



DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

ANNUAL REPORT FISCAL YEARS 2020 AND 2021

JULY 1, 2019 –
JUNE 30, 2021





Message from **COUNTY EXECUTIVE MARC ELRICH**

We are working to reduce housing cost burdens to help make Montgomery County a place where all people can pursue their dreams regardless of race, ethnicity, age or economic circumstance. Our focus is to preserve current affordable housing and increase the number of rent-regulated units for people with low incomes, since one in four of the new households in 2030 will have incomes less than 50% of area median income (AMI).

We must address this housing challenge because Montgomery County currently has more than 20,000 households who are severely housing cost burdened; they earn less than \$31,000/year and spend more than half their income on rent. Further, more than 80 percent of renters earning up to \$70,000/year are housing cost burdened.

Montgomery County residents with low incomes are in this situation because there aren't enough rent-regulated housing units that match their incomes. This challenge adversely impacts individuals and families, as well as economic development.

To strengthen our ability to preserve and increase the number of deeply affordable housing units for Montgomery County's

hard-working low-income residents, I proposed and the Council supported an increase in our FY22 Housing Initiative Fund and CIP Housing funding to a record \$90 million. That funding included introduction of the Affordable Housing Opportunity Fund, with support of Council, providing \$14 million to support developers in acquiring and preserving at-risk affordable housing. Additionally, we have expanded down payment assistance funding to support 120 first time homebuyers. And, we have \$20 million available for annual rent supplements to maintain affordable housing for many of our most at-risk renters. Through these and other efforts, we are leveraging opportunities to fight climate change and close gaps in racial equity and advance social justice.

We are applying every available policy tool and financial resource to help reduce housing cost burdens by increasing the number of affordable, rent-regulated housing units; providing rent supports; and preserving current affordable housing while protecting tenants from displacement. With sustained and focused implementation of this plan, we will continue to enable more County residents to live and work in the County, support economic development, and address equity and sustainability.

Message from **DHCA DIRECTOR ASEEM K. NIGAM**



Montgomery County's Department of Housing and Community Affairs (DHCA) is working to preserve and increase affordable, safe, attractive housing and neighborhoods while fostering equitable and harmonious relationships among residents of our communities. In this context, we seek opportunities to close racial equity gaps and fight climate change impacts.

Reducing housing costs is a major DHCA initiative. The plan we are pursuing involves increasing the number of rent-regulated housing units; funding rent support for people in Montgomery County who are most vulnerable; ensuring preservation of current affordable housing; using policy tools to stabilize housing and protect residents from displacement; and ensuring affordable housing opportunities are distributed equitably across the County.

Looking more broadly at DHCA's role in the community, our program to maintain rental housing in a safe and sanitary condition is the most systematic among large jurisdictions in the region and our neighborhood revitalization program strengthens commercial areas. DHCA also assures equitable relations between landlords and tenants while promoting understanding of rights and responsibilities. Further, our program of support for the success of common ownership communities (COCs) promotes initiatives that can serve as models for other jurisdictions. And during the pandemic, we provided targeted assistance to renters, landlords, small businesses and COCs.

We appreciate the support of the entire Montgomery County community as we continue working to create affordable, safe, and attractive housing and neighborhoods.

DHCA VISION

DHCA seeks to create healthy, vibrant and inclusive housing and communities for people of all ages, incomes and abilities.

AND MISSION

DHCA works to preserve and increase the supply of affordable housing, maintain existing housing in a safe and sanitary condition, preserve the safety and quality of residential and commercial areas, ensure fair and equitable relations between landlords and tenants, and support the success of common ownership communities – all with a focus on reducing racial inequities and climate change impacts.



