



Housing

PROGRAM DESCRIPTION AND OBJECTIVES

The County's Housing Program provides funding to preserve and acquire affordable rental properties that require rehabilitation or are at risk of rent increases that could displace low- to moderate-income working families.

PROGRAM CONTACTS

Contact Pofen Salem of Department of Housing and Community Affairs at 240-777-3728 or Anita Aryeetey of the Office of Management and Budget at 240-777-2784 for more information regarding this department's housing capital budget.

HIGHLIGHTS

Continue to provide support for the Affordable Housing Acquisition and Preservation project, the Affordable Housing Opportunity Fund, the Nonprofit Preservation Fund, and the Revitalization for Troubled and Distressed Common Ownership Communities project.

CAPITAL PROGRAM REVIEW

The recommended FY27-FY32 Capital Improvements Program for the Department of Housing and Community Affairs Housing includes four ongoing projects totaling \$160 million over six years. This reflects a \$172 million or 51.8% decrease in overall affordable housing funding, primarily due to the completion of key activities within the Affordable Housing Acquisition and Preservation project, the Affordable Housing Opportunity Fund, and the Nonprofit Preservation Fund.



Affordable Housing Acquisition and Preservation

(P760100)

Category	Community Development and Housing	Date Last Modified	01/05/26
SubCategory	Housing (MCG)	Administering Agency	Housing & Community Affairs
Planning Area	Countywide	Status	Ongoing

EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY25	Est FY26	Total 6 Years	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	Beyond 6 Years
Land	690,654	416,631	142,023	132,000	22,000	22,000	22,000	22,000	22,000	22,000	-
TOTAL EXPENDITURES	690,654	416,631	142,023	132,000	22,000	22,000	22,000	22,000	22,000	22,000	-

FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY25	Est FY26	Total 6 Years	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	Beyond 6 Years
Current Revenue: General	65,000	65,000	-	-	-	-	-	-	-	-	-
Current Revenue: Montgomery Housing Initiative	4,775	4,775	-	-	-	-	-	-	-	-	-
HIF Revolving Program	449,689	198,199	128,194	123,296	20,623	20,181	20,623	20,623	20,623	20,623	-
Loan Repayment Proceeds	141,650	124,117	8,829	8,704	1,377	1,819	1,377	1,377	1,377	1,377	-
Recordation Tax Premium (MCG)	29,540	24,540	5,000	-	-	-	-	-	-	-	-
TOTAL FUNDING SOURCES	690,654	416,631	142,023	132,000	22,000	22,000	22,000	22,000	22,000	22,000	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 27 Request	22,000	Year First Appropriation	FY01
Appropriation FY 28 Request	22,000	Last FY's Cost Estimate	646,654
Cumulative Appropriation	558,654		
Expenditure / Encumbrances	424,876		
Unencumbered Balance	133,778		

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 the 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 are 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

Cost change due to the addition of funding for FY31 and FY32.

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 should be incorporated into projects funded with these resources to ensure long-term affordability.

FISCAL NOTE

Debt service will be financed by the Montgomery Housing Initiative (MHI) Fund. The HIF Revolving Program funding source represents Taxable Limited Obligation Certificate debt financing. In addition to the appropriation shown above, future loan repayments are expected and will be used to finance future housing activities in this project. FY22 supplemental appropriation in Loan Repayment Proceeds for the amount of \$14,749,992.

In FY24, \$7.980 million in Loan Repayment Proceeds was transferred to the Nonprofit Preservation Fund. In FY25, \$5 million in Loan Repayment Proceeds was shifted to the Nonprofit Preservation Fund.

