL</b>					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	17.05	17.05	17.05	17.05	—
<b>REVENUES</b>					
Asset Management Fee	82,802	70,200	70,200	70,200	—
Commitment Fee	0	200,000	200,000	200,000	—
HOC Contributions	0	0	0	1,770,833	—
Investment Income	4,451,950	1,939,470	1,000,000	1,000,000	-48.4 %

## BUDGET SUMMARY

	Actual FY20	Budget FY21	Estimate FY21	Recommended FY22	%Chg Bud/Rec
Land Sale Proceeds	0	0	0	6,797,750	—
Loan Payments	5,144,402	2,900,000	2,900,000	3,100,000	6.9 %
MHI Transfer Tax	17,600	100,000	100,000	100,000	—
Miscellaneous Revenues	(43,112)	75,006	75,006	75,006	—
MPDU Alternative Payments	0	360,000	360,000	360,000	—
MPDU Revenues	2,271,423	1,610,000	1,970,000	1,970,000	22.4 %
Other Financing Sources	11,396	52,050	52,050	49,650	-4.6 %
Recordation Tax	18,388,868	17,717,608	14,068,216	14,753,187	-16.7 %
<b>Montgomery Housing Initiative Revenues</b>	<b>30,325,329</b>	<b>25,024,334</b>	<b>20,795,472</b>	<b>30,246,626</b>	<b>20.9 %</b>

### GRANT FUND - MCG

#### EXPENDITURES

Salaries and Wages	1,412,298	1,788,640	1,788,640	1,930,057	7.9 %
Employee Benefits	481,675	531,848	531,848	551,984	3.8 %
<b>Grant Fund - MCG Personnel Costs</b>	<b>1,893,973</b>	<b>2,320,488</b>	<b>2,320,488</b>	<b>2,482,041</b>	<b>7.0 %</b>
Operating Expenses	7,362,083	7,409,587	7,409,587	7,260,882	-2.0 %
<b>Grant Fund - MCG Expenditures</b>	<b>9,256,056</b>	<b>9,730,075</b>	<b>9,730,075</b>	<b>9,742,923</b>	<b>0.1 %</b>

#### PERSONNEL

Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	21.00	21.00	21.00	21.50	2.4 %

#### REVENUES

Federal Grants	6,767,897	7,462,246	7,462,246	7,462,246	—
Investment Income	229,719	0	0	0	—
Loan Payments	500,259	2,000,000	2,000,000	2,000,000	—
Other Intergovernmental	322,506	267,829	267,829	280,677	4.8 %
State Grants	69,594	0	0	0	—
<b>Grant Fund - MCG Revenues</b>	<b>7,889,975</b>	<b>9,730,075</b>	<b>9,730,075</b>	<b>9,742,923</b>	<b>0.1 %</b>

### DEPARTMENT TOTALS

<b>Total Expenditures</b>	<b>50,889,548</b>	<b>53,050,173</b>	<b>51,950,769</b>	<b>61,695,819</b>	<b>16.3 %</b>
<b>Total Full-Time Positions</b>	<b>106</b>	<b>106</b>	<b>106</b>	<b>107</b>	<b>0.9 %</b>
<b>Total Part-Time Positions</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>-100.0 %</b>
<b>Total FTEs</b>	<b>100.70</b>	<b>100.70</b>	<b>100.70</b>	<b>101.20</b>	<b>0.5 %</b>
<b>Total Revenues</b>	<b>45,475,328</b>	<b>43,091,323</b>	<b>38,862,461</b>	<b>48,452,649</b>	<b>12.4 %</b>

## FY22 RECOMMENDED CHANGES

	Expenditures	FTEs
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### COUNTY GENERAL FUND



## FY22 RECOMMENDED CHANGES

	Expenditures	FTEs
<b>FY21 ORIGINAL APPROPRIATION</b>	<b>8,640,221</b>	<b>62.65</b>
<b><u>Other Adjustments (with no service impacts)</u></b>		
Increase Cost: FY21 Compensation Adjustment	202,289	0.00
Increase Cost: FY22 Compensation Adjustment	108,769	0.00
Increase Cost: Motor Pool Adjustment	65,302	0.00
Decrease Cost: Print and Mail Adjustment	(73)	0.00
Decrease Cost: Annualization of FY21 Personnel Costs	(4,597)	0.00
Decrease Cost: Retirement Adjustment	(46,613)	0.00
Decrease Cost: Partial Lapse of Vacant Positions [Affordable Housing Programs]	(94,369)	0.00
<b>FY22 RECOMMENDED</b>	<b>8,870,929</b>	<b>62.65</b>