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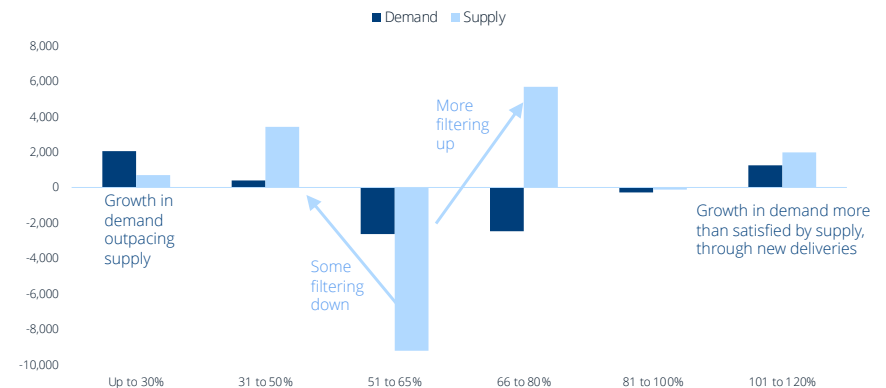
AFFORDABLE HOUSING CHALLENGE

PRODUCTION and PRESERVATION of Affordable Housing Units

Between 2010 and 2020, Montgomery County maintained its affordable housing stock by leveraging investments and incentives to preserve and produce 1,000 units per year of dedicated (deed-restricted) affordable housing, including MPDUs, which offset the loss of affordable housing due to rising rents. Now, the County is focused on increasing affordable housing. In the context of overall housing growth, the need for deeply affordable housing is much greater than the need for market-rate housing,¹ so that is the priority. Further, these efforts must leverage opportunities to close gaps in racial equity and social justice.

Need to Increase Affordable Housing: To reduce severe housing cost burdens, the County needs 20,000 more affordable units priced for people earning less than 50% AMI,² as there are more than 20,000 households earning under \$31,000/year spending more than half their incomes on rent (severely housing cost burdened) and 80% of households earning up to \$70,000/year are housing cost burdened. Further, the Metropolitan Washington Council of Governments (COG) predicts a need for about 40,000 more housing units by 2030; Montgomery Planning predicts one-fourth of new households will need housing affordable up to 50% AMI.³ Given current and future housing needs, County capital investments (HIF, PILOT, LIHTC, HOME, CDBG) and MPDU requirements must be focused on this challenge.

The underlying supply and demand trends differ by AMI segment



Source: 2014 and 2018 PUMS

Need to Preserve Existing Affordable Housing: To avoid losing existing affordable housing, coordinated efforts are needed to preserve our affordable housing stock. This includes Housing Code Enforcement to preserve buildings within code as well as financial and policy tools to preserve the Naturally Occurring Affordable Housing (NOAH).

AFFORDABLE HOUSING CHALLENGE

PROTECTION from Severe Housing Cost Burdens

It is very important to reduce severe housing cost burdens because children in families struggling to purchase the basics tend to do worse in school, earn less as adults, and have worse health outcomes overall⁴. In Montgomery County, white median household income (\$119,000) is almost double that of Hispanic or Latinx (\$66,000) and Black or African American (\$62,000) households⁵. Reducing such severe burdens is essential to closing gaps in racial equity. Further, severe housing cost burdens limit the availability of workers to reach our economic potential.

Reducing severe housing cost burdens requires reducing housing costs and increasing the number of deeply affordable housing units; providing rental assistance and supporting homeownership; preserving current affordable housing units while enabling tenants to remain in affordable housing in the event of redevelopment; and, promoting wage growth and housing accessible to job training and education opportunities.

¹ Sources: [Rental Housing study](#), [COG – Future of Housing in Greater Washington](#), and [Montgomery County Preservation Study](#)

² [Rental Housing Study](#), p. 13

³ [Montgomery County Housing Needs Assessment](#), prepared for Montgomery Planning Department, p. 52

⁴ [“Income Support Associated With Improved Health Outcomes for Children, Many Studies Show,”](#) Center on Budget and Policy Priorities.

⁵ American Community Survey 5-Year Estimates 2018

ADDRESSING THE AFFORDABLE HOUSING CHALLENGE



Production and Preservation of Affordable Housing

DHCA's plan to address the Affordable Housing Challenge focuses on production and preservation, i.e., preserving existing affordable housing and increasing deeply affordable deed-restricted housing to relieve severe housing cost burdens for people with incomes less than 50% AMI. DHCA achieves access to housing through affordability - reflecting County and Regional housing growth recommendations. These efforts are consistent with closing gaps in racial equity and reducing climate change impacts.



