

PHED COMMITTEE #1
March 1, 2010

WORKSESSION

MEMORANDUM

February 26, 2010

TO: Planning, Housing, and Economic Development Committee
FROM: Linda McMillan, Senior Legislative Analyst *LMM*
SUBJECT: **Worksession** – FY11-16 Recommended Capital Improvements Program
Housing Opportunities Commission (HOC)

Those expected for this worksession:

Annie Alston, Executive Director, Housing Opportunities Commission
Gail Willison, Chief Financial Officer, Housing Opportunities Commission
Terri Fowler, Budget Officer, Housing Opportunities Commission
Jacqueline Carter, Office of Management and Budget

At this session, the Committee will consider HOC's requests and the Executive's recommendations for funding via the county's Capital Improvements Program. The section from the Executive's Recommended CIP is attached at © 1-8. There are five projects:

- HOC Guarantee Bond Projects
- HOC MPDU/Property Acquisition Fund
- HOC Opportunity Housing Development Fund
- Sprinkler Systems for HOC Elderly Housing Properties
- Supplemental Funds for Public Housing Improvements

1. HOC County Guaranteed Bond Projects

(FY11-16 Recommended PDF © 3 and page 37-3 of the Recommended CIP)

Both HOC and the Executive are requesting a continuation of the \$50 million authorization limit for the County Guaranteed Bond Project. The PDF notes that this project is

included in the CIP on the opinion of bond counsel even though no County funds are required. The PDF notes that bonds issued under this project are backed by revenues of the developments, by the pledge of subsidy funds if appropriate, and by the full faith and credit of Montgomery County.

HOC County Guaranteed Bond Projects

	TOTAL	Thru FY10	6 Years	FY11	FY12	FY13	FY14	FY15	FY16
Approved	50,000	50,000	0	0	0	0	0	0	0
HOC Request	50,000	50,000	0	0	0	0	0	0	0
CE Recommend	50,000	50,000	0	0	0	0	0	0	0

Council staff recommends approval as requested by HOC and recommended by the County Executive.

2. HOC MPDU/Property Acquisition Fund

(FY11-16 Recommended PDF © 4 and page 37-4 of the Recommended CIP)

This is a revolving loan fund from which HOC is authorized to use up to \$12.5 million at any one time. HOC must use this money for interim financing of MPDUs (in tandem with federal, state or local subsidy programs) or for planning, acquisition, or improvements of sites or existing properties for low- and moderate-income residents that are owned and operated by HOC or its designees. 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. HOC may determine that a County lump sum subsidy is required to secure independent financing or to meet federal, state, or local program guidelines for itself or its designees. Such write-downs from County funds may be made only for projects serving households whose incomes do not exceed one-third of median income. This fund helps to ensure that HOC has the resources to respond promptly to MPDU acquisition.

The PDF notes that outstanding draws as of June 30, 2009 totaled \$12.4 million. Repayment of \$4.065 million is expected in FY10.

HOC MPDU/Property Acquisition Fund

	TOTAL	Thru FY10	6 Years	FY11	FY12	FY13	FY14	FY15	FY16
Approved	12,507	12,507	0	0	0	0	0	0	0
HOC Request	12,507	12,507	0	0	0	0	0	0	0
CE Recommend	12,507	12,507	0	0	0	0	0	0	0

Council staff recommends approval as requested by HOC and recommended by the County Executive.

3. HOC Opportunity Housing Development Fund

(FY11-16 Recommended PDF © 5 and page 37-5 of the Recommended CIP)

This is a revolving fund. It provides the availability of up to \$4.5 million in 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. Outstanding draws as of June 30, 2009 totaled \$4 million and no further draws on the fund are expected in FY10. Neither HOC or the Executive are requesting a change to the authorization level.

HOC Opportunity Housing Development Fund

	TOTAL	Thru FY10	6 Years	FY11	FY12	FY13	FY14	FY15	FY16
Approved	4,500	4,500	0	0	0	0	0	0	0
HOC Request	4,500	4,500	0	0	0	0	0	0	0
CE Recommend	4,500	4,500	0	0	0	0	0	0	0

Council staff recommends approval as requested by HOC and recommended by the County Executive.