### MONTGOMERY HOUSING INITIATIVE

<b>FY21 ORIGINAL APPROPRIATION</b>	<b>34,679,877</b>	<b>17.05</b>
<b><u>Changes (with service impacts)</u></b>		
Enhance: Affordable Housing Projects Based on Land Sale Proceeds Contributed to the HIF [Multi-Family Housing Programs]	6,797,750	0.00
Enhance: Affordable Housing Initiative [Multi-Family Housing Programs]	5,528,784	0.00
Enhance: Pay Debt Service for HOC Housing Production Fund Using the FY21 Desingated General Fund Reserve for Affordable Housing [Multi-Family Housing Programs]	3,400,000	0.00
Enhance: Estimated Contributions from HOC Housing Production Fund to Support Additional Projects [Multi-Family Housing Programs]	1,770,833	0.00
Reduce: Operating Expenses to Reflect Adjusted Revenue Estimates [Multi-Family Housing Programs]	(362,396)	0.00
Reduce: Operating Expenses to Reflect Adjusted Debt Service Transfer for Housing CIP [Multi-Family Housing Programs]	(2,391,300)	0.00
Reduce: Rental Assistance Program Due to Revenue Shortfall [Multi-Family Housing Programs]	(2,964,421)	0.00
<b><u>Other Adjustments (with no service impacts)</u></b>		
Increase Cost: FY21 Compensation Adjustment	41,248	0.00
Increase Cost: FY22 Compensation Adjustment	22,079	0.00
Decrease Cost: Retirement Adjustment	(18,617)	0.00
Decrease Cost: Annualization of FY21 Personnel Costs	(21,870)	0.00
Decrease Cost: Committed County Payment Transfer to Debt Service Fund for HOC Housing Production Fund [Multi-Family Housing Programs]	(3,400,000)	0.00
<b>FY22 RECOMMENDED</b>	<b>43,081,967</b>	<b>17.05</b>

### GRANT FUND - MCG

<b>FY21 ORIGINAL APPROPRIATION</b>	<b>9,730,075</b>	<b>21.00</b>
<b><u>Federal/State Programs</u></b>		
Add: Community Development Block Grant: The Shepherd's Table, Inc. - Beyond the Table	45,000	0.00



## FY22 RECOMMENDED CHANGES

	Expenditures	FTEs
Add: Community Development Block Grant: The Shepherd's Table, Inc. - Eye Clinic	45,000	0.00
Add: Community Development Block Grant: Montgomery County Coalition for the Homeless, Inc. - Home Builders Care Assessment Center Rapid Exit Specialist	45,000	0.00
Add: Community Development Block Grant: EveryMind, Inc. - Stabilizing Adults through Situational Support	45,000	0.00
Add: Community Development Block Grant: Per Scholas, Inc. - IT Job Training	45,000	0.00
Add: Community Development Block Grant: Boys & Girls Clubs of Greater Washington, Inc. - Social Emotional Learning	45,000	0.00
Add: Community Development Block Grant: Community Reach of Montgomery County, Inc. - Mansfield Kaseman Health Clinic	45,000	0.00
Add: Community Development Block Grant: Montgomery Housing Partnership, Inc. - Play and Learn	45,000	0.00
Add: Community Development Block Grant: Mobile Medical Care, Inc. - Expanding Family Planning Options for Uninsured, Low-Income Women	43,500	0.00
Add: Community Development Block Grant: Latin American Youth Center, Inc. - Mental Health Assistance	42,500	0.00
Add: Community Development Block Grant: Montgomery Housing Partnership, Inc. - Homework Club	42,500	0.00
Add: Community Development Block Grant: Vietnamese Literary and Artistic Club of the Washington Metropolitan Area - Healthcare Program	40,000	0.00
Add: Community Development Block Grant: Korean Community Service Center of Greater Washington, Inc. - Strengthening Asian Families through Empowerment and Services	40,000	0.00
Add: Community Development Block Grant: NAMI Montgomery County (MD), Inc. - Mental Health Promotion for Low-Income Latinx Residents	31,500	0.00
Add: Community Development Block Grant: ECDC Enterprise Development Group, Inc. - Small Business Loan Program	30,000	0.00
<b>Other Adjustments (with no service impacts)</b>		
Increase Cost: Takoma Park Code Enforcement Contract [Grants Administration - Federal Programs]	12,848	0.00
Re-align: Convert Asset Manager Position from Part-time to Full-time [Grants Administration - Federal Programs]	0	0.50
Decrease Cost: CDBG Grant Adjustments [Grants Administration - Federal Programs]	(630,000)	0.00
<b>FY22 RECOMMENDED</b>		<b>9,742,923 21.50</b>

