

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

May 5, 2010

TO: Planning, Housing, and Economic Development Committee  
Health and Human Services Committee

FROM: Linda McMillan, Senior Legislative Analyst 

SUBJECT: **Worksession: FY11 Recommended Operating Budget – Follow-up  
Housing First  
Housing Initiative Fund (HIF)  
Department of Housing and Community Affairs  
Housing Opportunities Commission**

At its April 23<sup>rd</sup> worksession, the joint Committee:

- Reviewed the Executive's recommendations for FY11 funding for the Montgomery County Housing Initiative Fund (HIF) and components of Housing First that are funded in the Department of Health and Human Services.
- Discussed the point in time survey that showed a one year decrease in the number of homeless people and an increase in the number of individuals and families in permanent supportive housing. Discussed how emergency grant funds have been used to prevent homelessness.
- Agreed to place \$250,000 on the reconciliation list for the Rental Assistance Program (4-1; Councilmember Floreen opposed and Councilmember Navarro absent.)
- Agreed \$89,120 in funds recommended by the Executive in a Community Grant to CASA de Maryland for business and workforce development should be shifted to the HIF to provide most of the funds needed to continue the Long Branch Tenant Counseling program through all of FY11. (5-0; Councilmember Navarro absent)

- Discussed Council staff's concerns about the pressure that debt service from the Affordable Housing Acquisition and Preservation program could put on the cash side of the HIF and the Council staff recommendation to reduce the FY11 bonds from \$25 million to \$10 million. Received comments from the Director of DHCA on the need for the money from the bond proceeds to have a viable program in FY11 and assurances that the Executive is commitment to increasing the cash side of the HIF in future years to cover the increased debt service costs.
- Asked to return to the Affordable Housing Acquisition bond and debt service issue so that it can be considered in the context of the revised fiscal plan.
- Approved (5-0) the Executive's April 22 adjustment to the HIF that reduces the amount of new General Fund dollars needed in FY10 by liquidating a \$2,642,800 FY09 reserve that was being held for a potential program with the State that is not going to occur. This raises General Fund resources available in FY10 and FY11.

### **1. Executive April 22<sup>nd</sup> adjustment to the HIF**

While the joint Committee approved the Executive's April 22<sup>nd</sup> adjustment to the HIF based on information provided at the worksession, the Council had not yet received the back-up documentation showing how the \$2,642,800 is tracked in the HIF. The table on the following page updates the information provided to the Committee on the FY10 estimate and FY11 recommendation for the HIF.

There are 3 changes:

1. A \$2.642 million decrease to the FY10 estimate for the Transfer from the General Fund,
2. A \$2.631 million increase to Miscellaneous Revenues from the freeing up of the encumbered money, and
3. A \$12,170 resulting adjustment to the FY10 ending balance/FY11 beginning balance. All other components of the FY11 recommendation for the HIF remain unchanged.

	A	B	C	D
1		<b>FY10</b>	<b>FY10</b>	<b>FY11</b>
2	<b>Housing Initiative Fund</b>	<b>Budget</b>	<b>Estimate</b>	<b>Recommended</b>
3			<b>22-Apr</b>	<b>22-Apr</b>
4	<b>Resources (non-CIP):</b>			
5	Beginning Balance	1,951,890	9,265,960	196,590
6	Transfer from the General Fund	19,919,268	9,470,468	10,136,300
7	Miscellaneous Revenues	13,316,490	16,304,600	5,917,070
8				
9	<b>Resources Before Required Transfers</b>	<b>35,187,648</b>	<b>35,041,028</b>	<b>16,249,960</b>
10				
11	<b>Required Transfers:</b>			
12	Transfer to Debt Service Fund (debt service on acquisition and preservation bonds)	(2,180,000)	0	(2,500,000)
13	To General Fund for Indirect Costs	(177,150)	(177,150)	(181,340)
14	To General Fund for Tech Modernization	(24,770)	(24,770)	(20,160)
15				
16	<b>Non-CIP Resources Available for Programs</b>	<b>32,805,728</b>	<b>34,839,108</b>	<b>13,548,460</b>
17				
18	<b>Uses:</b>			
19	Personnel Costs	1,290,230	1,290,230	1,429,730
20	Housing First	8,900,000	8,900,000	7,000,000
21	Rental Assistance Programs (previously tied to Recordation Tax)	3,047,000	3,047,000	2,000,000
22	Neighborhoods to Call Home	933,500	933,500	377,300
23	Other Operating	16,894,660	20,396,490	2,667,850
24	Other Debt Service (Non-tax Funds)	75,300	75,300	73,580
25	<b>Uses of Non-CIP HIF</b>	<b>31,140,690</b>	<b>34,642,520</b>	<b>13,548,460</b>
26				
27	<b>Ending Balance</b>	<b>1,665,038</b>	<b>196,588</b>	<b>0</b>
28				
29	<b>New CIP Funding*</b>	25,000,000	25,000,000	25,000,000
30	Other Carry Over CIP Funding (incl repayments)		8,933,000	2,200,000
31	<b>CE Estimated CIP Funding</b>	<b>25,000,000</b>	<b>33,933,000</b>	<b>27,200,000</b>
32				
33	<b>TOTAL VALUE OF HIF</b>	<b>56,140,690</b>	<b>68,575,520</b>	<b>40,748,460</b>