Protection from Severe Housing Cost Burdens

DHCA's plan also focuses on protection from severe housing cost burdens, i.e., reducing the number of severely rent-burdened tenants, protecting tenants from displacement, and enabling people to live where they can access employment and education opportunities toward affording higher rents. These efforts are consistent with closing gaps in racial equity and reducing climate change impacts.

ADDRESSING THE AFFORDABLE HOUSING CHALLENGE

FOLLOWING ARE THE SPECIFIC ELEMENTS OF THE PLAN FOR REDUCING HOUSING COSTS:

Increase the number of rent-regulated housing units:

- Provide financial support for long-term dedicated affordable rental units in new construction or existing housing.
- Expand the number of units dedicated to renters with very low incomes with Project Based Vouchers and the 9% Low-Income Home Tax Credit (LIHTC) set aside for high-cost jurisdictions.
- Create rental agreements, leveraging funding and real estate tax incentives, to dedicate affordable rental units.
- Support new production of lower cost housing by supporting lower cost construction methods.
- Modify [MPDU](#) requirements to increase the percentage of total MPDU units produced and target 20% of MPDU units for people with incomes up to 50% AMI.

Ensure preservation of current affordable housing

- Leverage loans, rental agreements, and PILOT support to extend affordability for existing rent-regulated affordable housing.
- Conduct Inspections and enforce housing code requirements to protect tenant health and safety and preserve County housing stock, including affordable housing.

Fund rent support for people in Montgomery County who are most vulnerable

- Fund rent support programs through DHHS, HOC and DHCA that are targeted to people who are housing insecure.

Use policy tools to stabilize housing, protecting residents from displacement

- Stabilize rent for communities where transit and other investments create price pressure.
- Require No Net Loss of the number of affordable units in redevelopment projects, supporting the opportunity for residents to remain in any future redevelopment.
- Leverage County-owned land to create more deeply affordable housing.

FOCUS ON RACIAL EQUITY AND CLIMATE CHANGE

Throughout, DHCA seeks opportunities to close racial equity gaps and promote social justice, ensure that affordable housing opportunities are distributed equitably, and fight climate change.



The [Racial Equity and Social Justice Act](#), signed into law in 2020, calls on the County to reduce and eliminate racial disparities and inequities. DHCA works to ensure affordable housing opportunities are distributed equitably across the County. This includes prioritizing

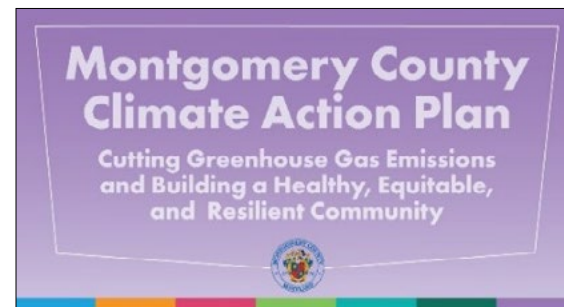
affordable housing near employment opportunities and transit to support income growth, and prioritizing family-size housing in communities with school, recreation, and service advantages.

DHCA pursues several strategies to achieve this. Overall, DHCA works to preserve and produce affordable housing for people earning up to 60% of the area median income with a focus on increasing affordable housing for people earning up to 50% AMI (60% AMI is about \$62,000 annual income for two-person households or \$77,000 for four-person households). As income is highly correlated with racial and ethnic communities that have

experienced a history of discrimination, such efforts seek to improve racial equity and social justice.

Focused efforts include: maintaining affordable housing everywhere it exists, including in higher-income communities that typically offer more opportunity; creating affordable rental and homeowner opportunities with equitable distribution across the County; and ensuring physical improvements to help create safe, healthy and appealing communities throughout the County.

Montgomery County created a [Climate Action Plan](#) that is one of the most ambitious in the nation to cut greenhouse gas emissions by 80% by 2027 and 100% by 2035. DHCA works to leverage \$7 million from the Exelon merger to improve existing and new building efficiencies and encourages developers to work with the State energy assistance program to improve the efficiency of existing and new buildings.



