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# Housing Opportunities Commission

## AGENCY DESCRIPTION

The Housing Opportunities Commission (HOC) of Montgomery County, Maryland, is a public corporation authorized by State and local law to act as builder, developer, financier, owner, and manager of housing for low and moderate-income persons in Montgomery County.

The agency was first established in Montgomery County in 1939 and reactivated by the County Council in 1966 as the Housing Authority of Montgomery County. It was retitled in 1974 as the Housing Opportunities Commission. Specific powers of the HOC include: acquiring land; utilizing Federal/State housing subsidies; executing mortgage loans, construction loans, and rent subsidy payments; providing permanent financing; purchasing mortgages; and issuing bonds.

## PROGRAM DESCRIPTION AND OBJECTIVES

To meet its public mandate, HOC acts in cooperation with the County Department of Housing and Community Affairs, the Federal Department of Housing and Urban Development, the State Department of Housing and Community Development, local developers, lenders, realtors, and property owners to provide affordable rental and homeownership opportunities. The County, acting through the County Department of Housing and Community Affairs, sets housing policy, part of which is implemented by HOC.

HOC provides assisted housing to three income levels: very low, low, and moderate-income households. This objective is achieved, in part, through a full range of Federally-subsidized housing programs which consist of Public Housing Rental and Homeownership, the Federal Tax Credit Program, and the Housing Choice Voucher (HCV).

The HOC also provides below-market-rate housing through the use of non-County mortgage revenue bonds, as provided for under Federal and State statutes and regulations, in the following programs:

- The Single Family Mortgage Purchase Program
- Multi-Family Revenue Bond Program

The Strategic Plan, which the Commission publishes biennially, with annual updates of estimated unit production figures, provides a full description of the agency's plans for the production of new housing units and the maintenance of HOC current housing stock.

During the period covered by the most recent seven-year Strategic Plan, below-market-rate housing will be produced under the following programs, most of which rely heavily on County support:

- Moderately Priced Dwelling Units (MPDU) Programs
- New Construction
- Acquisition and Rehabilitation
- Homeownership Program

## HIGHLIGHTS

- Continue funding to support Public Housing Improvements through the Supplemental funds for Deeply Subsidized HOC Owned Units Improvements project formerly known as the Supplemental Funds or Public Housing Improvements project.
- Complete installation of Sprinkler Systems for HOC Elderly Properties in FY14.

## PROGRAM CONTACTS

Contact Terri Fowler at 240.627.9507 or Jennifer Bryant of the Office of Management and Budget at 240.777.2761 for more information regarding this department's capital budget.

## CAPITAL PROGRAM REVIEW

Because the HOC capital program includes two revolving funds for interim financing, as well as one statutorily determined loan guarantee, there may be years when all funds are in use, and, thus, the six-year period shows no funding. This apparent lack of funding and activity is actually a reflection of the fact that fund capacity has been reached in the three projects. As repayments flow into the funds, additional expenditures may be made. For that reason, the HOC recommended FY15-20 Capital Program shows no expenditures in the six-year period for the non-County funded projects. The County Executive's FY15-20 Recommended Capital Improvements Program includes full funding of the Housing Opportunities Commission's requested budget.

The HOC relies on five funding sources to support the six projects included in its Capital Program: Current Revenue General; General Obligation Bonds; County revolving funds for interim financing with expenditures up to a specified maximum; permanent financing provided by direct Federal Public Housing assistance; and HOC bonds that are guaranteed by the County up to a maximum of \$50 million. Funds are replenished when HOC obtains permanent financing or in certain circumstances, through an additional County appropriation.

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For more information on the five ongoing projects in the HOC capital program, refer to the respective project description forms.

## **STATUTORY AUTHORITY**

The Housing Opportunities Commission is authorized by Articles 44A and 44B of the Annotated Code of Maryland and Article VI, Housing Opportunities Act, Chapter 56, Montgomery County Code. The Montgomery County Code, Chapter 25A, Housing, Moderately Priced, and Chapter 25B, Housing Policy, further specifies the role of the Commission in implementing County housing policies.

Seven HOC Commissioners are appointed by the County Executive with concurrence of the County Council for five-year terms. The Commissioners determine HOC policies and programs and appoint an Executive Director who carries out policy and administers the activities of the Commission.