## PROGRAM SUMMARY

Program Name	FY21 APPR Expenditures	FY21 APPR FTEs	FY22 REC Expenditures	FY22 REC FTEs
Administration	2,002,830	13.20	2,379,713	13.70
Affordable Housing Programs	1,014,654	10.50	967,439	10.50
Common Ownership Community Program	707,176	4.15	712,097	4.15
Grants Administration - Federal Programs	7,219,168	5.70	7,089,102	5.70
Housing Administration	477,986	3.95	469,121	3.95
Housing Code Enforcement	4,538,429	38.50	4,595,390	38.50
Landlord-Tenant Mediation	1,416,964	8.00	1,412,014	8.00
Licensing and Registration	423,086	3.20	456,256	3.20
Multi-Family Housing Programs	33,391,815	6.90	41,757,648	6.90
Neighborhood Revitalization	1,858,065	6.60	1,857,039	6.60

## PROGRAM SUMMARY

Program Name	FY21 APPR Expenditures	FY21 APPR FTEs	FY22 REC Expenditures	FY22 REC FTEs
<b>Total</b>	<b>53,050,173</b>	<b>100.70</b>	<b>61,695,819</b>	<b>101.20</b>

## CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY21 Total\$	FY21 FTEs	FY22 Total\$	FY22 FTEs
<b>COUNTY GENERAL FUND</b>					
Permitting Services	Permitting Services	129,922	1.00	101,627	1.00
Recycling and Resource Management	Solid Waste Disposal	664,094	5.50	691,391	5.50
CIP	Capital Fund	192,592	1.70	203,663	1.70
<b>Total</b>		<b>986,608</b>	<b>8.20</b>	<b>996,681</b>	<b>8.20</b>

## FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY22	FY23	FY24	FY25	FY26	FY27
<b>COUNTY GENERAL FUND</b>						
<b>EXPENDITURES</b>						
<b>FY22 Recommended</b>	<b>8,871</b>	<b>8,871</b>	<b>8,871</b>	<b>8,871</b>	<b>8,871</b>	<b>8,871</b>
No inflation or compensation change is included in outyear projections.						
<b>Labor Contracts</b>	<b>0</b>	<b>164</b>	<b>164</b>	<b>164</b>	<b>164</b>	<b>164</b>
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
<b>Subtotal Expenditures</b>	<b>8,871</b>	<b>9,034</b>	<b>9,034</b>	<b>9,034</b>	<b>9,034</b>	<b>9,034</b>
<b>MONTGOMERY HOUSING INITIATIVE</b>						
<b>EXPENDITURES</b>						
<b>FY22 Recommended</b>	<b>43,082</b>	<b>43,082</b>	<b>43,082</b>	<b>43,082</b>	<b>43,082</b>	<b>43,082</b>
No inflation or compensation change is included in outyear projections.						
<b>Labor Contracts</b>	<b>0</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
<b>Subtotal Expenditures</b>	<b>43,082</b>	<b>43,122</b>	<b>43,122</b>	<b>43,122</b>	<b>43,122</b>	<b>43,122</b>

