

WORKSESSION

MEMORANDUM

April 19, 2012

TO: Planning, Housing, and Economic Development Committee

FROM: Linda McMillan, Senior Legislative Analyst *L.Mc*

SUBJECT: **Worksession: FY13 Operating Budget: Housing Opportunities Commission**

Those expected to attend this worksession:

Stacy Spann, Executive Director, Housing Opportunities Commission (HOC)
Gail Willison, Chief Financial Officer, HOC
Terri Fowler, Budget Officer, HOC
Beryl Feinberg, Office of Management and Budget
Jennifer Bryant, Office of Management and Budget

Overview

For FY13, the County Executive recommends that \$5,583,230 in county tax-supported funding be provided to the Housing Opportunities Commission in support of HOC activities (©3). This is an increase of \$69,390 from the FY12 approved amount of \$5,513,840. These funds are appropriated to the HOC Non-Departmental Account (NDA) and then transferred to HOC by the Director of Finance.

Program Summary	Expenditures
FY13 Recommended	\$5,583,230
FY12 Approved	\$5,531,850
FY11 Approved (original)	\$5,804,040
FY10 Approved	\$6,136,340
FY09 Approved	\$6,140,640
FY08 Approved	\$5,731,290
Percentage change FY12-13	1.3%

In addition to these funds, HOC also receives County funding through the Capital Improvements Program, the Housing Initiative Fund, the Department of Health and Human Services and an abatement of taxes through the Payment In Lieu of Taxes (PILOT) program.

HOC Budget Process

HOC's budget process is inter-twined with the County Council's budget deadlines. While HOC provides the Executive with recommendations on how to reach any MARC he has assigned, it is not until April 1 that the full Commission begins worksessions on its overall budget of which the County main grant (NDA appropriation) is a piece. The Commission completes a proposed budget by May 1st. HOC's budget is not approved until the Commission completes its worksessions in June.

HOC uses the funds provided through the NDA appropriation primarily to support resident services. Some of the purposes the recommended funds may be allocated to include: resident services, rental license fees, public and affordable housing electricity costs, homeowners association fees, the Holy Cross Center at Elizabeth House, and a part of the rent and services at the Customer Service Centers.

A February 2012 Fact Sheet on HOC is attached at © 1-2

Background – Establishment and Purpose of HOC

HOC builds, finances, owns, and manages properties that provide affordable housing for individuals with limited incomes in the County. HOC also finances, builds, and manages income-integrated properties. The County provides funding for HOC to acquire Moderately Priced Dwelling Units (MPDUs) for rental to lower-income families; maintain community standards and relationships between homeowners' associations and public housing residents; provide counseling and support services to low-income individuals and families in assisted housing; and provide information on available housing programs.

In 1966, the Council established the Housing Authority of Montgomery County (HAMC), which was funded as a bureau of the County's Department of Economic and Community Development. As interest grew in expanding the public sector's ability to provide housing services to a wide range of income groups, the County began to explore innovative approaches to provide capital for development. To accomplish this goal, the County worked to create a new housing entity that could provide increased flexibility. In 1974, parallel State and County legislation was enacted to establish HOC.



**HOUSING
OPPORTUNITIES
COMMISSION**
OF MONTGOMERY COUNTY, MD

Fact Sheet

February 2012

COMMISSIONERS:

Roberto Piñero, Chair
Sally Roman, Vice Chair
Michael J. Kator, Chair Pro Tem
Jean Banks
Rick Edson
Pamela Lindstrom
Michael Wienczek

MISSION:

To provide affordable housing and supportive services



MetroPointe, Wheaton, MD

EXECUTIVE STAFF:

Stacy L. Spann, Executive Director
Kayrine Brown, Director of Mortgage Finance
Maryann Dillon, Director of Real Estate Development
L. Scott Ewart, Chief Information Officer
Joy Flood, Director of Housing Resources
Les Kaplan, Director of Resident Services
Tedi S. Osias, Director of Legislative and Public Affairs
Jerry Robinson, Director of Housing Management
Gail Willison, Chief Financial Officer

ROLE IN OUR COMMUNITY:

Provides Full-Service Affordable Housing
Provides Traditional Public Housing
Develops Real Estate
Provides Mortgage Finance Assistance
Provides Resident Support Services
Manages Rental Property

NUMBER OF EMPLOYEES:

370 full-time / 14 part-time

FY 2012 BUDGET:

\$218 million

FEDERAL ASSISTED HOUSING PORTFOLIO:

1,547 Public Housing Units
5,946 Housing Choice Vouchers (Section 8)

WAITING LISTS:

