

AGENDA ITEM #11
May 12, 2008

WORKSESSION

MEMORANDUM

May 9, 2008

TO: County Council

FROM: Linda McMillan, Senior Legislative Analyst 

SUBJECT: **Worksession: FY09 Operating Budget**
Department of Housing and Community Affairs (DHCA)
Housing Initiative Fund
CIP Adjustment: Affordable Housing Acquisition

Those expected for this worksession:

Richard Nelson, Director, Department of Housing and Community Affairs
Joe Giloley, Chief, DHCA Housing Division
LuAnn Korona, Chief, Community Development Division
Fred Wilcox, DHCA Management and Budget
Rose Glavnic, Office of Management and Budget

The Executive's Recommended Budget is attached at ©1-10

Summary of PHED Committee Recommendations

The PHED Committee held worksessions on the DHCA operating budget (including the Housing Initiative Fund and the Executive's CIP adjustment to the Affordable Housing Acquisition PDF (to implement the revolving program) on April 17 and May 1.

- The PHED Committee recommends approval of the appropriation for the Department of Housing and Community Affairs. **There are no items for the reconciliation list.**

- **The PHED Committee recommends approval of the Executive's recommendation that \$54,790,020 in resources** be made available to the Housing Initiative Fund.
- **The PHED Committee recommends that \$4.5 million in the Housing Initiative Fund's (HIF) non-revolving program be allocated to implement a plan to transition the county to a Housing First model** to provide stable housing for those who are homeless or at-risk of homelessness. The Committee recommends there be a FY09 budget provision regarding this policy. Staff has drafted the following provision based on the Committee's discussion and recommendations.

In FY09, \$4.5 million of the non-revolving program appropriation to the Housing Initiative Fund must be reserved to implement a plan to transition County housing programs to a Housing First model. These funds may be used to acquire properties, provide rental subsidies, fund case management provided by County staff or under contract, and pay costs associated with the transition of existing shelter services. The County Executive must send the Council a Housing First transition plan by October 15, 2008. The plan must specify the long-term goals and implementation steps needed to achieve a Housing First model and those implementation steps to be taken in FY09 and FY10. Funds may be expended to implement this plan as soon as the plan is transmitted to the Council. If the plan does not require expenditures of \$4.5 million in FY09, the amount reserved under this provision can be reduced to the amount required in FY09 to implement the model. The allocation of these funds does not limit the amount that may be spent from the Housing Initiative Fund for homeless persons or persons at risk, and does not impose any limit on projects that may be funded by the revolving Acquisition and Preservation Program.

- **The PHED Committee recommends approval of the Executive's proposal to create a revolving program in the HIF that is funded from the proceeds of taxable bonds.** \$25 million in bonds would be issued in FY09.
- **The PHED Committee recommends approval of the Executive's recommended CIP adjustment to the Affordable Housing Acquisition PDF (© 40) with amended language to clarify the intent of the program.** Staff has drafted the following based on the Committee's discussion:

Affordable Housing Acquisition and Preservation

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 with bridge financing to purchase and/or 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 FY09 and FY10 provided for the creation of a HIF Property Acquisition Revolving Program.

Justification:

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

Fiscal Note:

Debt service will be financed by the Montgomery Housing Initiative Fund.

Other:

Resale or control period restrictions similar to those in the MPDU program should be a part of projects funded with these monies.

- **The PHED Committee recommends approval of the following items that are included in the Executive's recommendation.**

Item:	Dollar:	Page:
Abolish Program Specialist (Hispanic/Latino Liaison – vacant)	(\$56,570)	5
Transfer 2 Positions to Mid-County Regional Center	(\$235,600)	5
Abolish 2 Business Development Specialists (one vacant)	(\$218,140)	6
Community Development Block Grants (as recommended)	\$4,917,255	6
Emergency Shelter Grants (as recommended)	\$226,596	7
HOME Partnership Program	\$2,764,400	8

Overview

For FY08, the County Executive is recommending an appropriation of \$42,412,790 to the Department of Housing and Community Affairs (DHCA). This is a decrease of \$151,480 (0.4%) the FY08 Approved Budget.

(in \$000's)	FY07 Actual	FY08 Approved	FY09 CE Recommended	% Change FY08-FY09
Expenditures:				
General Fund	5,138	5,708	5,634	-1.3%
Grant Fund	9,179	8,190	8,069	-1.5%
HIF	23,803	28,667	28,709	0.1%
TOTAL Expenditures	38,120	42,565	42,412	-0.4%
Positions:				
Full-time	86	89	85	-4.5%
Part-time	4	4	5	25.0%
TOTAL Positions	90	93	90	-3.2%
WORKYEARS	74.1	76.5	73.5	-3.9%

Included in the Executive's recommended budget are \$1.836 million in personnel costs charged to: the CIP (\$1,050,670 and 8.0WYs), Permitting Services (\$110,170 and 1.0WY), and the Solid Waste Disposal Fund (\$675,290 and 5.6WYs). The appropriation for these staff is not included in the appropriation to DHCA.

	Full-time	Part-time	Comments
New positions for FY09	0	0	
Positions created during FY08	1	1	HIF funded - Affordable Housing project staff
Abolished positions for FY09	-5	0	
Positions abolished during FY08	0	0	
Net Change	-4	1	

The County Executive has recommended the following same services adjustments as a part of the FY09 Recommended Budget.

Identified Same Services Adjustments:	
GENERAL FUND:	
General Wage and Service Increment Adjustments	\$ 229,160
Annualization of FY08 Personnel Costs	\$ (18,080)
Replace HOME staff costs	\$ 38,000
Group Insurance Adjustments	\$ 54,340
Retirement Adjustment	\$ 16,600
Motor Pool Rate Adjustments	\$ 37,960
Printing and Mail Cost Adjustments	\$ 11,090
Central Duplicating Recovery Charge	\$ 1,270
SAME SERVICES ADJUSTMENT TOTAL	\$ 370,340

The PHED Committee recommends (3-0) approval.

Workyears by Program

The following table shows the approved and recommended workyears by program.

Program	FY07 Approved	FY08 Approved	FY09 Recommended
Multi-Family Housing Programs	8.7	9.5	9.0
Single-Family Housing Programs	7.7	7.9	9.0
Housing Code Enforcement	18.1	19.5	19.9
Federal Programs	7.0	7.0	7.0
Landlord-Tenant	8.8	8.8	8.8
Neighborhood/Commercial Revitalization	8.0	8.0	4.0
Licensing and Registration	3.0	3.0	3.0
Housing Administration	2.0	2.0	2.0
Administration	10.8	10.8	10.8
TOTAL	74.1	76.5	73.5

FY09 Expenditure Issues (Non-HIF)

1. Abolish Program Specialist I - Administration (Hispanic/Latino Affairs Liaison - \$56,570)

This position was added as a part of the FY07 budget. At that time it was expected that the position would assist with outreach to the Hispanic Community including 1) providing support in the coordination and delivery of educational seminars, 2) supporting the production of the monthly interview show on cable television entitled "Tertulia", 3) improving departmental services including home inspections, promoting the Long Branch/Takoma Park enterprise zone to Hispanic businesses, and identifying and recruiting minority groups to participate in committees and commissions, 4) assisting with marketing by handling the translation of brochures and other materials, and 5) providing logistical and administrative support for the 2006 Housing Fair and Financial Literacy Day.

DHCA has responded that the position was added in FY07 but it was not filled immediately because of budget constraints. Late in FY07 it was decided to fill the position which resulted in a long difficult recruitment. Then the selected applicant could not pass a Spanish proficiency test. The position was held again for a saving plan and proposed for abolishment along with other general funded positions in order to close the budget shortfall for FY09. The duties of this position will be redistributed among current staff and the Office of Community Partnership.

The PHED Committee recommends (3-0) approval of this reduction.

2. Shift Wheaton Redevelopment Positions to Mid-County Regional Service Center (Planning Specialist III and Business Development Specialist (\$235,600))

DHCA has a Planning Specialist III and Business Development Specialist that have been working in the Mid-County (Wheaton) Regional Services Center for many years. The Executive's FY09 Recommended Budget transfers these positions to the Regional Services Center. DHCA Director Nelson told the Committee that these positions have been working for and been supervised by the Wheaton Revitalization Office/Mid County Regional Center and he recommends they be formally transferred.

The PHED Committee recommends (3-0) the transfer of these positions as a part of its recommendations for the DHCA budget. The PHED Committee also discussed these positions when reviewing the budget for the Regional Services Centers. The Committee is recommending transferring the Business Development Specialist III from the Mid-County RSC to the Department of Economic Development. The position would still be assigned to Wheaton, but would provide a stronger connection to DED. The amount to be moved is \$125,750.

The Committee is recommending retain the Planning Specialist III position in the Mid-County RSC, but fund it from the CIP. The amount to be transferred out of the operating budget and into the CIP is \$123,370.

3. Abolish 2 Business Development Specialists (\$218,140)

The first of these positions has been working with the private sector to coordinate improvement in a public-private partnership in designated commercial target areas including façade and store front improvements. The duties of this position will be redistributed among current staff. This position is currently filled but will be abolished.

The second position is the Business Development Specialist in Long Branch Revitalization. This position was vacated in September 2007 and was not filled in order to meet the DHCA saving plan and proposed for abolishment in order to close the budget shortfall for FY09. The duties of this position will be redistributed among current staff.

The Committee recommends (3-0) approval of this reduction.

At the April 17th session, the Committee asked what the relationship is between these types of positions, especially the Long Branch position, and the Department of Economic Development. The Committee also agreed that they prefer that staff be flexible and assigned where needed instead of assigned only to one particular project. It was clarified that neither of these positions are the CIP/CDBG funded positions that are working on the Long Branch Pedestrian Linkages project.

4. Community Development Block Grants

The following expenditures are recommended by the County Executive. The CDBG grant to non-profit process is considered to be “competitive” and not a private agency request.

Projects Administered by DHCA (\$2,534,630 – does not include CIP charges)

Commercial Façade Improvements	\$ 200,000
Comprehensive Neighborhood Assistance	100,000
Demolition of Condemned Structures	30,000
Group Home Acquisition and Rehabilitation	320,000
Housing Rehabilitation and Production	1,455,630
Public Housing Modernization	124,000
Project Analysis and Engineering	105,000
Housing Acquisition	200,000

Grants to Non-Profits (\$591,938)

The County Executive recommends funding 20 grants to non-profits with CDBG funding. Details of these grants are attached at © 11-13.

Projects Administered by Municipalities (\$439,000)

For FY08 the Executive is recommending \$439,000 be administered to municipal projects.

Contingency (\$118,062)

DHCA has budgeted \$118,062 in the operating budget for emergency community development needs including on-going CDBG projects that may require additional funding and funding out-of-cycle requests.

Administration (\$1,233,625)

HUD regulations permit the County to expend up to 20 percent of CDBG funding on program administration. DHCA proposes allocating \$1,233,625 for planning, administration and monitoring of the CDBG program. This funding also provides for review of grant applications, staff support for a citizen's advisory committee, environmental reviews, contract preparation, payment processing and auditing, federal reporting, and loan servicing. As noted earlier, the General Fund will cover \$104,000 of the cost for this staff.

The PHED Committee (3-0) recommends approval. The Committee said it would like to have a better way to understand all the resources that are going to overall policy areas, such as affordable housing,

5. Emergency Shelter Grants

The County expects to receive a \$226,596 in Emergency Shelter Grant (ESG) funds from the Federal Government. ESG revenues may be used to provide housing and other services to persons who are homeless or in danger of becoming homeless. Planned FY08 ESG expenditures fall into the following general categories:

- a. Homeless Prevention Assistance (\$68,000): The ESG plan includes funds to assist persons in danger of eviction by providing emergency rent and utility payments and prevent homelessness by assisting with security deposits or first month's rent.
- b. Shelter Renovation/Maintenance (\$79,470): This funding will be used to renovate and maintain homeless shelters in the County.
- c. Grants to Non-Profits (\$68,060): A \$37,500 grant will be provided to Community Ministry of Montgomery County for the supported employer program, \$18,560 grant will go to the Montgomery County Coalition's "Partnership for Permanent Housing" and \$12,000 will be awarded to the Stepping Stones Shelter for a parent education program.

- d. Administration (\$11,340): Federal regulations permit the County to expend a portion of ESG funding on program administration. DHCA proposes allocating \$11,330 for administration and monitoring of the ESG program.

The Committee recommends (3-0) approval of these grants as recommended in the Executive’s budget.

6. HOME Investment Partnership Program

For FY09 the County is expecting to receive \$2,764,400 in HOME funds and program income to be used to increase housing choices for low-income households through rental and home ownership programs. The funds are budgeted to be spent in the following categories.

Projects Administered by County Government (\$2,312,630)

Housing Production and Rehabilitation	\$1,956,820
Community Housing Development Organizations (CHDOs) Housing Production	336,110
American Dream Down-payment Initiative	19,700

Projects Administered by Non-Profits and other Agencies (\$264,700)

CHDO Operating Assistance	\$ 112,040
Rental Assistance	111,690
Fair Housing Activities	37,000

Administration (\$187,070)

The Committee recommends (3-0) approval of these grants as recommended in the Executive’s budget.

7. Payment in Lieu of Taxes Limits

Each year the Council must include a provision in the Operating Budget resolution specifying the monetary cap for non-HOC PILOTs. **The Committee recommends (3-0) approval of the following language and PILOT limitations as provided in the Executive’s budget.** (FY08 information is provided in this packet for Councilmember information but will not appear in the budget resolution.)

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:

	FY08 Maximum	FY09 Maximum	Increase
	Approved	Recommended	
FY2008	\$ 6,600,000	\$ -	
FY2009	\$ 6,930,000	\$ 7,800,000	13%
FY2010	\$ 7,277,000	\$ 8,190,000	13%
FY2011	\$ 7,641,000	\$ 8,599,500	13%
FY2012	\$ 8,024,000	\$ 9,029,500	13%
FY2013	\$ 8,426,000	\$ 9,481,000	13%
FY2014	\$ 8,848,000	\$ 9,955,000	13%
FY2015	\$ 9,291,000	\$ 10,452,800	13%
FY2016	\$ 9,756,000	\$ 10,975,500	13%
FY2017	\$ 10,244,000	\$ 11,524,200	12%
FY2018	\$ -	\$ 12,100,410	

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 2010 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 2010.

The Committee was told that generally the PILOT only applies to the affordable units in a project. However, in some special needs projects or for Housing Opportunities Commission or Montgomery Housing Partnership projects, PILOTs may apply to the entire project (HOC PILOTs are not included in the maximum shown above.)

FY09 Expenditure Issues : Housing Initiative Fund (HIF)

1. Overview of Resources, Law, Regulation, and Resolutions

The County established the Montgomery Housing Initiative in 1988 to “promote a broad range of housing opportunities in the county.” Executive regulations promulgated to administer the HIF specify that funds may be used to (A) construct new affordable housing units, (B) acquire land upon which affordable housing may be constructed, (C) buy and rehabilitate existing rental units that might otherwise be removed from the supply of affordable housing, (D) participate with non-profit and for profit sponsors of projects containing affordable housing in mixed-use developments, (E) make loans for the development or rehabilitation of housing that will enhance the affordability of some or all of the units; (F) provide rent subsidies to low- and moderate-income tenants. From FY89 to FY02, the amount of funds available varied greatly from a few hundred thousand dollars to over \$8 million dollars. (Law and regulation attached at © 14-17.)