FY22-27 PUBLIC SERVICES PROGRAM: FISCAL PLAN		Montgomery Housing Initiative					
FISCAL PROJECTIONS	FY21 ESTIMATE	FY22 REC	FY23 PROJECTION	FY24 PROJECTION	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION
<b>ASSUMPTIONS</b>							
Indirect Cost Rate	18.64%	19.18%	19.18%	19.18%	19.18%	19.18%	19.18%
CPI (Fiscal Year)	1.3%	1.6%	2.0%	2.4%	2.4%	2.4%	2.4%
Investment Income Yield	0.2%	0.1%	0.4%	0.4%	0.4%	0.4%	0.4%
<b>BEGINNING FUND BALANCE</b>	<b>29,438,536</b>	<b>20,635,425</b>	<b>1,330,000</b>	<b>410,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUES</b>							
Taxes	14,168,216	14,853,187	15,687,110	16,857,444	17,605,446	20,040,563	21,583,480
Charges For Services	70,200	70,200	71,597	73,330	75,119	76,952	78,830
Miscellaneous	6,557,056	15,323,239	9,252,236	9,259,516	9,205,006	9,205,006	9,205,006
<b>Subtotal Revenues</b>	<b>20,795,472</b>	<b>30,246,626</b>	<b>25,010,943</b>	<b>26,190,290</b>	<b>26,885,571</b>	<b>29,322,521</b>	<b>30,867,316</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>							
Transfers To Debt Service Fund	9,727,880	11,568,462	6,968,362	5,713,962	4,370,062	3,062,662	3,065,962
MHI - Property Acquisition Fund	(10,121,700)	(16,718,400)	(17,918,500)	(19,172,900)	(20,516,800)	(21,824,200)	(21,820,900)
MHI - HOC Housing Production Fund	(9,621,700)	(13,318,400)	(14,518,500)	(15,772,900)	(17,116,800)	(18,424,200)	(18,420,900)
Transfers To The General Fund	(462,465)	(453,967)	(453,967)	(453,967)	(453,967)	(453,967)	(453,967)
Indirect Costs	(462,465)	(453,967)	(453,967)	(453,967)	(453,967)	(453,967)	(453,967)
Transfers From The General Fund	20,312,045	28,740,829	25,340,829	25,340,829	25,340,829	25,340,829	25,340,829
From General Fund	19,812,045	25,340,829	25,340,829	25,340,829	25,340,829	25,340,829	25,340,829
From Designated General Fund Reserve for Affordable Housing	500,000	3,400,000	0	0	0	0	0
<b>TOTAL RESOURCES</b>	<b>59,961,888</b>	<b>62,450,513</b>	<b>33,309,305</b>	<b>32,314,252</b>	<b>31,255,633</b>	<b>32,385,183</b>	<b>33,933,278</b>
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(5,878,951)	(2,769,776)	(2,769,776)	(2,769,776)	(2,769,776)	(2,769,776)	(2,769,776)
Debt Service: Other (Non-Tax Funds only)	(52,050)	(49,650)	(47,230)	(54,510)	0	0	0
Labor Agreement	n/a	0	(102,458)	(221,188)	(345,571)	(475,270)	(610,521)
Rental Assistance Program (RAP)	(14,068,216)	(14,753,187)	(15,687,110)	(16,857,444)	(17,605,446)	(20,040,563)	(21,583,480)
Affordable Housing Loans	(1,205,743)	(12,551,814)	(687,071)	691,606	2,422,700	3,857,966	3,988,039
HHS Housing Programs	(9,706,200)	(9,706,200)	(9,701,380)	(9,708,660)	(9,706,200)	(9,706,200)	(9,706,200)
Neighborhoods to Call Home	(1,251,340)	(1,251,340)	(1,251,340)	(1,251,340)	(1,251,340)	(1,251,340)	(1,251,340)
Homeownership Assistance Program	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(34,162,500)</b>	<b>(43,081,967)</b>	<b>(32,246,365)</b>	<b>(32,171,312)</b>	<b>(31,255,633)</b>	<b>(32,385,183)</b>	<b>(33,933,278)</b>
<b>OTHER CLAIMS ON FUND BALANCE</b>	<b>(5,163,963)</b>	<b>(18,038,546)</b>	<b>(652,340)</b>	<b>(142,340)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(39,326,463)</b>	<b>(61,120,513)</b>	<b>(32,899,305)</b>	<b>(32,314,252)</b>	<b>(31,255,633)</b>	<b>(32,385,183)</b>	<b>(33,933,278)</b>
<b>YEAR END FUND BALANCE</b>	<b>20,635,425</b>	<b>1,330,000</b>	<b>410,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Affordable Housing and Acquisition and Preservation CIP Project #P760100	(22,000,000)	(22,000,000)	(22,000,000)	(22,000,000)	(22,000,000)	(22,000,000)	(22,000,000)
Affordable Housing Opportunity Fund CIP Project #P762101	(8,000,000)	(6,000,000)					
<b>TOTAL ALLOCATION IN AFFORDABLE HOUSING (MHI Fund + CIP Projects)</b>	<b>(69,326,463)</b>	<b>(89,120,513)</b>	<b>(54,899,305)</b>	<b>(54,314,252)</b>	<b>(53,255,633)</b>	<b>(54,385,183)</b>	<b>(55,933,278)</b>
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	<b>34.4%</b>	<b>2.1%</b>	<b>1.2%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Assumptions:</b> 1. A total of \$89.1 million will be allocated in affordable housing, including expenditures of \$61.1 million reflected in this fund, \$22 million for the Affordable Housing Acquisition and Preservation CIP Project #760100, and \$6 million for Affordable Housing Opportunity Fund CIP Project #762101. The CIP fund assumes the issuance of \$13.25 million of debt, \$8.75 million in estimated loan repayments, and \$6 million funded with Recordation Tax Premium in FY22. The funding provided a continued high level of support for renovation of distressed housing, the acquisition and preservation of affordable housing units, creation of housing units for special needs residents and mixed-income housing and a variety of services for permanent supportive housing and community development. 2. A supplemental request for the new Affordable Housing Opportunity Fund CIP was submitted to the Council in December 2020 for approval. The funding will be used to address the urgent challenge of preservation and development of affordable housing in areas at risk of rent escalation to higher market rents, including County transit corridors. 3. Montgomery County Council Resolution #15-110 provides for an allocation from the General Fund to the Montgomery Housing Initiative fund (MHI) of the equivalent to 2.5% of actual General Fund property taxes from two years prior to the upcoming fiscal year for the purpose of maintaining and expanding the supply of affordable housing. However, the actual transfer from the General Fund will be determined each year based on the availability of resources. <b>Notes:</b> 1. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates. 2. The Executive recommends an additional \$5.5 million to be transferred from the General Fund to the MHI fund, compared to \$19.8 million approved for FY21. A combination totaling \$25.3 million transferred from the General Fund, the additional \$6.8 million collected from land sale proceeds, and the projected \$1.77 million contributed by the interest payments generated from HOC Housing Production Fund will reach beyond the 2.5% policy goal. 3. Operating budget includes personnel costs, contracts for homeownership education, and miscellaneous expenses for consultants, technology upgrades and monitoring.							