4. Sprinkler Systems for HOC Elderly Housing Properties

(FY11-16 Recommended PDF © 6 and page 37-6 of the Recommended CIP)

The FY11-16 Recommended CIP includes \$8.420 million to continue the project to install sprinkler systems and upgrade fire suppression systems in four elderly housing properties: Holly Hall, Elizabeth House, Arcola Towers, Bauer Park. This project was first approved as a part of the FY09-14 CIP. While these buildings are not required to be sprinkled because they were built before the requirement for sprinklers was enacted, the buildings are old and fire suppression systems are in need of upgrades and fire sprinkler systems (which are required in new residential construction) would greatly enhance fire safety for those who reside in these buildings.

HOC has found that the bid for Holly Hall has been much lower than anticipated. It was originally estimated that Holly Hall might cost as much as \$1.3 million. The bid for installing the system is under \$800,000. While the plan as outlined in the PDF calls for the Elizabeth House project to begin in FY11, HOC would like to accelerate the project in order to take advantage of the current favorable prices. Elizabeth House was previously expected to cost about \$2 million. While \$100,000 in current revenue was included in FY09 for initial planning, the actual sprinkler systems are funded with G.O. Bonds.

Sprinkler Systems for HOC Elderly Housing Properties

	TOTAL	Thru FY10	6 Years	FY11	FY12	FY13	FY14	FY15	FY16
Approved	8,420	1,666	6,754	2,764	3,990	0	0	0	0
HOC Request	8,420	1,666	6,754	2,764	3,990	0	0	0	0
CE Recommend	8,420	1,666	6,754	2,764	3,990	0	0	0	0

Council staff recommendation

Approve as recommended by the County Executive for now, but consider an adjustment to the project in order to accelerate Elizabeth House – if it can be determined

what, if any, adjustment is needed. As it appears that there may be almost enough funding through FY10 to pay for Elizabeth House but as actual payments will most likely not be made until FY11. HOC and OMB should discuss if Elizabeth House can go out to bid under the current expenditure schedule.

5. Supplemental Funds for Public Housing Improvements

(Executive FY11-16 Recommended © 7 and page 37-7 of the Recommended CIP; HOC FY11-16 Request © 8 and page 37-8 of the Recommended CIP)

This project provides funding for HOC to make ongoing capital improvements to public housing. County funds are used to supplemental or cover the shortfall in Federal funding and in situation where revenues do not provide sufficient funding to cover capital improvements in addition to the ongoing operating costs of the building. In addition to CIP funding, HOC has at times received funding through the HIF, CDBG, and Federal grants to make repairs and improvements to kitchens, bathrooms, etc. in certain public housing buildings.

HOC is requesting \$1.250 million in each of the six years. This is the amount that has generally been available to HOC. However, for FY10 \$1.125 million was originally approved and this amount was reduced by \$121,000 as a part of the Round 2 Savings Plan. For FY11, the County Executive is recommending \$625,000. He recommends restoring the project to the \$1.250 million level in each of years FY12-16. The source of funding is current revenue.

To account for the Savings Plan Round 2 reduction, the Executive is recommending an FY11 appropriation of \$504,000 to fund \$625,000 of expenditures.

Supplemental Funds for Public Housing Improvements

	TOTAL	Thru FY10*	6 Years	FY11	FY12	FY13	FY14	FY15	FY16
Approved*	10,712	5,712	5,000	1,250	1,250	1,250	1,250	Na	Na
HOC Request	13,212	5,712	7,500	1,250	1,250	1,250	1,250	1,250	1,250
CE Recommend	12,466	5,591	6,875	625	1,250	1,250	1,250	1,250	1,250

*Does not include Savings Plan Round 2 reduction.

