Community Development and Housing

Housing

Affordable Housing Acquisition and Preservation

(P760100)

Category	Community Development and Housing	Date Last Modified	01/06/20
SubCategory	Housing (MCG)	Administering Agency	Housing & Community Affairs
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	358,236	176,048	50,188	132,000	22,000	22,000	22,000	22,000	22,000	22,000	-
TOTAL EXPENDITURES	358,236	176,048	50,188	132,000	22,000	22,000	22,000	22,000	22,000	22,000	-

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: Montgomery Housing Initiative	4,775	2,500	2,275	-	-	-	-	-	-	-	-
HIF Revolving Program	259,425	122,955	38,535	97,935	13,293	8,751	19,053	18,981	18,857	19,000	-
Loan Repayment Proceeds	89,496	46,053	9,378	34,065	8,707	13,249	2,947	3,019	3,143	3,000	-
Recordation Tax Premium (MCG)	4,540	4,540	-	-	-	-	-	-	-	-	-
TOTAL FUNDING SOURCES	358,236	176,048	50,188	132,000	22,000	22,000	22,000	22,000	22,000	22,000	-

APPROPRIATION AND EXPENDITURE DATA ($000s)

Appropriation FY 21 Request	22,000	Year First Appropriation	FY01
Appropriation FY 22 Request	22,000	Last FY's Cost Estimate	225,796
Cumulative Appropriation	226,236		
Expenditure / Encumbrances	183,467		
Unencumbered Balance	42,769		

PROJECT 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 Housing Opportunities Commission 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

Added funding over the next six-year period to continue support for preserving and increasing the County's affordable housing units. Also reflects an increase based on additional FY19 loan repayments.

PROJECT JUSTIFICATION

To implement Section 25B, Housing Policy, and Section 53A, Tenant Displacement (Right of First Refusal), of the Montgomery County Code. Opportunities to purchase property utilizing the County's Right of First Refusal arise without advance notice and cannot be planned in advance. Properties may be acquired by the County, non-profit developers, HOC or other entities that agree to develop or redevelop property for affordable housing.

OTHER

Resale or control period restrictions 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 (MHI) Fund. In addition to the appropriation shown above, future loan repayments are expected and will be used to finance future housing activities in this project.

DISCLOSURES

Expenditures will continue indefinitely.

COORDINATION

Housing Opportunities Commission, non-profit housing providers, and private sector developers.

Affordable Housing Opportunity Fund
(P762101)

Category	Community Development and Housing	Date Last Modified	05/18/20
SubCategory	Housing (MCG)	Administering Agency	Housing & Community Affairs
Planning Area	Countywide	Status	Planning Stage

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	14,000	-	-	14,000	8,000	6,000	-	-	-	-	-
TOTAL EXPENDITURES	14,000	-	-	14,000	8,000	6,000	-	-	-	-	-

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
Recordation Tax Premium (MCG)	14,000	-	-	14,000	8,000	6,000	-	-	-	-	-
TOTAL FUNDING SOURCES	14,000	-	-	14,000	8,000	6,000	-	-	-	-	-

APPROPRIATION AND EXPENDITURE DATA ($000s)

Appropriation FY 21 Request	-	Year First Appropriation	
Appropriation FY 22 Request	6,000	Last FY's Cost Estimate	-
Cumulative Appropriation	-		
Expenditure / Encumbrances	-		
Unencumbered Balance	-		

PROJECT DESCRIPTION

This project provides funding to address the urgent challenge of preservation and development of affordable housing in areas at risk of rent escalation to higher market rents, including the Purple Line Corridor and other County transit corridors. The funds will be used to provide seed money to establish a public-private preservation fund to proactively attract investors and leverage additional public and private capital to preserve targeted affordable rental housing when opportunities arise. Project funds would be expected to support financing activity within six months of allocation, based on time needed to identify partners, develop investment guidelines, and document responsibilities. The funds will be used to secure rental properties offered to the County under the Right of First Refusal Law or otherwise available for purchase by non-profit and for-profit developers. 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. Loan terms will primarily be short-term (up to 36 months) in duration, but funds may support companion intermediate-term agreements (up to 15-year duration). Funds are expected to revolve based on refinancing or redevelopment financing.

PROJECT JUSTIFICATION

The County has a severe shortage of affordable housing and needs to maximize and leverage private investment in the preservation and

creation of dedicated affordable housing. The fund structure will establish predetermined underwriting parameters and qualifications for rapidly purchasing targeted properties. The fund structure will allow time for implementing a range of longer-term actions addressing specific property opportunities, from rental agreements to redevelopment. The expectation is that these funds will leverage approximately $4 for every $1 of County funding. Opportunities to purchase property utilizing the County's Right of First Refusal could arise without advance notice and would not be planned in advance. Other targeted acquisitions would benefit from access to a dedicated source of ready funding. Properties may be acquired by the County, the Housing Opportunities Commission, non-profit developers or other entities that agree to maintain affordability, or develop/redevelop a property for affordable housing.

OTHER

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

FISCAL NOTE

The FY21 appropriation is deferred until the Council has further discussion of permanent financing housing activities in the future. Future loan repayments are expected and will be used to finance future housing activities in this project.

COORDINATION

Montgomery County Revenue Authority, Housing Opportunities Commission, non-profit housing providers, private sector developers, and financing institutions.