AGENDA ITEM #70 and 71
May 10, 2010

MEMORANDUM

May 7, 2010

TO: County Council

FROM: Linda McMillan, Senior Legislative Analyst

SUBJECT: **Worksession: FY11 Recommended Operating Budget**
Housing First and Housing Initiative Fund (HIF)

CIP Adjustment – Affordable Housing Acquisition and Preservation (PDF No. 760100)

Those expected for this worksession:

Uma Ahluwalia, Director, Department of Health and Human Services
Richard Nelson, Director, Department of Housing and Community Affairs
Annie Alston, Executive Director, Housing Opportunities Commission

Note: The Executive's budget has assumed that the Council will enact a legislative change so that a portion of the recordation tax premium is not required to be dedicated to rental assistance. This legislation is pending.

Summary of joint HHS and PHED Committees:
(The joint Committee held worksessions on April 23rd and May 6th)

Add $250,000 to the reconciliation list to reduce the proposed $1.5 million cut to the Rental Assistance Program (RAP). (4-1; Councilmember Floreen opposed; Councilmember Navarro absent) RAP is shallow rental assistance averaging about $200 per month.

Shift $89,120 in funds from the Community Grants NDA to the HIF to fund the Long Branch Tenant Counseling Program. (5-0; Councilmember Navarro absent)

Continued on next page

Summary of joint HHS and PHED Committees *(continued)*:

Add $12,960 to the reconciliation list to close the remaining funding gap for the Long Branch Tenant Counseling Program (3-2; Councilmembers Floreen and Knapp opposed; Councilmember Navarro absent)

Authorize $15 million in taxable bonds instead of $25 million as recommended by the Executive to fund FY11 activity in the Affordable Housing Acquisition and Preservation CIP revolving account. Recommend approval of $25 million in FY12 as recommended by the Executive. The joint Committee agreed to return to this item in late fall to determine if an adjustment should be made. (5-0; Councilmember Navarro absent)

Approve Executive recommended amendment to the narrative portion of the Affordable Housing Acquisition and Preservation project. (3-0; approved by PHED on April 23rd)

"Debt service will be financed by the Montgomery Housing Initiative Fund. In addition to the appropriation show below, this PDF assumes that any actual revolving loan repayments received from the prior year will be appropriated in the following year. Current estimates are $2.2 million in repayment revenues in FY10 and $3.6 million in repayment revenues in FY11."

Approve the Executive's remaining recommendations for Housing First and HIF programs including Handicapped Rental Assistance, Housing Initiative Program (HIP) rental assistance, the Partnership for Permanent Housing, the HOC Rent Stabilization Plan, assessment shelter contracts, emergency shelter contracts, and emergency/homeless prevention grants.

Approved Executive's recommended maximum limit for Payment In-Lieu of Taxes (PILOT)

1. Housing First Update

An update from Director Ahluwalia is attached at © 5-15. Included at © 15 is an update on the Point-in-Time Survey of the homeless population. Director Ahluwalia notes that:

- Overall, the total number of homeless people counted in the Point-of-Time survey decreased from 1,194 in 2009 to 1,064 in 2010.
- There has been an increase in the number of families and individuals that are in permanent supportive housing. 292 families were in permanent supportive housing in January 2010 compared to 186 in January 2009. 442 individual adults were in supportive housing in January 2010 compared to 345 in January 2009.
- From July 2009 through March 2010 the county has provided 4,600 eviction prevention/housing stabilization grants totaling over $3,213,000.

- From July 2009 through March 2010, DHHS has successfully housed 82 households using HIF funds and 15 household using federal rapid re-housing funds.

- Since the start of Housing First, only 3% of 219 households served have failed to maintain leases or been terminated from the program.

- Housing First efforts have helped to reduce the average motel census (only families are housed in motels) from 50 to 55 per week to 15 to 20 per week. In FY09 there were 19,207 motel nights used. As of April 14th, 8,938 motel bed nights have been used.

- In FY09, the average length of stay in a family shelter was about 84 days. For FY10 (through February) it has been reduced to about 69 days.

- 76% of households receiving subsidies are headed by a single female.

- 48% of those who are a single person household are between the ages of 30 and 50, 22% are between the ages of 51 and 60, and 5% are over the age of 62. 31% of these single person households meet the HUD definition of chronically homeless.

Councilmember Leventhal emphasized that, while it is only a one year change, the point-in-time survey results are very encouraging. There are more individuals and families in permanent supportive housing than there were a year ago and there are overall fewer homeless people. These are the outcomes that the county is seeking from Housing First.

Director Ahluwalia said that not only are those facts important, but the data shows that only 3% (6 of 219) of the households placed in permanent housing through the Housing First program have failed to maintain that housing. The case management dollars have been critical in helping people to gain this stability. Director Ahluwalia told the Committee that the funding for emergency grants to prevent homelessness has been very successful and that it is far easier to help someone to stay in their home rather than trying to find a new home for them once they become homeless. She shared her concern about the reduced county resources for FY11 and the Federal stimulus funding that will end in FY12. In response to a question from Councilmember Trachtenberg about whether there has been an increase in the number of young adults (both individuals and households) that are homeless, Director Ahluwalia said they are seeing this as an impact of the economic downturn and that the Freddie Mac Foundation is particularly interested in this population.

2. Overview of the Housing Initiative Fund (HIF)

The table on the following page provides an overview of the HIF for FY11. The Committee discussed the implications of the reduced amount of funding on the "cash side" of the HIF. The cash side of the HIF can be used for many purposes including rental assistance and emergency grants. Appropriation is required to pay for the debt service attached to the Affordable Housing Acquisition and Preservation revolving account. As can be seen from the summary table, the total value of the HIF is recommended to be almost $16 million less than the FY10 approved level, funds allocated for rental subsidies and emergency assistance are reduced by $2.947 million, and the net transfer from the General Fund is reduced by $9.8 million.

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

3. FY11 Budget regarding Housing Subsidies

In FY10, between recordation tax funds and General Funds there was $11,947,000 reserved in the HIF for Housing First including housing subsidies. For FY11, this amount has been reduced to $9 million. The major changes to programs are:

- The Executive is recommending a reduction of 657 slots available in the Rental Assistance Program which provides households with shallow subsidies averaging $200 per month. This is a savings of $1.560 million. DHHS is not allowing anyone new into the program in order to get down to the budgeted number of clients. At the time of the April worksession there were 1,651 households still enrolled.

- There will be 15 fewer slots in the HIP program for the overall eligible population (very low income and requiring case management) for a savings of $288,000. There are 24 slots funded in the budget that are reserved for the MC Coalition for the Homeless' Cordell residence.

- HOC will reduce the number of households served through their rent supplement program by about 100 households. HOC will be provided with $1 million from the HIF in FY11. (This program was previously identified as a rental assistance program funded by the recordation tax premium.)

- Funding that was previously available for emergency grants will be adjusted to fit within the overall allocation (emergency rental assistance was also previously identified as a rental assistance program funded by the recordation tax premium.)

