

PHED COMMITTEE #2
April 23, 2010

WORKSESSION

MEMORANDUM

April 21, 2010

TO: Planning, Housing and Economic Development (PHED) Committee
FROM: Linda McMillan, Senior Legislative Analyst 
SUBJECT: **FY11 Operating Budget: Department of Housing and Community Affairs**

Those expected for this worksession:

Richard Nelson, Director, Department of Housing and Community Affairs
Joe Giloley, Chief, DHCA Housing Division
LuAnn Korona, Chief, Community Affairs Division
Fred Wilcox, DHCA Management and Budget
Angela Dizelos, Office of Management and Budget
Jennifer Bryant, Office of Management and Budget

Excerpts from the County Executive's Recommended Budget are attached at ©1-9.

Summary of Council Staff Recommendations:

Recommendations regarding Housing First will have been considered jointly with the HHS Committee.

Consider abolishing, rather than lapsing, two positions in Grants Administration-Federal Programs, one position in Landlord-Tenant, and one position in Administration (no dollar or workyear change).

Approve Executive's recommendations for other parts of the DHCA budget.

Discuss with DHCA and HOC the OLO recommendation regarding inspection of properties.

1. EXPENDITURE and WORKYEAR OVERVIEW

For FY11, the Executive is recommending an appropriation of \$24,749,350 for the Department of Housing and Community Affairs. This is a decrease of \$19,028,240 (43.5%) from the FY10 original approved budget. DHCA's total appropriation is from three funds: (1) the General Fund, (2) the Grant Fund, and (3) the Montgomery Housing Initiative Fund (referred to as the MHI or the HIF). The following table provides an overview of the dollar changes since FY09. As can be seen the major change for FY11 is in the Multi-Family Housing program which is where almost all of the HIF is accounted for programmatically. If the reduction from the HIF is removed, the year-to-year change is a reduction of about \$1 million or -8.4%.

Department of Housing and Community Affairs Expenditures in (\$000s)	FY09 Approved	FY10 Original Approved	FY11 Recommend	Change FY10 Budget to FY11 Rec
Multi-Family Housing Programs	28,550	30,951	13,001	-58.0%
Single Family Housing Programs	716	655	894	36.5%
Housing Code Enforcement	2,098	1,957	1,363	-30.4%
Grants Administration - Federal Programs	8,043	7,520	7,022	-6.6%
Landlord-Tenant Mediation	1,089	1,022	827	-19.1%
Neighborhood Revitalization	447	261	166	-36.4%
Licensing and Registration	366	381	367	-3.7%
Housing Administration	113	105	215	104.8%
Administration	989	926	894	-3.5%
TOTAL	42,411	43,778	24,749	-43.5%

The overall workyear reduction for workyears funded in the DHCA budget is 8.0 workyears (12%). The following table provides a summary of the workyear changes since FY09. Because many of the programs have a relatively small number of workyears, percentage changes can be quite large. For example, the program that administers Federal programs is losing two workyears which is a 33% reduction. Just over one workyear is added to Neighborhood Revitalization but it results in a 37% increase.

Department of Housing and Community Affairs Workyears in (\$000s)	FY09 Approved	FY10 Original Approved	FY11 Recommend	Change FY10 Budget to FY11 Rec
Multi-Family Housing Programs	9.0	9.0	7.5	-16.7%
Single Family Housing Programs	9.0	8.0	6.6	-17.5%
Housing Code Enforcement	19.9	17.4	15.8	-9.2%
Grants Administration - Federal Programs	7.0	6.0	4.0	-33.3%
Landlord-Tenant Mediation	8.8	7.5	6.5	-13.3%
Neighborhood Revitalization	4.0	3.0	4.1	36.7%
Licensing and Registration	3.0	3.0	3.0	0.0%
Housing Administration	2.0	2.0	1.6	-20.0%
Administration	10.8	10.8	9.6	-11.1%
TOTAL	73.5	66.7	58.7	-12.0%

The following two tables show the changes to dollars and workyears to each fund (General, Grant, and HIF) since FY09. In terms of dollars, the General Fund has been reduced for each of the two years. The HIF grew from FY09 to FY10 but is reduced significantly for FY11. The Grant Fund has remained relatively stable. General Fund workyears have declined since FY09 but workyears charged to the Grant Fund and HIF have grown slightly. All positions are shown in the General Fund with the workyears charged to the other funds.

DHCA Expenditures by Fund	FY09 Actual	FY10 Budget	FY11 Rec	Change FY10-FY11
General Fund	\$ 5,275,278	\$ 5,066,790	\$ 3,859,710	-23.8%
Grant Fund	\$ 12,351,260	\$ 7,570,110	\$ 7,330,390	-3.2%
Montgomery Housing Initiative Fund	\$ 21,847,964	\$ 31,140,690	\$ 13,559,250	-56.5%
TOTAL	\$ 39,474,502	\$ 43,777,590	\$ 24,749,350	-43.5%

DHCA Workyears by Fund	FY09 Budget	FY10 Budget	FY11 Rec	Change FY10-FY11
General Fund	46.1	39.7	29.6	-25.4%
Grant Fund	15.9	15.5	17.1	10.3%
Montgomery Housing Initiative Fund	11.5	11.5	12.0	4.3%
TOTAL	73.5	66.7	58.7	-12.0%
DHCA Full-Time Positions	85.0	80.0	79.0	-1.3%

In addition to the appropriation to DHCA, certain positions in DHCA are charged to the CIP or other departments. The following two tables summarize these charges. Charges to the CIP have declined since FY09 (Note: with the exception of the HIF Acquisition program, the DHCA CIP is primarily funded by CDBG or other non-county sources.)

Charges to Other Departments - Dollars	FY09 Budget	FY10 Budget	FY11 Rec	Change FY10-FY11
CIP Projects	\$ 1,050,670	\$ 858,140	\$ 657,800	-23.3%
Permitting Services	\$ 110,170	\$ 118,000	\$ 121,620	3.1%
Solid Waste Disposal	\$ 675,290	\$ 683,610	\$ 695,310	1.7%
TOTAL	\$ 1,836,130	\$ 1,659,750	\$ 1,474,730	-11.1%

Charges to Other Departments - WYs	FY09 Budget	FY10 Budget	FY11 Rec	Change FY10-FY11
CIP Projects	8.0	7.0	5.2	-25.7%
Permitting Services	1.0	1.0	1.0	0.0%
Solid Waste Disposal	5.6	5.6	5.6	0.0%
TOTAL	14.6	13.6	11.8	-13.2%

Each Department's budget includes several departmental cost changes that are not specific to program such as retirement and group insurance changes. In addition, each budget contains the annualized cost of FY10 personnel costs (increments, new hires). Furlough savings estimated in the Executive's budget are also in this category. The table on the following page

shows these changes for each of DHCA's three funds. Overall the DHCA budget has \$474,570 from these costs. This is offset by a \$174,080 reduction from proposed furloughs for a net change of \$300,490.

Department Wide Changes:	General Fund	Grant Fund	HIF	TOTAL
Annualization of FY10 Personnel Costs	73,710	121,930	9,580	205,220
Retirement Adjustment	53,260	43,600	21,050	117,910
Group Insurance Adjustment	24,710		9,680	34,390
Printing and Mail Adjustment	(10,420)			(10,420)
Annualization of FY10 Operating Costs	5,540	121,930		127,470
TOTAL net change without furlough	146,800	287,460	40,310	474,570
Furlough	(132,990)		(41,090)	(174,080)
TOTAL net change with furlough	13,810	287,460	(780)	300,490

2. REVENUES

Revenues to DHCA are credited to each of the three funds. Revenues credited to the General Fund remain relatively stable (3.3% overall increase). With regards to the Grant Fund, the budget book indicates a slight overall decrease (3.2%) in revenues. Unfortunately, the budget book does not show several large grants that have been awarded to the Department in the last year and will continue to be the source of funds for programs through FY11. The following table summarizes these grants:

Grant Name	Award	Spent to Date	Purpose and Status
CDBG – Recovery	\$1,376,548	\$23,195	Homeowner rehabilitation, positive youth development, crime prevention through environmental design, and comprehensive neighborhood assistance. Positive youth development is a contract with Collaboration Council. Grant is funding one Code Enforcement Inspector.
Neighborhood Conservation	\$2,500,000	\$1,393,247	Purchase and renovate foreclosed home to provide affordable housing. Partnership with HOC and Habitat for Humanity. Six properties have been purchased.
Neighborhood Stabilization	\$2,073,965	\$1,515,266	Purchase and renovate foreclosed home to provide affordable housing. Six properties have been purchased.
Rapid Re-Housing (ARRA)	\$2,104,473	\$110,439	Homelessness Prevention and rapid re-housing into permanent homes including emergency grants. Funds contractual positions and a fiscal assistant in DHHS. Funds will expire in FY12.
Weatherization (ARRA)	\$5,479,944	\$397,924	Weatherization of homes for income eligible households. So far, funding has been used to complete 33 homes.