Section 25B-2 of the County Code, *Housing Policy*, defines affordable housing as “any dwelling unit or other form of housing constructed for sale or rent at a price equal to or less than that provided in Chapter 25A, and any assisted elderly housing.” Chapter 25A is the county’s moderately priced dwelling unit program which serves households below 70% of area median income (AMI). However, as discussion of the housing issue has grown, many times the term affordable housing also includes households in the workforce housing level (up to 120% of AMI). Regulations implementing Section 25B-9, *Montgomery Housing Initiative*, clearly states that funds may be used for non-profit and for-profit mixed income developments that contain affordable housing.

The implementing regulations say that, unless there is specific authorization by the Director of DHCA, no more than 20% of HIF funds appropriated in any fiscal year may be spent on activities other than the acquisition of land for new affordable housing construction or on activities that result in the construction of new affordable housing. The Committee has previously discussed with DHCA that much of our current efforts are placed on preserving affordable housing and guaranteeing its long-term affordability. This is more cost effective than new construction and can also prevent households from being displaced. Should this provision be revised to reflect current realities?

The implementing regulations allow subsidies to low and moderate income households but “only to increase the affordability of newly constructed housing, unless specifically authorized by the Director of Housing and Community Development.”

FY09 HIF Resources

The following table provides an overview of the \$54.8 million in resources recommended by the Executive to be allocated to the HIF in FY09.

Summary of HIF Fiscal Plan	FY07 Approved	FY08 Approved	FY09 CE Rec
Beginning Balance	4,825,440	1,075,930	7,583,260
HIF Revenues:			
MPDU Alternative Payments	143,900	-	
MPDU Resale Recapture	2,000,000	2,000,000	3,000,000
Mortgage Repayments	800,000	800,000	5,500,000
HOC Loan Replacement	79,420	78,260	76,870
Pooled Investment Income	380,000	640,000	210,000
Condo Transfer Tax	4,000,000	4,400,000	3,000,000
Net Transfer from General Fund	7,718,880	20,760,060	7,754,390
Housing Initiative Fund	19,947,640	29,754,250	27,124,520
Developer Approval			50,000
Recordation Tax			2,615,500
Extraordinary Revenue Financing			25,000,000
			54,790,020

In March 2003, the Council approved and the Executive signed Resolution 15-110 which reads:

The County Executive will recommend and the Council will approve, in future years beginning with FY04, an allocation from the General Fund to the Montgomery Housing Initiative Fund (MHI) of an amount sufficient to ensure the availability in the MHI Fund of \$16.1 million or the equivalent of 2.5 percent of the actual General Fund property taxes from two years prior to the upcoming fiscal year, whichever is greater for the purpose of maintaining and expanding the supply of affordable housing in Montgomery County.

For FY09, if 2.5% of the property taxes collected in FY07 are used as the basis for the minimum allocation to the HIF, at least \$19,782,486 must be available on July 1, 2008 (FY09). The Executive has provided this total amount but it is not from a net transfer from the General Fund. The net transfer will return to about the FY07 level. It was also noted that the beginning balance is unusually large. \$4.6 million of the beginning balance is from the return of the investment that was previously the source of funding for the Rental Supplement Incentive Program and is described in Agenda Item #9, HOC NDA and another \$1.2 million is from a loan repayment.

The Executive's recommendation for HIF resources does not follow the policy approved by the Council last year in Resolution 16-0143 which reads:

Beginning in Fiscal Year 2008, the source of funding for the amount equivalent to \$16.1 million or 2.5 percent of the actual General Fund property taxes from two years prior, whichever is greater, that must be appropriated to the Montgomery Housing Initiative Fund must be the General Fund. All other sources, such as proceeds from MPDU resale recaptures, condominium transfer tax revenues, and mortgage repayments, must be appropriated in addition to this amount. The Fiscal Year 2007 end of year balance must be re-appropriated on July 1 and must not be considered part of the amount appropriated from the General Fund.

The Committee discussed the sources of funding for the HIF and the fact that they do not comply with the Council's 2007 resolution. At the time the Council adopted the resolution, there was not a proposal for a revolving program from bond proceeds which allows the HIF to grow for FY09 even with a substantial reduction to the Net Transfer from the General Fund. The Committee also discussed that the law and regulations do not reflect that one of the most important purposes of the HIF is to preserve existing affordable housing rather than land acquisition and new construction. The Committee recommends approval of the resources as recommended but agreed to return after budget to review all the resolutions as well as the law and regulations that govern the HIF.

**2. Recommended Charges to HIF Resources in the Non-Revolving Program
(excluding new Recordation Tax revenues)**

Position and Workyear Charges

Position	Function	FY07	FY08	FY09
Manager I	Management and oversight			0.7
Manager II	Management and oversight	0.4	0.4	0.4
Manager III	Management and oversight	0.6	0.6	0.6
Program Manager II	Underwriter - 2 PT		0.5	1.0
Program Manager II	Underwriting, project management	0.9	0.9	0.9
Program Manager I	Underwriting, project management	1.0	0.8	0.8
Program Manager I	Loan servicing	0.3	0.3	0.3
Planning Specialist	Compliance and monitoring	1.0	1.0	1.0
Code Enforce. Inspectors (2)	Code Enforce.-Neigh. to Call Home		1.4	1.8
Office Services Coordinator	Admin., payments, filing	0.9	0.8	0.8
Executive Admin. Aide	Admin., correspondence		0.4	0.4
Principal Admin. Aide	Admin., MPDU	1.0	1.0	1.0
Principal Admin. Aide	Admin., data base, filing	0.9	0.8	0.8
County Attorney	Legal Services	0.7	1.0	1.0
Total		7.7	9.9	11.5

The only new position being charged to the HIF in FY09 is the Manager I position which provides for the staff who is serving as the affordable housing point person within the Department and is working on projects including the Affordable Housing Task Force Report and Recommendations and the projects to construct affordable housing projects on public land (such as Edson Lane and Bowie Mill). The remaining workyear changes are due to the annualization of positions.

The Executive is recommending the following expenditures for FY09 (again not including the revolving fund proceeds or new recordation tax). The chart indicates that about \$23 million would be available for types of projects that have been undertaken over the past few years or for additional staff or programs as they are not restricted to acquisition or preservation.

Summary of HIF Expenditures (not including bonds or record tax)	FY07 Approved	FY08 Approved	FY09 CE Rec
Personnel	729,150	932,240	1,239,370
Operating Expenses	298,250	434,000	500,000
Building Neighborhood to Call Home	1,000,000	1,000,000	1,026,130
Debt Service	79,420	78,260	76,870
Capital Budget	500,000	500,000	500,000
Projected End of Year Balance	389,070	587,750	1,080,710
Available for Loans and Projects	16,951,750	26,222,000	22,701,440

The PHED Committee recommends approval of the FY09 charges to the HIF for personnel and operating expenses.

The information to the PHED Committee indicates that DHCA expects the following projects to use resources in FY09. If the revolving program is established, some of these projects (such as Beall's Grant II) may be handled through the revolving program.

FY 09 Project Requests

<u>Name</u>	<u>Amount</u>
HOC Closing Cost Assistance Program	\$500,000
HOC Aspen Court Rehab	\$800,000
HOC Jesup Blair	\$100,000
MCCH Group Home Acquisition	\$700,000
Paddington	\$5,000,000
Completion of Gude Drive Renovations	\$2,000,000
Building Neighborhoods to Call Home	\$1,026,130
Beall's Grant II	\$4,086,000
TOTAL	\$14,212,130

3. Building Neighborhoods to Call Home

For the past several years, the Council has approved contracts for neighborhood support services under the Building Neighborhoods to Call Home program. The following table summarizes the proposed efforts for FY09. The Committee was told that for FY09 the tenant counseling program will be competitively bid. The other efforts will continue as non-competitive contracts.

Building Neighborhoods to Call Home		FY07	FY08	FY09
Vendor Not Yet Selected (CASA in FY07 and FY08)	Tenant counseling in Long Branch	350,000	350,000	350,000
CASA of Maryland	Operation of the Pine Ridge Community Center	150,000	150,000	185,130
Montgomery Housing Partnership	Training and support to owners of small rental properties	150,000	150,000	150,000
Montgomery Housing Partnership	Long Branch revitalization planning	100,000	100,000	100,000
Rebuilding Together	Operating support to assist low- income homeowners with repairs, accessibility modifications, and referrals to services	185,000	185,000	200,000
Community Ministries	Cost of part-time property manager	33,000	39,000	41,000
TOTAL		968,000	974,000	1,026,130

The Committee discussed the use of these funds which do not fund the "bricks and sticks" generally funded through HIF projects. Councilmember Elrich said that while he did not object to funding these types of programs, he wants to understand better what the goals and outcomes

are and how they fit with overall goals for DHCA and the County. He also asked whether tenant counseling has to remain in one location year after year or whether the funds could be used to provide programming throughout the County.

The Committee recommends approval but would like to revisit the outcomes for these programs after budget.

4. Housing First – Expanding the Use of HIF Funds to Sustain Households in Special Needs Housing

Councilmembers Leventhal and Knapp have proposed that at a minimum 10% of the HIF be allocated to provide permanent housing for the homeless and a variety of services that would support residents in maintaining those permanent homes. Services could include the acquisition of housing, rental assistance, case management, and counseling. Funds might also be used to pay for social workers who would seek out the homeless rather than waiting for homeless persons to approach service providers. The Councilmembers' original proposal was that no less than 10% of the HIF should be devoted to housing the very lowest income residents in the county. This proposal would help move the county to a Housing First model.

The implementing regulations for the HIF allow subsidies to low and moderate income households but “only to increase the affordability of newly constructed housing, unless specifically authorized by the Director of Housing and Community Development.”

The PHED and HHS Committees met jointly on January 31 to receive a briefing from the Montgomery County Coalition for the Homeless and Abt Associates on a study that provides a framework for moving the county to a Housing First model. The joint Committee also heard from DHCA, DHHS, and HOC on the programs that are currently available to assist those who are homeless or at severe risk of homelessness. The joint Committee agreed that they would return to this issue during the budget and discuss whether a provision should be included in the FY09 operating budget resolution to allocate a portion of the HIF to assist this population.

As requested at the January meeting, DHHS Director Ahluwalia has provided a response to the recommendation in the Abt Associates Housing First study © 20-25 Also attached is correspondence from Stepping Stones Shelter (© 26-30) and testimony provided by the Coalition for the Homeless (© 31-35). Director Ahluwalia shares that she convened the county's non-profit partners to explore the recommendations. The memo contains a blueprint for the homeless continuum in Montgomery County that would align the Continuum of Care to include a Housing First approach. The key performance measure would be “the reduction in length of stay in homelessness and the achievement of stable housing for those exiting from homeless programs.” In addition to expanding the number of affordable rental units and flexible funding for short and long term shallow and deep subsidies, the proposal specifically notes that two of the current family emergency shelters would convert to the newer model of 30 day assessment shelters.

The Abt Associates report contains a proposed system for a Housing First model. It consists of central intake that looks first at whether homelessness can be avoided with assistance and whether the person(s) have a place to stay for the next 3-7 days. There would be assessment

shelters that could provide housing for up to 30 days (with a goal of 7 days). The goal would be for most persons to move into permanent housing with services but project-based transitional housing recovery programs would also be available. **Abt Associates estimates that the total cost for such a system is about \$14.7 million. Of this amount \$4.5 in new resources are needed and about \$10.2 million could come from redirecting existing resources.** The estimate does note that the reprogramming cannot occur until new programs are put in place.

The HHS Committee met on April 23 to review the Executive's recommendation for Special Needs Housing Services. DHHS Director Ahluwalia shared that the FY09 Budget does not fund the transition of an emergency shelter to a therapeutic shelter since the contract increases for family shelter services will only cover the increased operating costs that have accumulated during the five year term of the current contracts. The current estimated cost for a therapeutic shelter calls for the County to fund approximately \$1.5 million from several funding sources that are not included in the Executive's recommended budget. The cost for incremental Housing First implementation is being developed, but is dependent on other funding sources such as the Housing Initiative Fund and the Recordation Tax.

The Executive's recommended budget for DHHS includes \$164,840 to establish a new group home for chronically homeless women (Welcome Home program operated by Interfaith Works) but does not increase the number of households that will receive housing subsidies. The Committee was provided with the following information regarding three programs within DHHS:

Rental Assistance Program (RAP):

Income: Below 50% AMI
Rent Burden: Between 25% and 35% of gross income based on family size
Subsidy: shallow \$50 to \$200 average subsidy \$192 per household per month
Certify: must recertify every 12 months
Capacity: 1,617 households
Wait List: 176 households 930 new applications pending
Funds: FY08 = \$4.38 million (includes staff)
(\$3.725 million for subsidies – based on average payment)

Handicapped Rental Assistance Program (H-RAP):

Income: Residing in licensed group home and have mental illness
Rent Burden: NA
Subsidy: \$150 per month average
Certify:
Capacity: 219 average per month
Wait List: none
Funds: FY08 = \$480,460 (no staff)

Supportive Housing Rental Assistance Program (SHRAP):

Income: 30% AMI and must be a special needs households
Rent Burden: NA
Subsidy: deep (\$1,200 to \$1,500 per month)
Certify: must recertify every 12 months
Capacity: 75 (67 households currently in program)
Wait List: 100 households, 25 with critical housing needs
Funds: FY08 = \$1.1 million for subsidies

Recipients must agree to support services that may include medical care and counseling
This program area also includes contract for the Partnership for Permanent Housing which has a capacity for 55 households. Criteria are same as for SHRAP but referrals come through the shelter intake program. There is no formal waiting list.

The DHHS Committee was told that while it was expected that 75 households could be served through SHRAP, the funds will be fully used by the 67 households currently in the program.

The HHS Committee (Councilmember Trachtenberg absent) discussed the need to find homes for the very low income and special needs populations that are on the DHHS waiting lists and that, while it is an important goal to increase the number of affordable housing units, people can be housed using existing apartments and houses if the subsidies and supports are available. The Committee talked about the success of the Partnership for Permanent Housing in finding homes for persons who lived a very long time on the streets. The Welcome Home program is buying an existing house and is not dependent on new construction. The Committee also discussed the need to find funds to assist in transitioning one or two of the current shelters into the assessment shelters envisioned in Housing First.

The HHS Committee agreed that some portion of the Housing Initiative Fund should be used to meet these needs.

The Department of Health and Human Services has told Council staff that the average rental subsidy for a family in SHRAP is \$1,118. The rental subsidy costs for one year for the 25 households on the SHRAP waiting list would be \$335,400. The case management services for these 25 households would be \$75,000. The total cost for housing (with supports) the 25 households assessed as having critical housing needs is \$410,400.

At its May 1 worksession, the PHED Committee, joined by Councilmember Leventhal, discussed the policy of Housing First and the estimate that \$4.5 million in new funding is needed to transition the County to a Housing First model. DHCA Director Nelson shared information with the Committee (© 18-19) that over the past six years, over \$29 million has been expended from the HIF, Community Development Block Grants, and HOME funds on projects specifically for homeless persons. This includes almost \$6 million to rebuild the Safe Havens and Chase Shelters (men's emergency shelter), the renovation of the Dale Drive property, and the acquisition of group homes. He also shared that many of the rental projects funded through the HIF are targeted to households with incomes of 65% or below area median income and that they are looking to bring on more units to serve households below 50% of AMI.

Councilmember Leventhal shared his concern that while these projects are worthy projects, they do not address the needs of the poorest and most vulnerable. It will always be easier to close deals on projects where there is a stream of income, even if it is 50% to 65% of AMI than it is to serve those at the very lowest end. He also noted that when the county adopted its plan to end homelessness in 2002 the focus was building units but what we need to do is build relationships with landlords.

