

PHED COMMITTEE #4
April 29, 2009

Worksession

M E M O R A N D U M

April 29, 2009

TO: Planning, Housing, and Economic Development Committee

FROM: Linda McMillan, Senior Legislative Analyst 

SUBJECT: **Worksession: FY10 Recommended Operating Budget
Department of Housing and Community Affairs (DHCA)**

Those expected for this worksession:

Richard Nelson, Director, Department of Housing and Community Affairs
Joe Giloley, Chief, DHCA Housing Division
Fred Wilcox, DHCA Management and Budget
Jennifer Bryant, Office of Management and Budget

The purpose of this worksession is to follow-up on issues regarding the Housing Initiative Fund. The HIF was discussed at the PHED Committee April 21st worksession and the joint PHED/HHS Committee session on Housing First on April 27th.

Montgomery Housing Initiative Fund (HIF)

The joint PHED/HHS Committee recommended the following regarding the HIF:

- Charge \$249,000 in Rental Assistance Program (RAP) rental subsidies to the HIF to maintain FY09 program capacity of 1,767.
- Charge \$120,000 in Housing Initiative Program (formerly SHRAP) rental subsidies to the HIF to maintain FY09 program capacity of 225.

- Reserve additional Housing Initiative Funds for Housing First in order to provide flexibility for housing the homeless and preventing homelessness in order to respond to the current economic downturn and assist the County in moving forward with the Housing First Implementation Plan.
- Allocate \$1.890 million in Recordation Tax revenues that are appropriated to the HIF to the Housing Opportunities Commission for the Rent Supplement Program.
- Allocate \$1.157 million in Recordation Tax revenues that are appropriated to the HIF to emergency assistance administered by the Department of Health and Human Services.

Council suggested language regarding the Housing First and the HIF:

The Department of Housing and Community Affairs must reserve \$5.9 million of the non-revolving program appropriation to the Housing Initiative Fund for continued implementation of the Housing First Plan. The Housing First model helps chronically homeless and hard to serve individuals and families to access and sustain permanent, stable housing and has been shown to be more cost effective than short term housing solutions such as the use of motels. These funds may be used to fund costs associated with any element of the Plan but must be used in conjunction with funds appropriated to the Department of Health and Human Services to continue capacity of at least 1,767 clients in the Rental Assistance Program and 225 clients in the Housing Initiative Program (formerly known as SHRAP). The Department of Housing and Community Affairs and Department of Health and Human Services may use these reserve funds to increase capacity in these programs or other programs in the Housing First Initiative in order to move households quickly into permanent housing and reduce the reliance on motels and shelters. The allocation of this reserve does not limit the amount that may be spent from the Housing Initiative Fund or other sources for homeless persons or persons at risk of homelessness, and does not impose any limit on projects that may be funded with the revolving Acquisition and Preservation Program.

Background on Executive’s recommendation regarding HIF

For FY10, the County Executive is recommending \$57,805,730 in resources for the Housing Initiative Fund. This includes \$25 million in bond proceed for the revolving acquisition and preservation program. The following table shows the source of funds available to the HIF in the FY07, FY08, FY09 and the County Executive’s recommendation for FY10.

Summary of HIF Fiscal Plan

	FY07 Approved	FY08 Approved	FY09 Approved	FY10 Rec
Beginning Balance	4,825,440	1,075,930	7,583,260	1,951,890
HIF Revenues:				
MPDU Alternative Payments	143,900	-		281,750
MPDU Resale Recapture	2,000,000	2,000,000	3,000,000	2,000,000
Mortgage Repayments	800,000	800,000	5,500,000	5,672,450
HOC Loan Replacement	79,420	78,260	76,870	75,290
Pooled Investment Income	380,000	640,000	210,000	190,000
Condo Transfer Tax	4,000,000	4,400,000	3,000,000	2,000,000
Net Transfer from General Fund	7,718,880	20,760,060	7,754,390	17,537,350
TOTAL	19,947,640	29,754,250	27,124,520	29,708,730
Developer Approval			50,000	50,000
Recordation Tax			2,615,500	3,047,000
Extraordinary Revenue Financing			25,000,000	25,000,000
TOTAL			54,790,020	57,805,730

The net transfer from the General Fund has been increased by about \$10 million as other resources, such as the Condominium Transfer Tax and MPDU Resale Recapture have decline and because there is a relatively small FY09 ending balance/FY10 beginning balance projected. The following table shows the FY09 estimated revenues by category.