Update on HOC Rent Supplement Program (provided by HOC)

At the end of February 2010, the Rent Supplement Program (RSP) had 295 eligible households in 25 participating properties with an average monthly subsidy of $325 per household. The projected FY11 cost to serve the current number of participants would be approximately $1.3M which includes the direct cost of running the program.

There is still one property, Montgomery Paint Branch that needs to be absorbed into the current RSP. This property is the last of the original contracts under the former Rent Supplement Incentive Program (RSIP). The RSIP contract will end October 2010. Approximately 33 households will be eligible for the current program.

Eligibility is recertified annually. It should be noted that the number of units was almost 350 at the end of December 2009. When it was determined that funding may be decreased, HOC began to reduce the number of units through either attrition at move-out, or income ineligibility at the time of renewal.

HOC's history shows that, if this practice were to continue through FY11, approximately 100 households would be eliminated from the program, which would bring the cost more in line with the $1m currently included in DHCA's budget.

RSP has been and continues to be an important component in the effort to prevent homelessness by keeping struggling families housed. At this time, we are not adding properties, despite many requests to do so.

The Committee discussed the importance of rental assistance and the need not only for acquiring new affordable units but also having the subsidy payments that are needed to house very low income people, many of whom have some type of disability.

The joint HHS and PHED Committee is recommending that $250,000 be funded through the reconciliation list to offset some of the reduction made by the Executive in the March 15th budget. This amount will assist about 104 households. The joint Committee recognized that this is probably all that can be restored given the fiscal situation but believes that some additional resources should be provided. Councilmember Floreen was opposed saying that she did not want to place any items on reconciliation because of the lack of funds. The Committee is recommending approval of the Executive's other recommendations for housing subsidies and shelter costs.

4. Affordable Housing Acquisition and Preservation Project

(PDF at © 17)

For lack of better terms, there is a "cash" side to the HIF and a "CIP" side to the HIF. The cash side is funded through the transfer from the General Fund and certain payments into the HIF, such as the Recordation Tax and repayments on MPDUs. Until FY09, all funding for the HIF was from the "cash side" (with the exception of $2.5 of current revenue in the CIP). It is flexible and can be used for almost any item the HIF would fund. Starting in FY09, the Council approved the Affordable Housing Acquisition and Preservation revolving program in the CIP. The effort calls for $25 million in taxable bonds to be issued for four years for a total of $100 million in proceeds. Because the proceeds are from taxable bonds, they can be used for wide range of projects but they must be associated with acquisition or preservation.

The table on page 4 of this memo shows that for FY11:

- $2.5 million on the "cash side" must be used for debt service for the $30 million in bonds that have been issued. (The Council has authorized the $50 million for FY09 and FY10 but Finance has only issued $30 million to date.)

- There is only $2.667 million on the "cash side" that is not specifically programmed. In prior years this amount would have been $15 million to $20 million.

- Under current policy, the amount of funding in the "cash side" from the General Fund (this can include carry over balances) should be 2.5% of FY09 actual property taxes paid. This amount would be $24.1 million. The gross revenues to the "cash side" for FY11 are about $16 million of which about $10 million is a transfer from the General Fund. **The joint Committee noted that the 2.5% policy is not being met in FY11.**

- The fiscal plan for the HIF (© 16) shows that when all $100 million in bonds has been issued, the "cash side" of the HIF must have $8.66 million for debt service. The FY11 HIF would not be able to accommodate this amount of debt service. The fiscal plan projects that the transfer from the General Fund will be $24 million starting in FY12.

- The expectation is that $2.2 million will revolve back into this fund in FY11 from loan repayments.

- Without additional bond proceeds in FY11, there will be very little activity in the acquisition and preservation program and there will not be enough resources for some of the larger financing proposals that are coming forward.

- Without continued subsidies on the "cash side", new households with incomes below 50% will probably not be able to be housed in the affordable units that are be committed through the acquisition and preservation program.

- The debt service appears to be about $860,000 per year for every $10 million in taxable bonds issued.

At the April 23rd session the joint Committee discussed Council staff's concerns about the pressure that debt service from the Affordable Housing Acquisition and Preservation program could put on the cash side of the HIF and the Council staff recommendation to reduce the FY11 bonds.

DHCA Director Nelson, emphasized that because there is little money on the cash side of the HIF the bond proceeds are needed to have a viable program in FY11. He told the Committee that the Executive is committed to increasing the cash side of the HIF in future years to cover the increased debt service costs. The Committee discussed the types of projects that have been funded and the fact that there cannot be payback from some of the projects with non-profit organizations that have financed housing for very low income households and people with disabilities. Director Nelson shared that once the entire $100 million in bonds has been issued, within 5 years about 65% of the original amount will have revolved back into the account and within 20 years 99% will come back in. This is because, while some projects will not have a repayment, others will pay back with interest. The Committee members shared their concern that the revolving aspect of this account is operating differently than they expected from the FY09 proposal since most of the loans take longer than 3 years to pay back. Councilmember Elrich said that he is most interested in acquiring existing units for rental and that this funding should be used to provide bridge loans. Director Nelson said that as the economy is coming back, private developers are expressing interest in partnering with the county in order to get projects moving.

Councilmember Trachtenberg stated her concern about losing flexibility in the cash side of the HIF because without money to fund ongoing rental needs it will be difficult to house the most vulnerable individuals and families that she is most focused on placing in permanent supportive homes. Councilmember Leventhal said that the Council should revisit its housing policy in order to make sure it is in line with the county's goals.

The Committee asked to return to this issue so that they could consider it in the context of the updated fiscal plan. **The revised macro fiscal plan is attached at © 22.** The HIF is a non-tax supported fund and as such the General Fund support is included in the fourth line "Net Transfers In (Out)." The HIF is not specifically broken out. This category includes Liquor Control, the Parking Lot Districts, Motorpool, Cable TV and other accounts in addition to the HIF. The following shows the Net Transfers in (Out) assumed March 15th and revised April 22nd.

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

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

*From March 15th recommended budget page 5-19

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

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

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

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

*From March 15th recommended budget page 5-19

The joint Committee is concerned about the long term commitment attached to the debt service for these bonds and the Executive's optimism about the amount of General Fund transfer that can be restored to the HIF starting in FY12. The Committee recommends that for FY11, the Council approve $15 million in new bond funding in the CIP project. The $25 million recommended for FY12 is not changed. This reduces the long-term debt service commitment by about $860,000 per year once full debt service is needed in FY14.

The joint Committee emphasized their continued support for affordable housing and their very serious concern about the overall the lack of money. The joint Committee agreed to return to this issue in late fall. If the fiscal outlook has improved they would consider adjusting the project.