DHHS Director Ahluwalia told the Committee that the county already has some elements of Housing First in place but right now there is a very linear progression in the homeless system. She said that the system needs to become more fluid and flexible and that resources are needed for three components: additional housing units, ongoing subsidies, and case management. She noted that there are evictions for subsidized housing if there is not good case management.

Councilmember Elrich said that if the cost to move to Housing First is estimated at \$4.5 million, this seems like an obtainable goal. Councilmember Elrich also asked if there was a plan about how much money is needed in FY09. Councilmember Floreen said she is concerned about taking the HIF in too many directions and wondered whether the Committee should re-look at the funds in the Building Neighborhoods to Call Home program as a possible place to fund these soft costs. Councilmember Knapp recommended and the Committee agreed to setting aside \$4.5 million in the HIF for Housing First with a budget provision that allows for more discussion of the allocation of these funds between DHHS, DHCA, and HOC and the amount of funding needed in FY09 which would be based on the plans currently being developed by DHHS.

Based on the Committee's discussion and recommendations, Council staff provides the following draft language for the appropriation resolution.

In FY09, \$4.5 million of the non-revolving program appropriation to the Housing Initiative Fund must be reserved to implement a plan to transition County housing programs to a Housing First model. These funds may be used to acquire properties, provide rental subsidies, fund case management provided by County staff or under contract, and pay costs associated with the transition of existing shelter services. The County Executive must send the Council a Housing First transition plan by October 15, 2008. The plan must specify the long-term goals and implementation steps needed to achieve a Housing First model and those implementation steps to be taken in FY09 and FY10. Funds may be expended to implement this plan as soon as the plan is transmitted to the Council. If the plan does not require expenditures of \$4.5 million in FY09, the amount reserved under this provision can be reduced to the amount required to implement the model. The allocation of these funds does not limit the amount that may be spent from the Housing Initiative Fund for homeless persons or persons at risk, and does not impose any limit on projects that may be funded by the revolving Acquisition and Preservation Program.

5. Revolving Acquisition Program – Recommended Revenues and Expenditures County Executive's CIP adjustment – Affordable Housing Acquisition

The County Executive is recommending that in each of FY09 and FY10 the County issue \$25 million in taxable bonds to create a \$50 million revolving acquisition and preservation program within the Housing Initiative Fund. The full Council received a briefing on this

proposal at its April 29 session. Briefing materials are attached at © 36-41. The debt service for these bonds will be backed by the general revenues that are expected to be available in the HIF and would be included in the Debt Service budget. For FY09 the debt service requirement would be \$1.850 million. Once the full \$50 million is issued the annual debt service (interest and principal) would be \$4.94 million for the 20 year term. Recommendations from the Affordable Housing Task Force regarding and acquisition fund and an equity fund are attached at © 42-44.

The County Executive has determined that this program can be implemented without any change to law or regulation. The Executive is recommending that the revolving program be included in the CIP given the multi-year expenditures and repayments. HOC's revolving programs are also included in the CIP. The Executive has amended his recommended PDF for Affordable Housing Acquisition to reflect \$25.5 million in each of FY09 and FY10. This is the total of the \$500,000 included in the January PDF plus the \$25 million in bond proceeds for each year. (PDF attached at © 40)

The Committee recommends approval of the revolving program and was pleased that the county is starting to move forward on leveraging the county's resources through this bond issuance. The Committee discussed their concern about some of the language in the Executive's proposed PDF and agreed they wanted the projects funded through this program to have units that will serve people with incomes at or below those incomes eligible for MPDUs. The Committee also discussed where priorities should be placed and agreed that there should be a focus on preserving and creating rental units. Councilmember Elrich expressed his interest in this program assisting tenant organizations transition to homeownership.

Based on the Committee's discussion and recommendations, Council staff has drafted the following revisions to the PDF language.

Affordable Housing Acquisition and Preservation

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 with bridge financing to purchase and/or 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 FY09 and FY10 provided for the creation of a HIF Property Acquisition Revolving Program.

Justification:

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

Fiscal Note:

Debt service will be financed by the Montgomery Housing Initiative Fund.

Other:

Resale or control period restrictions similar to those in the MPDU program should be a part of projects funded with these monies.

6. Should the Council set Targets for HIF Expenditures?

Each year, the Council specifies targets for expenditures from the HIF and Federal HOME grants. The targeted amounts have been less than the full allocation for HIF. The following language was included in the FY08 budget resolution. Next to the target included in the resolution is the actual amount spent in the category so far in FY08.

- 23. This resolution appropriates \$20,760,060 from the General Fund as a contribution to the Montgomery Housing Initiative Fund. The FY 2008 appropriation, combined with the re-appropriation of the FY 2007 fund balance, loan repayments, and investment income, is estimated to provide more than \$29.8 million to acquire, rehabilitate, and preserve affordable housing in the County. For FY 2008, the Council establishes the following target spending levels. The Executive may achieve the target spending levels through expenditure of any combination of Housing Initiative Fund loans and Federal HOME grants.

	Target (5/07)	Actual (4/08)
Group Home/Transitional/Special Housing Production	\$3,000,000	\$ 5,717,103
Home Ownership	\$1,185,000	\$10,496,507
Non-Profit Multifamily Rehabilitation	\$7,500,000	\$ 4,253,299
New Construction	\$2,000,000	\$ 0
Preservation of Federally Assisted Housing	\$ 200,000	\$ 355,815
HOC and Non-profit MPDU Acquisition	\$ 500,000	\$ 250,000
Multifamily Rehabilitation Loans	\$3,500,000	\$ 5,600,000
Construction of Elderly Housing and Assisted Living	\$2,000,000	\$ 5,320,000
Acquisition of Threatened Multifamily Housing	\$ 250,000	\$ 0
HOC Public Housing Rehabilitation	\$ 200,000	\$ 1,145,300
Preserving Existing Communities	\$ 250,000	\$ 0
Other	\$ No Target	\$ 2,300,000

The PHED Committee agreed that these targets are no longer helpful and don't reflect the types of projects that are coming to the HIF for acquisition and preservation of existing affordable housing. The Committee recommends that the FY09 budget resolution not contain targets regarding the HIF. The Committee and DHCA agreed to work on reports during the year that will provide more meaningful information.

7. Growth Policy Recordation Tax

On November 13, 2007 the Council enacted Bill 11-07, *Recordation Tax – Rate*. The bill includes the following provision to allocated ½ of the additional revenues to rental assistance programs for low- and moderate-income households. These revenues must not be used to supplant any otherwise available funds.

The County Executive has estimated the amount of new recordation tax revenue that must be used for rental assistance is \$2,615,500. He has included the following language in the budget for the Department of Housing and Community Affairs and proposes placing the money in the HIF:

Use resources from the recordation tax premium to support rental assistance programs in the Department of Housing and Community Affairs (DHCA), the Department of Health and Human Services (DHHS), and the Housing Opportunities Commission (HOC). For FY09, \$850,000 of the estimated revenues will be allocated towards HHS' low-income rental assistance programs, \$915,500 will be allocated towards DHCA's project based low-income rental assistance programs, and \$850,000 of the estimated revenues will be allocated toward HOC's low-income rental assistance programs.

Councilmembers Trachtenberg, Ervin, Elrich, and Leventhal have proposed that these new funds be used for two purposes (1) funding a local housing voucher program that could provide a household with up to \$300 per month, and (2) provide short-term emergency rental assistance not to exceed \$1,200 per year. **The PHED Committee agreed they like the two main goals: 70% to HOC for a housing voucher program and 30% to DHHS for short-term emergency rental assistance. The HHS Committee also agreed with these priorities. The Committee agreed that there should be further discussion of the details and eligibility.**

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 FY09 Operating Budget for the Department of Housing and Community Affairs is \$42,412,790, a decrease of \$151,480 or 0.4 percent from the FY08 Approved Budget of \$42,564,270. Personnel Costs comprise 19.0 percent of the budget for 85 full-time positions and five part-time positions for 73.5 workyears. Operating Expenses and Debt Service account for the remaining 81.0 percent of the FY09 budget.

DHCA expects the total signed agreements for affordable housing projects through the PILOT program to abate \$7.8 million in taxes in FY09.

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:

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

PERFORMANCE MEASURES

This table presents what the department estimates and projects will be the FY08 through FY10 data for its performance measures if there are no changes in funding.

Measure	Actual FY06	Actual FY07	Estimated FY08	Projected FY09	Projected FY10
Average time to require conciliate Landlord/Tenant disputes ¹					
Percentage of Landlord/Tenant cases referred to the Landlord Tenant Commission (see Footnote 1)					
Gains achieved in neighborhoods receiving DHCA neighborhood revitalization funding/services (see Footnote 1)					
Number of code enforcement repeat offenders (see Footnote 1)					
Average time to achieve voluntary compliance in multi-family housing code enforcement cases (see Footnote 1)					
Average time to achieve voluntary compliance in single family housing code enforcement cases (see Footnote 1)					
Cost per affordable housing unit preserved (see Footnote 1)					
Cost per affordable housing unit produced (see Footnote 1)					
Number of affordable housing units preserved (see Footnote 1)					
Number of affordable housing units produced (see Footnote 1)					

¹This represents a new performance measure for the Department, and appropriate data collection procedures are still being developed.

ACCOMPLISHMENTS AND INITIATIVES

- ❖ *Provide \$54.8 million in total resources from the Montgomery Housing Initiative (MHI) fund. This dedicated funding source provides for renovation of distressed housing, the preservation of affordable housing units, creation of housing units for special needs residents, services to the "Building Neighborhoods to Call Home" program, and the creation of mixed-income housing.*
- ❖ *Utilized \$35.3 million in FY08 from the Montgomery Housing Initiative (MHI) fund for affordable housing.*

- ❖ *Use resources from the recordation tax premium to support rental assistance programs in the Department of Housing and Community Affairs (DHCA), the Department of Health and Human Services (DHHS), and the Housing Opportunities Commission (HOC). For FY09, \$850,000 of the estimated revenues will be allocated towards HHS' low-income rental assistance programs; \$915,500 will be allocated towards DHCA's project based low-income rental assistance; and \$850,000 of the estimated revenues will be allocated towards HOC's low-income rental assistance program.*
- ❖ *Continued funding from Federal Grants (Community Development Block Grant, HOME, and Emergency Shelter Grant) to provide funding for affordable housing, housing rehabilitation, commercial revitalization, public services and preventing homelessness.*
- ❖ *Provides housing code enforcement to neighborhoods for improving safety and sanitary living conditions.*
- ❖ *Provides landlord-tenant mediation services to an expanding population and provides emergency housing services for eviction prevention and for special relocations such as Charter House.*
- ❖ *Established an Affordable Housing Task Force that will report on its recommendations in the Spring of 2008.*

PROGRAM CONTACTS

Contact Fred Wilcox of the Department of Housing and Community Affairs at 240.777.3607 or Rose Glavinic of the Office of Management and Budget at 240.777.2769 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.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	28,500,700	9.5
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	48,890	-0.5
FY09 CE Recommended	28,549,590	9.0

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.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	613,140	7.9
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	102,810	1.1
FY09 CE Recommended	715,950	9.0

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.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	2,025,510	19.5
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	72,840	0.4
FY09 CE Recommended	2,098,350	19.9

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.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	8,164,870	7.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-121,420	0.0
FY09 CE Recommended	8,043,450	7.0

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, and including referring unresolved complaints to the Montgomery County Commission on Landlord-Tenant Affairs.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	1,040,870	8.8

	Expenditures	WYs
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	48,800	0.0
FY09 CE Recommended	1,089,670	8.8

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.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	826,900	8.0
Eliminate: Business Development Specialists - Commercial Revitalization Program	-218,140	-2.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-161,280	-2.0
FY09 CE Recommended	447,480	4.0

Licensing and Registration

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

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	340,710	3.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	25,520	0.0
FY09 CE Recommended	366,230	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.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	107,270	2.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	5,640	0.0
FY09 CE Recommended	112,910	2.0

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, and policy/program development and implementation (legislation, regulations, procedures).

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	944,300	10.8
Eliminate: Program Specialist - Hispanic/Latino Affairs Coordinator - Administration Program	-60,030	-1.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	104,890	1.0
FY09 CE Recommended	989,160	10.8

BUDGET SUMMARY

	Actual FY07	Budget FY08	Estimated FY08	Recommended FY09	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	3,364,320	3,705,430	3,552,420	3,565,320	-3.8%
Employee Benefits	1,163,683	1,343,990	1,284,480	1,352,440	0.6%
County General Fund Personnel Costs	4,528,003	5,049,420	4,836,900	4,917,760	-2.6%
Operating Expenses	610,063	658,220	931,470	716,610	8.9%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	5,138,066	5,707,640	5,768,370	5,634,370	-1.3%
PERSONNEL					
Full-Time	86	89	89	85	-4.5%
Part-Time	4	4	4	5	25.0%
Workyears	49.5	50.4	50.4	46.1	-8.5%
REVENUES					
Miscellaneous - LTA Registry	4,569	0	5,000	5,000	—
Common Ownership Commission Fees	0	0	3,000	3,000	—
Miscellaneous - Common Ownership Communities	0	6,000	3,000	3,000	-50.0%
Common Ownership Communities Fees	262,431	268,250	280,000	283,500	5.7%
Developer Fee For Alternative Review Committee	0	53,200	0	0	—
Landlord Apartment Rental License	2,354,984	2,353,650	2,330,000	2,330,000	-1.0%
Miscellaneous - Landlord-Tenant	245	20,000	15,000	15,000	-25.0%
Civil Citations - Landlord-Tenant	78,425	75,000	75,000	75,000	—
Landlord Single Family Rental License	1,254,091	1,176,000	1,250,000	1,262,000	7.3%
Landlord Condominium Rental License	304,242	302,400	330,000	334,000	10.4%
County General Fund Revenues	4,258,987	4,254,500	4,291,000	4,310,500	1.3%
GRANT FUND MCG					
EXPENDITURES					
Salaries and Wages	1,377,175	1,311,270	1,614,700	1,399,730	6.7%
Employee Benefits	518,603	507,720	510,330	515,580	1.5%
Grant Fund MCG Personnel Costs	1,895,778	1,818,990	2,125,030	1,915,310	5.3%
Operating Expenses	7,283,365	6,371,140	6,525,710	6,153,800	-3.4%
Capital Outlay	0	0	0	0	—
Grant Fund MCG Expenditures	9,179,143	8,190,130	8,650,740	8,069,110	-1.5%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	16.9	16.2	16.2	15.9	-1.9%
REVENUES					
Community Development Block Grant	6,780,435	3,835,670	3,818,600	3,817,130	-0.5%
Community Development Block Grant: Program Income	0	1,100,000	1,100,000	1,100,000	—
EDI Special Projects	316,952	0	0	0	—
Emergency Shelter: Group Homes	361,243	226,600	227,830	226,880	0.1%
HOME Grant: Program Income	0	500,000	500,000	500,000	—
HOME Investment Partnership Grant	1,179,185	2,363,180	2,358,620	2,260,420	-4.3%
Takoma Park Code Enforcement	129,293	0	387,120	0	—
Weatherization	322,208	164,680	123,850	164,680	—
Community Legacy	-10,000	0	0	0	—
Weatherization -EUSP	0	0	62,900	0	—
Weatherization - MEAP	0	0	46,820	0	—
Weatherization Universal Svc	77,900	0	0	0	—