## 2. Rental Assistance Program (RAP)

As noted at the April 23<sup>rd</sup> worksession, the Executive's FY11 budget recommends 1,100 households be served by the RAP program, which provides a shallow subsidy averaging \$200 a month. This is 657 fewer slots than provided for in the FY10 budget and 541 fewer households than are currently enrolled (DHHS is not accepting new RAP clients because of the need to reduce the program for FY11). There is a waiting list of about 1,400 households. The budget requires a reduction of \$1.56 million.

The Committee agreed to place \$250,000 on the reconciliation list for this program which would provide for 104 households. If approved, DHHS would still have to reduce the number of participants by 437.

At the April 23<sup>rd</sup> worksession, the Committee discussed the need for funds to acquire and renovate affordable housing units as well as the need for ongoing rental subsidies for very low income households (less than 40% of area median income). Many of these households have a member with a disability.

Since the last worksession, Council staff has received an e-mail from the Executive Director of Housing Unlimited who shares that his organization:

- Has a commitment of over \$500,000 from the State of Maryland to open up to five new homes to serve 13 very low income adults with mental illness.
- The State's funds were committed based on assurances to the State that the 13 individuals would be able to receive RAP subsidies.

Housing Unlimited is asking that the Council restore \$31,200 in RAP funds that would either be project-based or would give a preference to people with mental illness in homes financed by the state or county.

**Council staff believes that the project being pursued by Housing Unlimited is an excellent model for providing permanent housing to people who are disabled by their mental illness but may be still able to work and so only need a shallow rent subsidy (RAP). However, Council staff does not understand how the Department will reduce RAP participants by the 437 required in the budget (if the Council can find \$250,000) and be able to make a commitment to hold 13 slots for this, or any other, non-profit program. The joint Committee may want to hear from the Directors of DHHS and DHCA on how these types of projects that require ongoing rental subsidies will be addressed under the proposed FY11 budget. Putting another \$31,200 on the reconciliation does not solve this overall problem.**

### **3. Long Branch Tenant Counseling**

As discussed at the April 23<sup>rd</sup> session, CASA de Maryland is the current vendor for tenant counseling program in Long Branch. They have expressed concern because this contract is not shown for any additional funding in FY11. \$350,000 was allocated in FY10 for a contract that is in effect until March 17, 2011. CASA projects that there is a \$102,080 funding gap. The Committee has agreed that \$89,120 from the Community Grants NDA should be shifted to the HIF to cover most of this shortfall. **Council staff is seeking to clarify whether the Committee wants to place \$12,960 on the reconciliation list to close the remaining gap in the Long Branch Tenant Counseling program.**

### **4. HIF Debt Service and the Revised Tax Supported Fiscal Plan – Recommendation for Affordable Housing Acquisition and Preservation CIP project.**

At the April 23<sup>rd</sup> worksession, Council staff recommended that the joint Committee consider approving less than \$25 million in proceeds from taxable bonds in FY11 for the HIF

acquisition and preservation program because of the pressure the increase debt service would place on the “cash side” of the HIF. Council staff noted that by FY14, the HIF must use \$8.66 million of whatever funding is available to pay for the debt service for these bonds. This is a 20 year commitment. Council staff also noted that the Executive’s fiscal plan for the HIF shows the gross transfer from the General Fund increasing from \$10.136 million in FY11 to \$24.057 million in FY12. Council staff noted that there is about \$860,000 in annual debt service cost for every \$10 million in taxable bonds issued.