3. SPECIFIC CHANGES by PROGRAM AREA

A. Multi-Family Housing Program

The Executive is recommending \$13,000,910 and 7.5 WYs for this program that provides loans and other financing to create and preserve affordable housing units. Funds for this program include the HIF, CDBG funds, Federal HOME funds, and State grants.

	Dollars	Workyears
Montgomery Housing Initiative Fund (HIF) reduction in operating expenses	\$ (17,720,940)	-

1. Reduce HIF Operating Expenses

The Executive has recommended a reduction in HIF funding that is available for a variety of operating expenses including loans and rental assistance. This issue will have been discussed in the joint PHED and HHS Committee session.

While there are no workyear reductions associated with the HIF funding reductions, the Multi-Family Housing Program has been reduced by one Principal Administrative Aide position. This change occurred during FY10. The person in the position was shifted to a vacant position in the Single-Family Housing Program and has since been transferred to MC311.

B. Single-Family Housing Program

The Executive is recommending \$893,720 and 6.6 workyears for this program in FY11. The program oversees the Moderately Priced Dwelling Unit program, single family rehabilitation, group home rehabilitation, home replacement, weatherization, and sprinkler programs. One change is noted for the program – it is the overall adjustment to the weatherization grants that are shown in the budget book. As previously noted in the revenue section of this memo, the full value of the weatherization grants are not shown.

	Dollars	Workyears
Increase in Weatherization Grant	\$ 183,000	-

1. Weatherization Program

For FY11, 2.4 workyears of DHCA staff time are being charged to the ARRA Weatherization grant to provide administration. These are not new positions.

The T&E Committee recently received an update on the county's weatherization programs from the Department of Environmental Protection and DHCA representatives. Some highlights of the DHCA program include:

- The \$5.5 million in weatherization funding is expected to improve 800 to 900 homes over an 18 months period.
- The ramp up for the program was slower than expected in part because the State needed 3 to 4 months to set up a tracking system.
- There are two contractors and six work crews under contract at this time to complete work on 200 homes.
- HOC will improve 200 scattered site properties and will contract with their own work crews.
- DHCA staff must audit and monitor the work which takes two to three visits per site.
- Households are being identified from those seeking utility assistance or from the Neighborhood Network sites. There are almost 2,000 potential homes identified.
- In older homes utility costs can decrease by 30% to 35% and in new homes from 15% to 20%.
- The county has a history of efficiently spending weatherization funds and may be eligible for additional funds from the State.

In addition to ARRA weatherization funds, \$600,000 in CBDG funds is available for single family and group home rehabilitation. The following table shows the number of properties that will be addressed through these programs.

	FY09	FY10	FY11	
Single Family	12	10	10	Loans
Group Home	30	15	15	Loans
Home Replacement	2			Loans
Weatherization	26	430	430	Grants
Sprinkler	7			Loans
Total	77	455	455	

Council staff recommends approval as recommended by the County Executive.

C. Housing Code Enforcement

The Executive is recommending \$1,362,990 and 15.8 workyears for this program that enforces sections of the County Code relating to housing maintenance, solid waste, and weeds and rubbish. Most single-family home cases are the result of a complaint. There are regular inspections of multi-family units. As noted in the overview 5.6 workyears are charged to the Division of Solid Waste. In FY11, 1.4 workyears from Housing Code Enforcement are being charged to ARRA funding which resulted in net savings to the General Fund.

The only specific reduction noted in the budget book is an anticipated \$50,000 savings in motorpool charges for this program.

	Dollars	Workyears
Decrease Motorpool Costs	\$ (50,000)	-

Council staff understands this is a one-year reduction that comes from replacement collections being suspended in FY11. The cost will return in FY12 and is shown in the Future Fiscal Impact included in the budget book.

The Committee has been interested in following trends in Code Enforcement. The following provides an update to data the Committee and Council reviewed in considering legislative changes to improve code enforcement and neighborhood conditions.

	FY09	FY10 (6 months)
• DHCA Complaints Received	6,123	3,130
• Overcrowding complaints	516	266
• Unfounded complaints	474	235
• Notice of Violation issued	42	31
• Violation corrected	42	27
• Citation issued	5	2

Council staff recommends approval as recommended by the County Executive.

D. Grants Administration – Federal Programs

The Executive is recommending a \$7,022,130 and 4.0 workyears in this program that management and oversight of grants from the CDBG, HOMES, and Emergency Shelter programs. DHCA coordinates with the cities of Rockville and Takoma Park and non-profit organizations. The Executive is not recommending any specific changes to this program for FY11.

Included in the miscellaneous adjustments for this program is lapse of \$204,317 and 2.0 workyears that is associated with leaving one Manager III and one Senior Planning Specialist position vacant for FY11 (they are both currently vacant.) **The Committee may want to discuss whether these positions should be abolished rather than lapsed for all of FY11.** While the positions would most likely be partially or mostly grant funded if they were filled, there would not be General Fund dollars to re-establish any portion of these positions in FY11. Other staff have currently absorbed the duties previously handled by these employees. (Note: Because there are no positions being abolished in DHCA as a FY11 budget action, DHCA is not included in the information compiled by OLO that is being provided in most packets.)

E. Landlord Tenant Mediation

The Executive is recommending \$826,550 and 6.5 workyears for this program that assists in mediating disputes between landlords and tenants and encourages improvement maintenance of housing. Unresolved complaints are forwarded to the Commission on Landlord –Tenant Affairs.

For FY11, the Executive is recommending one specific change, the lapsing of a currently vacant Landlord Tenant Investigator. Partial year lapse of this position was a part of the FY10 Savings Plan for DHCA.

	Dollars	Workyears
Lapse a Landlord Tenant Investigator Position	\$ (129,910)	(1.0)

Again, the Committee may want to consider whether this position should be abolished rather than lapse given the shortage of funding to re-establish the position in FY11. The budget does not project that the lapsing of this position will increase the average days to conciliate landlord-tenant disputes or the percent of cases that are successfully mediated.

F. Neighborhood Revitalization

The Executive is recommending \$166,430 and 4.1 workyears for this program in FY11. The program provides planning and implementation for commercial revitalization in targeted areas and residential neighborhoods. Most funding for this effort comes from Federal and State funds. The Council has approved a new CIP project for Neighborhood Revitalization as a part of the FY11-16 CIP.

While the Executive’s budget does not note any specific changes to this program area, there are two positions that were charged to the CIP in FY10 that will be charged to the CDBG Recovery Grant in FY11.

G. Licensing and Registration

The Executive is recommending \$366,980 and 3.0 workyears in FY11 for this program that is responsible for licensing all rental housing and registering all housing units that are within common ownership communities. This includes single family, townhouses, apartments, condominiums and accessory apartments. The budget book notes that in FY09 84,734 rental licenses were issued and for FY11 it is anticipated that 85,636 will be issued. The following revenue is expected from rental licenses in FY11.

	FY10 Estimated	FY11 Recommend
Landlord apartment rental licenses	\$2,402,360	\$2,413,760
Landlord condominium rental licenses	\$ 400,000	\$ 410,000
Landlord single family rental licenses	\$1,475,750	\$1,450,000
TOTAL	\$4,278,110	\$4,273,760

The rental licenses fee for multi-family apartments and accessory apartments is \$38 per unit and was increased to this amount in FY03. For condominiums it is \$56 per year and was increased to this amount in FY05. For single family homes it is \$98 per year and was also increased in FY05.

Council staff recommends approval.