	Actual FY07	Budget FY08	Estimated FY08	Recommended FY09	% Chg Bud/Rec
Weatherization - Washington Gas	21,927	0	25,000	0	—
Grant Fund MCG Revenues	9,179,143	8,190,130	8,650,740	8,069,110	-1.5%
MONTGOMERY HOUSING INITIATIVE					
EXPENDITURES					
Salaries and Wages	497,886	732,980	737,340	927,610	26.6%
Employee Benefits	167,640	226,450	226,450	311,760	37.7%
Montgomery Housing Initiative Personnel Costs	665,526	959,430	963,790	1,239,370	29.2%
Operating Expenses	23,058,771	27,592,810	32,860,390	27,393,070	-0.7%
Debt Service Other	79,412	78,260	78,260	76,870	-1.8%
Capital Outlay	0	36,000	36,000	0	—
Montgomery Housing Initiative Expenditures	23,803,709	28,666,500	33,938,440	28,709,310	0.1%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	7.7	9.9	9.9	11.5	16.2%
REVENUES					
Extraordinary Revenue Financing	0	0	0	25,000,000	—
Recordation Tax Revenue for Rental Assistance Prog	0	0	0	2,615,500	—
Developer Approval Payments	51,720	0	50,000	50,000	—
MPDU Forclosures	149,576	0	285,260	0	—
MPDU Resale Recapture	3,579,703	2,000,000	3,000,000	3,000,000	50.0%
MPDU Buyouts	0	800,000	451,150	0	—
Mortgage Repayments	778,812	0	2,000,000	5,500,000	—
Miscellaneous	1,138,756	0	5,000	0	—
Other Interest Income	428,087	0	0	0	—
Other Sales	0	0	4,875,440	0	—
Sale of Property	740,204	0	0	0	—
Condo Transfer Tax	8,311,658	4,400,000	4,400,000	3,000,000	-31.8%
Investment Income: Pooled	399,735	640,000	330,000	210,000	-67.2%
HOC Loan Repayment	79,412	78,260	78,260	76,870	-1.8%
Prior Year Adjustment	0	0	109,160	0	—
Montgomery Housing Initiative Revenues	15,657,663	7,918,260	15,584,270	39,452,370	398.2%
DEPARTMENT TOTALS					
Total Expenditures	38,120,918	42,564,270	48,357,550	42,412,790	-0.4%
Total Full-Time Positions	86	89	89	85	-4.5%
Total Part-Time Positions	4	4	4	5	25.0%
Total Workyears	74.1	76.5	76.5	73.5	-3.9%
Total Revenues	29,095,793	20,362,890	28,526,010	51,831,980	154.5%

FY09 RECOMMENDED CHANGES

	Expenditures	WYs
COUNTY GENERAL FUND		
FY08 ORIGINAL APPROPRIATION	5,707,640	50.4
Changes (with service impacts)		
Add: Personnel Adjustment	56,570	0.3
Eliminate: Program Specialist - Hispanic/Latino Affairs Coordinator - Administration Program [Administration]	-60,030	-1.0
Eliminate: Business Development Specialists - Commercial Revitalization Program [Neighborhood Revitalization]	-218,140	-2.0
Other Adjustments (with no service impacts)		
Increase Cost: General Wage and Service Increment Adjustments	229,160	0.0
Increase Cost: Group Insurance Adjustment	54,340	0.0
Replace: HOME Staff Costs	38,000	0.3
Increase Cost: Motor Pool Rate Adjustment	37,960	0.0
Increase Cost: Retirement Adjustment	16,600	0.0
Increase Cost: Annualization of FY08 Operating Expenses	13,590	0.0
Increase Cost: Convert Part-Time Position to Full-Time	13,270	0.1
Increase Cost: Printing and Mail Adjustments	11,090	0.0
Increase Cost: Central Duplicating Recovery Charge	1,270	0.0

	Expenditures	WYs
Decrease Cost: Annualization of FY08 Personnel Costs	-31,350	0.0
Shift: Wheaton Redevelopment Positions	-235,600	-2.0
FY09 RECOMMENDED:	5,634,370	46.1

GRANT FUND MCG

FY08 ORIGINAL APPROPRIATION	8,190,130	16.2
<u>Changes (with service impacts)</u>		
Add: Community Development Block Grant: GapBuster Learning Center, Inc. (Cross-Tutorial Mentoring)	45,000	0.0
Add: Community Development Block Grant: Jewish Social Service Agency (Project Linkage)	45,000	0.0
Add: Community Development Block Grant: Liberty's Promise (Enriching Montgomery County's Youth)	45,000	0.0
Add: Community Development Block Grant: YMCA of Metropolitan Washington (Northwest Park Community Center)	45,000	0.0
Add: Community Development Block Grant: Easter Seals Greater Washington-Baltimore Region, Inc. (Family Respite Program)	40,000	0.0
Add: Community Development Block Grant: Ministries United Silver Spring Takoma Park, Inc. (Filling the medical prescription gap)	40,000	0.0
Add: Community Development Block Grant: Saint Luke's House, Inc. (Case Management Services)	40,000	0.0
Add: Community Development Block Grant: CASA of Maryland, Inc. (Employment Rights Project)	37,500	0.0
Add: Emergency Shelter Grant: Community Ministry of Montgomery County, Inc. (Supported Employment Program)	37,500	0.0
Add: Community Development Block Grant: Montgomery County Coalition for the Homeless (Daytime Case Management)	30,000	0.0
Add: Community Development Block Grant: Jewish Council for the Aging of Greater Washington (Project Log On)	29,500	0.0
Add: Community Development Block Grant: Catholic Charities of the Archdiocese of Washington, Inc. (Housing Support)	25,500	0.0
Add: Community Development Block Grant: Threshold Services, Inc. (Compeer of Montgomery County)	23,000	0.0
Add: Community Development Block Grant: Asian American LEAD (AALEAD Mentoring Program)	22,500	0.0
Add: Community Development Block Grant: Asian Pacific American Legal Resource Center (Asian American Domestic Violence Project)	22,500	0.0
Add: Community Development Block Grant: Korean Community Service Center of Greater Washington (Asian Minority Outreach and Services)	22,500	0.0
Add: Community Development Block Grant: Latino Economic Development Corporation (Small Business Development)	22,500	0.0
Add: Community Development Block Grant: Housing Opportunities Community Partners, Inc. (Students Upward Bound)	20,000	0.0
Add: Emergency Shelter Grant: Montgomery County Coalition for the Homeless (Partnership for Permanent Housing)	18,560	0.0
Add: Community Development Block Grant: A Wider Circle (Neighbor to Neighbor)	15,000	0.0
Add: Community Development Block Grant: Crossway Community, Inc. (Environmental Learning Initiative)	15,000	0.0
Add: Emergency Shelter Grant: Stepping Stones Shelter (Parent Education Program)	12,000	0.0
Add: Community Development Block Grant: Montgomery County Coalition for the Homeless (Partnership for Permanent Housing)	6,440	0.0
Reduce: HOME Investment Partnership Grant Award	-98,200	0.0
Reduce: Changes in CDBG Grant Award	-197,460	0.0
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: CIP Appropriation Decrease	196,000	0.0
Increase Cost: Compensation Adjustments	97,260	0.0
Increase Cost: Annualization of FY08 Personnel Costs	37,060	0.0
Decrease Cost: Emergency Shelter: Group Homes (ESG) Grant Award	-950	0.0
Decrease Cost: Annualization of FY08 Operating Expenses	-19,470	0.0
Shift: HOME Staff Costs	-38,000	-0.3
Decrease Cost: Adjust operating expenses to offset personnel costs compensation increase	-97,260	0.0
Decrease Cost: Adjust to display individual Federal programs	-660,000	0.0
FY09 RECOMMENDED:	8,069,110	15.9

MONTGOMERY HOUSING INITIATIVE

FY08 ORIGINAL APPROPRIATION	28,666,500	9.9
<u>Changes (with service impacts)</u>		
Add: Personnel Adjustment	132,010	0.7
<u>Other Adjustments (with no service impacts)</u>		

	Expenditures	WYs
Increase Cost: Annualization of FY08 Lapsed Positions	79,020	0.9
Increase Cost: General Wage and Service Increment Adjustments	45,500	0.0
Increase Cost: Annualization of FY08 Operating Expenses	32,390	0.0
Increase Cost: Group Insurance Adjustment	11,040	0.0
Increase Cost: Retirement Adjustment	6,310	0.0
Increase Cost: Annualization of FY08 Personnel Costs	3,610	0.0
Increase Cost: Annualization of FY08 Service Increment	2,450	0.0
Decrease Cost: Elimination of One-Time Items Approved in FY08	-48,000	0.0
Decrease Cost: Miscellaneous operating expense adjustment	-221,520	0.0
FY09 RECOMMENDED:	28,709,310	11.5

PROGRAM SUMMARY

	FY08 Approved		FY09 Recommended	
	Expenditures	WYs	Expenditures	WYs
Multi-Family Housing Programs	28,500,700	9.5	28,549,590	9.0
Single-Family Housing Programs	613,140	7.9	715,950	9.0
Housing Code Enforcement	2,025,510	19.5	2,098,350	19.9
Grants Administration - Federal Programs	8,164,870	7.0	8,043,450	7.0
Landlord-Tenant Mediation	1,040,870	8.8	1,089,670	8.8
Neighborhood Revitalization	826,900	8.0	447,480	4.0
Licensing and Registration	340,710	3.0	366,230	3.0
Housing Administration	107,270	2.0	112,910	2.0
Administration	944,300	10.8	989,160	10.8
Totals	42,564,270	76.5	42,412,790	73.5

CHARGES TO OTHER DEPARTMENTS

Recipient Department	Recipient Fund	FY08		FY09	
		Totals	WYs	Totals	WYs
GENERAL FUND					
CIP	CIP	936,740	8.0	1,050,670	8.0
DEP-Solid Waste Services	Solid Waste Disposal	617,970	5.5	675,290	5.6
Permitting Services	Permitting Services	82,990	1.0	110,170	1.0

FUTURE FISCAL IMPACTS

Title	CE REC. (5000's)						
	FY09	FY10	FY11	FY12	FY13	FY14	
This table is intended to present significant future fiscal impacts of the department's programs.							
COUNTY GENERAL FUND							
Expenditures							
FY09 Recommended	5,634	5,634	5,634	5,634	5,634	5,634	
No inflation or compensation change is included in outyear projections.							
Labor Contracts	0	241	253	253	253	253	
These figures represent the estimated cost of general wage adjustments, service increments, and associated benefits.							
Central Duplicating Deficit Recovery Charge	0	-1	-1	-1	-1	-1	
This per employee charge will be eliminated in FY10.							
Subtotal Expenditures	5,634	5,874	5,886	5,886	5,886	5,886	
MONTGOMERY HOUSING INITIATIVE							
Expenditures							
FY09 Recommended	28,709	28,709	28,709	28,709	28,709	28,709	
No inflation or compensation change is included in outyear projections.							
Labor Contracts	0	48	50	50	50	50	
These figures represent the estimated cost of general wage adjustments, service increments, and associated benefits.							
Subtotal Expenditures	28,709	28,757	28,759	28,759	28,759	28,759	

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Montgomery Housing Initiative				
FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	0.04	0.025	0.035	0.04	0.045	0.0475	0.05
BEGINNING FUND BALANCE	6,581,870	7,583,260	1,080,710	1,794,350	3,122,300	5,235,620	8,029,050
REVENUES							
Miscellaneous	15,584,270	39,452,370	35,932,300	36,624,080	37,382,730	38,149,770	38,992,270
Extraordinary Revenue Financing		25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Extraordinary Revenue Revolving							
Subtotal Revenues	15,584,270	39,452,370	35,932,300	36,624,080	37,382,730	38,149,770	38,992,270
INTERFUND TRANSFERS (Net Non-CIP)							
Transfer to Debt Service Fund		(1,850,000)	(4,320,000)	(4,940,000)	(4,940,000)	(4,940,000)	(4,940,000)
Transfers To The General Fund	(108,300)	(178,100)	(179,420)	(175,110)	(169,740)	(159,630)	(159,630)
Indirect Costs	(108,300)	(159,630)	(159,630)	(159,630)	(159,630)	(159,630)	(159,630)
Transfers From The General Fund	20,868,360	9,782,490	23,420,000	24,590,000	25,310,000	25,940,000	26,670,000
TOTAL RESOURCES	42,926,200	54,790,020	55,933,590	57,893,320	60,705,290	64,225,760	68,597,690
CIP CURRENT REVENUE APPROP.							
	(405,000)	0	0	0	0	0	0
CIP Property Acquisition Revolving Fund							
		(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)
PSP OPER. BUDGET APPROP/ EXPS.							
Operating Budget	(33,860,180)	(26,016,940)	(26,016,940)	(26,016,940)	(26,016,940)	(26,016,940)	(26,016,940)
Debt Service: Other (Non-Tax Funds only)	(78,260)	(76,870)	(75,300)	(73,580)	(71,730)	(69,770)	(69,770)
Rental Assistance Programs	n/a	(2,615,500)	(3,047,000)	(3,680,500)	(4,381,000)	(5,110,000)	(5,912,500)
Subtotal PSP Oper Budget Approp / Exp's	(33,938,440)	(28,709,310)	(29,139,240)	(29,771,020)	(30,469,670)	(31,196,710)	(31,999,210)
OTHER CLAIMS ON FUND BALANCE							
Designated for next year CIP	(999,500)	0	0	0	0	0	0
TOTAL USE OF RESOURCES	(35,342,940)	(53,709,310)	(54,139,240)	(54,771,020)	(55,469,670)	(56,196,710)	(56,999,210)
YEAR END FUND BALANCE	7,583,260	1,080,710	1,794,350	3,122,300	5,235,620	8,029,050	11,592,480
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES							
	17.7%	2.0%	3.2%	5.4%	8.6%	12.5%	16.9%

Assumptions:

- Maintains the County Executive's commitment to affordable housing. Per Montgomery County Executive Order 136-01, includes an allocation from the General Fund to the Montgomery Housing Initiative fund (MHI) to ensure the availability of \$15 million or the equivalent of 2.5 percent of actual General Fund property taxes from two years prior to the upcoming fiscal year, whichever is greater.
- Per Council Bill 25A-4, paragraph (c), enacted November 30, 2004, effective April 1, 2005, the FY08 Montgomery Housing Initiative Fund (HIF) will 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.

FY09 Landlord Tenant Affairs/Common Ownership Community Restricted Fund		
	LTA	COC
BEGINNING FUND BALANCE	1,907,700	133,090
Revenues	4,017,100	289,500
Expenditures	4,303,350	320,970
YEAR END FUND BALANCE	1,621,450	101,620

NONPROFIT PROVIDERS

- A Wider Circle** **\$15,000**
“Neighbor to Neighbor”
A total of \$15,000 in first year funding to be used to collect donations of furniture and basic home goods and distributes these items to families in need. An estimated 3,000 people will benefit.
- Asian American LEAD (Leadership, Empowerment and Development)** **\$ 22,500**
“AALEAD Mentoring Program”
A total of \$22,500 in third year funding will be used to continue a one-on-one mentoring program for 50 low-income Asian American students in the Aspen Hill, Silver Spring, Wheaton and Glenmont areas. An estimated 50 people will benefit.
- Asian Pacific American Legal Resource Center (APLRC)** **\$22,500**
“Asian American Domestic Violence Project”
A total of \$22,500 in third year funding will be used to support staff in their efforts to provide culturally and linguistically appropriate general legal assistance to Montgomery County residents. An estimated 50-100 people will benefit.
- CASA of Maryland, Inc.** **\$37,500**
“Employment Rights Project”
A total of \$37,500 in first year funding will be used to provide employment rights services through counseling, representation and education of low-wage workers who have not been paid their wages. Legal counseling and representation to tenants on landlord-tenant issues. An estimated 1,000 people will benefit.
- Catholic Charities of the Archdiocese of Washington, M.C. Center** **\$ 25,500**
“Housing Support”
A total of \$25,500 in second year funding will be used to continue a program to provide housing support, including first month’s rent to low income individuals and families who are currently homeless; leaving emergency or transitional shelters; living in overcrowded conditions, or newcomers to the country without resources. An estimated 105 people will benefit.
- Crossway Community, Inc.** **\$ 15,000**
“Environmental Learning Initiative”
A total of \$15,000 in first year funding will be used to expand a gardening/environmental learning program at Crossway Community. An estimated 400 people will benefit
- Easter Seals Society** **\$ 40,000**
“Easter Seals Family Respite Program”
A total of \$40,000 in second year funding will be used to provide respite care to children with disabilities and their families in Montgomery County. An estimated 75 people will benefit.
- Gapbuster Learning Center** **\$ 45,000**
“Cross-Tutorial Mentoring”
A total of \$45,000 in first year funding will be used to address academic and social developmental needs of minorities and low-income students. Each student will be provided with tutoring and or mentoring during the school year by an older student or an adult. An estimated 80 students will benefit.