# Supplemental Funds for Public Housing Improvements (P017601)

Category: Housing Opportunities Commission  
 Sub Category: Housing  
 Administering Agency: Housing Opportunities Commission (AAGE12)  
 Planning Area: Countywide

Date Last Modified: 12/23/13  
 Required Adequate Public Facility: No  
 Relocation Impact: None  
 Status: Ongoing

Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
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### EXPENDITURE SCHEDULE (\$000s)

Planning, Design and Supervision	0	0	0	0	0	0	0	0	0	0
Land	0	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0
Other	9,841	7,894	1,947	0	0	0	0	0	0	0
<b>Total</b>	<b>9,841</b>	<b>7,894</b>	<b>1,947</b>	<b>0</b>						

### FUNDING SCHEDULE (\$000s)

Current Revenue: General	9,841	7,894	1,947	0	0	0	0	0	0	0
<b>Total</b>	<b>9,841</b>	<b>7,894</b>	<b>1,947</b>	<b>0</b>						

### APPROPRIATION AND EXPENDITURE DATA (000s)

Appropriation Request	FY 15	0
Appropriation Request Est.	FY 16	0
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		9,841
Expenditure / Encumbrances		7,894
Unencumbered Balance		1,947

Date First Appropriation	FY 01
First Cost Estimate	
Current Scope	FY 15      9,841
Last FY's Cost Estimate	14,841

## 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.

Starting in FY14, HOC will begin transition of many of its Public Housing units. This transfer in ownership will allow for greater preservation and financial stability of the housing through the use of the Section 8 subsidy. Since the conversion of the Public Housing units may take up to 36 months and the units will still be highly subsidized, the project formerly known as Supplemental Funds for Public Housing number P017601 will be changed to Supplemental Funds for Deeply Subsidized HOC Owned Units (project number P091501) to allow for continued funding in FY15-20 to support these units.

## Location

Countywide

## Capacity

1,546 units for low and very low-income Public Housing residents.

## Cost Change

Expenditures in FY15 - 18 have been allocated to the Supplemental Funds for Deeply Subsidized HOC Units (project number P091501).

## 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

## Supplemental Funds for Public Housing Improvements (P017601)

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.

Beginning in FY15, funds from this project will be allocated across HOC's Deeply Subsidized Owned elderly, multifamily and scattered sites properties under project number P091501, Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements.

### **Disclosures**

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

### **Coordination**

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

# HOC Cty Guaranteed Bond Projects (P809482)

Category Housing Opportunities Commission  
 Sub Category Housing  
 Administering Agency Housing Opportunities Commission (AAGE12)  
 Planning Area Countywide

Date Last Modified 12/23/13  
 Required Adequate Public Facility No  
 Relocation Impact None  
 Status Ongoing

Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
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### EXPENDITURE SCHEDULE (\$000s)

Planning, Design and Supervision	0	0	0	0	0	0	0	0	0	0
Land	0	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0
Other	50,000	8,073	41,927	0	0	0	0	0	0	0
<b>Total</b>	<b>50,000</b>	<b>8,073</b>	<b>41,927</b>	<b>0</b>						

### FUNDING SCHEDULE (\$000s)

HOC Bonds	50,000	8,073	41,927	0	0	0	0	0	0	0
<b>Total</b>	<b>50,000</b>	<b>8,073</b>	<b>41,927</b>	<b>0</b>						

### APPROPRIATION AND EXPENDITURE DATA (000s)

Appropriation Request	FY 15	0
Appropriation Request Est.	FY 16	0
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		50,000
Expenditure / Encumbrances		8,073
Unencumbered Balance		41,927

Date First Appropriation	FY 14	
First Cost Estimate		
Current Scope	FY 13	50,000
Last FY's Cost Estimate		50,000

## Description

This project serves to identify the uses of Housing Opportunities Commission (HOC) bonds for housing construction and permanent mortgage financing. In addition, the County guarantee on these HOC revenue bonds may provide coinsurance with appropriate Federal, State, and private insurers on HOC revenue bonds and notes issued to finance new or existing residential units. These bonds will be backed by the revenues of the developments; by the pledge of subsidy funds if appropriate; and by the full faith and credit of Montgomery County. All developments financed under this approach will be self-supporting. They are included in the Capital Improvements Program (CIP) in order to provide the legal authorization of ultimate County backing of specific projects. This project reflects a total authorization of \$50 million. Control over specific projects which are given County backing is maintained by implementation procedures developed in accordance with local legislation. The legislation provides for specific approval by the County Council, except for certain stated uses for which County Executive approval is permitted, subject to action by the County Council at its discretion.

## Justification

Relevant legislation and reports include: Code of Maryland as amended by State legislation providing for County backing of HOC bonds; Opportunity Housing legislation; report of the Task Force on Moderate Income Rental; and other studies. In the opinion of County bond counsel, inclusion in the CIP is required even though no County funds will be required.