CE Amendment to Affordable Housing PDF

The Executive has forwarded an amendment to clarify that repayments from loans made from the CIP project will revolve back into the CIP project and be appropriated in the following year,

"Debt service will be financed by the Montgomery Housing Initiative Fund. In addition to the appropriation show below, this PDF assumes that any actual revolving loan repayments received from the prior year will be appropriated in the following year. Current estimates are \$2.2 million in repayment revenues in FY10 and \$3.6 million in repayment revenues in FY11."

The PHED Committee recommends approval (3-0 at the April 23rd PHED worksession.)

5. Building Neighborhoods to Call Home

Each year, the Council allocates up to \$1 million for contractual services that are funded by the HIF for the Building Neighborhoods to Call Home program. These contracts recognize that services are needed to support the overall effort to increase affordable housing and support improvements in existing neighborhoods that already have affordable housing.

For FY11, <u>new</u> funding is proposed for DHCA for three contracts:

Interfaith Housing – Property Management	\$ 41,000
Rebuilding Together – Operational Support	\$ 200,000
CASA de Maryland – Pine Ridge Community Center	\$136,300

CASA de Maryland is also the current vendor for tenant counseling in Long Branch. They have expressed concern because this contract is not shown for any additional funding in FY11. \$350,000 was allocated in FY10 for a contract that is in effect until March 17, 2011. CASA projects that there is a \$102,080 funding gap. CASA provided the joint Committee with information on the Long Branch tenant counseling program and the Pine Ridge Center. The Executive's recommended Community Grants NDA includes \$89,120 for economic and workforce development in Long Branch.

At the April 23rd worksession, the joint Committee agreed (5-0; Councilmember Navarro absent) that the continued funding of the Tenant Counseling Program was a higher priority than a grant for economic and workforce development and recommends shifting the \$89,120 in funds from the Community Grants NDA to the HIF for this purpose. At the May 6th session, the joint Committee recommended (3-2; Councilmembers Floreen and Knapp opposed and Councilmember Navarro absent) to place \$12,960 on the reconciliation list to restore the remaining funding gap.

6. Payment in Lieu of Taxes

Each year the Council must include a provision in the Operating Budget resolution specifying the monetary cap for non-HOC PILOTs. **The joint Committee recommends approval of the amounts as requested by the Executive and the following budget provision:**

The Director of Finance must maintain a record of all payment-in-lieu-of-taxes (PILOT) agreements currently in effect under the Tax-Property Article of the Maryland Code. The record must estimate (in current year dollars) the amount of property taxes abated for each agreement *for each of the next 10 fiscal years. As authorized by the County Code, Section 52-18M, the Director of Finance may sign payment-in-lieu-of-taxes agreements for affordable housing that abate annual property tax revenues up to the following annual limits for all properties not owned or operated by the Housing Opportunities Commission.*

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

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

The Director of Finance must calculate in the FY 2012 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 2012.

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HOUSING FIRST COMPONENTS: (does not include ARRA or HOME funding)					
	FY09 Budget	**FY10 Budget**	**FY10 Estimate**	**FY11 Budget**	**Comments**
RENTAL ASSISTANCE PROGRAM (RAP): This program provides a subsidy averaging $200 to households with incomes at 50% of AMI or less.					
Budgeted number of subsidies	1,767	1,767	1,651	1,110	FY10 and FY11 avg subsidy $2,377
Subsidy Dollars - DHHS Funded	3,632,080	600,000	600,000	600,000	
Subsidy Dollars - HIF Funded	600,000	3,600,000	3,600,000	2,040,000	reduction of $1.56 million
Staff Dollars - DHHS Funded	514,193	546,766	453,998	441,627	
Average Waiting List	800	800	1,400	1,400	2,000 pending - expected 70% are eligible
Handicapped Rental Assistance Program (HRAP): This program provides an average subsidy of $150 per month to people residing in licensed group home who have a mental illness					
Budgeted number of subsidies	219	219	219	219	
Dollars Budgeted	480,460	420,460	420,460	420,460	FY10 &FY11 based on YTD actual
Average Waiting List	none	none	none	none	
Housing Initiative Program (HIP): This program provides a deep subsidy, averaging $1,250 per month, to households that have a person with special needs and an income below 30% AMI. Case management is also provided. Each slot is budgeted at $19,200 per year. The program was previously called SHRAP.					FY10 estimated is based on 204 current and 2 in process. 4 slots reserved for Gaynor/Dewey property for FY11.
Budgeted number of subsidies	225	225	206	234	210 General + 24 Cordell
Subsidy Dollars - DHHS Funded	2,595,820	3,375,000	2,960,370	335,919	
Subsidy Dollars - HIF Funded				2,940,080	
Cordell Property (24 Slots)	160,230	230,170	-	432,000	DHCA Funded
Dollars Budgeted - Service Coordination	363,700	756,000	711,000	756,000	HIF Funded
Average Waiting List					

	FY09 Budget	FY10 Budget	FY10 Estimate	FY11 Budget	Comments
Partnership for Permanent Housing: Serves same clients as HIP but services are provided through the MC Coalition for the Homeless					
Budgeted number of subsidies	55	55	55	55	
Dollars Budgeted - DHHS	1,000,722	1,052,941	1,052,941	207,600	7% reduction to administrative portion of contract
Dollars Budgeted - HIF				831,921	
HOC Rent Stabilization Program- rental assistance to families who are in danger of losing housing because of percent of income they are paying to rent - households earn 20%-40% AMI. (location based subsidy - does not travel with household). Funded with recordation tax proceeds			average subsidy $325 per household		HIF Funded - HOC will reduce through attrition as people move or are found not to be income eligible
Dollars (subsidy and staff at HOC)		1,890,000	1,300,000	1,000,000	
Households Serves		350	295	250	
DHHS Assessment Shelter Contracts:					
NCCF	644,691	830,000	830,000	756,038	Grant/General
Dwelling Place	20,397	21,014	20,189	20,124	General
Stepping Stones	138,988	234,591	234,591	219,491	Grant/General
Motel Placements					
Dollars (FY09 is actual expense)	1,214,157	687,000	1,000,000	687,000	recent reductions
Emergency Shelters (DHHS Budget):					
Men's Shelter at Gude Drive	699,655	816,888	824,757	773,717	Grant/General
Women's Shelter at Wilkens Avenue	528,947	589,414	594,250	560,060	
Emergency/Homeless Prevention Grants - State Funded					
Dollars (FY09 is actual expense)	1,122,334	1,126,218	1,376,203	1,126,218	$250,000 less than FY10 estimated
Number of Grants	1,903	1,909	2,422	1,983	439 less than FY10 estimated
Average Grant	590	590	568	568	