Revenue

	FY09 Approved	FY09 Est	FY10 Rec
Program Income			
Dev. Auth	50,000	50,000	50,000
MPDU Recapture	3,000,000	2,000,000	2,000,000
Mortgage Repayment	5,500,000	2,500,000	5,672,450
Condo Tax	3,000,000	3,000,000	2,000,000
Investment	210,000	220,000	190,000
HOC Loan Repayment	76,870	76,870	75,290
MPDU Cont.		385,000	281,750
CIP	25,000,000	25,000,000	25,000,000
General Fund Net Transfer	9,604,390	7,754,390	17,537,350
Recordation Tax	2,615,500	2,615,500	3,047,000

Summary of HIF Expenditures

	FY07 Approved	FY08 Approved	FY09 Approved	FY10 Rec
Personnel	729,150	932,240	1,239,370	1,290,230
Operating Expenses	298,250	434,000	500,000	500,000
Building Neighborhood to Call Home	1,000,000	1,000,000	1,026,130	933,500
Debt Service	79,420	78,260	76,870	75,300
Capital Budget	500,000	500,000	25,000,000	25,000,000
Projected End of Year Balance	389,070	587,750	1,080,710	1,665,040
Available for Loans and Projects	16,951,750	26,222,000	16,135,940	17,748,660
Housing First			4,500,000	4,500,000
Rent Assistance (Rec. Tax)			2,615,500	3,047,000

A table showing the FY10 projected commitments for the HIF is attached at © 1. Note that this is only for the HIF. In terms of Housing First there also \$1,947,517 in HOME grants funds allocated to “Housing Production and Rehabilitation” for FY10, \$1,260,255 in Community Development Block Grant (CDBG) funds allocated for “Housing Rehabilitation and Production”, \$150,000 in CDBG funds allocated to “Group Home Acquisition and Renovation”, and in the DHHS budget \$7.7 million in HUD funds and County match for housing/group home/shelter projects (© 2-3).

The Council will also discuss the Recordation Tax in its worksession(s) on Bill 15-09, Recordation Tax – Use of Revenue. Council staff understands that in terms of the HIF, the Executive is proposing a FY10 appropriation of \$3,047,000 which is to cover the amounts needed for the HOC Rent Supplement Program and emergency rental assistance in DHHS. Currently, if this portion of the Recordation Tax exceeds the amount assumed in the original appropriation, it is held for future appropriation in the HIF. If Bill 15-09 is enacted, any amount collected in FY10 over the \$3,047,000 could be used for other budget purposes. As introduced in Bill 15-09, the requirement that it be used for rental assistance for low and moderate income households would become effective again in FY13. **The MFP Committee will hold a worksession Bill 15-09 on May 8th.**

				FY 2010 Project Commitments		
HIF APPROPRIATION				\$ 57,805,730		
<u>Project</u>			<u>Amount</u>	<u>USE</u>	<u>Source</u>	<u>FY 10 Date</u>
Tildenwood	special needs		\$ 120,000	Rehab	HIF	Jul-09
Maple Towers	MHP		\$3,287,500	Rehab	HIF	Oct-09
Paddington			\$1,600,000	Rehab	HIF	1-Jul
Paddington			\$4,672,471	Rehab/Finance	HIF	Mar-10
4715 Cordell	MCCH		\$2,800,000	Rehab	HIF	Sep-09
Montgomery County Revolving Loan Closing Cost Assistance Program			\$592,120	DP Closing Cost	HIF	Aug-09
Montgomery County Closing Cost Assistance Program for Employees (MC-CAP4E)			\$500,000	DP Closing Cost	HIF	Aug-09
National Childrens Center			\$375,000	Rehab	HIF	Sep-09
Victory St. Chamais	Victory Housing		\$300,000	Predev	HIF	Aug-09
University Gardens			\$150,000	Predev	HIF	Sep-09
SUBTOTAL COMMITTED PROJECTS			\$14,397,091			
Housing First			\$4,500,000		HIF	Jul-09
Neighborhoods to Call Home			\$933,500		HIF	Jul-09
Staff Costs			\$1,300,000		HIF	Ongoing
Operating Expenses			\$500,000			
Debt Service (non-debt service fund)			\$75,300			
Rental Assistance (Recordation Tax)			\$3,047,000			
End of Year Balance			\$1,665,040			
SUBTOTAL OTHER COMMITMENTS			\$12,020,840			
AVAILABLE FOR OTHER PROJECTS/USES			\$31,387,799			