Council staff requested information on the work that has been completed in FY09 and FY10 (so far) with county funding. HOC has provided the following list:

Property	Project/Work Item	Cost
Scattered Sites	Unit Interiors, Roofs/Siding, HVAC, Site Imp.	205,429
Elizabeth House	Kitchens/Baths, Life/Safety	362,855
Arcola Towers	Security, Asbestos Abatement, H/C Access, Paving	211,151
Holly Hall	Life/Safety, Unit Interiors, H/C Accommodation	176,424
Waverly House	Emergency Generator, HVAC, Mechanical	499,312
Emory Grove	Site Imp., Unit Interiors, Sewer Repair, Boiler Rm Doors	59,760
Washington Square	Attic Insulation, Kitchens/Baths	68,714
Toby Town	Site Improvements, Roof/Siding	6,866
Seneca Ridge	Security; Site Lighting	18,854
Parkway Woods	Roofs, Site Improvements, Tot Lot	98,033
Towne Centre Place	Site Improvements, Roof, Handicapped Access	13,169

Last Spring, HOC told the Council they were expecting to be awarded over \$3 million in Federal Stimulus funding to address the backlog of these types of repairs and renovations in HOC properties. HOC has received three Federal FY2009 grants totaling about \$7.4 million through both formula and competitive processes. These funds have been and are being used for agency wide items, at scattered site housing, and at Elizabeth House, Holly Hall, Seneca Ridge, Arcola Towers, Waverly House, Ken Gar, Parkway Woods, Town Centre, Sandy Spring, Emory Grove, and Washington Square.

Council staff recommendation

Given the severe constraints on the operating budget and current revenue, Council staff recommends approval of the County Executive's recommendation for \$625,000 in expenditures and \$504,000 in appropriation for FY11.

Housing Opportunities Commission

AGENCY DESCRIPTION

The Housing Opportunities Commission (HOC) of Montgomery County, Maryland, is a public corporation authorized by State and local law to act as builder, developer, financier, owner, and manager of housing for low and moderate-income persons in Montgomery County.

The agency was first established in Montgomery County in 1939 and reactivated by the County Council in 1966 as the Housing Authority of Montgomery County. It was retitled in 1974 as the Housing Opportunities Commission. Specific powers of the HOC include: acquiring land; utilizing Federal/State housing subsidies; executing mortgage loans, construction loans, and rent subsidy payments; providing permanent financing; purchasing mortgages; and issuing bonds.

PROGRAM DESCRIPTION AND OBJECTIVES

To meet its public mandate, HOC acts in cooperation with the County Department of Housing and Community Affairs, the Federal Department of Housing and Urban Development, the State Department of Housing and Community Development, local developers, lenders, realtors, and property owners to provide affordable rental and homeownership opportunities. The County, acting through the County Department of Housing and Community Affairs, sets housing policy, part of which is implemented by HOC.

HOC provides assisted housing to three income levels: very low, low, and moderate-income households. This objective is achieved, in part, through a full range of Federally-subsidized housing programs which consist of Public Housing Rental and Homeownership, the Federal Tax Credit Program, and the Housing Choice Voucher (HCV).

The HOC also provides below-market-rate housing through the use of non-County mortgage revenue bonds, as provided for under Federal and State statutes and regulations, in the following programs:

- The Single Family Mortgage Purchase Program
- Multi-Family Revenue Bond Program

The Strategic Plan, which the Commission publishes biennially, with annual updates of estimated unit production figures, provides a full description of the agency's plans for the production of new housing units and the maintenance of HOC current housing stock.

During the period covered by the most recent seven-year Strategic Plan, below-market-rate housing will be produced under the following programs, most of which rely heavily on County support:

- Moderately Priced Dwelling Units (MPDU) Programs
- New Construction
- Acquisition and Rehabilitation
- Homeownership Program

HIGHLIGHTS

- Continue funding to support Public Housing Improvements

PROGRAM CONTACTS

Contact Terri Fowler at 240-773-9107 or Pooja Bharadwaja of the Office of Management and Budget at 240.777.2751 for more information regarding this department's capital budget.