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	FY09 Budget	FY10 Budget	FY10 Estimate	FY11 Budget	Comments
Emergency/Homeless Prevention Grants - (non-recordation tax) **DHHS Budget**					
Dollars (FY09 is actual expense)	1,865,513	1,384,570	1,384,570	1,384,570	
Number of Grants	3,430	2,545	2,837	2,837	
Average Grant	544	544	488	488	
DHHS Emergency/Homeless Prevention Grants - (recordation tax funded)					Now shown as Rental Assistance
Dollars (FY09 is actual expense)	1,416,786	1,157,000	1,157,000	1,000,000	
Number of Grants	1,662	1,358	852	736	116 less than FY10 estimated
Average Grant	852	852	1,358	1,358	
OTHER ITEMS:					
Contracts for case management in family shelters, eviction prevention, and administrative support	194,600	388,852	316,494	316,905	DHHS Budget
Case management for Transitional Shelter	-	65,000	65,000	65,000	DHHS Budget
Service coordination for family self sufficiency cases		72,000	72,000	72,000	DHHS Budget
Shelter Plus Care case management to leverage HOC housing placements	25,000	65,000	65,000	60,450	DHHS Budget
Housing Locators (2 by contract)	126,070	154,000	130,000	77,000	DHHS Budget - Reduced to 1 for FY11
Outreach Workers for Chronically Homeless (2 by contract)	108,330	111,860	111,860	111,860	Tied to Community Vision/PIIT/Homeless Outreach proposal
Adult Shelter/Emergency Shelter case management (2 by contract)	108,300	130,000	130,000	130,000	HIF
Technical Assistance with data management (2 contracts)	125,000	62,000	72,000	72,000	DHHS

OTHER ITEMS:	FY09 Budget	FY10 Budget	FY10 Estimate	FY11 Budget	Comments
General operating expenses and criminal checks	25,000	10,000	10,000	10,000	DHHS
Operating expenses for Arcola House		10,000	10,000	10,000	DHHS
One-time shelter start-up (Carroll House)	475,000	50,000	72,000	0	DHHS
Case management for NCCF Transitional Shelter		78,620	78,620	73,120	DHHS
RAP Support Staff		55,068	55,068	55,068	DHHS
Eviction Prevention and Client Needs				121,045	DHHS
Service Linked Cuts				73,919	DHHS - to be used only if reduction in State funds
ART Licenses		2,785	2,785	2,785	DHHS
Additional Funds for Family Shelters		190,000	190,000	303,552	DHHS
Gaynor House				17,000	DHHS
Gaynor House Utilities				19,200	DHHS

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Isiah Leggett
County Executive

MEMORANDUM

Uma S. Ahluwalia
Director

April 19, 2010

TO: The Honorable George L. Leventhal, Chair
Health and Human Services Committee

FROM: Uma S. Ahluwalia, Director *Uma*

SUBJECT: Housing First Plan Update

I am pleased to inform you that Department of Health and Human Services (DHHS) continues to implement its strategies and staffing plan to meet Housing First goals and address the needs of vulnerable residents in our county. In our opinion the biggest achievement of the Housing First Model has been the paradigm shift that this model has created in our philosophy and consequently in our service delivery practices. Even during these tough times of economic down turn, we have witnessed the positive results of Housing First approach.

Reducing the length of stay for households in homelessness remains the ultimate goal. However, the unprecedented demand for Housing Stabilization/ Emergency Services and Rental and Home Energy Assistance Programs to prevent homelessness has continued to be the focal point of our efforts related to keeping families and single adults housed.

We are pleased to report that data collected during the point in time survey points to an increase of 57% in the number of families housed in permanent supportive housing as of January of 2010 compared to numbers gathered in January of 2009. In 2010 a total of 292 families with 373 adults and 583 children were housed in permanent supportive housing. For the same time period there was a 28.1% increase in the numbers of single adults housed in permanent housing involving a total of 442 adults. These facts point to the success of the Housing First Initiative and demonstrate a very viable return on investment. Keeping families and adults housed in permanent supportive housing also improves other living conditions including health and well being, stability for children in school and in their social environment and improves economic outlook for families as well. We have attached a copy of the 2010 Point in Time Comparison Report to this memorandum.

As part of our Housing First Eviction Prevention program, during the FY10 (July through March 26) four thousand six hundred (4,600) Eviction Prevention/Housing Stabilization Grants were issued utilizing county general funds, state funds, recordation tax funds and federal Homeless Prevention and Rapid Re-Housing (HPRP) funds, totaling over $3,213,000.

During FY10 (July through March 26), in our efforts to Rapidly Re-House homeless households, the department has successfully housed 82 households utilizing the Housing Initiative Funds and an additional 15 households utilizing federally funded HPRP Program.

Since the inception of the Housing First Plan only 3% of the households served (4 singles and 2 families) failed to maintain their leases and were terminated from the program. Currently, 204 household are being served through the Housing First Program (HIP) and an additional 15 households are being served through the federally funded HPRP Program (total of 219 households).

With the effective use of Prevention and Rapid Re-Housing strategies, Service Coordination, Service Integration and implementation of new motel placement policies, we have been able to successfully reduce the motel census from 50-55 per week to 15-20 families per week .

In addition to implementing the original Housing First Plan, the following strategies have been employed to address the current need for services:

- With the approval from the County Executive added three temporary staff to address the surge in service demand. These three temporary contract social work staff (one for each service site (Germantown, Rockville and Silver Spring) have been hired to increase our capacity for Housing Stabilization/Emergency Services intake.
- In partnership with our community providers and other County agencies, two winter overflow shelters were opened to accommodate the shelter needs for single individuals.
- Collaborated with the Department of Transportation (DOT), the Department of Housing and Community Affairs (DHCA) and the Housing Opportunities Commission (HOC), to identify vacant County owned properties purchased to make way for transportation projects, which can temporarily house homeless households until their demolition occurs. Four single family units have been identified and are being renovated. These units will be able to accommodate four homeless families in May of this year.
- Continued service integration efforts via regularly scheduled biweekly meetings with supervisors of other DHHS service areas to determine the most pressing housing needs and developing strategies for creating affordable housing for all special needs populations.
- Continued collaboration between the Housing First plan and the Neighborhood Safety Net Initiative to bring emergency assistance and entitlement programs to neighborhoods most impacted by the recession;
- Continually addressed Housing First policy and ongoing issues with the Housing First Leadership Workgroup consisting of DHHS and Homeless Continuum Partner agencies.
- Continually utilized the expertise of the National Alliance to End Homelessness (NAEH) to identifying best practices and provide technical assistance with the transition and development of assessment tools. The tool is now being used at all intake and service locations.

Attached please find the Housing First Implementation Plan Status Report, which outlines our progress to date on the major Housing First components.

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Attachments

Montgomery County Housing First Plan Implementation
Status Update April 2010

The key performance measure in Montgomery County's Housing First plan is to continue to reduce the length of stay in homelessness and provide stable housing for those exiting homelessness. The DHHS Housing First plan includes four (4) key strategies to support the achievement of this goal: (1) Homeless Outreach and Intake, (2) Homelessness Prevention, (3) Assessment, and (4) Rapid Exit and Re-Housing.

Outlined below are the accomplishments and ongoing activities within the plan's four (4) key strategies.