H. Housing Administration

The Executive is recommending \$215,430 and 1.6 workyears for FY11 for this program that provides management, oversight, and support to the housing division. **Council staff recommends approval.**

I. Administration

The Executive is recommending \$894,210 and 9.6 workyears for this program that provides overall administration of the Department including the Director's Office, budget, and technology support. The one specific change is the lapsing of the vacant Chief Operating Officer position. The position was split funded between the General Fund and the HIF and so the lapse shows as two separate items. **Council staff recommends approval of the funding requested but again suggests the Committee discuss whether this position should be abolished rather than lapsed for a full-year.**

	Dollars	Workyears
Abolish Chief Operating Officer - Portion Charged to General Fund	\$ (60,900)	(0.3)
Abolish Chief Operating Officer - Portion Charged to Housing Initiative Fund	\$ (142,100)	(0.7)

J. Miscellaneous Adjustments

Miscellaneous Adjustments:	Dollars	Workyears
Multi-Family Housing Programs	\$ (229,090)	(1.5)
Single Family Housing Programs	\$ 55,730	(1.4)
Housing Code Enforcement	\$ (544,400)	(1.6)
Grants Administration - Federal Programs	\$ (497,590)	(2.0)
Landlord Tenant Investigations	\$ (65,370)	-
Neighborhood Revitalization	\$ (94,650)	1.1
Licensing and Registration	\$ (14,000)	-
Housing Administration	\$ 110,380	(0.4)
Administration	\$ 171,550	(0.2)
TOTAL - NET CHANGE	\$ (1,107,440)	(6.0)

Council staff recommends approval with the exception of abolishing, rather than lapsing, positions that have been lapsed for the entire year.

4. CDBG, HOME, and ESG Grants

Each year the Department receives funding through the Community Development Block Grant, Federal HOME program, and Emergency Shelter Grant programs.

CDBG funds are used to (1) complete projects funded through the CIP, (2) fund projects that are directly administered by DHCA such as housing preservation, commercial area revitalization, and code enforcement, (3) grants to non-profit providers, and (4) projects administered by the City of Rockville (\$294,000) and the City of Takoma Park (\$138,000). The budget book indicates that for FY11, there is an expected \$74,140 increase in the CDBG award but a \$600,000 decrease in income that comes into the program generally from loans made in prior years (this reduction began in FY09 and is attributed to fewer loan payoffs because of fewer home sales.) **DHCA has informed Council staff that HUD posted the FY11 CDBG allocation on April 2nd and the county will be receiving \$5,562,920 which is \$420,650 above the amount assumed in the March 15th document.**

CDBG Grants to Non-Profits, Rockville, and Takoma Park.

A full description of these awards is attached at © 10-17. The following table (continued on next page) summarizes the proposed grants and shows whether the organization received a grant in FY10 (a project may be funded for up to three years). These grants are considered to be competitively awarded because of the review process that must be followed.

	FY11	FY10
Community Development Block Grant	Rec	Approve
A Wider Circle (Neighbor to Neighbor)	41,900	
Arts on the Block Inc (Quebec Terrace Crime Prevention)	26,030	
Boat People SOS (Youth Program)	29,800	25,300
College Tracks, Inc (Wheaton High School)	33,500	
Community Bridges (LUNA program)	26,500	
Eastern Mont Emergency Assistance Network (Prescription Asst)	23,700	25,000
GapBuster Learning Center (Cross-Tutorial Mentoring)	41,900	35,000
Housing Initiative Partnership (Foreclosure Intervention)	39,050	
IMPACT Silver Spring (Economic Empowerment Initiative)	33,500	
Interfaith Works (Project LEAD)	41,900	
Liberty's Promise (Enriching Immigrant Youth)	21,000	30,000
Manna Food Center (Smart Snacks)	41,900	
MC Coalition for the Homeless (Creative Housing Pilot Program)*	28,100	45,000
Mental Health Association (Kensington Wheaton Youth Services)	33,500	
Sheperd's Table (Eye Program)	21,000	21,000
Spanish Catholic Center (ESOL)	27,400	20,000
Washington Youth Foundation	18,100	45,000
YMCA (Northwest Park Community Center)	41,900	

	FY11	FY10
Community Development Block Grant	Rec	Approve
City of Takoma Park:		
Crossroads Farmers Market (bilingual marketing and education)	25,000	10,000
Affordable Housing Initiative (serve 25 households)	113,000	110,000
City of Rockville:		
Community Ministries of Rockville (Latino Outreach Program)	16,000	16,000
Community Ministries of Rockville (elderly ministries program)	12,500	12,500
Korean Community Service Center (outreach and case manage)	5,000	
Rockville Housing Enterprises (improvements to 29 units)	70,000	70,000
Single Family Housing Rehabilitation (loans to 15 households)	178,000	200,500
Stepping Stones Shelter (central air conditioning)	12,500	
TOTAL	1,002,680	
*FY10 funding for Creative Housing Pilot was an ESG grant		

Council staff recommends approval.

HOME Investment Partnership Funds

DHCA is expecting funding of \$2,504,723 in FY11 from the HOME grant. This will be combined with anticipated income of \$500,000 from previous loans for a total of \$3,004,723 in funding for FY11. A description of the uses of these funds is attached at © 15-16. The description notes that a portion of the funds will be used for rental subsidy programs administered by HOC and the Montgomery County Coalition for the Homeless. **Council staff recommends approval.**

Emergency Shelter Grants

The county expects to receive \$225,636 in emergency shelter grant funding in FY11. DHCA will use these funds to administer projects to renovate shelters and provide assistance grants. Details are provided at © 17. Two non-profit organizations will receive funding:

- Bethesda Cares (mental health services for the homeless) \$30,000
- Rockville Presbyterian Church’s Rainbow Place shelter (case management for seasonal shelter) \$15,000

Council staff recommends approval.

5. OLO Report 2010-9, An Inventory and Assessment of Housing-Related Programs: DHCA, DHHS, and HOC – DHCA and HOC Property Inspection Programs *(this section provided by Sue Richards, Office of Legislative Oversight)*

On April 6, 2010, the Council received and released OLO Report 2010-9, *An Inventory and Assessment of Housing-Related Programs: Department of Housing and Community Affairs, Department of Health and Human Services, and Housing Opportunities Commission*. The assessment of program coordination and overlap that OLO conducted as part of this study found overlapping activities and duplicative efforts exist between HOC's and DHCA's property inspection programs and services. This occurs because properties must comply with multiple standards and DHCA and HOC operate their inspections programs independently.

Discussion Issue #1 from the report which addresses this issue is reproduced below.

Discussion Issue #1: Property Inspection Programs

OLO's review found that DHCA's and HOC's housing inspection programs operate separately from one another, which results in inspections of the same properties by both organizations. For example, HOC inspects its multifamily units for compliance with federal standards, e.g., Housing Quality Standards (HQS), Real Estate Assessment Center (REAC) or Low Income Housing Tax Credits (LIHTC), and DHCA inspects the same units based on County housing standards.

DHCA and HOC staff report that although previous attempts to coordinate the two agencies' respective inspection programs were unsuccessful, both organizations desire to renew these efforts. DHCA's ongoing investments from the Housing Initiative Fund to renovate DHHS group homes and shelter facilities provide another opportunity to consolidate inspection work.

OLO recommends that the Council discuss the following with representatives from HOC, DHCA, and DHHS representatives:

1. What are the similarities and differences between the County and federal housing quality standards?
2. What are the agencies' current efforts to improve coordination and eliminate duplication among their respective property inspection programs?
3. What are the obstacles to adopting a single set of uniform standards enforced by one group of cross-trained inspectors?

The County Government and HOC provided responses to this issue as part of their comments on the report. Generally, the County Government proposes to join with HOC and lobby the federal and state agencies to accept County standards in lieu of the current standards. HOC recognizes that the various standards share the same goal, which is to keep families and individuals safe in their homes.

The response from the Chief Administrative Officer says:

With respect to the recommendation on aligning housing inspections between DHCA and HOC, DHCA will explore with HOC ways in which the housing inspection aspects of several programs and commensurate statutory inspection requirements, can, to the extent possible, be better coordinated. As part of this effort, DHCA will work with HOC to secure appropriate approvals from HUD and the Maryland Department of Housing and Community Development that will enable HOC to use the standards contained in Chapter 26, Housing and Building Maintenance Standards – Regulations, in lieu of the specific standards currently required by these governmental funding sources.