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	01/05/26
SubCategory	Housing (MCG)	Administering Agency	Housing & Community Affairs
Planning Area	Countywide	Status	Planning Stage

EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY25	Est FY26	Total 6 Years	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	Beyond 6 Years
Land	40,540	19,996	5,004	15,540	2,000	5,000	4,270	4,270	-	-	-
TOTAL EXPENDITURES	40,540	19,996	5,004	15,540	2,000	5,000	4,270	4,270	-	-	-

FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY25	Est FY26	Total 6 Years	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	Beyond 6 Years
Current Revenue: General	2,916	2,912	4	-	-	-	-	-	-	-	-
Loan Repayment Proceeds	20,540	-	5,000	15,540	2,000	5,000	4,270	4,270	-	-	-
Recordation Tax Premium (MCG)	17,084	17,084	-	-	-	-	-	-	-	-	-
TOTAL FUNDING SOURCES	40,540	19,996	5,004	15,540	2,000	5,000	4,270	4,270	-	-	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 27 Request	2,000	Year First Appropriation	FY21
Appropriation FY 28 Request	5,000	Last FY's Cost Estimate	40,000
Cumulative Appropriation	25,000		
Expenditure / Encumbrances	19,996		
Unencumbered Balance	5,004		

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.

COST CHANGE

Cost increase due to appropriation of projected loan repayments.

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 should be incorporated into projects funded with these resources to ensure long-term affordability.

FISCAL NOTE

FY21 approved supplemental for \$8,000,000. Future loan repayments are anticipated and will be reinvested to support ongoing housing activities within this project.

COORDINATION

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



Nonprofit Preservation Fund

(P762301)

Category	Community Development and Housing	Date Last Modified	01/05/26
SubCategory	Housing (MCG)	Administering Agency	Housing & Community Affairs
Planning Area	Countywide	Status	Planning Stage

EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY25	Est FY26	Total 6 Years	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	Beyond 6 Years
Planning, Design and Supervision	6,550	6,550	-	-	-	-	-	-	-	-	-
Land	45,288	-	43,450	1,838	128	342	342	342	342	342	-
TOTAL EXPENDITURES	51,838	6,550	43,450	1,838	128	342	342	342	342	342	-

FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY25	Est FY26	Total 6 Years	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	Beyond 6 Years
Current Revenue: General	1	-	1	-	-	-	-	-	-	-	-
Loan Repayment Proceeds	51,837	6,550	43,449	1,838	128	342	342	342	342	342	-
TOTAL FUNDING SOURCES	51,838	6,550	43,450	1,838	128	342	342	342	342	342	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 27 Request	128	Year First Appropriation	FY24
Appropriation FY 28 Request	342	Last FY's Cost Estimate	50,000
Cumulative Appropriation	50,000		
Expenditure / Encumbrances	6,550		
Unencumbered Balance	43,450		

PROJECT DESCRIPTION

This project provides funding to preserve existing affordable housing in developments at risk of rent escalation to higher market rents. The fund is expected to reach \$20 million in FY24, with the goal of up to \$50 million in the revolving fund. The Nonprofit Preservation Fund (NPF) CIP will be used to provide capital lending to nonprofit entities to support acquisitions and preservation to ensure continued affordability of the County's existing affordable housing stock.

To qualify for capital lending, entities must be a 501(c)(3) with experience in affordable housing development or be the local housing authority. Loans will be for specific properties, which must:

- have been constructed at least 20 years ago;
- have other necessary capital identified for the acquisition, unless this requirement is conditionally waived for 90 days;
- restrict rental increases on the affordable units to no more than the Voluntary Rent Guidelines (VRG) issued by the Department of Housing & Community Affairs (DHCA);

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- agree to a minimum 30-year affordability restriction; and
 - achieve at least 20 percent of units at 50 percent of Area Median Income (AMI) or below and 10 percent of units at MPDU level or below within three (3) years of acquisition.

Lending applications will be considered on a rolling basis and are subject to available funds. HOC shall conduct underwriting for each loan and will connect applicants to potential investors for individual projects. DHCA will administer the Fund and will review and approve or reject loan recommendations. County priorities will be taken into consideration during the review of applications.

While HOC is eligible for loans from the Fund, HOC cannot be awarded more than 25 percent of the fund at any given time. Loans will include an origination fee of 1 percent, except for HOC projects, which would not include an origination fee. The maximum loan term is for seven (7) years, which may be extended to a total of ten (10) years in certain instances.

COST CHANGE

Project cost change reflects the expected loan repayments to be reinvested to fund future eligible projects.