The Director of DHCA discussed the projects that have been approved with the first \$50 million in funding, the new opportunities that are appearing that the county would miss if funding is not available in FY11, and the commitment of the Executive to allocate additional resources to the HIF to cover the debt service payment. Given the lack of funding on the “cash side” of the HIF for FY11, the bond proceeds provide the majority of money that is available for new projects.

The Committee noted that the Council had asked the Executive for an updated fiscal plan and would like to consider this issue in the context of the update. **The revised macro fiscal plan is attached at © 1. The HIF is a non-tax supported fund and as such the General Fund support is included in the fourth line “Net Transfers In (Out).” The HIF is not specifically broken out. This category includes Liquor Control, the Parking Lot Districts, Motorpool, Cable TV and other accounts in addition to the HIF. The following shows the Net Transfers in (Out) assumed March 15<sup>th</sup> and revised April 22<sup>nd</sup>.**

Net Transfer In (Out) of General Fund (in \$millions)

	FY10 est.	FY11 rec.	FY12 proj.	FY13 proj.	FY14 proj.
March 15 <sup>th</sup> *	51.4	32.7	14.0	14.4	14.8
April 22 <sup>nd</sup>	62.1	39.9	11.5	11.8	12.1

\*From March 15<sup>th</sup> recommended budget page 5-19

It is assumed that the transfers net a positive “IN” to the General Fund. The HIF is a transfer “OUT” from the General Fund. All that can be observed from this macro fiscal plan is that the FY12 General Fund Transfer (OUT) to the HIF is one component of the overall net positive amount that is transferred in.

The following table shows the changes in assumptions for the resources “Available to Allocate to Agencies.” Council staff observes that debt service in the HIF will increase by \$6.16 million from FY11 to FY14 under the current plan. At the same time, it is projected that resources available to fund all the agencies will increase \$155 million. The increase needed for HIF debt service is equal to about 4% of the total projected increase in resources.

Tax Supported Resources Available to Allocate to Agencies (in \$millions)

	FY10 est.	FY11 rec.	FY12 proj.	FY13 proj.	FY14 proj.
March 15 <sup>th</sup> *	3,526.7	3,416.1	3,477.0	3,604.5	3,723.2
April 22 <sup>nd</sup>	3,490.9	3,394.9	3,513.3	3,469.8	3,549.9

\*From March 15<sup>th</sup> recommended budget page 5-19

Council staff remains concerned about this issue and the potential downward pressure on funds available for subsidy payments on the “cash side” of the HIF in order to cover debt service costs.

The Executive’s recommended PDF is at © 3. **Council staff recommends that the Council approve \$15 million in bond funding in FY11 in the CIP project. There is no need to change the FY12 amount at this time, but the Council should not authorize new bond issuance for more than \$15 million.** (In FY09, the Council approved a bond limit for both FY09 and FY10). The \$10 million in bonds not issued will avoid about \$860,000 in future annual debt service payments.

**5. Payment in Lieu of Taxes**

Each year the Council must include a provision in the Operating Budget resolution specifying the monetary cap for non-HOC PILOTs. **Council staff forgot to include this in the original packet and is recommending the joint Committee approve the following:**

*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 the County Code, Section 52-18M, 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.*

	FY10 Maximum	FY11 Maximum	Increase
	Approved	Recommended	
FY2010	\$ 8,800,000		
FY2011	\$ 9,240,000	\$ 9,240,000	
FY2012	\$ 9,702,000	\$ 9,702,000	5%
FY2013	\$ 10,187,100	\$ 10,187,100	5%
FY2014	\$ 10,696,455	\$ 10,696,455	5%
FY2015	\$ 11,231,278	\$ 11,231,278	5%
FY2016	\$ 11,792,842	\$ 11,792,842	5%
FY2017	\$ 12,382,484	\$ 12,382,484	5%
FY2018	\$ 13,001,608	\$ 13,001,608	5%
FY2019	\$ 13,651,688	\$ 13,651,688	5%
FY2020		14,334,273	5%