HOC's specific answers to OLO's questions are excerpted below.

1. What are the similarities and differences between the County and federal housing quality standards?

The primary goal is the same, to insure that families and individuals live in homes that are safe and free from hazards and deficiencies. However, even the Federal standards vary from one program to another and each one varies from the County's Chapter 26. For example, an exposed electric wire must be fixed immediately as a serious hazard under any inspection standard. However, with respect to window screens, HQS does not require screens. The Uniformed Physical Conditions Standards (UPCS) (for Public Housing) requires that 75% of screens are in working order, and Chapter 26 requires that all screens must be in place and in working condition.

2. What are the agencies' current efforts to improve coordination and eliminate duplication among their respective property inspection programs?

HOC's federally-or state-mandated inspections operate independently of DHCA's inspections because of the different standards that must be applied, even among those programs. When DHCA inspects HOC-owned properties, either because of routine inspections or because DHCA has provided financing, DHCA notifies HOC and provides its findings whether there are deficiencies or not. Furthermore, HOC and DHCA are involved in discussions now to determine if there is a need and/or an opportunity for more coordination of inspections.

3. What are the obstacles to adopting a single set of uniform standards enforced by one group of cross-trained inspectors?

The primary obstacles are different program requirements and the federally-mandated annual audit of federal funds (A133). HOC inspects for compliance with different programs and has to report to different entities, each of which requires a certain standard and format. Each of those entities, including HUD, DHCA, etc., would have to authorize HOC to use a different standard. Furthermore, HOC's receipt of Federal funds relies on HUD's acceptance of the annual A133. Compliance with the annual inspection requirement is one component of the A133. HOC would be delegating control over this important element if it were to employ HCA to perform annual HQS inspections.

Staff Recommendation. Support the County Government's approach as a long term solution. If there is agreement with HOC's position that the various standards provide different paths to the same primary goal, ask DHCA to describe the effects and determine the cost savings that would result from discontinuing DHCA inspection activities at the properties in HOC's in-house and contract managed portfolios.

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Housing and Community Affairs

MISSION STATEMENT

The mission of the Department of Housing and Community Affairs is to plan and implement activities which 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 FY11 Operating Budget for the Department of Housing and Community Affairs is \$24,749,350, a decrease of \$19,028,240 or 43.5 percent from the FY10 Approved Budget of \$43,777,590. Personnel Costs comprise 27.3 percent of the budget for 79 full-time positions and five part-time positions for 58.7 workyears. Operating Expenses and Debt Service account for the remaining 72.7 percent of the FY11 budget.

DHCA expects the total signed agreements for affordable housing projects through the PILOT program to abate \$9.2 million in taxes in FY11.

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

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ *A Responsive, Accountable County Government*
- ❖ *Affordable Housing in an Inclusive Community*
- ❖ *Healthy and Sustainable Neighborhoods*

DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below, with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY10 estimates incorporate the effect of the FY10 savings plan. The FY11 and FY12 targets assume the recommended FY11 budget and FY12 funding for comparable service levels.

ACCOMPLISHMENTS AND INITIATIVES

- ❖ *Invest over \$40 million for Affordable Housing including the Montgomery Housing Initiative (MHI) fund and utilize \$27.2 million from the Affordable Housing Acquisition and Preservation CIP project. This dedicated funding 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 the creation of mixed-income housing.*
- ❖ *Continue to use resources from the MHI fund to support rental assistance programs in the departments of Housing and Community Affairs (DHCA), Health and Human Services (DHHS), and the Housing Opportunities Commission (HOC).*
- ❖ *Continued funding from Federal Grants (CDBG, HOME, & ESG) to provide funding for affordable housing, housing rehabilitation, commercial revitalization, public services and preventing homelessness.*
- ❖ *Initiated "Focused Neighborhood Assistance" initiatives in two neighborhoods; completed planning studies of both areas.*
- ❖ *Continue to provide housing code enforcement to neighborhoods for improving safety and sanitary living conditions.*
- ❖ *Continue to provide landlord-tenant mediation services to an expanding immigrant population and provide emergency housing services for eviction prevention and for special relocations such as Hampshire Towers.*

PROGRAM CONTACTS

Contact Fred Wilcox of the Department of Housing and Community Affairs at 240.777.3607 or Jennifer Bryant of the Office of Management and Budget at 240.777.2761 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Multi-Family Housing Programs

This program creates and preserves affordable multi-family housing units. Loans are made to the Housing Opportunities Commission, 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;
- 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.

Program Performance Measures	Actual FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Affordable housing units preserved - County funded	34	423	222	419	380
Affordable housing units preserved - no cost to County	131	0	702	737	774
Affordable housing units preserved in production (pipe line)	954	190	150	130	175
Affordable housing units produced - County funded	103	534	660	635	692
Affordable housing units produced - no cost to County	116	242	53	182	191
Affordable housing units produced in production (pipe line)	336	218	228	185	180
Cost per unit of affordable housing units preserved	57,932	43,827	36,948	35,425	33,334
Cost per unit of affordable housing units produced	68,270	57,076	34,201	46,858	37,157

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	30,950,940	9.0
Reduce: Montgomery Housing Initiative Program Operating Expenses	-17,720,940	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-229,090	-1.5
FY11 CE Recommended	13,000,910	7.5

Single-Family 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, rehabilitate and weatherize single-family housing units and rehabilitate group homes for the special needs population. In addition, this program is responsible for the newly created Work Force Housing Initiative.

Program Performance Measures	Actual FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Number of Housing Units Improved/Rehabilitated ¹	98	77	455	455	25

¹ Programs include SF Rehab, GH Rehab, Home Replacement, Weatherization, and Sprinklers. Large increases in FY10 and FY11 are attributed to \$5.2 million in economic stimulus funds for the Weatherization Program.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	654,910	8.0
Increase Cost: Change in Weatherization Grant Amount	183,080	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	55,730	-1.4
FY11 CE Recommended	893,720	6.6

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; and 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 FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Percent of Cases that Achieve Voluntary Compliance	93	92	93	94	94
Properties with more than two cases in a two year period	212	198	190	180	170

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	1,957,430	17.4
Decrease Cost: Motor Pool Rate Adjustment	-50,040	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-544,400	-1.6
FY11 CE Recommended	1,362,990	15.8

Notes: Reductions in this program include reallocation of costs across various funding sources.

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 Shelter 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 not-for-profit organizations awarded funding to provide a variety of public services involving assistance to low-income persons.

Program Performance Measures	Actual FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Number of Contracts Awarded and Monitored ¹	71	50	53	53	53

¹ Contracts include CDBG, ESG, HOME, MHI, Historic, Community Grants, and Empowerment Grants.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	7,519,720	6.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-497,590	-2.0
FY11 CE Recommended	7,022,130	4.0

Notes: Reductions in this program include reallocation of costs across various funding sources.

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 FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Average days required to conciliate Landlord/Tenant disputes that do not go to the Commission	35.9	42	35	30	25
Percent of Landlord/Tenant cases mediated successfully (not referred to the Commission)	98	97	97	97	97

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	1,021,830	7.5
Decrease Cost: Lapse - Landlord/Tenant Investigator	-129,910	-1.0

	Expenditures	WYs
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-65,370	0.0
FY11 CE Recommended	826,550	6.7

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 FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Gains achieved in neighborhoods receiving DHCA neighborhood revitalization funding/services ¹	NA	2	2	2	2

¹ being developed - data currently reflects number of neighborhoods

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	261,070	3.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-94,640	1.1
FY11 CE Recommended	166,430	4.1

Notes: Changes in this program include personnel reallocations across various funding sources.

Licensing and Registration

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

Program Performance Measures	Actual FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Number of Rental Licenses Issued ¹	82,205	84,734	84,648	85,636	86,100

¹ Programs include Accessory Apartments, Condominiums, Single Family, and Apartments.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	380,980	3.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-14,000	0.0
FY11 CE Recommended	366,980	3.0

Housing Administration

This program provides management and oversight to support activities within the housing division including single and multi-family housing programs, code enforcement and landlord tenant mediation.

