

Resolution No: 17-439
Introduced: May 24, 2012
Adopted: May 24, 2012

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: County Council

SUBJECT: Approval of FY 2013-2018 Capital Improvements Program of the Housing Opportunities Commission, and Approval of and Appropriation for the FY 2013 Capital Budget

Background

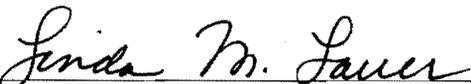
1. In a spirit of cooperation, the Housing Opportunities Commission sent to the County Executive a 6-year Capital Improvements Program (CIP) for the Housing Opportunities Commission.
2. Section 302 of the County Charter requires the Executive to send to the County Council by January 15 in each even-numbered calendar year a 6-year CIP, which the Executive did on January 17, 2012 for the 6-year period FY 2013-2018. (January 15 fell on a Sunday and January 16 fell on a holiday.) Section 302 requires the affirmative vote of at least 5 Councilmembers to approve or modify the Executive's Recommended CIP. After the Council approves a CIP, Section 302 permits the Council to amend it at any time with the affirmative vote of at least 6 Councilmembers.
3. Section 303 of the Charter requires the Executive to send to the Council by January 15 in each year a Recommended Capital Budget, which the Executive did on January 17, 2012. (January 15 fell on a Sunday and January 16 fell on a holiday.)
4. As required by Section 304 of the County Charter, the Council held public hearings on February 7 and 9, 2012 on the FY 2013-18 CIP and the FY 2013 Capital Budget.

Action

The County Council for Montgomery County, Maryland approves the following resolution for the Housing Opportunities Commission:

1. For FY 2013, the Council approves the Capital Budget and appropriates the amounts by project as shown in Part I.
2. The Council re-appropriates the appropriations made in prior years for all capital projects:
 - a) except as specifically reflected elsewhere in this resolution;
 - b) in the amounts and for the purposes specified in the approved CIP for FY 2013-2018; and
 - c) to the extent that those appropriations are not expended or encumbered.
3. If a sign recognizing the contribution of any Federal, State, or local government or agency is displayed at any project for which funds are appropriated in this resolution, as a condition of spending those funds each sign must also expressly recognize the contribution of the County and the County's taxpayers.

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council

PART I: FY 2013 CAPITAL BUDGET FOR HOUSING OPPORTUNITIES COMMISSION

The authorizations for FY 2013 in this Part are made to implement the projects in the Capital Improvements Program for FY 2013-2018.

<u>Project #</u>	<u>Project Name</u>	<u>FY 13 Appropriation</u>	<u>Cumulative Appropriation</u>	<u>Total Appropriation</u>
761301	Capital Needs for 236 Funded Elderly Properties	\$ 730,000	730,000	730,000
017601	Supplemental Funds for Public Housing Improvements	\$1,250,000	7,341,000	8,591,000
	TOTAL – HOUSING OPPORTUNITIES COMMISSION	\$1,980,000	7,341,000	9,321,000

Capital Needs for 236 Funded Elderly Properties -- No. 761301

Category
Subcategory
Administering Agency
Planning Area

Housing Opportunities Commission
Housing
Housing Opportunities Commission
Rockville

Date Last Modified
Required Adequate Public Facility
Relocation Impact
Status

January 09, 2012
No
None.
Planning Stage

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY11	Est. FY12	Total 6 Years	FY13	FY14	FY15	FY16	FY17	FY18	Beyond 6 Years
Planning, Design, and Supervision	0	0	0	0	0	0	0	0	0	0	0
Land	0	0	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	730	0	0	730	730	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	730	0	0	730	730	0	0	0	0	0	0

FUNDING SCHEDULE (\$000)

Current Revenue: General	730	0	0	730	730	0	0	0	0	0	0
Total	730	0	0	730	730	0	0	0	0	0	0

DESCRIPTION

The project provides funding for improvements at Town Center Apartments to include replacement of shower pans in the handicapped units, replacement of the air handler in the community room, and replacement of the windows. Improvements at Bauer Park Apartments include replacement of the HVAC equipment, hall convectors, overhauling the chiller and boilers, replacement of the condenser pumps and motors, and installing an emergency generator.

Bauer Park Apartments and Town Center Apartments are two elderly 236 properties located in Rockville, Maryland. Bauer Park Apartments is a three building, 142-unit garden style apartment complex, built in 1978. Town Center Apartments is a 110 unit, ten story high-rise, built in 1977.