*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 County Council by resolution.*

*The Director of Finance must calculate in the FY 2011 annual operating budget the total amount of property taxes to be abated under all PILOT agreements (including those for properties owned or operated by the Housing Opportunities Commission) that will be in effect during FY 2011.*

## **6. Housing Opportunities Commission – Energy Tax**

As a part of his April 22<sup>nd</sup> amendments, the Executive provided some additional funding to some, but not all agencies impacted by the proposed increase in the energy tax. For example, increases were recommended for the Department of Recreation, Montgomery College, and Park and Planning. The Executive did not recommend any increase for HOC. HOC has provided information at © 4 that shows an increase in the energy tax will impact 1,895 housing units (1,397 public housing and HOC managed and 498 managed through contracts). Setting aside how the increase may impact the costs of their administrative buildings, if each unit experienced an \$8 per month increase, the impact on HOC would be about \$182,000 per year. While Council staff is not recommending a reconciliation list item, Council staff felt the joint Committee should be aware that this is an additional cost that HOC will have to absorb.

## **7. Parent Resource Centers**

The PHED Committee agreed to place \$48,160 on the reconciliation list for the Parent Resource Centers. At the session, Council staff explained that the Parent Resource Centers are not aligned with the core mission of HOC and that the funding, if approved, should be administered someplace else. Council staff has spoken with the Director of the Department of Health and Human Services who has agreed that if the funding is approved it can be appropriated to DHHS and would be administered through a contract monitored by Children, Youth, and Families Services.