1. Homeless Outreach and Intake

- Continue to implement the uniform assessment tool for use by homeless intake staff at DHHS as well as at Assessment Shelters. The tool centrally gathers client background information and identifies housing barriers at the point of intake. This enables staff earlier in the assistance process to target the services and housing supports most likely to be effective in rapidly exiting families from homelessness.
    - Assessment tool has been an ongoing process beginning with the Family Shelter system and then moving to the Single Adult side during FY10 with pilots and official start for the entire system January 2010.
    - Impact has been an increase in quicker assessment of family need, appropriate placement, and decrease length of stay in family shelters and motel placement.
        - In FY09, there were 19,207 motel bed nights. As of April 14, 2010, this number has been reduced to 8,938 with motel average length of stay being 45.2.
        - In FY09, the average length of stay for family shelters was 83.62 and as of February 28, 2010, the average has reduced to 68.78.
- Continue to implement the motel placement policy in an effort to decrease motel overflow costs and length of stay in motel while continuing to ensure that families remain safe and off the streets. Flex fund dollars if needed are provided in lieu of a motel placement for homeless families who can remain in the community for a limited time with families or friends. These families continue to receive case management services from DHHS; therefore, there is no delay in beginning services to resolve their homelessness.
    - Beginning July 1, 2009, as noted above, the length of stay has decreased in terms of bed nights to 45.2. The cost has been reduced from $1,764,198 to approximately $775,000 as of April 14, 2010.
    - Homeless families who could not verify their loss of permanent housing in Montgomery County or who have lost their housing after temporarily or informally living with friends or relatives in Montgomery County are eligible for 5 days in motel and/or emergency funds for transportation to return to their jurisdiction of origin, or for first month rent, security deposit for new housing.

- There have been 30 families served with 5 days or less as of March 31, 2010 and in FY09 this number was 38 since inception of policy.

- Families with complex issues that are barriers to housing and whose shelter placements are likely to result in a longer than 30 day shelter/motel placement are being staffed by a Service Integration Team made of providers from the public and private sectors of the homeless continuum. The team meets biweekly and assesses the family's needs and develops a plan early in the placement/assessment process to minimize their shelter stay.

- Increased shelter overflow capacity from November through March to accommodate increased peak winter demand for shelter by single adults. In FY10, a second winter overflow site was operated in collaboration with Montgomery County Recreation Department. The second overflow site increased the total overflow capacity to 200 individuals per night.

    - By the end of March 2009 there were 411 individuals served at the Home Builder's Care Assessment Center and 386 in March 2010.

- We continue to explore options to address the issues of homeless encampments in the county – both outreach and placement resources are critical to address the problem of homeless encampments.

2. Homelessness Prevention

- Continue to Collaborate with the Neighborhood Safety Net Initiative to bring emergency assistance and entitlement programs to neighborhoods most impacted by the recession. Emergency Services intake staff is deployed to the Gaithersburg and Wheaton one day each week to assess the needs of families applying for emergency assistance to prevent eviction. Since the start of this initiative in March 2009, 135 households received assistance from Emergency Services intake staff including 96 households in FY10.

- Upon approval from the County Executive; added three (3) temporary staff to address the surge in service demand. These three temporary contract social work staff (one for each service site (Germantown, Rockville and Silver Spring) are hired to increase our capacity for Housing Stabilization/Emergency Services intake. One temporary staff person began February 2010 and two temporary staff began in March 2010. As a result, it is too soon to see the impact of this additional staff in the data.

- Awarded a grant from the American Recovery and Reinvestment Act (ARRA) and began implementation in FY10 of the Homeless Prevention and Rapid Re-housing Program (HPRP). The prevention component of this grant serves individuals and families who are currently housed but are at risk of becoming homeless and need temporary rent and/or utility assistance to prevent them from becoming homeless or assistance to move to another unit. In the third year of the grant, the County's existing shallow Rental Assistance Program (RAP) that provides limited financial assistance with rent to seniors, persons with disabilities and families who qualify will be expanded for approximately 50 additional participants for up to a maximum of 12 months. As of March 26, 2010, according to DHHS, HMIS System, 45 Grants have been issued (7 singles and 38 families) for a total of $142,000 averaging approximately $3,158 per household.

Homeless Prevention and Rapid Re-Housing Program (HPRP)	# of Grants Singles	# of Grants Families	Total # of Grants	Funds Spent
Eviction Prevention Grants From 4/01/2009 Through 3/26/2010	7	38	45	$142,118

- Emergency Assistance/Crisis intervention grants continue to be an ongoing critical tool in preventing homelessness. The use of Recordation Tax dollars began in FY09 to supplement ongoing eviction prevention resources. In FY09 over $4.4 million was expended for 6,995 crisis intervention grants.

Crisis Intervention Emergency Grants Issued in FY09 by Funding Source

GRANT TYPE (Most grants are given to prevent eviction and utility cut-offs.)	# of Grants	Expenditure	Average
STATE Funded	1,903	$1,122,334	$590
COUNTY Funded	3,430	$1,865,513	$544
Recordation Tax	1,662	$1,416,786	$852
Total	6,995	$4,404,633	$630

GRANT EXPENDITURE UPDATE

Emergency Services Grants	# County Funded Grants	Expenditures (County)	# State EAFC Grants	Expenditures (State)	# of Recordation Tax Grants	Expenditures Recordation Tax
July-Mar. FY10	2,209	$1,099,608	1,491	$838,231	855	$1,133,043
July-Mar. FY09	2,375	$1,244,823	1,728	$966,914	1,238	$998,755**

- During FY10 (from July through March 23) the number of County funded grants issued declined -7%; and the funds spent was -11% less as compared to FY09.
- During FY10 (from July through March 23) the number of State funded grants issued declined -13% and funds spent were also declined by -13% as compared to FY09
- During FY10 (from July through March 23) the number of Recordation Tax grants declined by -30%, however the funds spent increased by 13%.

The decline in the number of grants may be related to factors including the winter snowstorms, which reduced requests for assistance, as well as the implementation of the federally funded HPRP program, which is providing financial assistance to households that would otherwise have received assistance from these grant sources.

In addition, while the number of grants across all categories decreased by 15%, the total grant dollars expended only declined by 4%. This is a direct result of an increase in the average amount of Recordation Tax Grant, which rose from $852 in FY09 to $1,325 in FY10.

- The Rental Assistance Program (RAP)
  An average of 1,727 households received County RAP in FY09, an increase of 4% from the FY08 average of 1,668. The FY10 budget currently is serving an average of 1,698 households per month, but there continues to be an application backlog of over 2,000 new households waiting for an application review. Households referred by Emergency Services that need County RAP as an ongoing resource to prevent eviction once their immediate crisis is resolved are given priority to help ensure that housing is maintained.

  As a result of the proposed funding reductions for FY11, the RAP program is no longer enrolling new households in order to avoid the need to terminate benefits in the new fiscal year. Applications are still being accepted but new households are being placed on a waiting list pending availability of funding.