The 236 properties offer affordable housing for seniors. Rent increases are based on the budgeted expenses for the properties which does not allow for cash flow on an annual basis. In addition, rents are based on 30% of tenant income. The majority of the residents are on fixed incomes. The Board of Directors has continued to implement rent increases over the last few years in order to increase operational revenues. However, based on the 236 program, rents have only been raised 6% annually to avoid a hardship on this segment of the low income population that has limited options for affordable housing.

CAPACITY

254 units

ESTIMATED SCHEDULE

Work is scheduled to be completed in FY13.

JUSTIFICATION

Both properties have depleted their reserves to the HUD minimum required amount that must be maintained on each property. These properties are each over 34 years old. Neither property has undergone comprehensive renovation, and both are in need of significant building systems and envelope upgrades due to functional obsolescence.

Both properties, in most cases, have their original equipment and, due to a lack of Federal funds and property reserves, have been unable to make all of the needed improvements. The critical improvements that are immediately required are: HVAC systems and equipment replacements, replacement of windows, replacement of failed shower drain pans, and the installation of an emergency generator for health-safety reasons.

A physical needs assessment was recently completed for the properties which showed the needed improvements over a ten-year period. The items that currently need to be addressed are those that have exceeded their useful life.

In connection with DHCA's agreement to maintain and ensure an escrow account equivalent to \$1,000 per unit for both Bauer Park Apartments and Town Center Apartments to be used for capital improvements, DHCA has recommended that HOC request funding for the needed improvements.

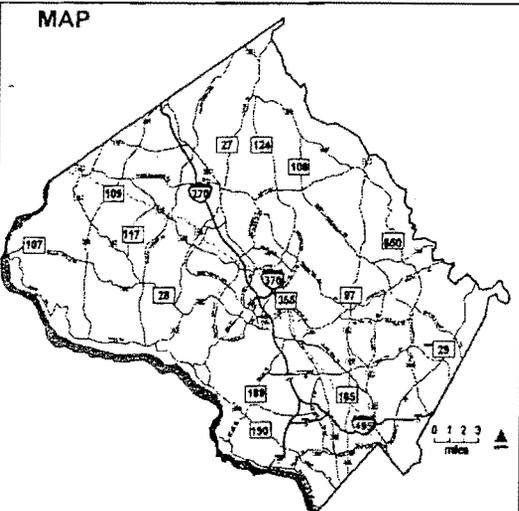
FISCAL NOTE

Town Center Apartments: \$320,000 to replace shower pans in handicapped units (six units), the air handler in the community room, and windows.

Bauer Park Apartments: \$410,000 to replace HVAC equipment and hall convectors, overhaul chiller and boilers, circulating condenser pumps and motors, and install an emergency generator.

APPROPRIATION AND EXPENDITURE DATA		
Date First Appropriation	FY	(\$000)
First Cost Estimate	FY13	730
Current Scope		
Last FY's Cost Estimate		0
Appropriation Request	FY13	730
Appropriation Request Est.	FY14	0
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		0
Expenditures / Encumbrances		0
Unencumbered Balance		0
Partial Closeout Thru	FY10	0
New Partial Closeout	FY11	0
Total Partial Closeout		0

COORDINATION
U.S. Department of Housing and Urban Development (HUD)
Department of Housing and Community Affairs (DHCA)



Supplemental Funds for Public Housing Improvements -- No. 017601

Category **Housing Opportunities Commission**
 Subcategory **Housing**
 Administering Agency **Housing Opportunities Commission**
 Planning Area **Countywide**

Date Last Modified **January 05, 2012**
 Required Adequate Public Facility **No**
 Relocation Impact **None.**
 Status **On-going**

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY11	Est. FY12	Total 6 Years	FY13	FY14	FY15	FY16	FY17	FY18	Beyond 6 Years
Planning, Design, and Supervision	0	0	0	0	0	0	0	0	0	0	0
Land	0	0	0	0	0	0	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	14,841	6,216	1,125	7,500	1,250	1,250	1,250	1,250	1,250	1,250	0
Total	14,841	6,216	1,125	7,500	1,250	1,250	1,250	1,250	1,250	1,250	0

FUNDING SCHEDULE (\$000)

Current Revenue: General	14,841	6,216	1,125	7,500	1,250	1,250	1,250	1,250	1,250	1,250	1,250	0
Total	14,841	6,216	1,125	7,500	1,250	0						

DESCRIPTION

Due to projected Federal funding cuts, there is insufficient funding available to address the basic ongoing capital improvements needed each year. Typical improvements include, but are not limited to, replacement of roofs, windows and doors; improvements to unit interiors such as kitchen and bathroom modernization; replacement of major mechanical, electrical, plumbing systems and equipment; appliance replacement; life-safety improvements; site improvements such as fencing, site lighting, landscaping, and sidewalk and parking lot replacement. Housing Opportunities Commission (HOC) will also continue to use its Capital Fund Program (CFP) funds to convert selected dwelling units to mobility handicapped units.