## Other

The County General Plan refinement stands in compliance with the General Plan requirement of the Maryland Economic Growth, Resource Protection, and Planning Act. County Master Plans must be in compliance with the General Plan.

## Fiscal Note

The project has financed the development of housing units at The Oaks at Four Corners (120 units), Magruder's Discovery (134 Section 8 units), Spring Gardens (83 units), Chevy Chase Lake South (68 units), Fairfax Courts (18 units), Montgomery Arms apartments (132 units), The Metropolitan (308 units), Amherst Square (100 units) and Pooks Hill Courtyard (50 units). In FY'95, HOC repaid the Magruder's Discovery bond (\$5.7 million) and financed The Metropolitan (\$33.9 million). During FY'97, HOC repaid the \$4.1 million bond for The Oaks at Four Corners. In FY'98, the bonds that were used to finance The Metropolitan were repaid using bonds guaranteed under the FHA Risk-Sharing program. Subsequently, in FY'99, Pook's Hill Courtyard (50 units) and Landings Edge (100 units), were financed using \$12.9 million in County G.O. bonds. Beginning in FY'01, as a contribution to affordable housing, HOC was given relief on past due interest payments and is no longer required to pay interest on funding for this project. In FY'07, HOC Issued \$36.35 Million in Taxable Bond Anticipation Notes to fund the construction of MetroPointe. In 2008, HOC issued \$33.05 million in Fixed-Rate Tax-Exempt Short-Term Notes, which were expected to be redeemed and replaced with Long-Term Variable Bonds in 2009. However, continued dislocation in the Financial Markets necessitated the issuance of another Short-Term Financing. In FY'10, HOC issued \$32.3 million in 2 Year Fixed-Rate County Backed Notes which matured on January 1, 2012. Effective December 20, 2011, HOC issued \$33.585 million of Variable-Rate Tax-Exempt Multifamily Housing Development Bonds to, among other things, refinance the FY'10 Tax-Exempt Notes guaranteed by the County's General Obligation Pledge. On January 3, 2012, the two-year notes issued in FY'10 were repaid thereby releasing the County's General Obligation pledge. The mortgages on the property are insured by FHA pursuant to its Risk Sharing Agreement with HOC.

## Coordination

Department of Finance

# HOC MPDU/Property Acq Fund (P768047)

Category Housing Opportunities Commission  
 Sub Category Housing  
 Administering Agency Housing Opportunities Commission (AAGE12)  
 Planning Area Countywide

Date Last Modified 8/29/13  
 Required Adequate Public Facility No  
 Relocation Impact None  
 Status Ongoing

Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
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### EXPENDITURE SCHEDULE (\$000s)

Planning, Design and Supervision	0	0	0	0	0	0	0	0	0	0
Land	5,888	2,890	2,998	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0
Construction	5,250	250	5,000	0	0	0	0	0	0	0
Other	1,369	169	1,200	0	0	0	0	0	0	0
<b>Total</b>	<b>12,507</b>	<b>3,309</b>	<b>9,198</b>	<b>0</b>						

### FUNDING SCHEDULE (\$000s)

Revolving Fund - Current Revenue	107	107	0	0	0	0	0	0	0	0
Revolving Fund - G.O. Bonds	12,400	3,202	9,198	0	0	0	0	0	0	0
<b>Total</b>	<b>12,507</b>	<b>3,309</b>	<b>9,198</b>	<b>0</b>						

### APPROPRIATION AND EXPENDITURE DATA (000s)

Appropriation Request	FY 15	0
Appropriation Request Est.	FY 16	0
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		12,507
Expenditure / Encumbrances		3,309
Unencumbered Balance		9,198

Date First Appropriation	FY 14
First Cost Estimate	
Current Scope	FY08
Last FY's Cost Estimate	12,507