CAPITAL PROGRAM REVIEW

Because the HOC capital program includes two revolving funds for interim financing, as well as one statutorily determined loan guarantee, there may be years when all funds are in use, and, thus, the six-year period shows no funding. This apparent lack of funding and activity is actually a reflection of the fact that fund capacity has been reached in the three projects. As repayments flow into the funds, additional expenditures may be made. For that reason, the HOC recommended FY11-16 Capital Program shows no expenditures in the six-year period for the non-County funded projects. Shown in the FY11-16 Recommended Capital Improvements Program is the HOC request along with the Executive's recommendation, where the recommendation is different from the Agency's request.

The HOC relies on five funding sources to support the five projects included in its Capital Program: Current Revenue: General; General Obligation Bonds; County revolving funds for interim financing with expenditures up to a specified maximum; permanent financing provided by direct Federal Public Housing assistance; and HOC bonds that are guaranteed by the County up to a maximum of \$50 million. Funds are replenished when HOC obtains permanent financing or in certain circumstances, through an additional County appropriation.

For more information on the five ongoing projects in the HOC capital program, refer to the respective project description forms.

STATUTORY AUTHORITY

The Housing Opportunities Commission is authorized by Articles 44A and 44B of the Annotated Code of Maryland and Article VI, Housing Opportunities Act, Chapter 56, Montgomery County Code. The Montgomery County Code, Chapter 25A, Housing, Moderately Priced, and Chapter 25B, Housing Policy, further specifies the role of the Commission in implementing County housing policies.

Seven HOC Commissioners are appointed by the County Executive with concurrence of the County Council for five-year terms. The Commissioners determine HOC policies and programs and appoint an Executive Director who carries out policy and administers the activities of the Commission.

HOC Cty Guaranteed Bond Projects -- No. 809482

Category	Housing Opportunities Commission	Date Last Modified	January 05, 2010
Subcategory	Housing	Required Adequate Public Facility	No
Administering Agency	Housing Opportunities Commission	Relocation Impact	None.
Planning Area	Countywide	Status	On-going

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY09	Est. FY10	Total 6 Years	FY11	FY12	FY13	FY14	FY15	FY16	Beyond 6 Years
Planning, Design, and Supervision	0	0	0	0	0	0	0	0	0	0	0
Land	0	0	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	0
Other	50,000	50,000	0	0	0	0	0	0	0	0	0
Total	50,000	50,000	0	0	0	0	0	0	0	0	0

FUNDING SCHEDULE (\$000)

HOC Bonds	50,000	50,000	0	0	0	0	0	0	0	0	0
Total	50,000	50,000	0								

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.

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, Pook's Hill Courtyard (50 units) and Landings Edge (100 units), were financed using \$12.9 million in County G.O. bonds.

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. In FY09, HOC issued \$33.05 million in fixed rate taxable short term notes to redeem previously issued County backed notes which were used to fund the construction of 173 units above the Wheaton Metro Kiss and Ride site. Since December 11, 2008, the mortgage on the property has been secured by a FHA Risk Sharing Guarantee. The County general obligation pledge will remain in place until the short term notes are replaced with long term term debt.

APPROPRIATION AND EXPENDITURE DATA		COORDINATION	MAP
Date First Appropriation	FY	(\$000)	
First Cost Estimate			
Current Scope	FY87	25,000	
Last FY's Cost Estimate		50,000	
Appropriation Request	FY11	0	
Appropriation Request Est.	FY12	0	
Supplemental Appropriation Request		0	
Transfer		0	
Cumulative Appropriation		0	
Expenditures / Encumbrances		0	
Unencumbered Balance		0	
Partial Closeout Thru	FY08	0	
New Partial Closeout	FY09	0	
Total Partial Closeout		0	

HOC MPDU/Property Acq Fund -- No. 768047

Category	Housing Opportunities Commission	Date Last Modified	January 08, 2010
Subcategory	Housing	Required Adequate Public Facility	No
Administering Agency	Housing Opportunities Commission	Relocation Impact	None.
Planning Area	Countywide	Status	On-going

