



Affordable Housing Opportunity Fund

(P762101)

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|---------------|-----------------------------------|----------------------|-----------------------------|
| 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.