REDUCING HOUSING COSTS – FY20 & FY21

Summary: Montgomery County’s Department of Housing and Community Affairs committed \$58.8 million in Fiscal Year 2020 and \$53.1 million in Fiscal Year 2021, along with policy tools, to reduce the housing cost burden of residents through a range of strategies that preserved and produced affordable housing and protected people who are most vulnerable. Overall, in both FY20 and FY21, the County supported approximately 6,300 affordable housing units through financing to establish long-term affordability, rental assistance to maintain affordability, support for home purchasing, and MPDUs (moderately priced dwelling units). Included in this total, the County supported preservation and production of approximately 1,000 more rent-regulated affordable housing units, each year.

Affordable housing is housing that is affordable to a person or household with a specific income. For example, affordable housing units for 70% AMI are priced for those with earnings up to 70 percent of the Washington Metro Area Median Income (AMI), which is approximately \$72,000 for a family of two or \$90,000 for a family of four. Most County actions to preserve or produce affordable housing supported housing units providing affordability for people with incomes up to 60 percent of AMI. In 2021, 60 percent of AMI is about \$62,000 (family of two) or \$77,000 (family of four). Further, County rent supports protect some of those who are most at risk or severely rent burdened. Below is a four-point summary of how the County is reducing housing costs to address severe housing cost burdens.

1. Increasing the Number of Rent-Regulated Housing Units – Finance Sources

Over the past decade, 2010-2020, Montgomery County preserved and produced an average of 1,000 affordable housing units per year. Those included more than 300 MPDU units per year along with loans that averaged about \$33 million per year for preservation and production of affordable housing.

The County Executive proposed and received approval from County Council to increase FY22 capital loan funding by 16%.

However, additional funding is needed to preserve and produce affordable housing that meets the needs of current and future County residents: Right now, that includes more than 20,000 severely housing cost burdened households with incomes up to about \$31,000 as well as one-fourth⁶ of the 40,000 new housing units the Council of Governments identified will be needed over the next decade.

⁶ [Montgomery County Housing Needs Assessment](#), for Montgomery Planning Department, July 2020. p 52.

REDUCING HOUSING COSTS – FY20 & FY21

LOCAL FUNDING TOOLS for increasing the number of rent-regulated housing units

DHCA leveraged both local and federal funds toward reducing housing costs. Local funds included the County HIF Program, PILOT (Payment in Lieu of Taxes) and ROFR (Right of First Refusal). Below is a description of each, followed by a summary of how the funds were used for reducing housing costs.

Local Funding Tool > Montgomery HIF Fund

The Montgomery Housing Initiative fund (HIF) provides capital loans and rent support to preserve and produce affordable housing. The fund is comprised of local revenues, including a portion of general revenues and proceeds of County taxable limited obligation bonds for affordable housing. Capital loans from the HIF are made to acquire, construct and/or rehabilitate affordable multifamily projects that support preserving and producing the maximum number of housing units with long-term affordability for the most rent-burdened residents. DHCA provides flexible financing, as loans, from the HIF Program to for-profit and nonprofit affordable housing developers. For more than 30 years, the HIF Program has been used as a flexible, innovative resource for affordable housing developments while maintaining the fiduciary responsibilities for investing funds that will be repaid to the Program.

In FY20, the County committed approximately \$34.5 million in low- or no-interest loans from the Housing Initiative Fund (HIF) to preserve 329 units and produce 202 units of long-term affordable rental housing for individuals, families, seniors and persons with special needs. In FY21, the County committed approximately \$68 million in HIF loans to preserve 221 units and produce 312 units of long-term affordable housing for individuals, families, seniors and persons with special needs.

Local Funding Tool > Payment in Lieu of Taxes Agreement (PILOTs)

A “PILOT” is a negotiated agreement, not an entitlement, between the County and a rental property owner to reduce the County portion of the real estate taxes in return for a property owner’s commitment to provide affordable housing. The level of tax reduction is based on an application from the developer/property owner to determine the eligibility of the property/developer, the level of affordability being offered, and ultimately the financial need of the property in the provision of the affordable units. PILOTs are regulated by state law and County regulations. Each year, DHCA works with County Finance to determine the PILOT cap, which is based on current utilization and projected future needs, and its impact on the annual County Operating Budget.