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY09	Est. FY10	Total 6 Years	FY11	FY12	FY13	FY14	FY15	FY16	Beyond 6 Years
Planning, Design, and Supervision	0	0	0	0	0	0	0	0	0	0	0
Land	11,105	11,105	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	1,263	1,263	0	0	0	0	0	0	0	0	0
Other	139	0	139	0	0	0	0	0	0	0	0
Total	12,507	12,368	139	0	0	0	0	0	0	0	0

FUNDING SCHEDULE (\$000)

Revolving Fund - Current Revenue	107	107	0	0	0	0	0	0	0	0	0
Revolving Fund - G.O. Bonds	12,400	12,261	139	0	0	0	0	0	0	0	0
Total	12,507	12,368	139	0							

DESCRIPTION

This is a revolving loan fund which authorizes 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.

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 out new development opportunities, as well as, the acquisition of existing multi-family 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 has been changed to include all properties and not just those built before 1981. The result is that HOC is likely to have more acquisition opportunities but, in order to preserve affordability, there is more potential for gap and bridge financing than prior to the change in law. HOC sets aside revolving funds to capitalize on opportunities to acquire and preserve rental units as they are offered under the revised 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

On June 14, 2005, the County Council appropriated an additional \$2 million to this revolving fund.

Outstanding draws as of June 30, 2009, totaled \$12.4 million. Repayment of \$4.0 million is expected in FY10 for the repayment of bridge financing for the Metropointe at Wheaton Metro. A repayment of \$66,500 will also be made in FY10 and is projected in each subsequent year until the loan for Pooks Hill midrise is repaid. HOC anticipates continued utilization of the revolving fund for the Housing Opportunities Commission Homeownership Program (HOC/HOP). As of June 30, 2009, \$486,184 of the revolving fund was outstanding which is a part of the \$12.4 million balance for the HOC/HOP program. Units in this program are purchased and resold within 90 days. As such, the outstanding balance as of June 30, 2009 will be repaid in FY10, and will be drawn down again and repaid throughout the year.

APPROPRIATION AND EXPENDITURE DATA		COORDINATION		MAP
Date First Appropriation	FY80	(\$000)	Department of Finance	
First Cost Estimate			Department of Housing and Community Affairs	
Current Scope	FY08	12,507		
Last FY's Cost Estimate		12,507		
Appropriation Request	FY11	0		
Appropriation Request Est.	FY12	0		
Supplemental Appropriation Request		0		
Transfer		0		
Cumulative Appropriation		12,507		
Expenditures / Encumbrances		12,368		
Unencumbered Balance		139		
Partial Closeout Thru	FY08	0		
New Partial Closeout	FY09	0		
Total Partial Closeout		0		

HOC Opportunity Housing Dev Fund -- No. 767511

Category **Housing Opportunities Commission**
 Subcategory **Housing**
 Administering Agency **Housing Opportunities Commission**
 Planning Area **Countywide**

Date Last Modified **January 08, 2010**
 Required Adequate Public Facility **No**
 Relocation Impact **None.**
 Status **On-going**

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY09	Est. FY10	Total 6 Years	FY11	FY12	FY13	FY14	FY15	FY16	Beyond 6 Years
Planning, Design, and Supervision	1,511	1,510	1	0	0	0	0	0	0	0	0
Land	2,989	2,491	498	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
Total	4,500	4,001	499	0	0	0	0	0	0	0	0

FUNDING SCHEDULE (\$000)

Revolving Fund - Current Revenue	4,500	4,001	499	0	0	0	0	0	0	0	0
Total	4,500	4,001	499	0							

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.

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.

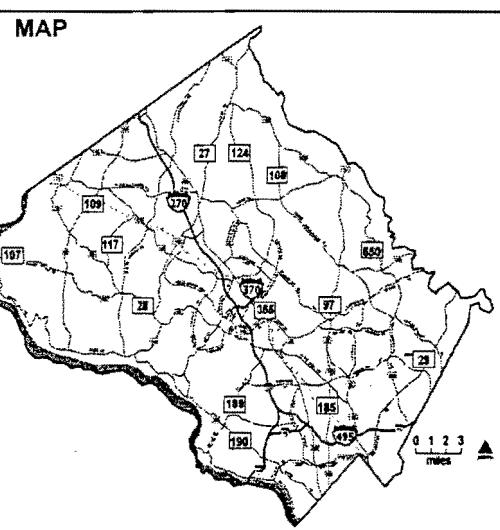
Beginning in FY01, as a contribution to affordable housing, HOC was given relief on past due interest payments and is no longer required to pay interest on funding for this project.