## Description

This is a revolving loan fund which authorizes the Housing Opportunities Commission (HOC) to use up to \$12.5 million at any one time for: (a) interim financing, including cost of acquisition and finishing by HOC, of Moderately Priced Dwelling Units (MPDUs) as permitted in Chapter 25A of the Montgomery County Code, provided that the unit is used in tandem with a Federal, State, or local subsidy program and is developed to provide housing to low- and moderate-income households; and (b) planning, acquisition, and improvement of sites and/or existing properties for low and moderate-income, single, or multifamily housing facilities, which are to be owned and operated by HOC or its designees. Sites may be land-banked in anticipation of future development when adequate public facilities become available. Upon receipt of permanent financing, monies are returned to the fund for reuse. No MPDU may be held by the fund for more than 24 months. The 24-month maximum holding period may be extended in unusual situations for a limited time upon determination by the Director of the Department of Housing and Community Affairs that such an extension would best support purposes of this program. HOC may determine that a County lump sum subsidy is required to secure independent financing or meet Federal, State, or local program guidelines for itself or its designees. Such write-downs from County funds shall be made only for projects serving households whose incomes do not exceed the following limits: 1/3 units - 80 percent of Washington Metropolitan Area Median income; 1/3 units - 80 percent of County Median income; and 1/3 units uncontrolled. In the event that a subsidy is undertaken, then in its next CIP submission, HOC shall include a PDF describing the subsidized program and shall request an appropriation sufficient to fully repay this fund.

## Justification

HOC is continually evaluating transactions that will require interim funding from the revolving fund. These transactions include redevelopment activities of older HOC properties that require significant capital infusion to improve their physical conditions or to redevelop and/or reposition them in their respective market areas. In addition, HOC continues to seek out new development opportunities, as well as, the acquisition of existing multi-family developments through the conventional real estate sales market that may require interim financing to facilitate the transaction.

The County's right of first refusal law has been changed to include all multifamily properties and not just those built before 1981. The change in law will likely provide HOC with greater acquisition opportunities to preserve affordability. It will also create a greater need for gap and bridge financing than in the past. HOC sets aside revolving funds to capitalize on opportunities to acquire and preserve rental units as they are offered under the current law.

## Other

The County General Plan Refinement stands in compliance with the General Plan requirement of the Maryland Economic Growth, Resource Protection, and Planning Act. County Master Plans must be in compliance with the General Plan. Beginning in FY'01, as a contribution to affordable housing, HOC was given relief on past due interest payments and is no longer required to pay interest on funding for this project.

## Fiscal Note

## HOC MPDU/Property Acq Fund (P768047)

Outstanding draws as of June 30, 2013, totaled \$3,309,140. Repayments of \$7,277,445 were made in FY'13 for Pooks Hill - Midrise (\$66,500), HOC/HOP (\$1,349,531), Holiday Park (\$203,126), Tanglewood (\$2,512,500) and MPDU 2004 Program (\$3,145,788). Repayments of \$337,450 are expected in FY'14 for Holiday Park (\$101,563), Pooks Hill – Midrise (\$66,500) and HOC/HOP Program (\$169,387). HOC anticipates continued utilization of the revolving fund for the Housing Opportunities Commission Homeownership Program (HOC/HOP) (\$500,000), Cider Mill (deposit/due diligence) (\$700,000), and 669 renovations (\$5,000,000).

### **Coordination**

Department of Finance, Department of Housing and Community Affairs

# HOC Opportunity Housing Dev Fund (P767511)

Category: Housing Opportunities Commission  
 Sub Category: Housing  
 Administering Agency: Housing Opportunities Commission (AAGE12)  
 Planning Area: Countywide

Date Last Modified: 12/23/13  
 Required Adequate Public Facility: No  
 Relocation Impact: None  
 Status: Ongoing

	Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
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### EXPENDITURE SCHEDULE (\$000s)

	Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
Planning, Design and Supervision	1,511	1,511	0	0	0	0	0	0	0	0	0
Land	2,989	2,332	657	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	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>4,500</b>	<b>3,843</b>	<b>657</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### FUNDING SCHEDULE (\$000s)

	Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
Revolving Fund - Current Revenue	4,500	3,843	657	0	0	0	0	0	0	0	0
<b>Total</b>	<b>4,500</b>	<b>3,843</b>	<b>657</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### APPROPRIATION AND EXPENDITURE DATA (000s)

Appropriation Request	FY 15	0
Appropriation Request Est.	FY 16	0
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		4,500
Expenditure / Encumbrances		3,843
Unencumbered Balance		657

Date First Appropriation	FY 75
First Cost Estimate	
Current Scope	FY 80      4,500
Last FY's Cost Estimate	4,500

## Description

The Opportunity Housing Development Fund (OHDF) is a revolving loan fund from which Housing Opportunities Commission (HOC) is authorized to use up to \$4.5 million at any one time. The project provides funds to temporarily cover project planning, site improvements, building construction loan guarantees, construction financing, short-term financing (including second trusts), insurance for permanent financing, notes and bonds, and associated professional and financing fees for housing developments undertaken by HOC or its designees. Since a separate fund is established for site acquisition and Moderately Priced Dwelling Units (MPDU) acquisition, land and MPDUs shall not be acquired from the OHDF (with the exception of MPDUs acquired under the last resort provision of the MPDU Ordinance). This fund is to be repaid when permanent financing is obtained or when other sources of financing are made available from HOC housing developments. If sufficient funds are not available in the MPDU/Property Acquisition Fund, this fund can also be used, upon County approval, for the acquisition of sites and/or existing properties for low and moderate-income, single, or multi-family housing facilities, which are to be owned and operated by HOC or its designees.