Housing Opportunities Community Partners, Inc. \$ 20,000
“Students Upward Bound”

A total of \$20,000 in first year funding will be used to fund a program that offers workshops, SAT Prep coursework, individualized guidance counseling and financial assistance to help low-income, at-risk students (grades 10-11) living in public housing. An estimated 100-130 students will benefit.

Jewish Council for the Aging of Greater Washington, Inc. \$ 29,500
“Project Log On”

A total of \$29,500 in first year funding will be used to provide computer and internet training to low income seniors seeking employment, who lack the technical skills essential to securing a job in today’s market place. An estimated 50 people will benefit.

Jewish Social Service Agency \$45,000
“Project Linkage”

A total of \$45,000 in first year funding will be used to assist youth and young adults in identifying career paths, matching career options with abilities and interests and developing strategies for securing employment. An estimated 30 youth will benefit.

Korean Community Service Center of Greater Washington, Inc. \$ 22,500
“Asian Minority Outreach and Services”

A total of \$22,500 in first year funding will be used to assist low-income families to promote health and well being, to ensure stable housing, to increase service accessibility and to achieve legal immigrant status. An estimated 1,400 people will benefit.

Latino Economic Development Corporation \$22,500
“Small Business Development”

A total of \$22,500 in second year funding will be used to continue providing business lending, training, organizing, and technical assistance services to small businesses owned by low and moderate income Latinos and other underserved communities throughout Montgomery County. An estimated 800 people will benefit.

Liberty’s Promise \$ 45,000
“Enriching Montgomery County’s Youth”

A total of \$45,000 in second year funding will be used to offer professional internship and civic education programs to low-income immigrant youth. Liberty’s Promise will partner with the Housing Opportunities Commission (HOC) to reach a portion of the community living in assisted or subsidized housing units. An estimated 50 immigrant youth will benefit.

Ministries United Silver Spring Takoma Park, Inc. (MUSST) \$40,000
“Filling the Medical Prescription Gap is a MUSST”

A total of \$40,000 in second year funding will be used to continue to assist eligible, low income, uninsured individuals purchase medically necessary prescription medications, provide information on prescription assistance programs, help with the application process, and input client data into MEDBACK proprietary database RxBridge. An estimated 100 people will benefit.

Montgomery County Coalition for the Homeless **\$ 6,438**
“Partnership for Permanent Housing”

A total of \$6,438 in second year funding and an additional \$18,562 in ESG funds will be used to continue supporting a Case Manager position for the Partnership for Permanent Housing program, which provides supportive service to households and assist them in maintaining housing stability. An estimated 50 people will benefit.

Montgomery County Coalition for the Homeless **\$ 30,000**
“Daytime Case Management”

A total of \$30,000 in first year funding will be used to provide intensive case management services to shelter residents at the Men’s Emergency Shelter, during daytime hours.. An estimated 100 people will benefit.

St. Luke’s House, Inc. **\$ 40,000**
“Case Management Services”

A total of \$40,000 in first year funding will be used to provide employment oriented case management services to adults annually who are low income and uninsured and have serious and persistent mental illness. A total of 35 people will benefit.

Threshold Services, Inc. **\$ 23,000**
“Compeer of Montgomery County”

A total of \$23,000 in third year funding will be used to continue a Compeer program which pairs volunteers in one-on-one friendship relationships with people who are recovering from mental illness and co-occurring mental illness and substance abuse disorders. An estimated 111 people will benefit.

YMCA of Metropolitan Washington, Youth & Family Services **\$ 45,000**
“Northwest Park Community Center”

A total of \$45,000 in second year funding will be used to continue supporting staff and operational expenses at the Northwest Park Community Center. An estimated 100 households will benefit.

Article II. Montgomery Housing Initiative.

Sec. 25B-9. Montgomery Housing Initiative.

- (a) The county executive must establish the Montgomery Housing Initiative to promote a broad range of housing opportunities in the county.
- (b) This initiative must be included in the county capital improvements program and may use appropriated funds and receipts from any source, including any balances transferred from the condominium transfer tax fund under Section 52-21(f).
- (c) Funds allocated to this initiative may be spent to:
- (1) Construct or acquire affordable housing units;
 - (2) Buy and rehabilitate existing rental units that would otherwise be removed from the supply of affordable housing; and
 - (3) Participate in housing or mixed-use developments that will include affordable housing.
- (d) The Director of Housing and Community Affairs administers the initiative under regulations adopted by the County Executive under method (2). (1988 L.M.C., ch. 42, § 1; 1996 L.M.C., ch. 13, § 1.)

Article

ARTICLE II. MONTGOMERY HOUSING INITIATIVE, SEC. 25B-9 MONTGOMERY HOUSING INITIATIVE — REGULATIONS

COMCOR 25B.09.01 Administration of the Montgomery Housing Initiative Program

25B.09.01.01 Background Information

1.1 In May, 1988, the County Council enacted Chapter 25B-9 to the Montgomery County Code establishing the Montgomery Housing Initiative program which is to be administered by the Department of Housing and Community Development. The program was created to promote a broad range of housing opportunities in the County in order to assist in alleviating the difficulties of many low- and moderate-income households to obtain and maintain housing at costs that they can afford.

1.2 The May, 1988 enactment of the Montgomery Housing Initiative amended Section 52-21(f)(3) of the Montgomery County Code to transfer the balance of funds in the Condominium Transfer Tax Fund to the Montgomery Housing Initiative Program, and to expand the kinds of expenditures permitted by the funds to include affordable for sale, as well as rental, housing.

25B.09.01.01 Procedures

2.1 Use of Funds:

The principal use of the Montgomery Housing Initiative is to construct new housing units. Funds appropriated or allocated to or otherwise contributed or dedicated to the Housing Initiative may be expended or committed by the Director of the Department of Housing and Community Development for any of the following purposes:

- A. Construct new affordable housing units;
- B. Acquire land upon which affordable housing may be constructed;
- C. Buy and rehabilitate existing rental units that might otherwise be removed from the supply of affordable housing;
- D. Participate with non-profit and for-profit sponsors of projects containing affordable housing in mixed-income developments;
- E. Make loans for the development or rehabilitation of housing that will enhance the affordability of some or all of the units;
- F. Provide rent subsidies to low- and moderate-income tenants.

2.2 Limitations on Uses of Funds:

The Uses of Funds from the Housing Initiative, as outlined in Section 2.1 of this regulation, are limited as follows:

A. No more than 20 percent of the Housing Initiative funds appropriated in any fiscal year may be spent on activities other than the acquisition of land for new affordable housing construction or on activities which result in the construction of new affordable housing, unless specifically authorized by the Director of Housing and Community Development.

B. Rent subsidies to low- and moderate-income tenants may be provided from the Montgomery Housing Initiative Fund only to increase the affordability of newly constructed housing, unless specifically authorized by the Director of Housing and Community Development.

2.3 Submission of Proposals:

Proposals for the use of funds from the Montgomery Housing Initiative Program may be submitted in writing in such form as may be required and sent to:

The Director

Department of Housing and Community Development

51 Monroe Street, 10th Floor

Rockville, MD 20850

2.4 Evaluation of Proposals:

The Director of Housing and Community Development, in reviewing proposals for the use of funds from the Montgomery Housing Initiative Program, must take into consideration the following:

1. Existing commitments for the use of these funds;
2. The existence and expectation of funds projected to be available in the program;
3. The priority of need for serving the proposed population group and the characteristics of the proposed program;
4. The limitations on the use of Housing Initiative funds listed in Section 2.2 above;
5. The degree to which the proposed use will further the housing policy goals of Montgomery County;
6. Suitability of the location and site for the facility;
7. The degree to which the use of program funds will be leveraged by contributions from other public, private, or non-profit sources;
8. The financial responsibility and reputability of the sponsor; and
9. Other factors as determined by the Director of Housing and Community Development.

2.5 Approval of Proposals:

The Director of Housing and Community Development may approve the use of funds under this program, disapprove the use of funds, or authorize further negotiation with persons proposing to use funds. When the use of funds is approved, the Director will determine the terms and conditions of the use of the funds and enter into contracts with approved sponsors.

(Administrative History: Reg. No. 51-93AM (Method 2); Orig. Dept.: Housing and Community Affairs; Supersedes: Reg. No. 38-89E)

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SPECIAL NEEDS HOUSING EXPENDITURES

FY 02 - FY 08

	Total	FY02	FY03	FY04	FY05	FY06	FY07	Est. FY 08 total	Total Units	Affordable Units
Summary										
HIF, HOME and CDBG Funded Projects That Increase the Number of Units Providing Permanent Supportive Housing for Homeless Persons	\$13,514,258	\$180,939	\$3,947,788	\$888,153	\$1,312,300	\$3,467,786	\$91,798	\$3,625,494	145	145
Pending HIF and HOME Funded Projects That Will Increase the Number of Units Providing Permanent Supportive Housing for Homeless Persons	\$750,000	\$0	\$0	\$0	\$0	\$0	\$0	\$750,000	55	55
Projects Repairing Homeless Shelters & Facilities for Persons with Disabilities	\$15,127,818	\$634,613	\$473,328	\$2,592,404	\$1,552,575	\$673,019	\$2,985,155	\$6,216,723	378	378
Total of Projects Specifically for Homeless Persons	\$29,392,076	\$815,552	\$4,421,116	\$3,480,557	\$2,864,876	\$4,140,805	\$3,076,954	\$10,592,217	578	578
Projects Creating New Special Needs Housing Units (Not Limited to Homeless Persons)	\$2,805,646	\$414,289	\$384,626	\$136,988	\$71,722	\$225,862	\$732,331	\$839,828	84	75
Projects Preserving Very Low Income Units (Preventing Homelessness by Preserving Existing Housing)	\$18,248,034	\$20,111	\$730,071	\$2,881,145	\$3,134,804	\$2,313,415	\$1,573,489	\$7,595,000	1,292	1,250
Projects that Added Very Low Income Units (Not Limited to Homeless persons)	\$57,830,194	\$10,450,742	\$10,601,159	\$8,330,039	\$3,137,547	\$7,867,135	\$13,065,473	\$4,378,099	2,751	2,225
Total of Special Needs and Very Low Income Projects	\$78,883,874	\$10,885,142	\$11,715,856	\$11,348,172	\$6,344,074	\$10,406,412	\$15,371,293	\$12,812,927	4,127	3,551
Total of all projects serving homeless, special needs, and very low income	\$108,275,951	\$11,700,694	\$16,136,971	\$14,828,729	\$9,208,949	\$14,547,217	\$18,448,246	\$23,405,144	4,705	4,129

SPECIAL NEEDS RENTAL SUBSIDY PROGRAMS

FY 02 - FY 08

	Total	FY02	FY03	FY04	FY05	FY06	FY07	Est. FY 08
HIF and HOME Assisted Rental Subsidy Programs								
MCCH Partnership for Permanent Housing								
Funding each year	\$157,089	\$0	\$0	\$22,161	\$34,928	\$0	\$0	\$100,000
Number of subsidies per year	165			55	55			55
HOC Rental Asst. - Match to State RAP funds								
Funding each year	\$716,690	\$115,690	\$52,000	\$100,000	\$113,000	\$112,000	\$112,000	\$112,000
Number of subsidies per year	0							
Total funding each year	\$873,779	\$115,690	\$52,000	\$122,216	\$147,983	\$112,000	\$112,000	\$212,055

County Assisted Rental Subsidy Programs for Homeless: Since some households receive subsidies for more than one year, double counting of households from one year to the next is likely								
County Supportive Housing Rental Assistance (SHRAP)								
Funding each year	\$1,576,685	\$0	\$0	\$0	\$0	\$0	\$473,210	\$1,103,475
Number of subsidies per year							75	75
Partnership for Permanent Housing contract								
Funding each year	\$1,527,000	\$0	\$0	\$0	\$0	\$0	\$500,000	\$1,027,000
Number of subsidies per year							55	55
Total funding each year	\$3,103,685	\$0	\$0	\$0	\$0	\$0	\$973,340	\$2,130,605

County Assisted Rental Subsidy Programs: Since some households receive subsidies for more than one year, double counting of households from one year to the next is likely								
County Rental Assistance (RAP)								
Funding each year	\$28,312,124	\$3,889,955	\$3,761,980	\$3,751,395	\$3,910,904	\$4,293,543	\$4,322,828	\$4,381,519
Number of subsidies per year	1,366	1,509	1,567	1,553	1,534	1,581	1,741	1,715

May 1, 2008

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① HHS
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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Isiah Leggett
County Executive

MEMORANDUM

Uma S. Ahluwalia
Director

033942

March 11, 2008

To: The Honorable Michael Knapp
The Honorable George Leventhal
Montgomery County Council

From: Uma S. Ahluwalia, Director *Uma*

Subject: Housing First Model Design and Implementation



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COUNCIL

The Department of Health and Human Services (DHHS) and our partners within the Homeless Continuum of Care are pleased to submit our response to the Housing First report submitted by Abt Associates. The Council's request for a response from the County on the Abt Report was a very effective catalyst, motivating all members of the Continuum to come together to discuss realignment of our existing system and to suggest the improvements that are necessary to make the delivery of services most effective for our clients to support. We believe that together we have been creative and bold in our visioning of the "second generation" of homeless programming in Montgomery County. The Homeless Services Continuum comprises of the Department of Health and Human Services, The Department of Housing and Community Affairs, the Housing Opportunities Commission and our private sector partners who offer Single Adult and Family based Shelter and Supportive Housing services. This proposal articulates a strong public-private partnership vision.

Our County Executive is very committed to expanding affordable housing opportunities. His creation of the Housing Initiative Fund is to support the development of new and the preservation of existing affordable housing units. This report will also be presented to the Affordable Housing Taskforce to ensure that there is alignment between our work and theirs.

The Abt report clearly lays out the consultant's approach to Housing First and their recommendations on what steps the County should take to implement Housing First. The report lays out the importance of permanent housing for families and single adults and maps out the components of a continuum. This includes assessment shelters, rapid housing, importance of housing locators and of care management to support families in permanent housing.