**AFFORDABLE HOUSING SUPPORT SUMMARY**

Funding Sources	Total County Resources (FY08 - FY20)	Avg Resources FY08-FY20	FY21 CC Approved	FY22 CE Recommended Budget	Projected Creation / Preservation of Affordable Housing (FY22)	Notes
<b>Operating Budget Expenditures</b>						
DHCA - MHI Operating Budget	363,841,684	27,987,822	34,679,877	43,081,967		
DHCA - MHI Debt Service (Interest only)	32,057,564	2,465,966	4,546,700	5,544,445		
HHS - General Fund - Housing Programs	123,892,804	9,530,216	13,115,387	13,115,387	2,000	Clients Served
HOC - Non-Departmental Account	80,298,796	6,176,830	6,824,693	6,895,693		
<b>Total Operating Budget</b>	<b>600,090,848</b>	<b>46,160,834</b>	<b>59,166,657</b>	<b>68,637,492</b>		
<b>Affordable Housing Acquisition and Preservation Project (CIP)</b>						
MHI	4,775,000	397,917				
HIF Revolving Loan Program	161,490,000	12,422,308	13,293,000	8,751,000		
Loan Repayment Proceeds (actual)	54,990,507	4,230,039	8,707,000	13,249,000		
G.O. Bonds	-	-				
Recordation Tax Premium	4,540,000	648,571				
<b>DHCA - Affordable Housing Acquisition and Preservation Project (CIP) - Total</b>	<b>225,795,507</b>	<b>17,698,835</b>	<b>22,000,000</b>	<b>22,000,000</b>		
<b>Affordable Housing Opportunity Fund (CIP)</b>						
DHCA - Payment in Lieu of Taxes (Non-HOC PILOTs)	152,386,214	11,722,016	19,070,508	20,024,034	7,758	Indl. MHI & CIPS, Pending Council's action on a supplemental request of \$8M in FY21 and \$6M in FY22.
DHCA - Payment in Lieu of Taxes (HOC PILOTs)	115,866,506	8,912,808	9,570,344	10,000,000	300	In support of operating cost for Non-profits and Senior housing
DGS - Discounted Land Value	49,493,163	9,898,633	-	6,797,750	50	Units Captured in DHCA
<b>Total Affordable Housing Support</b>	<b>1,143,632,238</b>	<b>94,393,127</b>	<b>109,807,509</b>	<b>126,661,526</b>	<b>10,108</b>	

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