This program was formerly included as part of Housing Development and Loan Programs.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	105,050	2.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	110,380	-0.4
FY11 CE Recommended	215,430	1.6

Administration

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

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	925,660	10.8
Decrease Cost: Chief Operating Officer Support to the General Fund	-60,900	-0.3
Decrease Cost: Chief Operating Officer Support to MHI	-142,100	-0.7
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	171,550	-0.2
FY11 CE Recommended	894,210	9.6

Notes: Changes in this program include personnel reallocations across various funding sources.

BUDGET SUMMARY

	Actual FY09	Budget FY10	Estimated FY10	Recommended FY11	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	3,469,152	3,121,490	2,938,940	2,205,520	-29.3%
Employee Benefits	1,154,904	1,277,050	1,216,640	1,062,440	-16.8%
County General Fund Personnel Costs	4,624,056	4,398,540	4,155,580	3,267,960	-25.7%
Operating Expenses	651,222	668,250	647,590	591,750	-11.4%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	5,275,278	5,066,790	4,803,170	3,859,710	-23.8%
PERSONNEL					
Full-Time	85	80	80	79	-1.2%
Part-Time	5	5	5	5	—
Workyears	46.1	39.7	39.7	29.6	-25.4%
REVENUES					
Miscellaneous - LTA Registry	22,026	5,000	0	0	—
Common Ownership Commission Fees	0	5,000	5,000	5,000	—
Miscellaneous - Common Ownership Communities	0	1,000	0	0	—
Common Ownership Communities Fees	283,693	355,850	388,200	392,100	10.2%
Miscellaneous - LTA	0	0	20,000	20,000	—
Landlord Apartment Rental License	2,396,367	2,352,960	2,402,360	2,413,760	2.6%
Miscellaneous - Landlord-Tenant	155	15,000	0	0	—
Civil Citations - Landlord-Tenant	48,162	75,000	50,000	50,000	-33.3%
Landlord Single Family Rental License	1,411,633	1,380,000	1,475,750	1,450,000	5.1%
Landlord Condominium Rental License	407,071	400,000	400,000	410,000	2.5%
County General Fund Revenues	4,569,107	4,589,810	4,741,310	4,740,860	3.3%
GRANT FUND MCG					
EXPENDITURES					
Salaries and Wages	1,553,373	1,408,410	1,978,070	1,454,490	3.3%
Employee Benefits	549,866	539,620	542,230	602,810	11.7%
Grant Fund MCG Personnel Costs	2,103,239	1,948,030	2,520,300	2,057,300	5.6%
Operating Expenses	10,248,021	5,622,080	6,261,530	5,273,090	-6.2%
Capital Outlay	0	0	0	0	—
Grant Fund MCG Expenditures	12,351,260	7,570,110	8,781,830	7,330,390	-3.2%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	15.9	15.5	15.5	17.1	10.3%
REVENUES					
Community Development Block Grant	7,831,202	3,318,130	3,392,270	3,252,270	-2.0%
Community Development Block Grant: Program Income	0	1,100,000	1,100,000	500,000	-54.5%
EDI Special Projects	167,472	0	0	0	—
Emergency Shelter: Group Homes	262,187	226,880	225,640	225,640	-0.5%
HOME Grant: Program Income	0	500,000	500,000	500,000	—
HOME Investment Partnership Grant	3,553,097	2,260,420	2,504,720	2,504,720	10.8%
Takoma Park Code Enforcement	179,558	0	352,480	0	—
Weatherization	135,243	164,680	164,680	205,720	24.9%
Weatherization/MEAP	0	0	52,900	52,900	—
Community Legacy	169,074	0	400,000	0	—
Weatherization Universal Svc	41,644	0	39,140	39,140	—

	Actual FY09	Budget FY10	Estimated FY10	Recommended FY11	% Chg Bud/Rec
Weatherization - Washington Gas	11,783	0	50,000	50,000	—
Grant Fund MCG Revenues	12,351,260	7,570,110	8,781,830	7,330,390	-3.2%
MONTGOMERY HOUSING INITIATIVE					
EXPENDITURES					
Salaries and Wages	947,846	934,400	931,730	1,002,500	7.3%
Employee Benefits	326,060	355,830	322,420	427,230	20.1%
Montgomery Housing Initiative Personnel Costs	1,273,906	1,290,230	1,254,150	1,429,730	10.8%
Operating Expenses	20,497,196	29,775,160	33,313,070	12,055,940	-59.5%
Debt Service Other	76,862	75,300	75,300	73,580	-2.3%
Capital Outlay	0	0	0	0	—
Montgomery Housing Initiative Expenditures	21,847,964	31,140,690	34,642,520	13,559,250	-56.5%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	11.5	11.5	11.5	12.0	4.3%
REVENUES					
Extraordinary Revenue Financing	0	25,000,000	0	0	—
Recordation Tax Revenue for Rental Assistance Prog	2,615,500	3,047,000	3,006,000	0	—
Developer Approval Payments	0	50,000	50,000	0	—
MPDU Contributions	963,500	281,750	193,000	953,500	238.4%
MPDU Foreclosures	134,129	0	16,320	0	—
MPDU Resale Recapture	1,629,312	2,000,000	2,000,000	2,000,000	—
Mortgage Repayments	669,929	5,672,450	5,672,450	1,750,000	-69.1%
Miscellaneous	902,197	0	610,910	0	—
Other Interest Income	428,304	0	0	0	—
Condo Transfer Tax	3,406,855	2,000,000	2,000,000	1,000,000	-50.0%
Investment Income: Pooled	303,086	190,000	50,000	140,000	-26.3%
HOC Loan Repayment	76,862	75,290	75,290	73,570	-2.3%
Montgomery Housing Initiative Revenues	11,129,674	38,316,490	13,673,970	5,917,070	-84.6%
DEPARTMENT TOTALS					
Total Expenditures	39,474,502	43,777,590	48,227,520	24,749,350	-43.5%
Total Full-Time Positions	85	80	80	79	-1.2%
Total Part-Time Positions	5	5	5	5	—
Total Workyears	73.5	66.7	66.7	58.7	-12.0%
Total Revenues	28,050,041	50,476,410	27,197,110	17,988,320	-64.4%

FY11 RECOMMENDED CHANGES

	Expenditures	WYs
COUNTY GENERAL FUND		
FY10 ORIGINAL APPROPRIATION	5,066,790	39.7
Other Adjustments (with no service impacts)		
Increase Cost: Annualization of FY10 Personnel Costs	73,710	0.0
Increase Cost: Retirement Adjustment	53,260	0.0
Increase Cost: Group Insurance Adjustment	24,710	0.0
Increase Cost: Annualization of FY10 Operating Expenses	5,540	0.0
Decrease Cost: Operating Expenses	-3,080	0.0
Decrease Cost: Printing and Mail Adjustment	-10,420	0.0
Decrease Cost: Lapse - Manager III/Federal Programs	-10,710	-0.1
Decrease Cost: Operating Expenses - Printing/Postage	-18,500	0.0
Shift: Sr. Planning Specialist for Project/Construction Monitoring to MHI	-41,610	-0.3
Decrease Cost: Motor Pool Rate Adjustment [Housing Code Enforcement]	-50,040	0.0
Shift: Sr. Planning Specialist for Program Monitoring to CDBG Program	-60,120	-0.5
Decrease Cost: Chief Operating Officer Support to the General Fund [Administration]	-60,900	-0.3
Shift: Code Enforcement Inspector to CDBG Program	-82,790	-1.0
Shift: Personnel Reallocation to CDBG	-91,540	-0.6
Decrease Cost: Lapse - Landlord/Tenant Investigator [Landlord-Tenant Mediation]	-129,910	-1.0
Decrease Cost: Furlough Days	-132,990	-1.2
Shift: Personnel Reallocation to MHI	-143,740	-0.7
Shift: American Recovery and Reinvestment Act Funding	-527,950	-4.4
FY11 RECOMMENDED:	3,859,710	29.6