Balanced Fiscal Plan  
Amended as of April 22, 2010

**County Executive's Recommended FY11-16 Public Services Program  
Tax Supported Fiscal Plan Summary**

(\$ in Millions)														
	App. FY10	Est. FY10	% Chg. FY10-11	Rec. FY11	% Chg. FY11-12	Projected FY12	% Chg. FY12-13	Projected FY13	% Chg. FY13-14	Projected FY14	% Chg. FY14-15	Projected FY15	% Chg. FY15-16	Projected FY16
	5-21-09	4-22-10	Rec/Bud	4-22-10										
<b>Total Resources</b>														
Revenues	3,804.9	3,612.4	-0.3%	3,792.6	2.9%	3,902.9	0.0%	3,901.2	3.6%	4,041.0	4.7%	4,230.1	4.1%	4,401.6
Beginning Reserves Undesignated	115.5	112.0	-57.2%	49.4	184.8%	140.7	6.9%	150.5	0.3%	151.0	5.6%	159.4	7.4%	171.3
Beginning Reserves Designated	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Net Transfers In (Out)	37.2	62.1	7.1%	39.9	-71.2%	11.5	2.4%	11.8	2.6%	12.1	2.8%	12.4	3.0%	12.8
<b>Total Resources Available</b>	<b>3,957.7</b>	<b>3,786.5</b>	<b>-1.9%</b>	<b>3,881.9</b>	<b>4.5%</b>	<b>4,055.1</b>	<b>0.2%</b>	<b>4,063.4</b>	<b>3.5%</b>	<b>4,204.0</b>	<b>4.7%</b>	<b>4,402.0</b>	<b>4.2%</b>	<b>4,585.7</b>
<b>Less Other Uses of Resources (Capital, Debt Service, Reserve)</b>	<b>362.2</b>	<b>295.6</b>	<b>34.4%</b>	<b>486.9</b>	<b>11.3%</b>	<b>541.8</b>	<b>9.6%</b>	<b>593.6</b>	<b>10.2%</b>	<b>654.1</b>	<b>5.1%</b>	<b>687.8</b>	<b>0.6%</b>	<b>691.8</b>
<b>Available to Allocate to Agencies</b>	<b>3,595.4</b>	<b>3,490.9</b>	<b>-5.6%</b>	<b>3,394.9</b>	<b>3.5%</b>	<b>3,513.3</b>	<b>-1.2%</b>	<b>3,469.8</b>	<b>2.3%</b>	<b>3,549.9</b>	<b>4.6%</b>	<b>3,714.2</b>	<b>4.8%</b>	<b>3,893.9</b>
<b>Agency Uses</b>														
Montgomery County Public Schools (MCPS)	2,020.1	1,989.9	-3.9%	1,940.5	1.3%	1,965.5	-1.5%	1,935.3	2.1%	1,975.8	4.5%	2,065.4	5.1%	2,170.7
Montgomery College (MC)	217.5	214.5	-3.7%	209.6	1.5%	212.8	-1.3%	210.0	2.3%	215.0	4.8%	225.2	5.3%	237.2
MNCPFC (w/o Debt Service)	106.6	103.2	-15.8%	89.8	-0.7%	89.2	-3.6%	85.9	0.0%	85.9	2.5%	88.0	3.1%	90.7
MCG	1,251.2	1,183.3	-7.7%	1,155.0	0.6%	1,162.2	-2.3%	1,136.0	1.4%	1,151.5	3.8%	1,195.7	4.4%	1,248.4
<b>Subtotal Agency Uses</b>	<b>3,595.4</b>	<b>3,490.9</b>	<b>-5.6%</b>	<b>3,394.9</b>	<b>1.0%</b>	<b>3,429.6</b>	<b>-1.8%</b>	<b>3,367.2</b>	<b>1.8%</b>	<b>3,428.2</b>	<b>4.3%</b>	<b>3,574.4</b>	<b>4.8%</b>	<b>3,747.2</b>
<b>Retiree Health Insurance Pre-Funding</b>														
Montgomery County Public Schools (MCPS)	-	-	-	-	-	53.2	-	64.8	-	76.4	-	87.7	-	92.1
Montgomery College (MC)	-	-	-	-	-	1.0	-	1.2	-	1.3	-	1.4	-	1.5
MNCPFC (w/o Debt Service)	-	-	-	-	-	4.4	-	5.1	-	5.6	-	6.1	-	6.4
MCG	-	-	-	-	-	25.0	-	31.5	-	38.4	-	44.6	-	46.8
<b>Subtotal Retiree Health Insurance Pre-Funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83.6</b>	<b>-</b>	<b>102.6</b>	<b>-</b>	<b>121.7</b>	<b>-</b>	<b>139.8</b>	<b>-</b>	<b>146.8</b>
<b>Subtotal Other Uses of Resources (Capital, Debt Service, Reserve)</b>	<b>362.2</b>	<b>295.6</b>	<b>34.4%</b>	<b>486.9</b>	<b>11.3%</b>	<b>541.8</b>	<b>9.6%</b>	<b>593.6</b>	<b>10.2%</b>	<b>654.1</b>	<b>5.1%</b>	<b>687.8</b>	<b>0.6%</b>	<b>691.8</b>
<b>Total Uses</b>	<b>3,957.7</b>	<b>3,786.5</b>	<b>-1.9%</b>	<b>3,881.9</b>	<b>4.5%</b>	<b>4,055.1</b>	<b>0.2%</b>	<b>4,063.4</b>	<b>3.5%</b>	<b>4,204.0</b>	<b>4.7%</b>	<b>4,402.0</b>	<b>4.2%</b>	<b>4,585.7</b>
<b>(Gap)/Available</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Notes:

1. FY12-16 property tax revenues are at the Charter Limit assuming a tax credit.
2. Revenues reflect Energy Tax and Wireless Telephone Tax increases recommended by the County Executive on April 22, 2010. Energy Tax increase sunsets at the end of FY12.
3. Reserves are at the policy level of 6% of total resources in FY11-16. Revisions to the County's reserve policy are under consideration and have not been included at this time.
4. PAYGO restored to policy level of 10% of planned GO Bond borrowing in FY12-16.
5. Retiree Health Insurance Pre-Funding assumed to resume at scheduled contribution levels in FY12.
6. Projected FY12-16 rate of growth of Agency Uses constrained to balance the fiscal plan in FY12-16.