FISCAL NOTE

Outstanding draws as of June 30, 2009 totaled \$4,001,391. Repayments totaling \$87,944 were made in FY09 and repayments totaling \$87,944 are projected in FY10 and in each subsequent year until the loans for Holiday Park and Alexander House are repaid. In FY04, \$3 million was used to acquire Paddington Square that preserved 166 affordable units in Silver Spring. Due to the nature of the financing, the funds for Paddington Square may be outstanding for up to eight years. The refinancing of the property and the repayment of these funds is anticipated in FY12. No additional draws on the fund are expected to be made in FY10. It is anticipated that the loan for Smith Village will begin repayment in FY11.

APPROPRIATION AND EXPENDITURE DATA		
Date First Appropriation	FY75	(\$000)
First Cost Estimate	FY80	4,500
Current Scope		
Last FY's Cost Estimate		4,500
Appropriation Request	FY11	0
Appropriation Request Est.	FY12	0
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		4,500
Expenditures / Encumbrances		4,001
Unencumbered Balance		499
Partial Closeout Thru	FY08	0
New Partial Closeout	FY09	0
Total Partial Closeout		0

COORDINATION
 Department of Finance
 Department of Housing and Community Affairs



Sprinkler Systems for HOC Elderly Properties -- No. 097600

Category
Subcategory
Administering Agency
Planning Area

Housing Opportunities Commission
Housing
Housing Opportunities Commission
Countywide

Date Last Modified
Required Adequate Public Facility
Relocation Impact
Status

December 23, 2009
No
None.
Planning Stage

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY09	Est. FY10	Total 6 Years	FY11	FY12	FY13	FY14	FY15	FY16	Beyond 6 Years
Planning, Design, and Supervision	571	100	88	383	157	226	0	0	0	0	0
Land	0	0	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	7,849	0	1,478	6,371	2,607	3,764	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
Total	8,420	100	1,566	6,754	2,764	3,990	0	0	0	0	0

FUNDING SCHEDULE (\$000)

Current Revenue: General	100	100	0	0	0	0	0	0	0	0	0
G.O. Bonds	8,320	0	1,566	6,754	2,764	3,990	0	0	0	0	0
Total	8,420	100	1,566	6,754	2,764	3,990	0	0	0	0	0

DESCRIPTION

This project provides for the first phase of installing sprinkler systems and replacing the fire alarm systems in Housing Opportunities Commission (HOC) facilities that house elderly residents. The scope of this project, when fully implemented, is to include Holly Hall, Elizabeth House, Arcola Towers, and Bauer Park Apartments.

ESTIMATED SCHEDULE

Holly Hall Sprinkler improvements are expected to start in the winter of FY10 and will last for six months. Elizabeth House sprinkler improvements design phase will be completed in the beginning of FY11, followed by two months of bidding. The construction period will last six months with a completion by the end of FY11. Implementation of sprinkler improvements at Arcola Towers and Bauer Park are still in development for FY12.

JUSTIFICATION

In September 2008, an analysis of building life safety systems for all four of the properties housing elderly residents was completed. The analysis examined fire protection systems and architectural life safety issues for each property, including individual project budgets.

The Housing Opportunities Commission owns and manages four buildings for low income independent seniors. The buildings range in age from 29 years to 45 years old and contain a total of 539 apartments. The existing fire protection and detection systems on these properties are original to each property. These systems are prone to failure and must be periodically tested and serviced to ensure proper operation. The cost to upgrade and replace these obsolete systems exceeds available funds from the U.S. Department of Housing and Urban Development (HUD).