	Expenditures	WYs
GRANT FUND MCG		
FY10 ORIGINAL APPROPRIATION	7,570,110	15.5
<u>Changes (with service impacts)</u>		
Add: Community Development Block Grant: A Wider Circle (Neighbor to Neighbor)	41,900	0.0
Add: Community Development Block Grant: GapBuster Learning Center, Inc. (Cross-tutorial Mentoring)	41,900	0.0
Add: Community Development Block Grant: Interfaith Works, Inc. (Project LEAD)	41,900	0.0
Add: Community Development Block Grant: Manna Food Center, Inc. (Smart Sacks)	41,900	0.0
Add: Community Development Block Grant: YMCA of Metropolitan Washington (Northwest Park Community Center)	41,900	0.0
Add: Community Development Block Grant: Housing Initiative Partnership, Inc. (Foreclosure Intervention)	39,050	0.0
Add: Community Development Block Grant: College Tracks, Inc. (College preparation program at Wheaton High School)	33,500	0.0
Add: Community Development Block Grant: IMPACT Silver Spring, Inc. (Economic Empowerment Initiative)	33,500	0.0
Add: Community Development Block Grant: Mental Health Association, Inc. (Kensington/Wheaton Youth Services)	33,500	0.0
Add: Emergency Shelter Grant: Bethesda Cares, Inc. (Mental Health Services for the Homeless)	30,000	0.0
Add: Community Development Block Grant: Boat People SOS, Inc. (Educational and Recreational Activities for Youth)	29,800	0.0
Add: Community Development Block Grant: Montgomery County Coalition for the Homeless, Inc. (Creative Housing Initiative Pilot project)	28,100	0.0
Add: Community Development Block Grant: Spanish Catholic Center, Inc. (English for Speakers of Other Languages)	27,400	0.0
Add: Community Development Block Grant: Community Bridges, Inc. (LUNA (Luchando Unidas con Nuestras Amigas))	26,500	0.0
Add: Community Development Block Grant: Artpreneurs, Inc. dba Arts on the Block, Inc. (Quebec Terrace - Crime Prevention)	26,030	0.0
Add: Community Development Block Grant: Eastern Montgomery Emergency Assistance Network, Inc. (Prescription Assistance)	23,700	0.0
Add: Community Development Block Grant: Liberty's Promise (Enriching Immigrant Youth)	21,000	0.0
Add: Community Development Block Grant: Shepherd's Table, Inc. (Eye Clinic)	21,000	0.0
Add: Community Development Block Grant: Washington Youth Foundation (Professional Youth Initiative)	18,100	0.0
Add: Emergency Shelter Grant: Rockville Presbyterian Church (Rainbow Place)	15,000	0.0
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: Change in HOME Grant Amount	244,300	0.0
Increase Cost: Change in Weatherization Grant Amount [Single-Family Housing Programs]	183,080	0.0
Increase Cost: Annualization of FY10 Personnel Costs	121,930	0.0
Increase Cost: Change in CDBG Grant Amount	74,140	0.0
Increase Cost: Fringe Benefits Adjustments	43,600	0.0
Technical Adj: Personnel Reallocation Within Grants	0	1.6
Decrease Cost: Change in ESG Grant Amount	-1,240	0.0
Decrease Cost: Operating Adjustments	-43,600	0.0
Decrease Cost: Annualization of FY10 Operating Costs	-121,930	0.0
Increase Cost: Change in CDBG CIP Amount	-140,000	0.0
Decrease Cost: Change in CDBG Program Income Amount	-600,000	0.0
Decrease Cost: Adjust for Individual Grants	-615,680	0.0
FY11 RECOMMENDED:	7,330,390	17.1
MONTGOMERY HOUSING INITIATIVE		
FY10 ORIGINAL APPROPRIATION	31,140,690	11.5
<u>Changes (with service impacts)</u>		
Reduce: Montgomery Housing Initiative Program Operating Expenses [Multi-Family Housing Programs]	-17,720,940	0.0
<u>Other Adjustments (with no service impacts)</u>		
Shift: Personnel Re-allocations	143,680	0.7
Shift: Senior Planning Specialist - Project Monitoring	138,700	1.0
Increase Cost: Retirement Adjustment	21,050	0.0
Increase Cost: Group Insurance Adjustment	9,680	0.0
Increase Cost: Annualization of FY10 Personnel Costs	9,580	0.0
Decrease Cost: Furlough Days	-41,090	-0.5
Decrease Cost: Chief Operating Officer Support to MHI [Administration]	-142,100	-0.7
FY11 RECOMMENDED:	13,559,250	12.0

PROGRAM SUMMARY

Program Name	FY10 Approved		FY11 Recommended	
	Expenditures	WYs	Expenditures	WYs
Multi-Family Housing Programs	30,950,940	9.0	13,000,910	7.5
Single-Family Housing Programs	654,910	8.0	893,720	6.6
Housing Code Enforcement	1,957,430	17.4	1,362,990	15.8
Grants Administration - Federal Programs	7,519,720	6.0	7,022,130	4.0
Landlord-Tenant Mediation	1,021,830	7.5	826,550	6.5
Neighborhood Revitalization	261,070	3.0	166,430	4.1
Licensing and Registration	380,980	3.0	366,980	3.0
Housing Administration	105,050	2.0	215,430	1.6
Administration	925,660	10.8	894,210	9.6
Total	43,777,590	66.7	24,749,350	58.7

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY10		FY11	
		Total\$	WYs	Total\$	WYs
COUNTY GENERAL FUND					
CIP	CIP	858,140	7.0	657,800	5.2
Permitting Services	Permitting Services	118,000	1.0	121,620	1.0
Solid Waste Services	Solid Waste Disposal	683,610	5.6	695,310	5.6
Total		1,659,750	13.6	1,474,730	11.8

FUTURE FISCAL IMPACTS

Title	CE REC.					
	FY11	FY12	FY13	(\$000's)		FY16
	FY14	FY15				
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY11 Recommended	3,860	3,860	3,860	3,860	3,860	3,860
No inflation or compensation change is included in outyear projections.						
Motor Pool Rate Adjustment	0	50	50	50	50	50
Restore Personnel Costs	0	133	133	133	133	133
This represents restoration of funding to remove FY11 furloughs.						
Subtotal Expenditures	3,860	4,043	4,043	4,043	4,043	4,043
MONTGOMERY HOUSING INITIATIVE						
Expenditures						
FY11 Recommended	13,559	13,559	13,559	13,559	13,559	13,559
No inflation or compensation change is included in outyear projections.						
Restore Personnel Costs	0	41	41	41	41	41
This represents restoration of funding to remove FY11 furloughs.						
Subtotal Expenditures	13,559	13,600	13,600	13,600	13,600	13,600