- Applications for the Office of Home Energy Programs (OHEP) increased by 15%, from 9,043 in FY08 to 10,435 in FY09. Over $8 million was issued to help with home heating and electricity costs and past due bills. FY10 OHEP program year application intake has increased by 18% from FY09. Over 11,350 applications have been received for FY10, an increase of over 1,700 received at the same time last year. Present year application intake data indicates we may be facing an additional 16-20% increase in FY11.

- Provided 90-day eviction prevention case management for families who have had multiple evictions in order to stabilize their housing and prevent homelessness. Since the start of this effort in September 2008, 113 households have received prevention case management services including 74 households in FY10.

3. Assessment Shelter

- Effective December 1, 2009, converted all three family shelters to the assessment shelter model. The assessment model switches from a lengthy shelter placement model to one where the primary focus is to move the family quickly to permanent housing. Previously the focus was on addressing the multiple needs of the family first.

  - There has been a shift to moving families quickly to appropriate housing programs. There has been an increase in 2 parent households that also include larger size families. These families are being placed in motels due to large family sizes and difficulties in finding shelter beds for them. If possible, we attempt to place families in family shelter or if possible even place them quickly in permanent housing. Movement of families from Shelters demonstrate the following numbers - 16 families moved to permanent supportive housing, 7 did not receive any housing subsidy, 5 received rental assistance (non VASH) and 4 went to reside with family, friends or other permanent housing options.

- During FY10 as of March 31, 2010, 438 families were placed in the motel, (whereas only 303 families were served in FY09 due to the longer length of stays). Thirty-eight moved to permanent supportive housing; 3 rented apartments/rooms; 32 rented without housing subsidy; 6 received Veterans Administrative Supportive Housing (VASH) subsidy, 17 received other rental assistance (non VASH), 8 went to reside with family, friends, or other permanent housing, and 1 returned to own home.

- An additional case manager for each shelter was added who is dedicated to assessing a family's need immediately upon entry to the shelter, developing a housing plan and rapidly exiting the family into permanent housing.

  - In October 2009, initiation of Family Assessment Shelters model went into place. However, negotiations did not complete until December 2009 and January 2010. DHHS continued to provide services until February 2010. Case loads will average 10 – 15 persons per case manager.

- Added one case manager each to the Men's Emergency Shelter at Gude Drive and one at the Women's Shelter at Wilkens Avenue to increase case management capacity.

- The case managers are focusing on assessing the needs of individuals, including barriers to receiving transitional and permanent supportive housing. These barriers include income, criminal justice backgrounds, behavioral health disorders, and poor credit histories.

- Transitional shelters continue to exist in the adult single and family systems. They are needed to provide a resource to place those families or individuals who experience issues and barriers discussed above. In addition, the County continues to have a large undocumented population. In some cases the children are considered legal citizens, but the parents are undocumented which reduces the housing options available to them. Transitional shelters are able to accommodate some undocumented families.

- During FY11, the Wilkins Avenue campus will be considered completely as Emergency Shelter beds in keeping in line with Federal HUD definitions.

4. Rapid Exit and Permanent Housing:

- Awarded a grant from the American Recovery and Reinvestment Act (ARRA) and began implementation in FY10 of the Homeless Prevention and Rapid Re-housing Program (HPRP). The rapid re-housing component of this grant serves individuals and families who are homeless and need temporary assistance in order to obtain and retain stable affordable housing. DHHS has hired two term staff members to manage the HPRP program and provide case management services. One term position was created to manage reporting, data collection and fiscal duties related to check issuance. This position has been placed on hold temporarily pending the conclusion of the RIF process. Effective March 26, 2010, according to DHHS, HMIS Data System, a total of 35 households have been approved for Rapid Re-Housing Rental Subsidies (14 Singles and 21 Families). Fifteen households have been housed.

Homeless Prevention and Rapid Re-Housing Program (HPRP)	# of rental Subsidies issued to Singles	# of rental Subsidies issued to Families	Total # of rental Subsidies Issued	Funds Spent
Rapid Re-Housing Subsidies 4/01/2009 through 3/26/2010	**14**	**21**	**35**	**$32,050**

- Contracted with Housing Opportunities Commission (HOC) to hire two Housing Locators to work with Housing Initiative Program (HIP) applicants to locate housing and sign leases. Both Housing Locators are on board and are responsible for helping participants find and move into housing units. Now that all of the HIP subsidies have been committed, these locators are working with HPRP households to locate appropriate housing.
  - 204 individuals and families obtained HIP subsidies and out of the 204, 123 utilized the Housing Locators to locate housing and obtain leases. In FY11, we are proposing to reduce to one HOC locator due to the fact that most of the HIP vouchers have by now been disseminated; however continuing to negotiate leases and support existing leases will be challenging for the HPRP program with only one locator. We will continue to assess performance and need.
- Collaborated with the Department of Transportation (DOT), the Department of Housing and Community Affairs (DHCA) and the HOC to identify vacant County owned properties purchased to make way for transportation projects. Four houses have been identified and are being renovated by Department of Housing and Community Affairs. The renovations will be completed within the next few weeks and four homeless families will be moving into these properties within the month of May using the HIP subsidies.
- Continued service integration efforts via regularly scheduled biweekly meetings with supervisors of other DHHS service areas to determine the most pressing housing needs and developing strategies for creating affordable housing for all special needs populations.
  - There have been eight families staffed during these meetings. The integrated staffing involved those families who present with multiple issues including child welfare involvement, behavioral health diagnoses, and housing needs.
- Leveraged an increase of 20 beds in the HUD funded Shelter Plus Care Program for homeless singles who are mentally ill by providing funding for a case manager for this program through an existing contract with the Mental Health Association.
  - The program has the capacity for 20 beds. Currently the program has 16 beds full.
- The attached chart shows the total number of households receiving deep subsidies through the Housing Initiative Program (HIP). Two hundred and forty nine (249) deep rental subsidies were created through this program.
- A total number of two hundred and twenty one households were placed in permanent housing (91 singles and 130 families). Seventeen household left the program due to

different reasons including death, or over income. Only six households lost housing due to lack of compliance. Currently two hundred and four households are housed. It is important to note that less than 3% of the households who have been housed at least 12 months have dropped from the program before completing 12 months.

- The remaining 24 subsidies are reserved to provide rent resources for chronically homeless men scheduled to occupy the Cordell Avenue PLQ, which is scheduled to be open in 2010. This facility is currently under renovation and will be operated by the Montgomery County Coalition for the Homeless.

- Fifteen deep rental subsidies are put on hold due to proposed cuts in the HIP budget.

- 76% of family households receiving subsidies are single parent females head of household.

