Housing Opportunities Commission

Demolition Fund
(P091704)

Category	Housing Opportunities Commission	Date Last Modified	01/08/20
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Countywide	Status	Ongoing

EXPENDITURE SCHEDULE ($000s)

Cost Elements	Total	Thru FY19	Est FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
Other	1,900	80	1,320	500	500	-	-	-	-	-	-
TOTAL EXPENDITURES	1,900	80	1,320	500	500	-	-	-	-	-	-

FUNDING SCHEDULE ($000s)

Funding Source	Total	Thru FY19	Est FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
Current Revenue: General	1,900	80	1,320	500	500	-	-	-	-	-	-
TOTAL FUNDING SOURCES	1,900	80	1,320	500	500	-	-	-	-	-	-

APPROPRIATION AND EXPENDITURE DATA ($000s)

Appropriation FY 21 Request	500	Year First Appropriation	FY16
Appropriation FY 22 Request	-	Last FY's Cost Estimate	1,900
Cumulative Appropriation	1,400		
Expenditure / Encumbrances	-		
Unencumbered Balance	1,400		

PROJECT DESCRIPTION

In an effort to replace some of the County's least sustainable affordable housing, deliver amenities not currently present, to return housing to those sites, and embed the new stock of affordable housing within mixed-income communities, the Housing Opportunities Commission (HOC) has vacated its Emory Grove Village and Ambassador properties. The entitlement and permitting process for each site will take from two to four years. In the interim, upon vacating these sites, HOC will demolish the existing buildings while HOC works with its non-profit partners to execute a mixed-income redevelopment strategy for the site.

LOCATION

Gaithersburg and Wheaton, Maryland.

CAPACITY

Demolition of 216 units.

ESTIMATED SCHEDULE

Demolition of the Ambassador was commenced in August 2019 and will take approximately five months. Demolition of Emory Grove Village is expected to commence toward the end of FY20 and will take approximately three months. The demolition project is expected to be completed and County reimbursement will be completed by FY21.

PROJECT JUSTIFICATION

Both Emory Grove Village and the Ambassador have physical capital needs that far outweigh their ability to support remediation. As both properties are 100 percent affordable, they have no resources available to fund improvements or demolition. Both properties are located on prominent corners. Without County support, these properties would most likely remain vacant for a considerable period of time.

FISCAL NOTE

The estimated cost of demolition for Emory Grove Village is between $600,000 and $800,000 and for the Ambassador is between $1.3 and $1.5 million.

COORDINATION

Department of Finance, Department of Housing and Community Affairs, and the Department of Permitting Services.

HOC County Guaranteed Bond Projects
(P809482)

Category	Housing Opportunities Commission	Date Last Modified	01/03/20
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Countywide	Status	Ongoing

EXPENDITURE SCHEDULE ($000s)

Cost Elements	Total	Thru FY19	Est FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
Other	50,000	5,250	44,750	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	50,000	5,250	44,750	-	-	-	-	-	-	-	-

FUNDING SCHEDULE ($000s)

Funding Source	Total	Thru FY19	Est FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
HOC Bonds	50,000	5,250	44,750	-	-	-	-	-	-	-	-
TOTAL FUNDING SOURCES	50,000	5,250	44,750	-	-	-	-	-	-	-	-

APPROPRIATION AND EXPENDITURE DATA ($000s)

Appropriation FY 21 Request	-	Year First Appropriation	FY14
Appropriation FY 22 Request	-	Last FY's Cost Estimate	50,000
Cumulative Appropriation	50,000		
Expenditure / Encumbrances	-		
Unencumbered Balance	50,000		

PROJECT 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.

PROJECT 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 FY95, HOC repaid the Magruder's Discovery bond ($5.7 million) and financed The Metropolitan ($33.9 million). During FY97, HOC repaid the $4.1 million bond for The Oaks at Four Corners. In FY98, the bonds that were used to finance The Metropolitan were repaid using bonds guaranteed under the FHA Risk-Sharing program. Subsequently, in FY99, Pooks Hill's Courtyard (50 units) and Landings Edge (100 units), were financed using $12.9 million in County G.O. bonds. In FY07, 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 FY10, 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 FY10 Tax-Exempt Notes guaranteed by the County's General Obligation Pledge. On January 3, 2012, the two-year notes issued in FY10 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. The remaining G.O. Bond capacity as of July 1, 2019 is $44,750,487.

COORDINATION

Department of Finance.