County funds are used to supplement/cover the shortfall of Federal funds in the public housing units. These funds will be allocated across HOC's Public Housing elderly, multi-family and scattered sites properties over the next six (6) years.

CAPACITY

1,555 units for low and very low-income Public Housing residents.

COST CHANGE

Increase due to the addition of FY17 and FY18.

JUSTIFICATION

Current and projected Federal Capital Fund Program (CFP) funds are not adequate for maintaining HOC public housing units at community norms throughout Montgomery County. Federal funding for public housing will be cut. At the same time, the public housing stock in the County is aging and will need additional repairs. Montgomery County has a higher property standard than the Federal government. In addition, neighbors in the communities with the public housing units expect the properties to be well maintained. Almost half of the public housing units (700+ units) are MPDUs scattered throughout the County in many communities governed by Home Owner Associations (HOAs), and some have higher standards than the County code. As Federal funding levels for public housing are declining, additional funding is necessary if HOC units are to be maintained at levels consistent with community norms and standards.

In an effort to stay true to its mandate to provide decent, safe and sanitary housing to low and moderate income residents in Montgomery County and to ensure that its properties and communities are maintained at a level consistent with community norms, HOC will use a combination of CFP and County funds to make capital improvements to its public housing stock.

Relevant studies include: Comprehensive Grant Program 5-year Action Plan from U.S. Department of Housing and Urban Development (HUD) 52834; HOC Resident Surveys; HOC Engineering Studies.

FISCAL NOTE

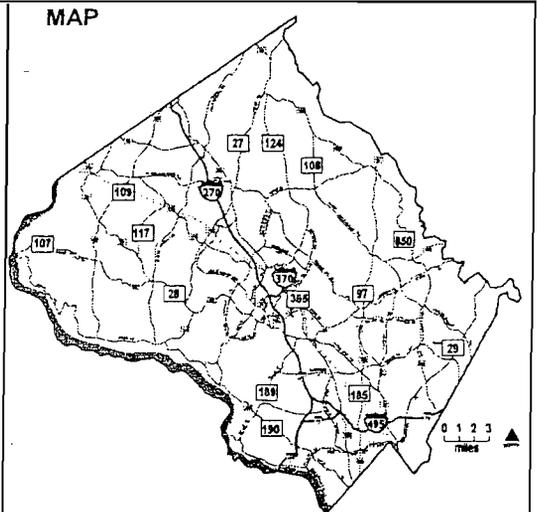
Federal funding for public housing capital improvements is based on an annual multi-year plan. County Funds are used concurrently with non-County funds as deemed appropriate to complete work. Also, County funds should be allocated across all HOC properties first to code compliance and second to renovations that extend the useful life of the facility.

OTHER DISCLOSURES

- A pedestrian impact analysis will be performed during design or is in progress.

APPROPRIATION AND EXPENDITURE DATA		
Date First Appropriation	FY01	(\$000)
First Cost Estimate	FY13	14,841
Current Scope		
Last FY's Cost Estimate		12,341
Appropriation Request	FY13	1,250
Appropriation Request Est.	FY14	1,250
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		7,341
Expenditures / Encumbrances		4,466
Unencumbered Balance		2,875
Partial Closeout Thru	FY10	0
New Partial Closeout	FY11	0
Total Partial Closeout		0

COORDINATION
 U.S. Department of Housing and Urban Development
 Maryland Department of Housing and Community Development
 Department of Housing and Community Affairs



PART II: REVISED PROJECTS

The projects described in this section were revised from the projects as requested by the Housing Opportunities Commission in the County Executive's Recommended FY 2013 Capital Budget and FY 2013-2018 Capital Improvements Program of January 15, 2012. These projects are approved.

Project #	Project Name
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NONE

PART III: CAPITAL IMPROVEMENTS PROJECTS TO BE CLOSED OUT

The following capital projects are closed out effective July 1, 2012, and the appropriation for each project is decreased by the amount of that project's unencumbered balance.

Project #	Project Name
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NONE

**PART IV: CAPITAL IMPROVEMENTS PROJECTS:
PARTIAL CLOSE OUT**

Partial close out of the following capital projects is effective July 1, 2012.

Project #	Project Name
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NONE