- 48% of the single individual households are between the ages of 30 and 50; 22% are between the ages 51 and 60, and 5% over the age of 62

- 31% of the single individual households meet the definition of chronically homeless as outlined by HUD

The Housing Initiative Program (HIP):

	Singles	Families	Total
Housing Placements			
4/1/2007-6/30/2008 (FY08)	35	32	67
7/1/2008-6/30/09(FY09)	31	41	72
7/1/2009-4/16/10 (FY10)	25	57	82
TOTAL Placements	**91**	**130**	**221**
Closures			
Not Renewed (Over Income)	*-2*		*-2*
Deceased	*-3*		*-3*
Received HCV	*-1*	*-2*	*-3*
Terminated (Failed to Maintain Lease)	*-4*	*-2*	*-6*
Closed - Client Request		*-1*	*-1*
Moved	*-1*		*-1*
Over Income		*-1*	
TOTAL Closures	**-11**	**-6**	**-17**
TOTAL HOUSED	**80**	**124**	**204**
Assigned to Housing Locator-Search for Housing	**2**	**0**	**2**
Referred for Placement, Pending Documents	**0**	**0**	**0**
Reserved Subsidies for Cordell Avenue	**24**	**0**	**24**
Reserved Subsidies for Gaynor/Dewey Avenue Units	**0**	**4**	**4**
TOTAL SUBSIDIES COMMITTED	**106**	**128**	~~**230**~~ 234
TOTAL SUBSIDIES BUDGETED *	**121**	**128**	**249** *
TOTAL FY10 SUBSIDIES ON HOLD	**15**	**0**	**15**

* 249 HIP Placements is based on FY10 authorized level of 225 administered by DHHS and 24 to be administered by DHCA by contract to MC Coalition for the Homeless

14

Point In Time

Homeless PIT Census
2009/2010

	2009				2010				% Change from 2009 to 2010		
Total Homeless Persons	**Total Homeless Persons**			**1,194**	**Total Homeless Persons**			**1,064**			**-10.9%**
Individual Adults	**Individual Adults**				**Individual Adults**						
Unsheltered	Unsheltered	127			Unsheltered	181			42.5%		
Emergency Shelter	Emergency Shelter	384			Emergency Shelter	355			-7.6%		
Transitional Housing	Transitional Housing	157			Transitional Housing	156			-0.6%		
		668				**692**			3.6%		
Families w/Children	**Families w/Children**	# of Families	Adults	Children	**Families w/Children**	# of Families	Adults	Children	# of Families	Adults	Children
Unsheltered	Unsheltered	0	0	0	Unsheltered	0	0	0		n/a	
Emergency Shelter	Emergency Shelter	90	96	179	Emergency Shelter	59	66	115	-34.4%	-31.3%	-35.8%
Transitional Housing	Transitional Housing	78	95	156	Transitional Housing	65	72	119	-16.7%	-24.2%	-23.7%
		168	**191**	**335**		**124**	**138**	**234**			
Total Persons in PSH Programs	**Total Persons in PSH Programs**			**964**	**Total Persons in PSH Programs**			**1399**			**45.1%**
Individual Adults	**Individual Adults**	345			**Individual Adults**	442			28.1%		
Families w/Children	**Families w/Children**	# of Families	Adults	Children	**Families w/Children**	# of Families	Adults	Children	# of Families	Adults	Children
		186	221	398		292	374	583	57.0%	69.2%	46.5%
Total Point-In-Time Census	**Total Point-In-Time Census**			**2,158**	**Total Point-In-Time Census**			**2,463**			**14.1%**
Homeless Persons	Homeless Persons			1,194	Homeless Persons			1,064			**-10.9%**
Supportive Housing Persons	Supportive Housing Persons			964	Supportive Housing Persons			1,399			**45.1%**

FY11-16 PUBLIC SERVICES PROGRAM: FISCAL PLAN			MONTGOMERY HOUSING INITIATIVE				
FISCAL PROJECTIONS	FY10 ESTIMATE	FY11 REC	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION	FY16 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	13.73%	**12.78%**	12.78%	12.78%	12.78%	12.78%	12.78%
CPI (Fiscal Year)	1.0%	**2.1%**	2.3%	2.5%	2.6%	2.8%	3.0%
Investment Income Yield	0.0026	**0.0085**	0.018	0.0325	0.04	0.045	0.0475
BEGINNING FUND BALANCE	**9,265,960**	**196,590**	**0**	**2,383,110**	**2,850,810**	**1,720,550**	**722,390**
REVENUES							
Miscellaneous	16,304,600	**5,917,070**	6,087,070	6,357,070	6,517,070	6,647,070	6,737,070
Subtotal Revenues	**16,304,600**	**5,917,070**	**6,087,070**	**6,357,070**	**6,517,070**	**6,647,070**	**6,737,070**
INTERFUND TRANSFERS (Net Non-CIP)	**9,268,548**	**7,434,800**	**19,164,013**	**16,976,643**	**15,216,643**	**15,216,643**	**15,216,643**
Transfers To Debt Service Fund	0	(2,500,000)	(4,700,000)	(6,900,000)	(8,660,000)	(8,660,000)	(8,660,000)
Transfers To The General Fund	(201,920)	(201,500)	(193,970)	(181,340)	(181,340)	(181,340)	(181,340)
Indirect Costs	(177,150)	(181,340)	(181,340)	(181,340)	(181,340)	(181,340)	(181,340)
Technology Modernization	(24,770)	(20,160)	(12,630)	0	0	0	0
Transfers From The General Fund	**9,470,468**	**10,136,300**	24,057,983	24,057,983	24,057,983	24,057,983	24,057,983
TOTAL RESOURCES	**34,839,108**	**13,548,460**	**25,251,083**	**25,716,823**	**24,584,523**	**23,584,263**	**22,676,103**
CIP Property Acquisition Revolving Fund							
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(21,686,720)	**(4,097,580)**	(13,418,940)	(13,418,940)	(13,418,940)	(13,418,940)	(12,418,940)
Debt Service: Other (Non-Tax Funds only)	(75,300)	**(73,580)**	(71,730)	(69,770)	(67,730)	(65,630)	(65,630)
Rental Assistance Programs	(3,047,000)	**(2,000,000)**	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Neighborhoods to Call Home	(933,500)	**(377,300)**	(377,300)	(377,300)	(377,300)	(377,300)	(377,300)
Housing First	(8,900,000)	**(7,000,000)**	(7,000,000)	(7,000,000)	(7,000,000)	(7,000,000)	(7,000,000)
Subtotal PSP Oper Budget Approp / Exp's	**(34,642,520)**	**(13,548,460)**	**(22,867,970)**	**(22,866,010)**	**(22,863,970)**	**(22,861,870)**	**(21,861,870)**
TOTAL USE OF RESOURCES	**(34,642,520)**	**(13,548,460)**	**(22,867,970)**	**(22,866,010)**	**(22,863,970)**	**(22,861,870)**	**(21,861,870)**
YEAR END FUND BALANCE	**196,590**	**0**	**2,383,110**	**2,850,810**	**1,720,550**	**722,390**	**814,230**
TOTAL INVESTMENT							
TOTAL USE OF RESOURCES	**(34,642,520)**	**(13,548,460)**	**(22,867,970)**	**(22,866,010)**	**(22,863,970)**	**(22,861,870)**	**(21,861,870)**
Affordable Housing Acquisition and Preservation CIP Project # 760100	(33,933,000)	(27,200,000)	(28,617,750)	(7,839,170)	(11,145,460)	(13,312,843)	(15,870,510)
TOTAL INVESTMENT IN AFFORDABLE HOUSING (MHI Fund + CIP Project)	**(68,575,520)**	**(40,748,460)**	**(51,485,720)**	**(30,705,180)**	**(34,009,430)**	**(36,174,713)**	**(37,732,380)**

Assumptions:

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

Notes:

1. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
2. MHI expenditures assume a $375,000 grant in FY10 and FY11 for the National Center for Children and Families.