FY11-16 PUBLIC SERVICES PROGRAM: FISCAL PLAN

MONTGOMERY HOUSING INITIATIVE

FISCAL PROJECTIONS	FY10 ESTIMATE	FY11 REC	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION	FY16 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	13.73%	12.78%	12.78%	12.78%	12.78%	12.78%	12.78%
CPI (Fiscal Year)	1.0%	2.1%	2.3%	2.5%	2.6%	2.8%	3.0%
Investment Income Yield	0.0026	0.0085	0.018	0.0325	0.04	0.045	0.0475
BEGINNING FUND BALANCE	9,265,960	208,760	0	2,370,940	2,826,470	1,684,040	673,710
REVENUES							
Miscellaneous	13,673,970	5,917,070	6,087,070	6,357,070	6,517,070	6,647,070	6,737,070
Subtotal Revenues	13,673,970	5,917,070	6,087,070	6,357,070	6,517,070	6,647,070	6,737,070
INTERFUND TRANSFERS (Net Non-CIP)	11,911,348	7,433,420	19,162,633	16,975,263	15,215,263	15,215,263	15,215,263
Transfers To Debt Service Fund	0	(2,500,000)	(4,700,000)	(6,900,000)	(8,660,000)	(8,660,000)	(8,660,000)
Transfers To The General Fund	(201,920)	(202,880)	(195,350)	(182,720)	(182,720)	(182,720)	(182,720)
Indirect Costs	(177,150)	(182,720)	(182,720)	(182,720)	(182,720)	(182,720)	(182,720)
Technology Modernization	(24,770)	(20,160)	(12,630)	0	0	0	0
Transfers From The General Fund	12,113,268	10,136,300	24,057,983	24,057,983	24,057,983	24,057,983	24,057,983
TOTAL RESOURCES	34,851,278	13,559,250	25,249,703	25,703,273	24,558,803	23,546,373	22,626,043
CIP Property Acquisition Revolving Fund PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(21,686,720)	(4,108,370)	(13,429,730)	(13,429,730)	(13,429,730)	(13,429,730)	(12,429,730)
Debt Service: Other (Non-Tax Funds only)	(75,300)	(73,580)	(71,730)	(69,770)	(67,730)	(65,630)	(65,630)
Rental Assistance Programs	(3,047,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Neighborhoods to Call Home	(933,500)	(377,300)	(377,300)	(377,300)	(377,300)	(377,300)	(377,300)
Housing First	(8,900,000)	(7,000,000)	(7,000,000)	(7,000,000)	(7,000,000)	(7,000,000)	(7,000,000)
Subtotal PSP Oper Budget Approp / Exp's	(34,642,520)	(13,559,250)	(22,878,760)	(22,876,800)	(22,874,760)	(22,872,660)	(21,872,660)
TOTAL USE OF RESOURCES	(34,642,520)	(13,559,250)	(22,878,760)	(22,876,800)	(22,874,760)	(22,872,660)	(21,872,660)
YEAR END FUND BALANCE	208,760	0	2,370,940	2,826,470	1,684,040	673,710	753,380
TOTAL INVESTMENT							
TOTAL USE OF RESOURCES	(34,642,516)	(13,559,250)	(22,882,330)	(22,882,330)	(22,882,330)	(22,882,330)	(21,882,330)
<i>Affordable Housing Acquisition and Preservation CIP Project # 760100</i>	<i>(33,933,000)</i>	<i>(27,200,000)</i>	<i>(28,617,750)</i>	<i>(7,839,170)</i>	<i>(11,145,460)</i>	<i>(13,312,843)</i>	<i>(15,870,510)</i>
TOTAL INVESTMENT IN AFFORDABLE HOUSING (MHI Fund + CIP Project)	(68,575,520)	(40,759,250)	(51,496,510)	(30,715,970)	(34,020,220)	(36,185,503)	(37,743,170)

Assumptions:

- Maintains the County Executive's commitment to affordable housing. In addition to expenditures reflected in this fund, the Affordable Housing Acquisition and Preservation CIP Project #760100 includes the issuance of \$25 million of debt in FY11 and FY12 in addition to \$2.2 million in estimated loan repayments in FY11 to provide continued high level of support for the Housing Initiative Fund Property Acquisition Revolving Program created in FY09.
- Montgomery County Executive Order 136-01 provides for an allocation from the General Fund to the Montgomery Housing Initiative fund (MHI) equivalent to 2.5 percent of actual General Fund property taxes from two years prior to the upcoming fiscal year. The actual transfer from the General Fund will be determined each year based on the availability of resources.
- Per Council Bill 25-A, paragraph (c), enacted November 30, 2004, effective April 1 2005, the MHI fund does not include an additional allocation from MPDU alternative payments.

Notes:

- 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, usage, inflation, future labor agreements, and other factors not assumed here.
- MHI expenditures assume a \$375,000 grant in FY10 and FY11 for the National Center for Children and Families.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

\$5,642,270

The county expects to receive \$5,142,270 in CDBG funds for Fiscal Year 2011, and with anticipated program income of \$500,000, an estimated total of \$5,642,270 in CDBG funds will be available for the following activities.

CAPITAL IMPROVEMENTS PROJECTS

\$1,890,000

Fenton Street Village Pedestrian Linkages

\$400,000

This project provides pedestrian links in the commercial area located along the eastern edge of the Silver Spring Central Business District and is an extension of the streetscape program that is being implemented in the area.

Long Branch Pedestrian Linkages

\$870,000

This project provides pedestrian links in the Long Branch community that will connect the high-density residential areas with the Village Center. Significantly, a new connector trail and bridge will be constructed through the Long Branch Stream Valley Park to stabilize, protect, and enhance existing streamside areas and preserve the natural character of the stream valley while improving pedestrian and bike circulation.

Focused Neighborhood Assistance

\$470,000

This project provides for focused neighborhood assistance in selected neighborhoods with a primary focus on residential areas. Project elements will comprehensively address community needs for neighborhood preservation and enhancement. Resources are currently focused in two neighborhoods, one in mid-county (Wheaton/Glenmont) and one in Upcounty (Germantown/Gunner's Lake).

Facility Planning

\$50,000

The fund will be used to conduct preliminary planning and design studies for a variety of projects dispersed throughout the County for possible inclusion in a future capital budget.

Contingency (Capital)

\$100,000

The fund will be used to cover an unanticipated design and construction related cost.

PROJECTS ADMINISTERED BY COUNTY GOVERNMENT

Department of Housing and Community Affairs (DHCA)	\$1,719,005
Project Analysis and Engineering Funds will be used for project analysis and engineering costs associated with projects in revitalization areas.	\$130,000
Group Home Acquisition and Rehabilitation Funds will be used to provide loans to nonprofit organizations for the purchase and/or rehabilitation of properties for use as group homes.	\$100,000
Housing Production and Preservation 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.	\$529,000
Façade, Sign and Canopy Program Funds will be used to improve commercial building facades through loans to owners of older commercial properties in areas targeted for revitalization.	\$150,708
Code Enforcement Funds will be used to partially cover costs incurred for code enforcement efforts in low-and moderate income areas in conjunction with other public or private improvements and services.	\$547,690
Contingency (Operating) The fund will be available for operating expenditures to allow for emergency community development needs and funding non-public service out-of-cycle requests.	\$82,607
Comprehensive Neighborhood Assistance Funds will be used to address community needs in neighborhoods not receiving focused neighborhood assistance and may also be used for eligible services in focused neighborhoods to complement capital improvement efforts.	\$179,000
Administration (capped) 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.	\$1,030,585



NONPROFIT PROVIDERS **\$570,680**

A Wider Circle **\$41,900**
“Neighbor-to-Neighbor”

A total of \$41,900 in second year funding to be used to collect donations of furniture and basic home goods and distribute these items to needy families in Montgomery County. The Countywide program will benefit an estimated 5,000 people.

Artpreneurs, Inc., dba Arts on the Block **\$26,030**
“Quebec Terrace – Crime Prevention”

A total of \$26,030 in first year funding to be used to support a plan to develop and implement improvements to the Quebec Terrace community using best practices of integrated public and community art and crime prevention through environmental design. The Countywide program will benefit an estimated 100 people.

Boat People SOS **\$29,800**
“Educational and Recreational Activities for Youth”

A total of \$29,800 in second year funding will be used to support a youth enrichment program to improve the quality of life for 35 youth and their parents. Targeted youth will come from low income households where parents struggle with culture, language, and resources to help their children achieve academic and social success. The Countywide program will benefit an estimated 50 people.

College Tracks, Inc. **\$33,500**
“College Tracks Program at Wheaton High School”

A total of \$33,500 in second year funding will be used to cover a portion of the salary for the Program Director at the College Tracks Program operating at Wheaton High School. An estimated 300 people will benefit.

Community Bridges, Inc. **\$26,500**
“LUNA (Luchando Unidas con Nuestras Amigas)”

A total of \$26,500 in first year funding to be used to support the LUNA program at 5 middle schools in the Silver Spring area. LUNA focuses on assisting immigrant girls successfully transition into their new communities, celebrate their unique identity, preserve their cultural traditions, and embrace their bilingualism. An estimated 65 people will benefit.

Eastern Montgomery Emergency Assistance Network **\$23,700**
“Networking Rx Assistance in Eastern Montgomery County”

A total of \$23,700 in second year funding will be used to provide prescription medication to eligible low-income individuals who lack insurance coverage in Eastern Montgomery County. An estimated 90 households will benefit.

GapBuster Learning Center **\$41,900**
“Cross-Tutorial Mentoring Program”

A total of \$41,900 in third year funding will be used to purchase supplies and educational material for each student, pay staff, provide incentives, and other operating costs associated with providing the Cross-Tutorial Mentoring Program. The Countywide program will benefit an estimated 45 people.

Housing Initiative Partnership, Inc. \$39,050
“Foreclosure Intervention Program”
A total of \$39,050 in first year funding will be used to provide organizational support and to hire a bilingual intake specialist to handle phone calls, greet walk-ins, coordinate workshops, schedule appointments and perform data entry. An estimated 1,000 people will benefit.