**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
<b>ASSUMPTIONS</b>							
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
<b>BEGINNING FUND BALANCE</b>	<b>9,265,960</b>	<b>196,590</b>	<b>0</b>	<b>2,383,110</b>	<b>2,850,810</b>	<b>1,720,550</b>	<b>722,390</b>
<b>REVENUES</b>							
Miscellaneous	16,304,600	5,917,070	6,087,070	6,357,070	6,517,070	6,647,070	6,737,070
<b>Subtotal Revenues</b>	<b>16,304,600</b>	<b>5,917,070</b>	<b>6,087,070</b>	<b>6,357,070</b>	<b>6,517,070</b>	<b>6,647,070</b>	<b>6,737,070</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>							
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)	(201,500)	(193,970)	(181,340)	(181,340)	(181,340)	(181,340)
Indirect Costs	(177,150)	(181,340)	(181,340)	(181,340)	(181,340)	(181,340)	(181,340)
Technology Modernization	(24,770)	(20,160)	(12,630)	0	0	0	0
<b>Transfers From The General Fund</b>	<b>9,470,468</b>	<b>10,136,300</b>	<b>24,057,983</b>	<b>24,057,983</b>	<b>24,057,983</b>	<b>24,057,983</b>	<b>24,057,983</b>
<b>TOTAL RESOURCES</b>	<b>34,839,108</b>	<b>13,548,460</b>	<b>25,251,083</b>	<b>25,716,823</b>	<b>24,584,523</b>	<b>23,584,263</b>	<b>22,676,103</b>
<b>CIP Property Acquisition Revolving Fund PSP OPER. BUDGET APPROP/ EXPS.</b>							
Operating Budget	(21,686,720)	(4,097,580)	(13,418,940)	(13,418,940)	(13,418,940)	(13,418,940)	(12,418,940)
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)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(34,642,520)</b>	<b>(13,548,460)</b>	<b>(22,867,970)</b>	<b>(22,866,010)</b>	<b>(22,863,970)</b>	<b>(22,861,870)</b>	<b>(21,861,870)</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(34,642,520)</b>	<b>(13,548,460)</b>	<b>(22,867,970)</b>	<b>(22,866,010)</b>	<b>(22,863,970)</b>	<b>(22,861,870)</b>	<b>(21,861,870)</b>
<b>YEAR END FUND BALANCE</b>	<b>196,590</b>	<b>0</b>	<b>2,383,110</b>	<b>2,850,810</b>	<b>1,720,550</b>	<b>722,390</b>	<b>814,230</b>
<b>TOTAL INVESTMENT</b>							
<b>TOTAL USE OF RESOURCES</b>	<b>(34,642,520)</b>	<b>(13,548,460)</b>	<b>(22,867,970)</b>	<b>(22,866,010)</b>	<b>(22,863,970)</b>	<b>(22,861,870)</b>	<b>(21,861,870)</b>
<b>Affordable Housing Acquisition and Preservation CIP Project # 760100</b>	<b>(33,933,000)</b>	<b>(27,200,000)</b>	<b>(28,617,750)</b>	<b>(7,839,170)</b>	<b>(11,145,460)</b>	<b>(13,312,843)</b>	<b>(15,870,510)</b>
<b>TOTAL INVESTMENT IN AFFORDABLE HOUSING (MHI Fund + CIP Project)</b>	<b>(68,575,520)</b>	<b>(40,748,460)</b>	<b>(51,485,720)</b>	<b>(30,705,180)</b>	<b>(34,009,430)</b>	<b>(36,174,713)</b>	<b>(37,732,380)</b>

**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.

# Affordable Housing Acquisition and Preservation -- No. 760100

Category  
Subcategory  
Administering Agency  
Planning Area

Community Development and Housing  
Housing  
Housing & Community Affairs  
Countywide

Date Last Modified  
Required Adequate Public Facility  
Relocation Impact  
Status

March 24, 2010  
No  
None.  
On-going

### EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY09	Est. FY10	Total 6 Years	FY11	FY12	FY13	FY14	FY15	FY16	Beyond 6 Years
Planning, Design, and Supervision	0	0	0	0	0	0	0	0	0	0	0
Land	102,500	18,567	33,933	50,000	25,000	25,000	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>102,500</b>	<b>18,567</b>	<b>33,933</b>	<b>50,000</b>	<b>25,000</b>	<b>25,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### FUNDING SCHEDULE (\$000)

HIF Revolving Program	100,000	16,067	33,933	50,000	25,000	25,000	0	0	0	0	0
Montgomery Housing Initiative Fund	2,500	2,500	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>102,500</b>	<b>18,567</b>	<b>33,933</b>	<b>50,000</b>	<b>25,000</b>	<b>25,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**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 HOC 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**

The issuance of \$25 million of debt in FY11 and FY12 provides continued high level of support for the Housing Initiative Fund (HIF) Property Acquisition Revolving Program created in FY09.