As DHHS and our partners engaged in the exercise of reviewing the existing continuum of care and explored how to improve it, there was much creative energy and an energized sense of focus within the group. The attached document outlines our recommendations for an improved mixed-use system. The recommendations address Prevention Services, Intake, Assessment and Emergency Services, Transitional Services and exit to Permanent Housing. The Housing First approach supports the goal of rapid placement of homeless single adults and families into permanent and when appropriate supportive housing. To this end, the partnership between county government and our partners is critical for building

Office of the Director

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the right supports for our clients and to help them exit the system rapidly and with the best promise of stability and success. There are several assumptions that are built into our proposal. These include:

- The Housing First approach in Montgomery County will include programs serving Special Needs Population including chronically homeless adult individuals with disabilities, particularly serious mental illness and substance abuse as well as families.
- The County will employ the use of assertive outreach to engage and offer housing to homeless people with mental illness who are reluctant to enter shelters or engage in services. Once in housing, a low demand approach will accommodate resident's behaviors, so that "relapse" will not result in the resident's losing housing.
- There will be continued effort to provide case management and to hold housing for residents, even if they leave their supportive housing program for short periods.
- A scattered site approach to housing is proposed. The housing units will include a mix of county and privately owned independent homes and apartments in the community secured through network of landlords, brokers, and managing agents. Housing units will be located in all neighborhoods throughout the county.

It is clear that to re-design the Homeless Services Continuum, there will need to be both a re-deployment of some existing staff into new functions, some new staffing resources and additional dollars to support actual programs and services. With projections for some additional revenue being generated from the newly approved recordation tax legislation and possible new resources from the Housing Initiative Fund, many of these recommended changes can be supported. While it is true that the economy has slowed down considerably and the original projections for both the recordation taxes and other revenue sources are more pessimistic, there is still some opportunity for new money. Once we have clarity on our FY09 budget, the current public-private Homeless Continuum of Care team will determine allocation of appropriated resources to support specific implementation activities related to the recommendations identified within the attached white paper.

The attached report provides a clear blueprint for the homeless continuum in Montgomery County. It is a collective effort that strives to move individuals and families rapidly into permanent supportive housing. It recognizes that our clients will range from those who can be rapidly placed and can function independently to those who will always need care coordination and case management supports to maintain stable and permanent housing. We believe that the proposed design offers the best opportunity for success for our clients who are homeless or at risk of becoming homeless and the providers of these services.

We hope to engage in a lively discussion with you on our proposal at your convenience. Please do not hesitate to contact Mr. Nadim A. Khan, Chief of Special Needs Housing at HHS (240-777-1179) or contact me (240-777-1266), if there are any questions or there is need for greater clarification. Again thank you for the opportunity to respond to the Abt report and we are very excited about the next generation of programs that are being recommended and once approved will be implemented.

USA:gh

Attachments

c: Corinne Stevens, DHHS Chief Operating Officer
Kathleen Boucher, Assistance Chief Administrative Officer

Housing First Model Design and Implementation

The following recommendations and strategies are the result of collaborative discussions between Department Health and Human Services (DHHS) staff and Family and Single Adult Shelter providers. This group met to review the current homeless services systems and to determine what changes are needed to design and implement a Housing First Model in Montgomery County, Maryland for the Homeless Continuum of Care. This work while preceding the report of the Affordable Housing Task Force will be coordinated to better streamline the continuum with the Affordable Housing Task Force Report.

The recommendations are to:

1. Align the homeless Continuum of Care (CoC) to include a Housing First approach with the core mission of providing appropriate and rapid exit from homelessness. The key performance measures of the Housing First approach are the reduction in length of stay in homelessness and the achievement of stable housing for those exiting from homeless programs.
2. Redeploy existing resources and add new resources to transition the current homeless system to a Housing First model. New resources include funds from Recordation Taxes (the immediate future for this revenue source is less optimistic because of the downturn in the economy) and a possible set aside of 10% of the Housing Initiative Funds (HIF). It is important to note here that the County Executive, Mr. Isiah Leggett has a strong vision for the Housing Initiative Fund. He is committed to the creation of new housing and preservation of existing affordable housing. The recommendations of this report are consistent with those goals.
3. Increase the number of affordable rental units and provide flexible funding for short term and long term, shallow and deep rental subsidies. Provide case management that varies in time and intensity based on the needs of the family/individual.
4. Provide primary prevention, education and intervention services in the community to prevent families/individuals from entering the homeless system.
5. Expand the funding currently available for prevention to enable providers to assist at risk families/individuals before housing loss.
6. Develop more housing units owned by non-profits, the County and the Housing Opportunities Commission (HOC) to increase the number of units available for those with special needs and those who do not qualify for federal, state, or county regulated programs and subsidies.
7. Reunify single adults with their children only in safe, permanent housing.

The components of the Housing First transition for individual and families include:

1. Prevention: Continue the current Housing Stabilization programs to prevent eviction and utility cut offs, County Rental Assistance providing shallow subsidies, Home Energy Programs (OHEP) providing assistance with home heating and electricity for income eligible households. These programs prevent thousands of households each year from falling into homelessness.
2. Continue the current Homeless Intake process to determine the family/individuals needs i.e. A) If the individual or family is at risk of being homeless or B) the individual or family is actually homeless. If it is determined, that the individual/family is at risk of being homeless then the individual/family will be referred to the homeless prevention staff. It is recommended that current staff be reassigned to the Homeless Prevention Unit (3 work years) to assess what financial supports will help prevent homelessness and provide up to 90 days of case management services to prevent homelessness and stabilize the family.
3. Establish a Community Based Primary Prevention service menu to provide the education and skills needed to keep families/individuals from entering the homeless system. Primary prevention activities will include a public education and outreach campaign to County residents at risk of homelessness, landlords and housing support programs. The cost of this service will be determined once the scope of the program is finalized.
4. Expand the service model currently provided by the Emergency Assistance Coalition, made up of nonprofit and faith based organizations, to provide increased funding and supports to at risk families earlier in the process before an eviction notice or a utility disconnection notice.
5. Emergency Assessment Shelters: If it is determined, that the individual/family is homeless at Homeless Intake, then the individual/family will be referred to a Singles or Family based Emergency Assessment Shelter. The focus of all Emergency Assessment Shelters will be on comprehensive assessments and rapid exit to permanent housing. Case management efforts will focus on quickly transitioning clients to stable housing using all available resources, including subsidies and one-time grants. The priority for singles will be chronically homeless individuals and other low-income disabled individuals.

In the Family Emergency Shelter system, if there is no space available, a homeless family will be placed in a motel after receiving an assessment to help determine their appropriateness for motel placement and jointly develop permanent housing plans

6. Two of the current Family Emergency shelters (15 rooms) will convert to the newer model of thirty-day assessment shelters. The assessment function will be

conducted at the shelter and will focus on the needs of the particular family and on a rapid exit to housing. Social workers will be assigned to the shelters to conduct rapid assessments for families and provide case management and lead the team supporting the plan.

7. HOC will provide housing locator services as a member of the family's care team to find appropriate housing. A list of all available housing units will be maintained and families and individuals will be matched with appropriate housing programs. Additional Housing Locator staff will be needed to find housing units through contacts with landlords and to assist the homeless families/individuals in obtaining available housing units.
8. If HOC identifies certain families as being non-compliant and on track to being evicted, they will alert the Homeless Prevention Team and they will immediately be deployed to see if eviction can be prevented or if a more appropriate housing placement can be made with the necessary wraparound services.
9. Transitional Shelters: Transitional shelters provide safe, temporary housing for the hardest to place homeless families and individuals, especially those with special needs, such as substance abuse and mental illness, or those who do not qualify for federal or state subsidies.
10. In the Family Homeless Services system, Greentree Shelter with a capacity of 14 rooms will be converted from an emergency shelter to a family therapeutic/diagnostic shelter. This facility will be used to house families with complex issues that prevent their rapid exit to permanent housing. The average stay at Greentree Shelter will be 9 to 12 months. A minimum of two additional case managers will be required to enable this facility to function as a therapeutic/diagnostic shelter.
11. Permanent Housing: The 2007 Point in Time Survey of Homelessness shows an unmet need for 1,232 individual/families. The County needs to increase the number of affordable rental units and provide flexible funding for short term, long term, shallow and deep subsidies. According to the Abt Report the average annualized cost of deep rental subsidies, including case management, is \$21,347 for singles and \$34,178 for families.

Data Management: Add one staff work year to enhance ability to measure results, report outcomes, track trends and provide training to Continuum of Care Homeless Management Information System (HMIS) users.

Housing Provider's Meetings

Meeting 1 - February 7, 2008

Ahluwalia, Uma	Health and Human Services
Barberis-Young, Monica	Interfaith Works
Belk, Ralph D.	National Center for Children and Families
Brissett-Chapman, Sherly B.	National Center for Children and Families
Chapman, Ann L.	Helping Hands
Childress-Harvell, Aneise	Health and Human Services
Couch, Cathy	Health and Human Services
Crist, Pat	Mental Health Association
Durham, Lillian	Housing Opportunities Commission
Eckenrode, John	Shepherd's Table
Fox- Morill, Priscilla	Interfaith Works
Gandell, Miriam	The Dwelling Place
Ganiban, LizAnne	Silver Spring Interfaith Housing Coalition
Goetzinger, Tim	Department of Housing and Community Affairs
Horning, Diane	Health and Human Services
Khan, Nadim	Health and Human Services
London, Sharan	Montgomery County Coalition for the Homeless
Sparer, Robin	Stepping Stones Shelter
Stahley, Steve	Health and Human Services
Todd, Chapman	Catholic Charities
Wertheim, Alex	Health and Human Services
Wilson, Alisa	Department of Housing and Community Affairs

Meeting 2 - February 26, 2008

Ahluwalia, Uma	Health and Human Services
Belk, Ralph D.	National Center for Children and Families
Brissett-Chapman, Sheryl	National Center for Children and Families
Childress-Harvell, Aneise	Health and Human Services
Coyle, Jacki	Shepherd's Table
Crist, Pat	Mental Health Association
Durham, Lillian	Housing Opportunities Corporation
Eaton, Robert	Health and Human Services
Fox-Morrill, Priscilla	Interfaith Works
Gandell, Miriam	The Dwelling Place
Horning, Diane	Health and Human Services
Jacob, Mary Lou	City of Rockville
Khan, Nadim	Health and Human Services
London, Sharan	Montgomery County Coalition for the Homeless
Robinson, Rosetta	Interfaith Works
Todd, Chapman	Catholic Charities
Wagner, Becky	Interfaith Works
Wertheim, Alex	Health and Human Services
Wilson, Alisa	Department of Housing and Community Affairs

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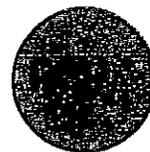
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February 1, 2008

Montgomery County Council Members:
George Leventhal -HHS Committee Chair
Roger Berliner-HHS Committee member
Duchy Trachtenberg-HHS Committee Member
Marc Elrich-At Large
Valerie Ervin -District
Nancy Floreen -At Large
✓ Mike Knapp -District 2
Marilyn J. Praisner-District 4
Phil Andrews -District 3

033261



County Council Building
100 Maryland Avenue
Rockville Maryland, 20850

RE: HHS Committee Meeting 1/31/2008- Homelessness

Dear Council Members and Committee Chair,

I am writing this letter in response to the 1.31.2008 Committee meeting and presentation on Homelessness. As a provider of homeless services to families and working in the field for over 20 years I have some information and a perspective that I hope will help the Council in regards to the current system of services to the Homeless and Housing First.

From 1996 until 2001 I was the Family Shelter Coordinator for the County. In my position I was responsible for overseeing the contracts to the family shelters, motels, and transportation services as well as placement of the families in to one of the three family shelters. In addition, I worked with a large provider community to create the Homeless Family Service Provider Team that still exists today and won a NaCo award. The purpose of the team was to streamline the referral process to housing programs, staff difficult and challenging cases and educate the providers on a variety of topics that affected them and their clients. Since then, the Team, under Aneise Childress-Harvell's Leadership, has grown and changed and there are now sub-committees that work with a variety of housing issues to get families into housing.

The Family System has three family shelters (Greentree, Helping Hands and Stepping Stones Shelter) that provide shelter services to families that are pre-screened by HHS Emergency Services prior to entry. They may come as a "regular" bed family or an "assessment family". Regular families have a maximum length of stay of 90 days (a national average that was researched during my time as the Coordinator). Case management is shared by HHS and the Shelters social worker. Assessment families are at

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PO BOX 712
ROCKVILLE, MD 20848-0712
301.251.0567 TEL • 301.762.0040 FAX
STEPPINGSTONESSHELTER.ORG

Helping Homelessness.

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the shelters for two weeks. During that time a continued assessment is being completed and the case manager is with HHS. When a waiting list occurs for shelter, families are either placed in motel or are in the community with friends or family.

During a families stay intensive services are given. Each family receives an individualized plan that best fits their needs. If there are treatment issues they must be in treatment and compliant. All parents must have an income, employment or in an employment search activity. All school age children must attend school. Each shelter program is unique but the goal is to make each family successful, address barriers to their homelessness, increase income, and secure housing within 90 days.

Our families work very hard. Stepping Stones Shelter is very structured and we have many supportive services that build skills to our families and their children. Our families must be out of the home between 10-3:30 pm unless they have professional meetings; there is extreme weather or illness. All of our parents have chores and are responsible for the resident living areas. We support family values and build skills by offering and variety of workshops from health topics, parenting, budgeting, and credit issues. We also offer career counseling and tutoring to all school age children. Each family give room deposits, room rents and are required to contribute to a future fund (saving) that is returned to them when they leave. When families move out we try to provide them with moving items that they need for their new homes. Will build lasting relationships with these families and are still in contact with many of our graduates.

Sometimes families are able to recover themselves with time and support and move on to full market housing. Most families are referred to a wide network of housing providers that run the gamut of transitional housing (18 months), permanent housing with case management, permanents supportive housing (where the head of household is disabled) or a subsidy program (State Rap, County RAP, SHRAP, Section 8). Some of the permanent housing has case management requirements others do not. The beauty of having so many options is that families are more likely to be referred to a program that meets their needs. The down fall of these programs is that they are administered by a variety of Agencies and Organization that have different requirements and eligibility standards that can hold a family in shelter for longer than 90 days. Issues such as pregnancies, criminal history, bad credit, immigration status will delay the process or eliminate a family's eligibility.

Every provider and homeless advocate believes that everyone has a right to a home. However the community differs in when the "right" time is appropriate. Families and individuals have become homeless through a series of catastrophic events over a period of time that resulted in their loss of home. Once an in-depth assessment is made it is realized that this event did not occur overnight but the issues are varied and individualized. What is clear is that it takes time to get a family or individual ready to assume a home again. We have many parents that have never been on their own, we have parents that are suffering from serious mental health and addiction issues that would not be willing or able to address these issues and are not ready to be in the community; we have pregnant women that are on bed rest and can not move into a new home until they

give birth. By giving these families time and skills we are giving them a better chance of being successful and not cycle back into homelessness.

Housing First is frustrated and baffling to the service provider community. This is not a model that Stepping Stones Shelter supports fully. Meetings have been held with the Coalitions Consultants ABT. Recommendations have been made and concerns vocalized, but we have never seen changes to the proposal. We have not seen a changed proposal since the original 5/30/07 plan. We feel that there is an assumption that there is consensus and agreement about Housing First. I can confidently state that this could be no further from the truth. There have been no collaborative meetings with service providers to discuss the next growth of the homeless system until 2/8/08. This meeting was held out of outrage and frustration and we now feel some inspiration that our voices and opinions may be heard. However, there is still some skepticism.