REDUCING HOUSING COSTS – FY20 & FY21

PILOT Agreements to support affordable housing: In FY20, the County leveraged \$18.2 million of Payment in Lieu of Taxes (PILOTs) for affordable housing; in FY21, the County leveraged \$19.1 million of Payment in Lieu of Taxes (PILOTs). During these two years, new PILOT agreements were arranged to extend the number and depth of affordable units at Parkview Towers, Fireside Park, Snowden's Ridge, Knowles Avenue Senior Housing, MHP Hillbrooke Towers, North Montgomery Senior, Sandy Spring Senior Village, MHP - Hillwood Manor and Winarsky Properties in Takoma Park and Silver Spring.

Local Funding Tool > Right of First Refusal (ROFR)

DHCA administers Montgomery County's Right of First Refusal Program, which has been in effect for more than 30 years. Any owner of Montgomery County rental housing with four or more units must give the County, HOC and any certified tenant organization at a property a right of first refusal. DHCA evaluates each for-sale property to determine the risk of loss of affordable housing and to identify an appropriate action to preserve at-risk affordable housing. Such appropriate actions can include: purchasing the property to maintain affordable housing units; negotiating a signed agreement to maintain existing deed-restricted, long-term affordable housing units; or, negotiating an extension of expired housing affordability commitments, sometimes in return for PILOT agreements.

FEDERAL FUNDING TOOLS for increasing the number of rent-regulated housing units

Montgomery County receives annual allotments of federal funding from the U.S Department of Housing and Urban Development under three programs: Community Development Block Grant (CDBG) Program, HOME Investment Partnerships Program (HOME), and Emergency Solutions Grants (ESG) Program. Below is a description of each and a summary of how the funds were used for reducing housing costs.

Federal Funding Tool > Community Development Block Grants (CDBG)

Community Development Block Grants are intended to benefit low- and moderate-income residents. In FY20, Montgomery County received federal CDBG funds of approximately \$4.8 million in FY20 and approximately \$5 million in FY21. The funds were used for housing preservation and production, focused neighborhood assistance, group home rehabilitation, housing code enforcement, fair housing activities and community contracts with non-profit providers. A portion is also allotted to the cities of Rockville and Takoma Park for community improvements.

REDUCING HOUSING COSTS – FY20 & FY21

COVID Response and Recovery - Due to the pandemic, DHCA received additional CDBG funds (approximately \$7 million) to address COVID-related challenges. The majority of the funds were used to acquire and renovate a commercial building into a 214-bed shelter, scheduled to be completed by the end of calendar year 2021. This new facility will bring homeless shelter capacity to approximately 300 beds year-round, not just during hypothermia season, and replace the temporary facilities used during the public health emergency. This shelter capacity is in addition to family shelters – including domestic violence family shelters and overflow shelter via motels.

Some of the additional CDBG funds were used for microenterprise assistance. DHCA collaborated with the Montgomery County Business Advancement Team to launch the Microenterprise Stabilization Program (MSP) in June 2020 to support micro-businesses that lost revenue during the pandemic. The program provided grants of up to \$10,000 to more than 170 applicants, totaling approximately \$1.1 million in critical funding support. Montgomery County was one of a handful of jurisdictions nationwide to implement such a program.

Federal Funding Tool > HOME Investment Partnerships Program

The HOME Investment Partnerships Program is intended to support housing for low-income households. In FY20 the County received \$1.8 million and in FY21, the County received \$2 million. Funds were expended to maintain affordable housing and to cover administrative costs at Community Housing Development Organizations (CHDOs) that use HOME funds for affordable housing.

Federal Funding Tool > Emergency Solutions Grants (ESG)

The Emergency Solutions Grants can be used to help people who are homeless to locate, obtain and retain housing, with the goal of establishing a permanent residence or keeping a residence that is at risk. Eligible singles or families may also receive necessary support such as security deposits and rental assistance. The County received approximately \$400,000 in both FY20 and FY21, which was provided to HHS for rapid rehousing for people who are homeless or at risk of becoming homeless.