**JUSTIFICATION**

To implement Section 25B, Housing Policy, and Section 53A, Tenant Displacement, of the Montgomery County Code.

Opportunities to purchase property come up with little notice and cannot be planned in advance. Once the properties are acquired by the County, the properties may be transferred to a nonprofit housing organization or other entity that will agree to renovate and keep rents affordable.

**OTHER**

Resale or control period restriction 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 Fund. In addition to the appropriation show below, this PDF assumes that any actual revolving loan repayments received from the prior year will be appropriated in the following year. Current estimates are \$2.2 million in repayment revenues in FY10 and \$3.6 million in repayment revenues in FY11.

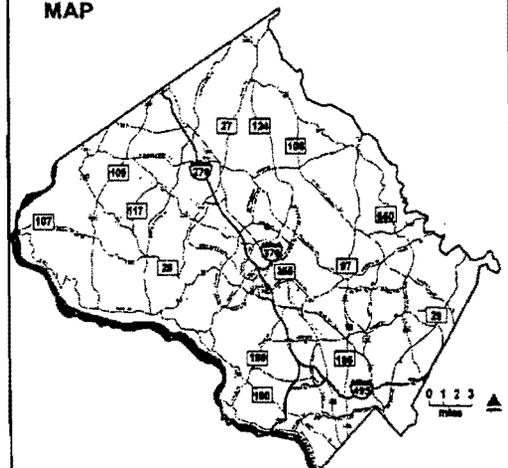
**APPROPRIATION AND EXPENDITURE DATA**

Date First Appropriation	FY01	(\$000)
First Cost Estimate	FY11	102,500
Current Scope	FY11	102,500
Last FY's Cost Estimate		52,500
Appropriation Request	FY11	25,000
Appropriation Request Est.	FY12	25,000
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		52,500
Expenditures / Encumbrances		19,622
Unencumbered Balance		32,878
Partial Closeout Thru	FY08	0
New Partial Closeout	FY09	0
Total Partial Closeout		0

**COORDINATION**

Housing Opportunities Commission (HOC)  
Nonprofit housing providers  
Tenant Associations

**MAP**



# Energy Tax Projections

## HOC Managed Properties

Property	Property Name	# of Units	Annual Tax
511-402	Elizabeth House	160	15,360.00
511-413	Holly Hall	96	9,216.00
511-415	Arcola Towers	141	13,536.00
511-417	Waverly House	158	15,168.00
511-404	Emory Grove	55	5,280.00
511-414	Seneca Ridge	71	6,816.00
524-411	Tobytown	10	960.00
<b>Total for Public Housing</b>		<b>691</b>	<b>66,336.00</b>
871-701	Bauer Park	142	13,632.00
873-704	Town Center Apts.	112	10,752.00
874-705	Camp Hill	51	4,896.00
<b>Total for Section 236</b>		<b>305</b>	<b>29,280.00</b>
412-457	Tanglewood	83	7,968.00
833-741	Manchester	53	5,088.00
913-455	Sligo	50	4,800.00
919-200	Paddington	166	15,936.00
499-200	527 Dale Drive	10	960.00
499-500	Aspen Court	16	1,536.00
499-600	Aspen Court	12	1,152.00
499-700	Aspen Court	11	1,056.00
<b>Total for Opportunity Housing</b>		<b>401</b>	<b>38,496.00</b>

## Contract Managed Properties

Property	Property Name	# of Units	Annual Tax
	Diamond Square	124	11,904.00
	Ambassador	162	15,552.00
	Westwood Towers	212	20,352.00

Detrick Avenue                    3,468 @ \$289 / month  
 East Deer Park                    3,468 @ \$289 / month

188,856