Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements

(P091501)

Category	Housing Opportunities Commission	Date Last Modified	05/02/18
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Countywide	Status	Ongoing

EXPENDITURE SCHEDULE ($000s)

Cost Elements	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Other	12,500	3,750	1,250	7,500	1,250	1,250	1,250	1,250	1,250	1,250	-
TOTAL EXPENDITURES	12,500	3,750	1,250	7,500	1,250	1,250	1,250	1,250	1,250	1,250	-

FUNDING SCHEDULE ($000s)

Funding Source	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Current Revenue: General	12,500	3,750	1,250	7,500	1,250	1,250	1,250	1,250	1,250	1,250	-
TOTAL FUNDING SOURCES	12,500	3,750	1,250	7,500	1,250	1,250	1,250	1,250	1,250	1,250	-

APPROPRIATION AND EXPENDITURE DATA ($000s)

Appropriation FY 19 Request	1,250	Year First Appropriation	FY15
Appropriation FY 20 Request	1,250	Last FY's Cost Estimate	10,000
Cumulative Appropriation	5,000		
Expenditure / Encumbrances	-		
Unencumbered Balance	5,000		

PROJECT DESCRIPTION

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. In the FY15-20 Capital Improvements Program this project was expanded to allow these funds to be used for deeply subsidized HOC owned unit improvements on public housing units both pre- and post- conversion.

CAPACITY

Income-restricted HOC owned units restricted to households making less than 60% of the median income for the Washington Metropolitan statistical area.

COST CHANGE

The increase is due to the addition of FY23 and FY24.

PROJECT JUSTIFICATION

These properties are original MPDUs that are owned by HOC and are subject to Commission imposed or financing restrictions, or have approximately 15 years left on the Low Income Housing Tax Credit (LIHTC) restrictive covenants requiring continued affordability. Given the age of the properties, they now need comprehensive renovation but lack the net operating income to generate sufficient proceeds to both retire the existing debt and fund the vital renovations. Montgomery County has a higher property standard than the Federal government. In addition, neighbors in the communities with the units expect the properties to be well maintained. Many of these units are scattered throughout the County in communities governed by Home Owner Associations (HOAs), and some have higher standards than the County code. 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 its own funds and County funds to make capital improvements to this housing stock.

FISCAL NOTE

The Commission's portfolio includes hundreds of income-restricted scattered site units throughout the county, most approximately 30 years of age. Many of these units were acquired into a Low Income Housing Tax Credit limited partnership more than 15 years ago and are subject to continued affordability restrictions under the LIHTC program. In addition, there are limited partnerships that are expected to contribute units to HOC and, upon doing so; HOC becomes the sole owner of these units. Finally, other units are simply older Moderately Priced Dwelling Units (MPDUs) that continue to be restricted to households of low- and moderate-income. With significant debt remaining on those units, the net operating income from these affordably priced units cannot support both the repayment of that debt and the additional proceeds needed to complete a comprehensive scope of renovation, which includes new windows, roof replacement, installation of energy-efficient heating and air conditioning systems, electrical and plumbing repairs, new flooring, new lighting, new cabinetry, installation of energy-efficient appliances, and new bathrooms.

DISCLOSURES

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

COORDINATION

Maryland Department of Housing and Community Development, Department of Housing and Community Affairs