REDUCING HOUSING COSTS – FY20 & FY21

2. Producing and Preserving Affordable Housing

DHCA reviews every multifamily property sale for the potential to preserve affordable housing. For identified housing preservation projects, DHCA leverages loans, rental agreements, and PILOT support to extend affordability. DHCA also supports necessary rehabilitation of affordable housing. DHCA has about \$33 million available annually to provide capital loan subsidies that preserve and produce affordable housing. Following are examples of how the County leveraged every available tool and resource in FY20 and FY21 to maximize production and preservation of affordable housing and protection from severe housing cost burdens.

In calendar year 2020, DHCA exercised the Right of First Refusal (ROFR) at Naples Manor in Silver Spring for \$16 million in HIF funds. After review of four other properties (520 units), DHCA worked with owners of existing deed-restricted, long-term affordable units who signed agreements with the County certifying they would continue the affordable housing requirements at the property, i.e., Snowden's Ridge, Bauer Park,



Snowden's Ridge, Silver Spring
- County provided federal CDBG funds and a HIF loan to preserve 87 family-size, affordable housing for households earning up to than 60% AMI.



Fireside Park Apartments, Rockville - County provided a HIF loan to preserve 236-unit apartment complex as affordable housing.

Fireside Park, and MHP Hillbrooke Towers. Finally, at 12 properties (67 units) the purchasers signed an agreement with DHCA to maintain affordable units for six years in exchange for reduced taxes (PILOT) to cover lost rental revenue.

REDUCING HOUSING COSTS – FY20 & FY21

Naples Manor – After the Right of First Refusal (ROFR) review, on February 26, 2021, DHCA purchased this 64-unit multifamily property in the Colesville area of Silver Spring and immediately transferred the property to Enterprise Community Development, Inc. to operate and preserve the affordable housing. Naples Manor is comprised of three-bedroom town homes with full basements and current rents that are affordable under 65% of Area Median Income (AMI). DHCA determined that



Naples Manor, Silver Spring – When this building went up for sale, the County leveraged its Right of First Refusal and provided a HIF loan to a non-profit developer to preserve 64 family-size naturally-occurring affordable housing units with rents at 50-60% AMI.

this property represented a significant risk of loss of valuable family-size affordable housing and exercised its right to match the purchase contract of \$16 million. To maintain affordable housing at the property, the team obtained an agreement from Enterprise Community Development to purchase it from the County at time of closing and position it within a year with long term affordability financing.

The Gramax – the County negotiated a PILOT (Payment in Lieu of Taxes) agreement with the purchaser of The Gramax to extend its commitment for affordable housing units. The negotiation occurred as part of the Right of First Refusal review process.

MHP Hillbrook Towers – during the Right of First Refusal process, the County negotiated an agreement with MHP Hillbrooke Towers to maintain affordable housing through a HIF loan and PILOT. In February 2021, Montgomery County closed on an agreement with Montgomery Housing Partnership, Inc. for funding to rehabilitate the property. The County provided a HIF loan in a package that also included LIHTC, bond financing and subordinate financing from Maryland DHCD.



The Gramax, Silver Spring. The County negotiated a PILOT agreement to extend affordability.



MHP Hillbrooke Towers, Silver Spring – The County provided a loan and PILOT to preserve the affordable housing and support rehabilitation of the property.

REDUCING HOUSING COSTS – FY20 & FY21

Brooke Park - The County provided a loan of federal HOME funds to preserve affordable housing units.

Sandy Spring Senior Village - As an adaptive reuse, the County supported a project to convert this commercial office building to affordable housing for seniors. The County provided a HIF loan and a PILOT agreement to support the conversion from commercial space to affordable housing.



Brooke Park, Bethesda - County applied federal HOME funds to preserve affordable housing.



Sandy Spring Senior Village - The County provided a HIF loan and a PILOT agreement to achieve affordable housing in a commercial building converted to senior apartments.