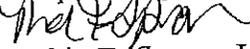
It has been recommended that at some point the Cities of Gaithersburg and Rockville be brought into the discussion. Both municipalities provide financial support to providers of homeless services and the City of Gaithersburg has the Wells Robinson House a program for single homeless adults. The City of Rockville has the highest concentration of homeless shelters and programs within their City Limits. Including them in the discussion is important because both Cities have collaborated together to develop performance measures and outcomes for these programs and services and providers have certain benchmarks that they need to reach. Stepping Stones Shelter received funds from both of the Cities, the County and the Coalition for the Homeless for programs and services.

The Homeless System for families is not perfect but it is a well thought out program that supports families and moves them through a continuum of services and programs when they are ready. The system is flawed in that there needs to be more social workers in HHS Emergency Services to handle to volume and work on prevention and do "quality social work" assessments. The assessment is critical and the volume does not allow a comprehensive assessment that is needed. Often the real issues are uncovered once the family is in shelter where often the Shelter is only funded with a part-time social worker. A successful program is one where there is flow and no duplication. Currently, the shelters share case management with the County because the County workers are better able to access County services than community providers. The best case scenario is that families move in the system (Shelter) and exit with housing. However, the available affordable housing stock is drying out and understanding the complexities of all the housing providers' policies and regulations are difficult. Housing counselors are needed to help the residents navigate, locate and secure housing. This will also require building a strong relationship with landlords and housing management companies.

I would like to offer the Council a tour and overview of Stepping Stones Shelter and its programs. If needed, I could also make residents available for more detail conversations. We are located off Wootton Parkway in Rockville in a Historic Farm House on the old Dawson Farm. We are the oldest family shelter in Montgomery County and have been in existence for over 20 years. Enclosed you will find our Agency Brochure and FY 2007 Statistics.

If I can be of any assistance in the future, please feel free at anytime to contact me.

Respectively,


Robin E. Sparer, LCSW-C
Executive Director

Statistical Report For Year 2007 Stepping Stones Shelter

Families Served (35) # Meals: 22,623 #Bednights: 7,541
Average: 628 Average 628

Individuals Served (134) Average Length of Stay: 63

Adults (45) Female Adults (38)
Male Adults (7)

Adults 18 and Over: # Children (89) Male Children (44)
Females: 38 Female Children (45)
Males: 7

of People Turned Away Due To Lack Of Space: 182

City of Rockville:
of Families (4)
of Individuals (16)

City of Gaithersburg
of Families (3)
of Individuals (15)

<u>Ages:</u>	
0-4:	25
5-11:	41
12-14:	9
15-17:	14
18-30:	13
31-60:	32
61+:	

<u>Ethnicity</u>		
Children	Female	Male
White	3	2
Black	35	30
Hispanic	3	4
Other	4	5
Biracial		3
Adults	Female	Male
White	3	1
Black	23	6
Hispanic	5	
Other	7	



montgomery county
coalition for the homeless

600-B East Gude Drive, Rockville MD 20850 • 301.217.0314 • www.mcch.net

Remarks of Sharan London, Executive Director, Montgomery County Coalition for the Homeless
to the Montgomery County Council on the FY09 Operating Budget
April 8, 2008

The Montgomery County Coalition for the Homeless is a nonprofit agency leading the effort to end homelessness in our community by creating housing options, providing supportive services, and facilitating collaboration, education and advocacy based on the belief that every person is entitled to the dignity of a home.

I'd like to begin my remarks tonight by reading to you from the resident newsletter at our Seneca Heights Apartments program. The newsletter editor wrote about his experience attending our *Celebrating Partnerships* event, MCCH's annual dinner.

As someone who has taken part in a number of MCCH programs in the past, I had the chance to see people I've worked with, lived with and struggled with on my path to SHA. Even more rewarding was the opportunity to hear the stories of individuals who are working to make a difference for the homeless in Montgomery County: those recognized at the awards ceremony during the occasion. I was really moved by the dedication of individuals and members of the county council who spoke of their passion to work at reducing the crisis of people who experience homelessness and, often, feelings of no hope.

Thanks to all of you for the work that you do.

You now have the difficult task of working on the County's FY09 operating budget. I'd like to make sure that as you make those cuts and put in those additions, that you consider the growing number of people who are homeless in our community. The economic downturn being experienced across the country is impacting all of us – and those who were marginally housed are the most vulnerable.

There is much I'd like to say but I'll make just a few points:

1. I know you will discuss the use of the Housing Initiative Fund for the County's Housing First Initiative. I have certainly heard from some of you reasons why you shouldn't do that. Let me tell you why you should. A small investment in support leads to stability. If we give people the rental subsidy and services they need to stay housed, we can make a dent in this problem. This strategy has worked successfully in communities across the country, including right here in Montgomery County. The first Housing First program in Montgomery County, MCCH's own Partnership for Permanent Housing, began in 2003 and has realized tremendous results. I understand that the presentation in front of the Council was inadequate, but Housing First works and using the HIF makes sense. You have a proposal from DHHS – let us know what additional information we can provide to garner your support.
2. You heard from Nonprofit Montgomery! last night and I'm sure you'll hear this point over and over. We cannot continue to do business with 1% increases in contracts. Our workforce

is underpaid, overworked and lacks the extensive benefits the county affords its workers. The cost of doing business – paying for gas, rent, keeping our lights on – increases each year, and often at a rate much higher than 1%. We need your help to continue to provide vital services to County residents.

3. I am very concerned about the funding for the Avery Road Treatment Center. Our clients, men and women experiencing homelessness, rely on this invaluable resource to begin changing their lives. Any cuts (which are what the recommended flat funding really results in) will have a serious detrimental effect on services to our clients. I urge you to increase funding to this vital program.

I want to leave you tonight asking that, as you continue this difficult budget work, you think about Yolanda and her children. They used to be homeless, but aren't anymore through the Partnership for Permanent Housing. The children are doing well in school this year – it's the first time they've been in the same school for the whole year. Yolanda is working and has gotten a promotion. Yes, the county subsidizes her rent through PPH and yes, our case management staff visits her regularly to make sure she knows about resources available in the community – we're showing her how to stretch her dollars just like we all have to do. But she and her family are doing great. She's proud to call Montgomery County home. I'm just glad she has a home in Montgomery County.



NATIONAL LOW INCOME
HOUSING COALITION

727 15th Street NW, Floor 6
Washington, DC 20005
Ph: (202)662-1530
Web: www.nlihc.org

PRESS RELEASE

EMBARGOED until 10 a.m. EDT, April 7, 2008

Contact: Taylor Materio (202) 662-1530 x 227 taylor@nlihc.org

Rental Costs remain "out of reach" for millions of Americans

The cost of rental housing continued to climb in 2007 and into 2008, outpacing the earnings of those in the low and moderate wage workforce. The national two-bedroom Housing Wage climbed to \$17.32, up from \$16.31 in December 2006. The Housing Wage is the hourly wage a full-time worker must earn in order to afford the rent on a modest two-bedroom home at his or her community. The two-bedroom Housing Wage ranges from \$29.02 in Hawaii to \$9.10 in Puerto Rico. In no city or county in the entire country can a full-time worker who earns the minimum wage afford even a one-bedroom rental home.

The National Low Income Housing Coalition's (NLIHC) annual *Out of Reach* report, released on April 7, 2008 provides data for every state, metropolitan area and county in the country showing how much a household must earn to afford a modest market-rate rental home. The report also provides local wage and income data for comparison purposes.

"The current mortgage crisis has awakened everyone to what low income renters have known for a long time: Even modest homes are too costly for most low income families. The growth in the national housing wage in the last 16 months is a stark illustration of how out of kilter the rental housing market is," said NLIHC President Sheila Crowley. "It will only get worse as the rental market is flooded with families displaced by foreclosure. As policy makers debate how to respond to the mortgage crisis, they must not ignore the underlying problem of the mismatch between housing costs and incomes of people in the low and moderate wage work force. These data cry out for action on behalf of the 9 million

extremely low income renters for whom there is an acute shortage of homes they can afford."

While the national two-bedroom Housing Wage stands at \$ 17.32 in 2008, the median hourly wage for all workers is just under \$16.00 and the estimated average renter wage is \$13.94. The problem is particularly stark for the lowest wage earners. Although the federal minimum wage was increased to \$5.85 last year and even though 32 states and DC have set higher minimum wages, 81% of renters in cities live in areas where the Fair Market Rent for a two-bedroom rental is not affordable even with two minimum wage jobs.

Senator Christopher J. Dodd (D-CT), Chairman of the U.S. Senate Committee on Banking, Housing, and Urban Affairs wrote in the report's preface, "...*Out of Reach*, shows that the gap between the wages of low-income Americans and their housing costs continues to widen. Mothers and fathers must work two or three jobs to be able to afford decent and safe housing. One in seven families pays over 50 percent of its income for housing, well above the affordability standard. These families are in precarious situations; they are one medical emergency, one sick child, one car problem away from losing the roof over their heads."

Extensive data for every state, metropolitan area and county in the country are available online, at www.nlihc.org/oor/oor2008. Ranking tables are also available at the website, as is further analysis and explanation of the data.

Maryland

In Maryland, the Fair Market Rent (FMR) for a two-bedroom apartment is \$1,102. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$3,673 monthly or \$44,080 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into a Housing Wage of \$21.19.

In Maryland, a minimum wage worker earns an hourly wage of \$6.15. In order to afford the FMR for a two-bedroom apartment, a minimum wage earner must work 138 hours per week, 52 weeks per year. Or, a household must include 3.4 minimum wage earner(s) working 40 hours per week year-round in order to make the two bedroom FMR affordable.

In Maryland, the estimated mean (average) wage for a renter is \$14.11 an hour. In order to afford the FMR for a two-bedroom apartment at this wage, a renter must work 60 hours per week, 52 weeks per year. Or, working 40 hours per week year-round, a household must include 1.5 worker(s) earning the mean renter wage in order to make the two-bedroom FMR affordable.

Monthly Supplemental Security Income (SSI) payments for an individual are \$637 in Maryland. If SSI represents an individual's sole source of income, \$191 in monthly rent is affordable, while the FMR for a one-bedroom is \$942.

A unit is considered affordable if it costs no more than 30% of the renter's income.

For an explanation of these data, see How to use the Numbers / Where the Numbers Come From.
If necessary, use the scroll bar at the bottom of the table to view additional jurisdictions.

The Basics of Housing First

Housing First is an approach that centers on providing homeless people with housing quickly and then providing services as needed. What differentiates a Housing First approach from other strategies is that there is an immediate and primary focus on helping individuals and families quickly access and sustain permanent housing. This approach has the benefit of being consistent with what most people experiencing homelessness want and seek help to achieve. Housing First programs share critical elements:

- There is a focus on helping individuals and families access and sustain rental housing *as quickly as possible* and the *housing is not time-limited*;
- A variety of services are delivered primarily *following* a housing placement to promote housing stability and individual well-being;
- Such services are time-limited or long-term depending upon individual need; and
- Housing is not contingent on compliance with services – instead, participants must comply with a standard lease agreement and are provided with the services and supports that are necessary to help them do so successfully.

A Housing First approach rests on the belief that helping people access and sustain permanent, affordable housing should be the central goal of our work with people experiencing homelessness. By providing housing assistance, case management and supportive services responsive to individual or family needs (time-limited or long-term) after an individual or family is housed, communities can significantly reduce the time people experience homelessness and prevent further episodes of homelessness. A central tenet of the Housing First approach is that social services to enhance individual and family well-being can be more effective when people are in their own home.

While there are a wide variety of program models, Housing First programs all typically include:

- Assessment-based targeting of Housing First services
- Assistance locating rental housing, relationship development with private market landlords, and lease negotiation
- Housing assistance – ranging from security deposit and one month's rent to provision of a long-term housing subsidy
- A housing placement that is not time-limited
- Case management to coordinate services (time-limited or long-term) that follow a housing placement

Housing First is an approach used for both homeless families and individuals and for people who are chronically homeless. Program models vary depending on the client population, availability of affordable rental housing and/or housing subsidies and services that can be provided. Housing First programs often reflect the needs and preferences of each community, further contributing to the diversity of models.



DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Isiah Leggett
County Executive

Richard Y. Nelson, Jr.
Director

MEMORANDUM

April 4, 2008

TO: Stephen Farber, Council Staff Director

FROM: Richard Y. Nelson, Jr., Director 
Department of Housing and Community Affairs

SUBJECT: Property Acquisition Revolving Program – Housing Initiative Fund

County Executive Ike Leggett's Recommended FY09 Operating Budget calls for a new approach to the acquisition of affordable housing resources. Leveraging current cash resources and creating a Property Acquisition Revolving Program within the Housing Initiative Fund, serves the dual purpose of making more resources available for affordable housing and at the same time requires less current tax revenues, contributing to the solution to the County's current budget challenges.

For more than nineteen years, the County's Housing Initiative Fund (HIF) has supported the acquisition of more than 6700 units at various levels of housing affordability. These acquisitions have generally used the cash resources of the HIF to fully or partially pay for the acquisition/development of housing units, almost all of which (exception is Seneca Ridge) are not owned by the County. Generally, ownership is retained by, or transferred to the developer, which in most cases is the Housing Opportunities Commission or nonprofit organizations. Because of the County's general approach of not retaining housing units in long term County ownership, debt financing of these acquisition activities has not previously been fully considered.

Substantially increasing the availability of affordable housing, and broadening the types and income ranges of affordable housing has been one of the highest priorities of County Executive Ike Leggett's new administration. The County Executive has just received the final report of the County's Affordable Housing Task Force. Based in part on conclusions reached by the task force, this budget seeks to put in place now the basic structure of the first Phase of the County's new affordable housing funding approach. The creation of a substantial Property Acquisition Revolving Program will meet an immediate need for substantially greater resources to capitalize on opportunities presented to the County by forward thinking nonprofits, HOC, or through the County's "Right of First Refusal" program.

Office of the Director

Michael J. Knapp, Chair, PHED
April 4, 2008
Page 2

The intent of the program is to provide the initial, short-term capital for the acquisition of housing with various levels of affordability potential. By issuing taxable bonds in two consecutive years (FY09 and FY10), and anticipating refinancing of properties in an average of two years after initial acquisition, this property acquisition program should provide a steady source of acquisition resources, at an approximately \$25 million per year level.

The second Phase of this new affordable housing approach is still in the discussion stages. However, there is universal interest in a program that uses County funds to leverage private investment in affordable housing. After properties are acquired, possibly utilizing the new property acquisition revolving program, a development period follows which may include renovation or restoration of units, determinations of the appropriate mix of affordable and market rate housing, and underwriting to raise traditional financing for the majority of costs. The remaining portion of funds needed to close the deal has the potential of being an attractive investment for corporations and individuals. To achieve adequate investment returns while at the same time maintaining affordable housing rates, the county may provide a portion of this equity financing, but subordinate its return to the private investors. This leveraging of private investment with public funds can be an important part of a final financing plan, and the funding of such an Equity Program, constitutes Phase II of the County Executive's enhanced affordable housing approach.

At this time, and after discussion with the Office of the County Attorney, it has been determined that the initial implementation of the acquisition fund program can be accomplished under current law. Any modifications of this program or development of the equity program will be determined in coming months, and in coordination with implementation of the Affordable Housing Task Force recommendations and future budgets. We look forward to discussing these initiatives with you in the upcoming budget discussions. If you have any questions, please feel free to contact Rick Nelson, Director, Department of Housing and Community Affairs, or Jennifer Barrett, Director, Department of Finance.