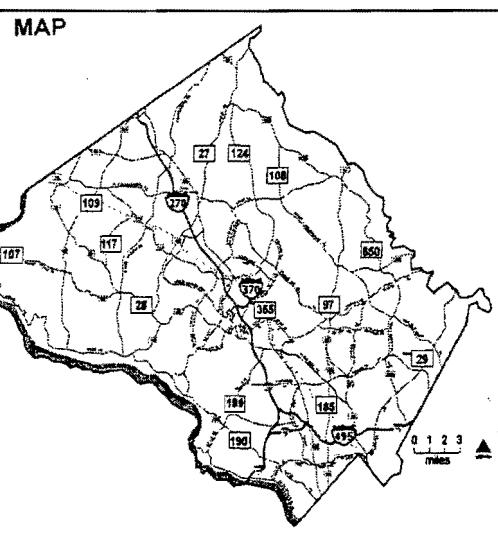
Technological advances in fire detection and protection systems have rendered these systems obsolete. Individual replacement parts are becoming increasingly difficult, if not impossible, to obtain. Finding qualified technicians to work on these older systems is also very difficult. While these systems do provide a very basic level of protection, the new, modern systems are more reliable and easier to operate and maintain. Most buildings do not have any sprinkler protection at all. Other buildings have only very limited areas (parking garages, foyers, etc.) protected by old, out-of-date sprinkler systems. None have sprinkler protection in the individual apartments.

The installation of sprinklers in each apartment, along with state of the art detection and notification equipment such as flame, heat, smoke, carbon monoxide detectors, and specialized detection equipment for the handicapped, while inter-locking these devices with each building system, would afford residents the maximum degree of protection currently available.

County law currently mandates that all new buildings include sprinkler systems. The County code "grandfathers" old buildings with regard to sprinkler systems. Recent fires in older buildings have again brought public attention to this issue.

APPROPRIATION AND EXPENDITURE DATA		
Date First Appropriation	FY09	(\$000)
First Cost Estimate	FY10	8,420
Current Scope		
Last FY's Cost Estimate		8,420
Appropriation Request	FY11	0
Appropriation Request Est.	FY12	3,990
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		4,430
Expenditures / Encumbrances		100
Unencumbered Balance		4,330
Partial Closeout Thru	FY08	0
New Partial Closeout	FY09	0
Total Partial Closeout		0

COORDINATION
Housing Opportunities Commission
Montgomery County Fire and Rescue Services



EXECUTIVE RECOMMENDATION

Supplemental Funds for Public Housing Improvements - No. 017601

Category: **Housing Opportunities Commission**
 Agency: **Housing Opportunities Commission**
 Planning Area: **Countywide**
 Relocation Impact: **None**

Date Last Modified: **January 5, 2010**
 Required Adequate Public Facility: **No**

EXPENDITURE SCHEDULE (\$000)

Cost Element	Thru		Est. 6 Year				Beyond				
	Total	FY09	FY10	Total	FY11	FY12	FY13	FY14	FY15	FY16	6 Years
Planning, Design and Supervision	0	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	0
Other	12,466	4,466	1,125	6,875	625	1,250	1,250	1,250	1,250	1,250	0
Total	12,466	4,466	1,125	6,875	625	1,250	1,250	1,250	1,250	1,250	0

FUNDING SCHEDULE (\$000)

G.O. Bonds	0	0	0	0	0	0	0	0	0	0	0
Current Revenue: General	12,466	4,466	1,125	6,875	625	1,250	1,250	1,250	1,250	1,250	0
State Aid	0	0	0	0	0	0	0	0	0	0	0

COMPARISON (\$000)

	Thru	Est. 6 Year				Beyond				Approp.		
	Total	FY09	FY10	Total	FY11	FY12	FY13	FY14	FY15	FY16	6 Years	Request
Current Approved	10,712	4,587	1,125	5,000	1,250	1,250	1,250	1,250	0	0	0	0
Agency Request	13,212	4,587	1,125	7,500	1,250	1,250	1,250	1,250	1,250	1,250	0	1,250
Recommended	12,466	4,466	1,125	6,875	625	1,250	1,250	1,250	1,250	1,250	0	504
CHANGE				TOTAL				%	6-YEAR			APPROP.
Agency Request vs Approved				2,500				23.3%	2,500			1,250 0.0%
Recommended vs Approved				1,754				16.4%	1,875			504 0.0%
Recommended vs Request				(746)				(5.6%)	(625)			(746) (59.7%)

Recommendation

APPROVE WITH MODIFICATIONS

Comments

The County Executive recommends reducing funding and expenditures for fiscal capacity.