HHS and PHED Committee

Affordable Housing Acquisition and Preservation -- No. 760100

Category	Community Development and Housing	Date Last Modified	March 24, 2010
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 FY09	Est. FY10	Total 6 Years	FY11	FY12	FY13	FY14	FY15	FY16	Beyond 6 Years
Planning, Design, and Supervision	0	0	0	0	0	0	0	0	0	0	0
Land	102,500	18,567	33,933	50,000	15 ~~25,000~~	25,000	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
Total	**102,500**	**18,567**	**33,933**	**50,000**	**25,000**	**25,000**	**0**	**0**	**0**	**0**	**0**

FUNDING SCHEDULE ($000)

HIF Revolving Program	100,000	16,067	33,933	50,000	15 ~~25,000~~	25,000	0	0	0	0	0
Montgomery Housing Initiative Fund	2,500	2,500	0	0	0	0	0	0	0	0	0
Total	**102,500**	**18,567**	**33,933**	**50,000**	**15 ~~25,000~~**	**25,000**	**0**	**0**	**0**	**0**	**0**

DESCRIPTION

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

COST CHANGE $15 ← $25 million in

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

JUSTIFICATION

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

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

OTHER

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

FISCAL NOTE

Debt service will be financed by the Montgomery Housing Initiative Fund. In addition to the appropriation show below, this PDF assumes that any actual revolving loan repayments received from the prior year will be appropriated in the following year. Current estimates are $2.2 million in repayment revenues in FY10 and $3.6 million in repayment revenues in FY11.

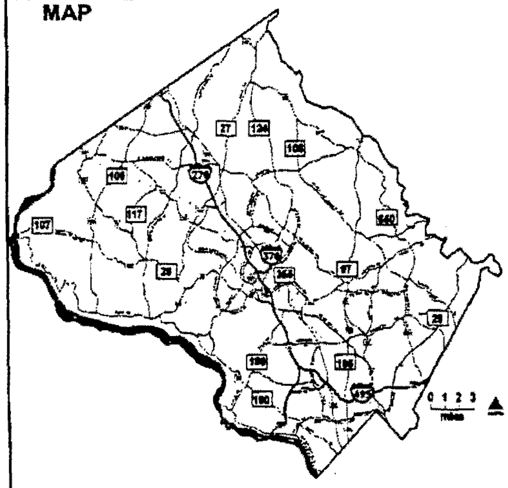
APPROPRIATION AND EXPENDITURE DATA

Date First Appropriation	FY01	($000)
First Cost Estimate Current Scope	FY11	102,500
Last FY's Cost Estimate		52,500
Appropriation Request	FY11	15 ~~25,000~~
Appropriation Request Est.	FY12	25,000
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		52,500
Expenditures / Encumbrances		19,622
Unencumbered Balance		32,878
Partial Closeout Thru	FY08	0
New Partial Closeout	FY09	0
Total Partial Closeout		0

COORDINATION

Housing Opportunities Commission (HOC)
Nonprofit housing providers
Tenant Associations

MAP



CIP Housing Acquisition
March 31, 2010

2,500,000	Budget - Current Revenue
50,000,000	Budget - Revolving
(22,359,507)	Spent
(4,239,533)	Active Loans
(20,749,807)	Planned Commitments
5,151,153	**Balance to Spend/Commit**

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CIP Housing Acquisition Expenditures
March 31, 2010

3,635,000.00	Maple Towers (293)
1,266,638.28	Sligo Creek (294)
2,855,000.00	Thayer Avenue (295)
4,712,480.86	Ashmore (296)
3,950,402.00	Cordell (314)
930,044.59	AHC Foreclosures (316)
514,832.66	Lockney Avenue (319)
742,278.75	AHC Gateway (322)
122,834.00	CSS - 10441 Procera Drive (324)
145,632.00	CSS - 10323 Procera Drive (325)
1,061,287.22	HOC - Aspen Court (328)
318,026.57	ACH Leamon Farms (336)
177,614.22	MHP - Halpine Court (337)
422,000.00	MCCH - Flower Avenue (347)
371,000.00	Carroll House (346)
38,954.44	Flower Avenue Purchase (County)
21,264,025.59	Total
1,095,481.86	Prior FY09 Expenditures
22,359,507.45	Total

Active MHI Loans - CIP Acquisition
March 31, 2010

Loan No.	Title	Last Payment	Estimated Completion	Balance
294	HOC Sligo Creek	01/21/10		437,361.72
295	Thayer Avenue	02/12/09		45,000.00
296	Ashmore	02/29/09		87,519.14
314	Cordell	02/24/10		734,359.15
316	AHC Foreclosures	02/26/10		1,069,955.41 *
319	MCCH Lockney	02/19/10		185,167.34
322	AHC MPDU Purchases	06/11/09		60,098.25
328	HOC - Aspen Court	01/21/10		238,712.78
336	AHC MPDU Purchases - Leamon Farms	11/12/09		66,973.43
337	MHP - Halpine Place	01/05/10		458,385.78
346	NSP - Carroll House	01/08/10		379,000.00
349	MHP - Glenville Road			477,000.00
		Total		**4,239,533.00**

*Only represents MHI, not 400,000 in Community Legacy Funds.

s:/Files/2010/Director/Fred/Active MHI Loans.xls (CIP Acq.)

MHI Planned Commitments - CIP Acquisition
March 31, 2010

Loan No.	Title	Last Payment	Estimated Completion	Balance
	Maryland DHCD Acquisition Fund			320,000.00
	Edson Lane			4,167,380.00
	Ripley Street Apts.			5,000,000.00
	Rocklin Run			1,800,000.00
	Friendly Gardens			1,000,000.00
	Letter of Credit - Jackson vs. Leigh			177,740.00
	Letter of Credit - Burson vs. Kramer			81,630.00
	Maple Towers			3,203,057.00
	The Argent			5,000,000.00
			Total	**20,749,807.00**

s:/Files/2010/Director/Fred/Active MHI Loans.xls (MHI Commitments)

Balanced Fiscal Plan
Amended as of April 22, 2010

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

($ in Millions)

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

Notes:

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