REDUCING HOUSING COSTS – FY20 & FY21

HOUSING FOR SENIORS:

In FY20 and FY21, Montgomery County supported preservation and production of affordable housing for persons age 62+ at Sandy Spring Senior Village, (56 affordable units), Knowles Avenue Senior Housing, (94 affordable units) and North Montgomery Senior (111 affordable units). Additionally, Willow Manor opened in Fall 2020.



Knowles Avenue Senior Housing

– the County provided a HIF loan and PILOT for new construction to achieve 94 affordable housing units for persons age 62+.



Willow Manor at Fairland -

the County provided a HIF loan to achieve 60 affordable units among the total of 121 units for persons age 62+. It opened in Fall 2020.

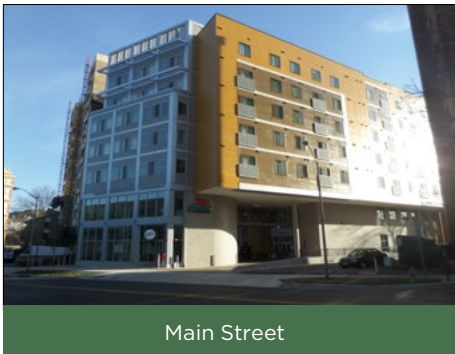


North Montgomery Senior -

The County provided a HIF loan for new construction of 111 affordable units in Gaithersburg.

REDUCING HOUSING COSTS – FY20 & FY21

HOUSING FOR PERSONS WITH SPECIAL NEEDS, INCLUDING THOSE WITH DISABILITIES



Main Street

Main Street opened in 2020 as a new housing model that provides organic and inclusive opportunities for individuals of all abilities in a safe and vibrant environment. It includes 70 mixed-income housing units with three-fourth priced affordably for households

earning up to 30%, 50% and 60% of AMI. One-fourth of units are for individuals with special needs. To assure equal technology access, Montgomery County offered a pilot program of Wi-Fi service in public building areas; Plume provided enhanced free home Wi-Fi; and, Positron provided broadband equipment to connect to Montgomery County's free internet.

Group Homes: DHCA distributes CDBG funding to rehabilitate group homes for older and disabled persons with incomes up to 30% AMI. Improvements often address ASHI home inspection reports, ADA accessibility and health and safety issues such as updating smoke detectors, providing adequate egress, updating bathrooms and kitchens, and including energy star refrigerators,

HVAC systems and water heaters. In FY20, six group home residences were completed to serve 14 persons with special needs or disabilities. In FY21, two group home residences were completed to serve eight persons with special needs or disabilities.



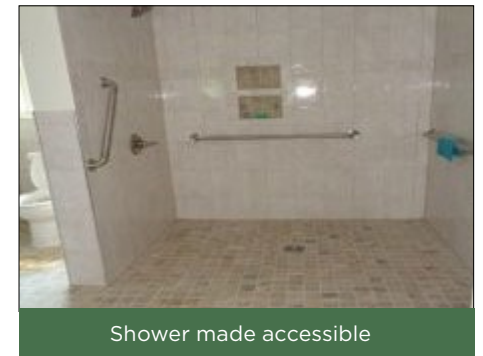
Exterior before



Exterior after



Updated kitchen



Shower made accessible

REDUCING HOUSING COSTS – FY20 & FY21

ADDRESSING CLIMATE CHANGE

Weatherization Support for Existing Single-Family Homeowners

DHCA developed a Single Family Homeowner Pepco Energy Program aimed at reducing home energy usage for qualified Pepco customers by replacing old appliances with new energy star approved appliances. In FY20 and FY21, DHCA provided a total of \$2 million in weatherization support to homeowners with low to modest incomes. Services provided based on eligibility

guidelines included: old appliance replacement with energy star rated approved appliances; LED light bulbs; furnace and A/C upgrades; water heater replacement; programmable thermostat; and attic insulation. Eligibility for this support included: be a current resident of Montgomery County; own and occupy the home; be a Pepco customer; and meet household income requirements (up to 68% AMI).