16,702 (Housing Choice Vouchers)
14,224 (Public Housing)

HOC Housing Unit Summary

Units Owned by HOC	4,591
Units Managed by HOC	<u>2,149</u>
HOC's "Owned" Portfolio	6,740

HUD Housing Choice Vouchers	5,946
Transitional Housing	151
Specialized Programs	<u>335</u>
HOC Leased/Administered	6,432

Privately Owned Multi-Family/HOC Financed	7,400
Single Family Financing - MPP	1,325
Closing Cost Loans	<u>702</u>
HOC Financed	9,427

10400 Detrick Avenue, Kensington, MD 20895 ■ (240) 773-9000 ■ <http://www.hocmc.org>



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Housing Programs

February 2012

Opportunity Housing

A broad range of non-federally funded subsidized mixed-income housing types owned by HOC and located throughout the County.

Housing Choice Voucher (HCV) Program

Formerly known as Section 8, low-income households are able to rent units in the private sector and pay approximately 30% of adjusted income for rent. Federal subsidies pay the difference directly to the landlord.

Public Housing

Federally subsidized housing owned and managed by HOC, public housing serves families, elderly and non-elderly disabled individuals. As of March 2005, HOC owned 1,547 units of public housing.

Housing Resource Service (HRS)

Provides up-to-date information on available housing programs and services. HRS can be reached by calling HOC's main number and choosing option "1" on the voicemail menu, or e-mail can be sent to: hrc@hocmc.org.

Section 236 Housing

This federal program, which ended in 1978, subsidized multifamily building mortgages down to 1%, which is much below market rates. Residents pay either a basic rent or 30% of income, whichever is higher. Because of the basic rent requirement, these properties assist those of moderate income, rather than very low income. HOC manages Bauer Park, Leafy House and Town Center for the elderly and Camp Hill Square, Georgian Court, Stewart Homes and The Willows for families.

Low Income Housing Tax Credit Partnerships

Investors are partners with HOC and purchase housing that is rented to low and moderate income households. Rents vary but are near 30% of income.

HOC Partnerships with Health and Human Services (HHS)

HOC and HHS provide housing and services for people with special needs.

Supportive Housing Program

Grant funds from the federal government provide supportive services and transitional housing to homeless individuals and families.

Scattered Sites

HOC owns and manages 1,745 scattered site units, which are individual units located throughout the County. Most often, they are townhouses purchased through the Moderately Priced Dwelling Unit (MPDU) program operated by the County's Department of Housing and Community Affairs. The MPDU law requires that any development of more than 35 units must include 12-15% moderately priced units. One-third of these are offered for sale to HOC. Over the years, HOC has acquired units using funding from public housing, the State Partnership Rental Housing Program, Low Income Tax Credits, the McHome program and other sources.

MultiFamily Mortgage Financing

HOC provides low interest mortgage financing to private and non-profit developers by issuing tax-exempt bonds. A percentage of these units is set aside for low and moderate income households.

Single Family Mortgage Program

HOC provides low interest loans to first-time homebuyers by issuing tax-exempt mortgage revenue bonds.

Purchase Assistance

HOC offers purchase assistance, up to 3% of the sales price, as established by HOC, for qualified homebuyers using the HOC Reduced Rate First Trust Mortgage Program. The assistance can be used to cover down payment, closing costs or other pre-paid expenses.

HOC Homeownership Program

HOC provides low interest mortgage loans to assist families living in subsidized or rental housing to purchase homes.

Family Self-Sufficiency Program (FSS)

This program assists families in public housing and the HCV program to achieve economic self-sufficiency over a five-to-seven year period and to end dependency on welfare assistance. 451 households participate in this program.

American Dream Downpayment Initiative (ADDI)

Offers current HOC public housing or housing choice voucher residents, who are first-time homebuyers, a grant of between \$1,000-\$10,000. The funds are used for downpayment assistance on Montgomery County properties.

Housing Opportunities Commission

The Housing Opportunities Commission of Montgomery County (HOC) is a public body corporate and politic duly organized under Division II of the Housing Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law. As such, the Commission act as a builder, developer, financier, owner, and manager of housing for people of low- and moderate- (eligible) income. The Commission also provides eligible families and individuals with affordable housing and supportive services.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	5,513,840	0.00
Increase Cost: Annualization of FY12 Personnel Costs	69,390	0.00
FY13 CE Recommended	5,583,230	0.00

Inauguration & Transition

The Montgomery County Charter provides for the quadrennial election of a County Executive and County Council. This NDA provides for a ceremony and smooth transition of the County Executive and County Council every four years.