IMPACT Silver Spring \$33,500
“Economic Empowerment Initiative”
A total of \$33,500 in first year funding will be used to provide workforce skills in education, employment support, financial education and asset development. The program will benefit an estimated 200 people.

Interfaith Works, Inc. \$41,900
“Project LEAD”
A total of \$41,900 in first year funding will be used to provide supported employment services at Interfaith Works’ Clothing Centers to low-wage earners, moving them through a structured process of assessment, job readiness and training, job placement, and continuing support. The Countywide program will benefit an estimated 60 people.

Liberty’s Promise, Inc. \$21,000
“Enriching the Immigrant Youth of Wheaton/Glenmont”
A total of \$21,000 will be used to support civic education and professional internship programs for low-income immigrant youth living in the designated mid-County focused neighborhood assistance area. The program will benefit an estimated 50 people.

Manna Food Center, Inc. \$41,900
“Smart Sacks”
A total of \$41,900 in funding to expand the Smart Sacks program, with \$5,000 provided through the City of Rockville to assist city residents and \$36,900 provided as second year funding by the county to assist residents county-wide. Smart Sacks provides a backpack of kid-friendly nutritious food every Friday to elementary school students who do not have food to eat on the weekends. The program will benefit an estimated 1,300 people

Montgomery County Coalition for the Homeless \$28,100
“Creative Housing Initiative pilot Project (CHIPP)”
A total of \$28,100 in first year funding will be used to support a case manager position for the CHIPP permanent supportive housing program. The Countywide program will benefit an estimated 16 people.

Spanish Catholic Center, Inc. \$27,400
“English for Speakers of Other Languages Program (ESOL)”
A total of \$27,400 in second year funding will be used to provide ESOL services for low-income, limited English proficient residents of Montgomery County in the Germantown area. The program will benefit an estimated 75 people.

The Mental Health Association of Montgomery County, Inc. \$33,500
“Kensington/Wheaton Youth Services”
A total of \$33,500 in first year funding will be used to provide a 12-month youth development and family support program for low-income youth with emotional and behavioral problems. The program will benefit an estimated 50 people.



The Shepherd's Table, Inc. \$21,000
"Shepherd's Table Eye Clinic"

A total of \$21,000 in third year funding will be used to serve individuals who do not have eye care insurance and are in need of eye exams and eye glasses. The funds will support staff salaries and operating expenses. The Countywide program will benefit an estimated 475 people.

Washington Youth Foundation \$18,100
"Professional Youth Initiative Program"

A total of \$18,100 in second year funding will be used to support staff salaries and program operating costs. The Countywide program will benefit an estimated 370 people.

YMCA of Metropolitan Washington, Youth & Family Services \$41,900
"Northwest Park Community Center"

A total of \$41,900 in third year funding will be used to provide essential operating support for the Northwest Park Community Center located within the Northwest Park apartment complex in Silver Spring. The program will benefit an estimated 120 people.

PROJECTS ADMINISTERED BY MUNICIPALITIES \$432,000

CITY OF TAKOMA PARK \$138,000

Crossroads Farmers Market \$25,000
"Opportunity and Community in the Crossroads"

Bi-lingual marketing and educational initiative designed to improve access to fresh and locally grown foods, increase awareness of the nutritional benefits of fresh food, and to promote use of WIC and food stamps. An estimated total of 415 low and moderate income persons will benefit by the project.

City of Takoma Park \$113,000
"Affordable Housing Initiative"

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. A total of 25 households are expected to benefit.

CITY OF ROCKVILLE **\$294,000**

Community Ministries of Rockville **\$16,000**
“Latino Outreach Program”

Funds will be used to provide basic English classes, workplace instruction and assistance to become U.S. citizens for foreign born community members in Rockville. This service will assist approximately 150 individuals.

Community Ministries of Rockville **\$12,500**
“Elderly Ministries Program”

Funds will provide funds to support administrative expenses associated with providing case management to senior citizens and frail elderly residents of the City of Rockville. This service will assist approximately 50 individuals.

Korean Community Service Center of Greater Washington, Inc. **\$5,000**
“Rockville Outreach and Services”

Funds will cover administrative expenses associated with providing case management, information and referral services, housing assistance and citizenship preparation and assistance to residents of the City of Rockville. This service will assist approximately 64 individuals.

Rockville Housing Enterprises **\$70,000**

Funds will be used by Rockville Housing Enterprises for improvements to 29 single family scattered site units throughout the City. These improvements will benefit 29 families.

Single-Family Rehabilitation **\$178,000**

The project will be used to provide low-interest loans and grants to income eligible homeowners who need financial assistance in eliminating major code violations. An estimated 15 families will benefit.

Stepping Stones Shelter **\$12,500**
“Central Air Conditioning”

The funds will be used to install a central air conditioning system at the shelter for adults and children. This shelter facility will assist approximately 200 households.

HOME INVESTMENT PARTNERSHIP PROGRAM (HOME) **\$3,004,723**

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 \$2,504,723 in funding for HOME projects, and together with anticipated program income of \$500,000, an estimated total of \$3,004,723 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 \$1,404,543

Funds will be used to create home ownership opportunities, new rental housing, or to rehabilitate existing housing (both rental and single-family homes). This housing will principally serve low-income households. DHCA will work with the private sector, non-profits and the Montgomery County Housing Opportunities Commission (HOC) in implementing this program. Additionally, if the opportunity is available, HOME funds will be used for group homes to serve special populations and for specialized housing programs.

Community Housing Development Organizations (CHDOs) \$375,708

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 (\$37,570) 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.

PROJECTS ADMINISTERED BY NONPROFITS AND OTHER PUBLIC AGENCIES

CHDO Operating Assistance \$112,000

Funds will be used to partially cover the administrative costs of qualified CHDOs: Montgomery Housing Partnership (MHP) and Housing Unlimited. MHP will receive \$84,000 and Housing Unlimited will receive \$28,000. 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.

Rental Assistance – Housing Opportunities Commission \$112,000

Up to a total of \$112,000 will fund rental assistance in partnership with the Housing Opportunities Commission (HOC). HOC administers the State of Maryland's Rental Allowance Program in the county, and HOME funds will leverage this state funding source to assist households who are homeless or at-risk of becoming homeless. HOC will administer these funds.

\$750,000

Rental Assistance – Montgomery County Coalition for the Homeless

Up to a total of \$750,000 will fund rental assistance in partnership with the Montgomery County Coalition for the Homeless, (MCCH), in support of the county's "Housing First Program." MCCH will administer these funds.

Fair Housing Activities \$37,000

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.

ADMINISTRATION \$213,472

The fund will be used to cover the county's expenses associated with operating the HOME Program. Combined administrative expenses represent 10% of the entitlement amount.

EMERGENCY SHELTER GRANT (ESG)

\$225,636

The ESG Program enables the county to provide housing and other services to persons who are homeless or in danger of becoming homeless. Although smaller than the CDBG or HOME programs, the ESG program serves an essential role in providing services to some of our most needy. The County expects to receive \$225,636 in the coming year for ESG projects.

NONPROFIT PROVIDERS

Bethesda Cares, Inc.

\$30,000

“Mental Health Services for the Homeless”

A total of \$30,000 will provide medication and emergency prescription assistance to untreated mentally ill homeless individuals. An estimated 130 people will benefit.

Rockville Presbyterian Church

\$15,000

“Rainbow Place”

A total of \$15,000 will assist in supporting the staff cost for a part-time, seasonal Case Manager to provide services to homeless women. Of the \$15,000, \$5,000 is allocated through the City of Rockville and \$10,000 through the county. A total of 75 people will benefit.

PROJECTS ADMINISTERED BY DHCA

Shelter Renovation/Maintenance

\$101,664

Funds will be used to renovate and/or maintain shelters serving the homeless in Montgomery County. An estimated 150 people will benefit.

Homeless Prevention Assistance

\$67,690

Funds will be used to provide homeless prevention assistance, including payments for rent and utility arrearages necessary to prevent eviction, as well as security deposits or first month’s rent to enable persons who are homeless or at-risk of homelessness to secure housing. An estimated 80 people will benefit.

ADMINISTRATION

\$11,282

The fund will be used to partially cover the county’s expenses associated with operating the ESG Program. Administrative expenses represent 5.0% of the entitlement amount.

