

**TESTIMONY ON BEHALF OF COUNTY EXECUTIVE MARC ELRICH
ON THE AMENDMENT TO FY21-26 CAPITAL IMPROVEMENT
PROGRAM AND SUPPLEMENTAL APPROPRIATION TO THE FY21
CAPITAL BUDGET FOR DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS FOR THE AFFORDABLE HOUSING
OPPORTUNITY FUND (P762101), \$8,000,000.**

January 12, 2021

Good afternoon Council President and Councilmembers, my name is Aseem Nigam, Director of the Department of Housing and Community Affairs. I am here on behalf of the County Executive in support of the supplemental capital project appropriation for the Affordable Housing Opportunity Fund.

This appropriation is needed because the County has a severe shortage of affordable housing and needs to move quickly to keep naturally occurring affordable housing as affordable for the longer term and needs to maximize and leverage private investment in the preservation and creation of dedicated affordable housing. The recent Montgomery Planning studies, like the Housing Needs Assessment and the Preservation Study shed light on the scope of our housing affordability challenges as well as opportunities like the Opportunity Fund.

The Preservation Study identified that, over the next ten years, we are at risk of losing 7,000 to 11,000 units of the approximately 26,000 units of naturally occurring affordable housing where many County residents are living.

This appropriation of County funds will support DHCA in working with the private sector to create and leverage a dedicated pool of revolving short-term financing that will enable developers to respond quickly to opportunities to acquire properties at risk of loss of affordability and position them for longer term affordability. To achieve this, the County will negotiate an agreement with a private sector partner to serve as a fund manager; arrange additional acquisition lending funds from private sector sources; and coordinate acquisition opportunities under terms and conditions developed in partnership with the County. This short-term financing once repaid

from long-term financing, will become available to support additional acquisitions of affordable housing.

Many other jurisdictions already are pursuing the approach like the Affordable Housing Opportunity Fund. This supplemental appropriation will allow the County to engage private capital providers in structuring approaches to our housing challenge with dedicated acquisition funds for preservation efforts. Also, the Opportunity Fund will relieve pressure on the Housing Initiative Fund (HIF) for acquisition purpose and the HIF could be solely used for long-term financing.

Thank you.