HOC MPDU/Property Acquisition Fund
(P768047)

Category	Housing Opportunities Commission	Date Last Modified	01/02/20
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Countywide	Status	Ongoing

EXPENDITURE SCHEDULE ($000s)

Cost Elements	Total	Thru FY19	Est FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
Land	6,611	6,567	44	-	-	-	-	-	-	-	-
Other	5,896	954	4,942	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	12,507	7,521	4,986	-	-	-	-	-	-	-	-

FUNDING SCHEDULE ($000s)

Funding Source	Total	Thru FY19	Est FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
Revolving Fund: Current Revenue	107	107	-	-	-	-	-	-	-	-	-
Revolving Fund: G.O. Bonds	12,400	7,414	4,986	-	-	-	-	-	-	-	-
TOTAL FUNDING SOURCES	12,507	7,521	4,986	-	-	-	-	-	-	-	-

APPROPRIATION AND EXPENDITURE DATA ($000s)

Appropriation FY 21 Request	-	Year First Appropriation	FY14
Appropriation FY 22 Request	-	Last FY's Cost Estimate	12,507
Cumulative Appropriation	12,507		
Expenditure / Encumbrances	-		
Unencumbered Balance	12,507		

PROJECT 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.

PROJECT 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 new development opportunities, as well as, the acquisition of existing multifamily 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 was changed to include all multifamily properties of more than five units. The change in law provides HOC with greater acquisition opportunities to preserve affordability and greater need for gap and bridge financing. 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 FY01, 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, 2019, totaled $7,520,566. Repayments of $2,510,572 were made in FY19 for Housing Opportunities Commission Home Ownership Program (HOC/HOP). Repayments of $1,294,348 are expected in FY20 for Holiday Park ($101,563), 880 Bonifant ($238,860) and the HOC/HOP program ($953,925). HOC anticipates continued utilization of the revolving fund for MPDU acquisition as well as for the acquisition, development and improvement of real property that expands or stabilizes affordable housing in the County.

COORDINATION

Department of Finance and Department of Housing and Community Affairs.

HOC Opportunity Housing Development Fund
(P767511)

Category	Housing Opportunities Commission	Date Last Modified	01/03/20
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Countywide	Status	Ongoing

EXPENDITURE SCHEDULE ($000s)

Cost Elements	Total	Thru FY19	Est FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
Land	44	22	22	-	-	-	-	-	-	-	-
Construction	4,456	4,000	456	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	4,500	4,022	478	-	-	-	-	-	-	-	-

FUNDING SCHEDULE ($000s)

Funding Source	Total	Thru FY19	Est FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
Revolving Fund: Current Revenue	4,500	4,022	478	-	-	-	-	-	-	-	-
TOTAL FUNDING SOURCES	4,500	4,022	478	-	-	-	-	-	-	-	-

APPROPRIATION AND EXPENDITURE DATA ($000s)

Appropriation FY 21 Request	-	Year First Appropriation	FY75
Appropriation FY 22 Request	-	Last FY's Cost Estimate	4,500
Cumulative Appropriation	4,500		
Expenditure / Encumbrances	-		
Unencumbered Balance	4,500		

PROJECT 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.

PROJECT 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 FY01, 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, 2019 totaled $4,021,817. Repayments totaling $21,817 were made in FY19 consisting of the annual repayment for Smith Village ($21,817). Repayments totaling $4,021,817 are projected in FY20 representing the annual loan payment for Smith Village, and the payoff of the 900 Thayer loan from construction loan proceeds. HOC anticipates continued utilization of the balance of the OHDF revolving fund for the continued pre-development and acquisition for expanding affordable housing in the County.

COORDINATION

Department of Finance and Department of Housing and Community Affairs.

Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements

(P091501)

Category	Housing Opportunities Commission	Date Last Modified	12/31/19
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Countywide	Status	Ongoing

EXPENDITURE SCHEDULE ($000s)

Cost Elements	Total	Thru FY19	Est FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
Other	15,000	4,536	2,964	7,500	1,250	1,250	1,250	1,250	1,250	1,250	-
TOTAL EXPENDITURES	15,000	4,536	2,964	7,500	1,250	1,250	1,250	1,250	1,250	1,250	-

FUNDING SCHEDULE ($000s)

Funding Source	Total	Thru FY19	Est FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
Current Revenue: General	15,000	4,536	2,964	7,500	1,250	1,250	1,250	1,250	1,250	1,250	-
TOTAL FUNDING SOURCES	15,000	4,536	2,964	7,500	1,250	1,250	1,250	1,250	1,250	1,250	-

APPROPRIATION AND EXPENDITURE DATA ($000s)

Appropriation FY 21 Request	1,250	Year First Appropriation	FY15
Appropriation FY 22 Request	1,250	Last FY's Cost Estimate	12,500
Cumulative Appropriation	7,500		
Expenditure / Encumbrances	-		
Unencumbered Balance	7,500		

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 with both pre- and post- conversion.

COST CHANGE

The increase is due to the addition of FY25 and FY26 funding.

PROJECT JUSTIFICATION

These properties are original MPDUs that are owned by HOC and are subject to Commission imposed or financing restrictions, or are subject to extended use restrictive covenants in accordance with the Low Income Housing Tax Credit (LIHTC) program which requires 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. All units in the limited partnerships have now been contributed to HOC making HOC 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

Expenditures will continue indefinitely.

COORDINATION

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