



Affordable Housing Opportunity Fund

(P762101)

Category	Community Development and Housing	Date Last Modified	09/02/24
SubCategory	Housing (MCG)	Administering Agency	Housing & Community Affairs
Planning Area	Countywide	Status	Planning Stage

EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY24	Rem FY24	Total 6 Years	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	Beyond 6 Years
Land	40,000	19,996	4	20,000	-	5,000	15,000	-	-	-	-
TOTAL EXPENDITURES	40,000	19,996	4	20,000	-	5,000	15,000	-	-	-	-

FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY24	Rem FY24	Total 6 Years	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	Beyond 6 Years
Current Revenue: General	2,916	2,912	4	-	-	-	-	-	-	-	-
Loan Repayment Proceeds	20,000	-	-	20,000	-	5,000	15,000	-	-	-	-
Recordation Tax Premium (MCG)	17,084	17,084	-	-	-	-	-	-	-	-	-
TOTAL FUNDING SOURCES	40,000	19,996	4	20,000	-	5,000	15,000	-	-	-	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 26 Request	5,000	Year First Appropriation	FY21
Cumulative Appropriation	20,000	Last FY's Cost Estimate	40,000
Expenditure / Encumbrances	19,996		
Unencumbered Balance	4		

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 commitment of funds which will proactively leverage public and private capital to support affordable housing developers in preserving and producing targeted affordable housing. The County commitment of funds will allow establishing parameters of a contractual agreement with a fund manager, such as a Community Development Financial Institution (CDFI), which would coordinate commitment of private capital to align with the County's funds and support acquisitions of properties to create long-term affordability. The County's project funds would be dedicated as available to acquisition transactions in combination with the private capital under predetermined terms, with County lending based on approval of each transaction. The approved funds are 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 assist affordable housing developers purchasing properties offered for sale, and potentially to purchase property from the County which it acquires under the Right of First Refusal law. 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. Funds are

expected to revolve based on refinancing or redevelopment financing.

ESTIMATED SCHEDULE

Spending in FY26 if project timing aligns with repayment proceeds.

COST CHANGE

Cost increase due to the addition of anticipated loan repayment proceeds in FY26 and FY27.

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

FY21 approved supplemental for \$8,000,000. 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.