RYN:sns

Attachments

cc: Kathleen Boucher, Assistant Chief Administrative Officer
Thomas Street, Assistant Chief Administrative Officer
Jennifer Barrett, Director, Department of Finance
Joseph Beach, Director, Office of Management and Budget
Marc P. Hansen, Deputy County Attorney
Michael Faden, Senior Legislative Attorney
Linda McMillan, Senior Legislative Analyst ✓
Joseph Giloley, DHCA
Stephanie Killian, DHCA

PROPERTY ACQUISITION REVOLVING PROGRAM – OVERVIEW OF DEBT STRUCTURE

- New approach to funding the acquisition or development of affordable housing units.
- Based on County Executive, County Council long-term commitment to allocating resources to affordable housing.
- Leverages current cash resources - makes more capital available for affordable housing with less initial cash.
- Requires less general tax revenues in FY09 – program has added benefit of contributing to the solution to the County's current budget challenges.

Key features of debt financing plan:

- Program plan calls for issuing taxable bonds, \$25 million each in two consecutive years (FY09 and FY10).
- Purpose must be affordable housing consistent with authority in Chapter 20 – repayments may not be applied to other uses.
- Subject to appropriation security is viewed as high quality by investment community, but does not count as legal debt of the County.
- Similar to Certificates of Participation (COPs) and appropriation-backed lease financings using Revenue Authority or MEDCO as conduit issuer.
- Twenty-year, fixed rate, even payment structure ensures that the long-term obligation is reduced over time, but revolving funds continue to be available.
- Consistent with principles of capital financing and County fiscal policy, proceeds must be used for capital expenditure, not ongoing programs.
- Taxable bonds allows for private use flexibility, ability to earn arbitrage, and relief from IRS spend-down concerns.
- New program can be accomplished under current law.
- Debt Service costs are budgeted in Debt Service budget, backed by transfer from Housing Initiative Fund.

How the Funds Revolve

- Debt proceeds used for acquisition are expected to be paid back within a two year period.
- Those proceeds may be used again for affordable housing purposes.
- This provides a steady source of acquisition capital, at an approximate \$25 million annual level.

McMillan, Linda

From: Nelson, Rick
Sent: Tuesday, April 29, 2008 9:17 AM
To: McMillan, Linda
Subject: Council Briefing

Proposed Revolving Loan Program within the MHIF

County Loan: Affordable Condo Purchases

In April 2006, the Department of Housing and Community Affairs (DHCA) provided an acquisition loan in the amount of \$1,097,140 to the Montgomery County Coalition for the Homeless (MCCH) to facilitate its purchase of eight moderately priced dwelling units (MPDUs). The acquisition loan was sourced from the Housing Initiative Fund. It bore no interest and was secured by a deed of trust and an assignment of rents. In December 2007, \$597,140 of the HIF loan was repaid by a HUD Section 811 loan. The remaining portion of the County's acquisition loan (\$500,000) stayed in the deal as permanent financing in the form of a deferred, no interest loan.

Under the proposed new Acquisition revolving program, the original loan of \$1,097,140 would have been made from the fund. The HUD grant would be used to repay a portion of the original loan. MHIF funds would be used to repay the acquisition program loan of \$500,000 and that amount would then be carried as a long term deferred interest loan on the books of the MHIF.

County Loan: Multi-family acquisition

A sixteen unit multi-family building was acquired by HOC for affordable housing in 2007 at a cost of \$1,600,000. Funds were provided from the MHIF. During FY 09, funds will be provided for rehabilitation of the building. (Amount yet to be determined.) Permanent financing will be determined and arranged at the conclusion of rehabilitation. Any gap will remain as a deferred loan from the MHIF.

Under the proposed revolving loan program, these expenditures could be funded by the revolving fund and repaid at the time of permanent financing.

County Loan: Rehabilitation

Another potential use of the fund is for rehabilitation of an affordable housing project pending permanent financing. In 2007, a non profit requested and received funding from the MHIF for rehabilitation of a property in already in their ownership. The non profit was intending to apply for federal tax credits in the next round. In the meantime, safety reasons dictated immediate commencement of rehabilitation.

Such a loan could be granted by the revolving loan program and repaid upon receipt of the tax credits and permanent financing.

Affordable Housing Acquisition -- No. 760100

Category	Community Development and Housing	Date Last Modified	March 31, 2008
Subcategory	Housing	Required Adequate Public Facility	No
Administering Agency	Housing & Community Affairs	Relocation Impact	None.
Planning Area	Countywide	Status	On-going

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY07	Est. FY08	Total 6 Years	FY09	FY10	FY11	FY12	FY13	FY14	Beyond 6 Years
Planning, Design, and Supervision	0	0	0	0	0	0	0	0	0	0	0
Land	52,500	1,095	405	51,000	25,500	25,500	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
Total	52,500	1,095	405	51,000	25,500	25,500	0	0	0	0	0

FUNDING SCHEDULE (\$000)

Property Acquisition Revolving Fund	50,000	0	0	50,000	25,000	25,000	0	0	0	0	0
Montgomery Housing Initiative Fund	2,500	1,095	405	1,000	500	500	0	0	0	0	0
Total	52,500	1,095	405	51,000	25,500	25,500	0	0	0	0	0

DESCRIPTION

This project provides funding to allow for acquisition of properties that are in deteriorated condition, at risk of having significant rent increases that would result in displacement of lower-income working families, or otherwise might provide opportunities to increase or preserve the supply of affordable housing. The County would be in the position to purchase a property if an owner of a property decided to sell that property or if a property is offered to the County under the Right of First Refusal law.

COST CHANGE

The issuance of \$25 million of debt in FY09 and FY10 provided for the creation of a property acquisition revolving fund. This significantly increases the County's capacity to acquire affordable housing.

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.

FISCAL NOTE

Debt service will be financed by the Montgomery Housing Initiative Fund.

APPROPRIATION AND EXPENDITURE DATA	COORDINATION	MAP
Date First Appropriation	FY01	
First Cost Estimate		
Current Scope	FY07	
Last FY's Cost Estimate	2,500	
Appropriation Request	FY09	
Appropriation Request Est.	FY10	
Supplemental Appropriation Request	0	
Transfer	0	
Cumulative Appropriation	2,500	
Expenditures / Encumbrances	1,095	
Unencumbered Balance	1,405	
Partial Closeout Thru	FY06	
New Partial Closeout	FY07	
Total Partial Closeout	0	

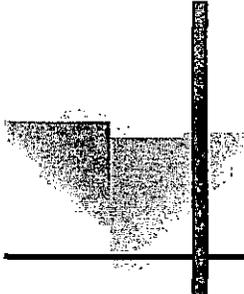
FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN		Montgomery Housing Initiative					
FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	0.04	0.025	0.035	0.04	0.045	0.0475	0.05
BEGINNING FUND BALANCE	6,581,870	7,583,260	1,080,710	1,794,350	3,122,300	5,235,620	8,029,050
REVENUES							
Miscellaneous	15,584,270	39,452,370	35,932,300	36,624,080	37,382,730	38,149,770	38,992,270
Extraordinary Revenue Financing		25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Extraordinary Revenue Revolving				25,000,000	25,000,000	25,000,000	25,000,000
Subtotal Revenues	15,584,270	39,452,370	35,932,300	36,624,080	37,382,730	38,149,770	38,992,270
INTERFUND TRANSFERS (Net Non-CIP)							
Transfer to Debt Service Fund	20,760,060	7,754,390	18,920,580	19,474,890	20,200,260	20,840,370	21,570,370
Transfers To The General Fund	(108,300)	(178,100)	(179,420)	(175,110)	(169,740)	(159,630)	(159,630)
Indirect Costs	(108,300)	(159,630)	(159,630)	(159,630)	(159,630)	(159,630)	(159,630)
Transfers From The General Fund	20,868,360	9,782,490	23,420,000	24,590,000	25,310,000	25,940,000	26,670,000
TOTAL RESOURCES	42,926,200	54,790,020	55,933,590	57,893,320	60,705,290	64,225,760	68,591,690
CIP CURRENT REVENUE APPROP.							
CIP Property Acquisition Revolving Fund	(405,000)	0	0	0	0	0	0
PSP OPER. BUDGET APPROP/ EXP'S.		(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)
Operating Budget	(33,860,180)	(26,016,940)	(26,016,940)	(26,016,940)	(26,016,940)	(26,016,940)	(26,016,940)
Debt Service: Other (Non-Tax Funds only)	(78,260)	(76,870)	(75,300)	(73,580)	(71,730)	(69,770)	(69,770)
Rental Assistance Programs	n/a	(2,615,500)	(3,047,000)	(3,680,500)	(4,381,000)	(5,110,000)	(5,912,500)
Subtotal PSP Oper Budget Approp / Exp's	(33,938,440)	(28,709,310)	(29,139,240)	(29,771,020)	(30,469,670)	(31,196,710)	(31,999,210)
OTHER CLAIMS ON FUND BALANCE	(999,500)	0	0	0	0	0	0
Designated for next year CIP	(999,500)	0	0	0	0	0	0
TOTAL USE OF RESOURCES	(35,342,940)	(53,709,310)	(54,139,240)	(54,771,020)	(55,469,670)	(56,196,710)	(56,999,210)
YEAR END FUND BALANCE	7,583,260	1,080,710	1,794,350	3,122,300	5,235,620	8,029,050	11,592,480
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES							
	17.7%	2.0%	3.2%	5.4%	8.6%	12.5%	16.9%

Assumptions:

- Maintains the County Executive's commitment to affordable housing. Per Montgomery County Executive Order 136-01, includes an allocation from the General Fund to the Montgomery Housing Initiative fund (MHI) to ensure the availability of \$15 million or the equivalent of 2.5 percent of actual General Fund property taxes from two years prior to the upcoming fiscal year, whichever is greater.
- Per Council Bill 25A-4, paragraph (c), enacted November 30, 2004, effective April 1, 2005, the FY08 Montgomery Housing Initiative Fund (HIF) will 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.



Report and Recommendations

Issue 1. Preserve Affordable Housing

Market pressures are making both rental and ownership housing more expensive in Montgomery County. Households who rent are particularly at risk. It is a goal of Montgomery County to retain and preserve the affordable rental housing stock by maintaining the affordability of the units and reducing the impacts of conversion of affordable rental housing to condominium ownership.

Recommendation: Create a Short Term Property Acquisition Fund.¹

This fund would:

- Provide short-term financing (up to 36 months) to enable experienced public, non-profits, such as HOC, or for-profit organizations to purchase at-risk affordable rental properties before they are sold and renovated for higher-rent occupancy or conversion to condominium ownership.
- Support implementation of the recently enacted authority of the County to purchase rental housing constructed since 1981 under the Right of First Refusal program.
- Augment the County-funded Housing Initiative Fund by providing additional sources of funds.
- Fund through a variety of partnerships with federal, state and local governments; financial institutions, private foundations, organizations and individuals; pension funds, insurance companies, Community Development Financing Institutions, (CDFI's) and investment firms. Several different examples across the Country serve as successful models for this endeavor.
- Be managed by a third party entity; although the County would coordinate and oversee the program.

Desired Results

- Reduce displacement of at-risk renter households due to lack of housing affordability or condominium conversions.
- Increase public and non-profit ownership of affordable rental housing.

Implementation

- Utilize the Request for Proposals (RFP) process to solicit specialized assistance in program development and management.
- Incorporate third party, governing board or other needed entities, or select an administrative agent from among those providing such services.
- Designate required seed funding from the Montgomery Housing Initiative Fund.
- Attract private funding through financial partners.

Recommendation: Create a Revolving Equity Fund²

This fund would:

- Provide long-term or permanent gap financing for the acquisition, preservation and construction of affordable housing units.
- Supplement the principal through the issuance of long-term taxable bonds.
- Become a revolving fund by putting loan repayments back into the fund for re-use.
- Augment the County-funded Housing Initiative Fund (HIF) by using HIF funds as seed money, and soliciting capital investment from private sources including foundations, financial institutions, pension funds, Montgomery County employers, and other investors.

Desired Results

- Creation of a fund of at least \$75 million to support the preservation and development of affordable housing.
- Funds would be derived from private sources including financial institutions, insurance companies, pension funds and major local employers. Attraction for such capital includes sources such as the HIF, taxable revenue bonds as well as a percentage of the transfer tax.

Implementation

- Utilize RFP process to solicit specialized assistance in program development and management.
- Incorporate third party, governing board or other needed entities.
- Designate required seed funding from HIF.
- Attract private funding through financial partners.



Amherst Apartments in Wheaton, Maryland



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

MEMORANDUM

April 10, 2008

TO: Councilmembers
County Executive

FROM: Councilmember Duchy Trachtenberg *DT*
Councilmember Valerie Ervin *VE*
Councilmember Marc Elrich *ME*
Councilmember George Leventhal *GL*

SUBJECT: Use of New Recordation Tax Revenue for Rental Assistance Programs

On November 13, 2007 the Council enacted Bill 11-07, *Recordation Tax – Rate*. The bill includes the following provision:

Sec. 3. Allocation of Revenue. During any fiscal year that begins on or after July 1, 2008, the net revenue attributable to the increase in the rate of the recordation tax enacted in this Act must be reserved for an allocated equally to:

- (a) the cost of County government capital improvements; and
- (b) rental assistance programs for low- and moderate-income households which must not be used to supplant any otherwise available funds.

In his FY09 Recommended Budget, the County Executive has estimated the amount of new recordation tax revenue that must be used for rental assistance is \$2,615,500. He has included the following language in the budget for the Department of Housing and Community Affairs:

Use resources from the recordation tax premium to support rental assistance programs in the Department of Housing and Community Affairs (DHCA), the Department of Health and Human Services (DHHS), and the Housing Opportunities Commission (HOC). For FY09, \$850,000 of the estimated revenues will be allocated towards HHS' low-income rental assistance programs, \$915,500 will be allocated towards DHCA's project based low-income rental assistance programs, and \$850,000 of the estimated revenues will be allocated toward HOC's low-income rental assistance programs.

The funding shows as a resource to the Housing Initiative Fund and is a part of the overall recommended resources of \$54.790 million.

We are concerned about the Executive's proposal for several reasons. First, splitting the funds across three agencies could dilute the impact of this new source of revenue. Second, while we all very much support the programs that are targeted to our lowest income and special needs households, we believe that these new funds should help those who are making ends meet but just barely doing so, particularly those households that are paying more than 40% of their income towards rent. Lastly, because there is some instability to the overall amount of monies that will be available from year to year, we recommend that a portion be used to provide short-term help to those facing unforeseen costs or circumstance that may cause them to fall behind in their rent for a month or two.

Our recommendations for FY09 are:

Use 70% of the funds (about \$1.8 million) to create a local housing voucher program.

- Households could earn no more than 50% of the average median income (\$49,650 for a family of 4).
- The Housing Opportunities Commission would administer the program.
- Households must already be on the HOC housing voucher waiting list.
- Priority would be given to households spending more than 40% of their income on rent (maximum rent guidelines would be the same as in the HOC voucher program).
- A household could receive up to \$300 per month, or a lesser amount if it would reduce the household's rent burden to 30% of household income.
- This effort would provide assistance to about 500 households.

Use the remainder of the FY09 funds (\$815,500) for short-term emergency rental assistance.

- Households could earn no more than 50% of average median income.
- The Department of Health and Human Services would administer the program. A household must be paying more than 30% of their income in rent.
- Evidence of a short-term unplanned expense or loss of income must be provided.
- A household may receive no more than \$1,200 a year.
- A household may receive no more than an amount equal to two-months of their current rent.
- While we recognize similar situations exist for homeowners, the law restricts these funds to rental assistance.

Thank you for consideration of this proposal. We look forward to a full discussion of how the county can use the resources available in FY09 to help low- and moderate-income households find or remain in stable and secure homes.