The FY11 appropriation recommendation is \$504,000.

The FY12 appropriation recommendation is \$1,250,000.

Supplemental Funds for Public Housing Improvements -- No. 017601

Category	Housing Opportunities Commission	Date Last Modified	January 06, 2010
Subcategory	Housing	Required Adequate Public Facility	No
Administering Agency	Housing Opportunities Commission	Relocation Impact	None
Planning Area	Countywide	Status	On-going

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY09	Est. FY10	Total 6 Years	FY11	FY12	FY13	FY14	FY15	FY16	Beyond 6 Years
Planning, Design, and Supervision	0	0	0	0	0	0	0	0	0	0	0
Land	0	0	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	0
Other	13,212	4,587	1,125	7,500	1,250	1,250	1,250	1,250	1,250	1,250	0
Total	13,212	4,587	1,125	7,500	1,250	1,250	1,250	1,250	1,250	1,250	0

FUNDING SCHEDULE (\$000)

Current Revenue: General	13,212	4,587	1,125	7,500	1,250	1,250	1,250	1,250	1,250	1,250	0
Total	13,212	4,587	1,125	7,500	1,250	1,250	1,250	1,250	1,250	1,250	0

DESCRIPTION

Due to projected Federal funding cuts, there is insufficient funding available to address the basic ongoing capital improvements needed each year. 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. HOC will also continue to use its Capital Fund Program (CFP) funds to convert selected dwelling units to mobility handicapped units.

County funds are used to supplement/cover the shortfall of Federal funds in the public housing units. These funds will be allocated across HOC's Public Housing elderly, multi-family and scattered sites properties over the next six (6) years.

CAPACITY

1,555 low and very low-income Public Housing residents.

COST CHANGE

Reduce funding and expenditures for fiscal capacity.

JUSTIFICATION

Current and projected Federal Capital Fund Program (CFP) funds are not adequate for maintaining HOC public housing units at community norms throughout Montgomery County. Federal funding for public housing will be cut. At the same time the public housing stock in the County is aging and will need additional repairs. Montgomery County has a higher property standard than the Federal government. In addition, neighbors in the communities with the public housing units expect the properties to be well maintained. Almost half of the public housing units (700+ units) are MPDUs scattered throughout the County in many communities governed by Home Owner Associations (HOAs), and some have higher standards than the County code. As Federal funding levels for public housing are declining, 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 CFP and County funds to make capital improvements to its public housing stock.

Comprehensive Grant Program 5-year Action Plan from HUD 52834; HOC Resident Surveys; HOC Engineering Studies.

FISCAL NOTE

Federal funding for public housing capital improvements is based on a multi-year plan annually. County funds are used concurrently with non-County funds as deemed appropriate to complete work. Also, County funds should be allocated across all HOC properties County wide first to code compliance and second to renovations that extend the useful life of the facility.

OTHER DISCLOSURES

- A pedestrian impact analysis will be performed during design or is in progress.

APPROPRIATION AND EXPENDITURE DATA		
Date First Appropriation	FY01	(\$000)
First Cost Estimate	FY10	10,712
Current Scope		
Last FY's Cost Estimate		10,712
Appropriation Request	FY11	1,250
Appropriation Request Est.	FY12	1,250
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		5,712
Expenditures / Encumbrances		3,337
Unencumbered Balance		2,375
Partial Closeout Thru	FY08	0
New Partial Closeout	FY09	0
Total Partial Closeout		0

COORDINATION
 U.S. Department of Housing and Urban Development
 Maryland Department of Housing and Community Development
 Department of Housing and Community Affairs