## Justification

This project assures availability of short-term financing and front-end costs at favorable interest rates for projects determined by HOC and the County to be in support of the County Housing Assistance Plan and housing policy. The fund permits existing and new properties to be reviewed and insured and, in other ways, secures prompt decisions when time demands require them.

## Other

The County General Plan Refinement stands in compliance with the General Plan requirement of the Maryland Economic Growth, Resource Protection, and Planning Act. County Master Plans must be in compliance with the General Plan. Beginning in FY'01, as a contribution to affordable housing, HOC was given relief on past due interest payments and is no longer required to pay interest on funding for this project.

## Fiscal Note

Outstanding draws as of June 30, 2013 totaled \$3,842,545. Repayments totaling \$89,198 were made in FY'13 consisting of annual repayments for Smith Village and Alexander House loans. Repayments totaling \$89,198 are projected in FY'14 and in each subsequent year until the loans for Smith Village and Alexander House are repaid. In FY'04, \$3 million was used to acquire Paddington Square that preserved 166 affordable units in Silver Spring. Due to the nature of the Financing, the funds for Paddington Square may be outstanding for up to nine years. The refinancing of the property and the repayment of these funds is anticipated in FY'14. Of the \$334,000 reserved to provide the local matching funds to be leveraged with a grant (up to \$1 million) from the Maryland Department of Mental Hygiene, \$218,156 was drawn to acquire and renovate two homes for developmentally disabled adults. HOC has received a commitment for matching funds from Montgomery County DHCA to repay the loans.

## Coordination

Department of Finance, Department of Housing and Community Affairs

# Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements (P091501)

Category	Housing Opportunities Commission	Date Last Modified	12/23/13
Sub Category	Housing	Required Adequate Public Facility	No
Administering Agency	Housing Opportunities Commission (AAGE12)	Relocation Impact	None
Planning Area	Countywide	Status	Ongoing

Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
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### EXPENDITURE SCHEDULE (\$000s)

Planning, Design and Supervision	0	0	0	0	0	0	0	0	0	0
Land	0	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0
Other	7,500	0	0	7,500	1,250	1,250	1,250	1,250	1,250	1,250
<b>Total</b>	<b>7,500</b>	<b>0</b>	<b>0</b>	<b>7,500</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>0</b>

### FUNDING SCHEDULE (\$000s)

Current Revenue: General	7,500	0	0	7,500	1,250	1,250	1,250	1,250	1,250	1,250
<b>Total</b>	<b>7,500</b>	<b>0</b>	<b>0</b>	<b>7,500</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>0</b>

### APPROPRIATION AND EXPENDITURE DATA (000s)

Appropriation Request	FY 15	1,250
Appropriation Request Est.	FY 16	1,250
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		0
Expenditure / Encumbrances		0
Unencumbered Balance		0

Date First Appropriation	FY 15
First Cost Estimate	
Current Scope	FY 15 7,500
Last FY's Cost Estimate	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.

Starting in FY14, HOC will begin transition of many of its Public Housing units. This transfer in ownership will allow for greater preservation and financial stability of the housing through the use of the Section 8 subsidy. Since the conversion of the Public Housing units may take up to 36 months and the units will still be highly subsidized, the project formerly known as Supplemental Funds for Public Housing number P017601 will be changed to Supplemental Funds for Deeply Subsidized HOC Owned Units (project number P091501) to allow for continued funding in FY15-20 to support these units.

## Capacity

1,546 Deeply Subsidized HOC Owned units for low and very low-income residents.

## Cost Change

In addition to funds previously allocated to the Supplemental Funds for Public Housing project (FY15-18) that have been moved into this project, the increase includes the addition of FY19 and FY20.

## 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

## Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements (P091501)

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.

The funds previously allocated under the Supplemental Funds for Public Housing (project number P017601) will be used across HOC's public housing elderly, multi-family and scattered site properties over the six year period under this new project, "Supplemental Funds for Deeply Subsidized HOC Owned Units".

### **Disclosures**

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

### **Coordination**

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