HUD SuperNofa projects funded in DHHs

Grantee Name	Program	Families Served	Individuals Served	Project Type	Annual HUD Amount	Annual County Match	Notes
Housing Opportunities Commission of Montgomery County	Permanent Supportive Housing, McKinney 8 Merged	25	35	permanent supportive housing	\$ 1,085,259	\$ 79,125	
Housing Opportunities Commission of Montgomery County	Permanent Supportive Housing, McKinney 10 Merged	37	33	permanent supportive housing	\$ 1,151,722	\$ 199,565	
Housing Opportunities Commission of Montgomery County	Permanent Supportive Housing, McKinney 3	10		permanent supportive housing	\$ 79,533	\$ 26,005	
Housing Opportunities HOC	McKinney 12		14	permanent supportive housing	\$ 235,903	\$ 53,210	
Montgomery County Coalition for the Homeless	Home First 3		10	permanent supportive housing	\$ 136,238	\$ 33,860	new project in FY 10
Montgomery County Coalition for the Homeless	Personal Living Quarters - Seneca Heights Apartments		40	permanent supportive housing	\$ 359,232	\$ 537,717	
Montgomery County Coalition for the Homeless	Hope Housing	2	40	permanent supportive housing	\$ 500,974	\$ 88,874	
Montgomery County Coalition for the Homeless	Home First		12	permanent supportive housing	\$ 138,183	\$ 34,463	
Montgomery County Coalition for the Homeless	Home First 2		10	permanent supportive housing	\$ 131,260	\$ 32,500	
Montgomery Avenue Women's Center	Montgomery Avenue Women's Center, Inc.			supprtive services only	\$ 138,183	\$ -	County provides facility, services only - no housing
Catholic Charities of the Archdiocese of Washington	Carroll House		32	transitional	\$ 235,903	\$ 191,857	
City of Gaithersburg - Well/Robertson House Program	Wells/Robertson House		14	transitional	\$ 128,247	\$ 9,519	
Montgomery County Coalition for the Homeless	Safe Haven		40	transitional	\$ 824,127	\$ 223,053	

HUD

National Center for Children and Families (NCCF)	Rapid Re-Housing Demonstration Project	9		transitional	\$ 180,579	\$ 23,827	new project in FY 10 - grant is a 3 year demonstration project
National Center for Children and Families (NCCF)	Supportive Housing Program (SHP)	24		transitional	\$ 640,965	\$ 54,790	new funding support in FY 10
TOTAL SUPPORTIVE HOUSING PROGRAMS					\$ 5,325,343	\$ 1,588,365	
SHELTER PLUS CARE PROJECTS					Annual HUD Amount	Annual County Match	
Housing Opportunities Commission of Montgomery County	Housing Opportunities Commission - Shelter Plus Care	3	39	permanent supportive housing	\$ 575,184	\$ 46,240	
Housing Opportunities Commission of Montgomery County	New Neighbors	3	15	permanent supportive housing	\$ 142,524	\$ 18,438	
Housing Opportunities Commission of Montgomery County	New Neighbors 2		4	permanent supportive housing	\$ 54,293	\$ 17,118	
TOTAL SHELTER PLUS CARE					\$ 772,001	\$ 81,796	
GRAND TOTAL					\$ 6,097,344	\$ 1,670,161	
All grants are renewable except for NCCF Rapid Re-Housing which is a 3 year demonstration project							

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