PROJECT JUSTIFICATION

The County has over 25,900 unrestricted housing units affordable to households earning under 65 percent of area median income; however, the 2020 Planning Department Preservation Study identified the risk of losing between 7,000 to 11,000 affordable housing units due to expected rent increases.

The Nonprofit Preservation Fund will support efforts by the County's nonprofit development partners to preserve these at-risk properties and will provide much needed additional capital to preserve and create affordable housing units.

OTHER

Resale or control period restrictions will be implemented to ensure long-term affordability for activities supported by this project.

FISCAL NOTE

The Council may direct up to \$20 million in loan repayments associated with the Preservation of Naturally Occurring Affordable Housing Fund (P762201) project that is received in FY24 to this CIP project. FY24 supplemental in Current Revenue: General for the amount of \$1,000.

FY24 transfers of \$7.020 million in loan repayments from the Preservation of Naturally Occurring Affordable Housing Fund and \$7.980 million of loan repayments in FY24 from the Affordable Housing Acquisition and Preservation projects. FY25 shift of \$15 million from the Preservation of Naturally Occurring Affordable Housing Fund (\$10 million) and the Affordable Housing Acquisition and Preservation (\$5 million) projects.

COORDINATION

Department of Housing and Community Affairs, Housing Opportunities Commission, and nonprofit housing providers and developers.



Revitalization for Troubled and Distressed Common Ownership Communities

(P762504)

Category	Community Development and Housing	Date Last Modified	12/23/25
SubCategory	Housing (MCG)	Administering Agency	Housing & Community Affairs
Planning Area	Countywide	Status	Ongoing

EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY25	Est FY26	Total 6 Years	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	Beyond 6 Years
Construction	13,663	-	3,080	10,583	2,223	2,358	2,078	1,908	908	1,108	-
TOTAL EXPENDITURES	13,663	-	3,080	10,583	2,223	2,358	2,078	1,908	908	1,108	-

FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY25	Est FY26	Total 6 Years	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	Beyond 6 Years
Current Revenue: General	10,000	-	3,080	6,920	2,100	2,050	1,570	1,200	-	-	-
Loan Repayment Proceeds	3,663	-	-	3,663	123	308	508	708	908	1,108	-
TOTAL FUNDING SOURCES	13,663	-	3,080	10,583	2,223	2,358	2,078	1,908	908	1,108	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 27 Request	2,223	Year First Appropriation	FY25
Appropriation FY 28 Request	2,358	Last FY's Cost Estimate	10,000
Cumulative Appropriation	3,080		
Expenditure / Encumbrances	-		
Unencumbered Balance	3,080		

PROJECT DESCRIPTION

This program, known as the Common Area Assistance Loan Fund (CAALF), will provide financial and technical support for Common Ownership Communities (COCs), specifically homeowner associations and condominium associations. COCs must be experiencing financial hardship in their efforts to address immediate health or safety repairs and be properly documented by professional assessments or government citations. All participating COCs must be duly registered, and their respective Board of Directors must have a current and valid certificate of completion for the required Community Governance Fundamentals training.

COST CHANGE

The cost increase is attributed to the inclusion of loan repayments within the six-year funding period.

PROJECT JUSTIFICATION

A vast amount of the housing stock in Common Ownership Communities are now 30 years or older; this is a point where issues associated with aging infrastructure are more prominent and often require immediate attention. In addition, many older multifamily and single-family properties located in the COCs of Montgomery County have become mired in financial instability and adverse economic conditions. As a result, condominium and homeowner associations are forced to defer regular maintenance if members are unable or unwilling to pay their monthly assessments. These loans are expected to assist COCs in addressing critical and urgent capital improvements, including but not limited to the replacement or major repair of community-wide exterior site and building elements, such as deficient facades, roofs, siding, major water infiltration, and potentially condemned balconies; compromised garage and building support structures; as well as other major and unexpected common area improvements and structural issues caused by neglect or deferred maintenance. This program will require the condominium or homeowner's association to invest a minimum of 20 percent of the total project costs.

COORDINATION

Office of the County Executive, Office of the County Attorney, Department of Permitting Services, Office of Code Enforcement, Office of Multifamily Housing, Office of Asset Management and Finance, Director's Office, and Office of Common Ownership Communities.