Multi-family Energy Efficiency Funding

DHCA developed Multifamily Housing Energy Efficiency Program Guidelines for properties served by Washington Gas and Pepco. These guidelines define how DHCA will spend \$5.5 million allocated for the program to help address the issues in rental housing where the building owners are not motivated to implement in-unit energy savings measures as the tenant pays for utilities directly or as a fixed pass through on their rent.

- DHCA allocated more than \$1.4 million for MHP-Hillwood Manor, with 81 units serving households at 60% AMI population.
- DHCA allocated nearly \$1.4 million for MHP-Frederick Avenue, with 78 units serving households at 60% AMI.



REDUCING HOUSING COSTS – FY20 & FY21

IDENTIFYING WAYS TO REDUCE CONSTRUCTION COSTS THROUGH ALTERNATIVE CONSTRUCTION

To produce more affordable housing units, some jurisdictions across the country are allowing alternative, lower-cost construction methods. To investigate that possibility in Montgomery County, DHCA commissioned an analysis of the use of shipping containers as an alternative construction method for multifamily housing.

The analysis found that at least 23 jurisdictions nationwide have adapted code requirements to allow for container housing. The report identified that modular construction has faster schedules, lower labor costs, higher quality, less exposure to weather, less materials waste, and less environmental disturbance. Examples identified include one in California for homeless veterans that reduced construction costs by one-third. The feasibility study did not identify an immediate opportunity to initiate this approach in Montgomery County. DHCA remains committed to working with its partners to identify cost effective methods for producing housing.



Container Housing Initiative

REDUCING HOUSING COSTS – FY20 & FY21

3. Funding Rent Support for People in Montgomery County who are Most Vulnerable

Montgomery HIF Fund: The Montgomery Housing Initiative Fund is used for capital loans and rental assistance. It is comprised of local revenues, including a portion of general revenues and proceeds of County taxable limited obligation bonds for affordable housing.

HIF funds for rental assistance are distributed through the County HHS Rental Assistance Program and by the Housing Opportunities Commission. In FY20 and FY21, the programs

provided \$200 of monthly support to persons with very low income, persons with special needs and persons exiting homelessness who were severely rent burdened. In FY20, the County committed about \$20 million in rental assistance for 5,300 renters. In FY21, the County committed about \$20 million in rental assistance for 5,400 renters. This helped reduce severe housing cost burdens for the residents receiving rental supports. Beginning in FY22, the rental assistance amount, per household, was increased from \$200 per month to \$400 per month.

4. Using Policy Tools to Stabilize Housing & Protect Residents from Displacement

Policy tools for reducing housing costs include the County MPDU (Moderately Priced Dwelling Units) Program, the No Net Loss approach, and leveraging County-owned land for deeply affordable housing.

Policy Tool > MPDU Program: The County's MPDU Program is one of the oldest inclusionary zoning-based affordable housing programs in the country and a national model. Since its 1974 enactment, the program has generated over 16,000 affordable units. Currently, there are over 5,000 for-sale and rental MPDU units in the County. MPDUs are either for-sale or rental; prices and controls differ for each type.

REDUCING HOUSING COSTS – FY20 & FY21

For-sale MPDU units are priced based on construction costs. Each developer submits a sales price calculation to DHCA based on the type of unit, the size of the unit and the amenities provided. Staff then reviews the proposed price for compliance with MPDU regulations and to ensure the units maintain affordability. New for-sale units are placed under a 30-year control period. In FY20 and FY21, more than 100 for-sale MPDUs were generated in new housing developments, according to County requirements without commitment of County funds.

Rental MPDU units are priced based on the affordability of renters' incomes. Rental rates are based on the AMI for the Washington Metropolitan Statistical Area, using a formula by which a household (based on household size) pays no more than 25% of gross monthly income toward rent. The household maximum income for renters in the MPDU program is set at 65% AMI for garden apartments and 70% AMI for high-rises. New rental units developed are placed under a 99-year control period. In FY20 and FY21, more than 350 rental MPDUs were generated in new housing developments, according to County requirements without commitment of County funds.

Policy Tool > NO NET LOSS to Preserve Naturally Occurring Affordable Housing (NOAH)

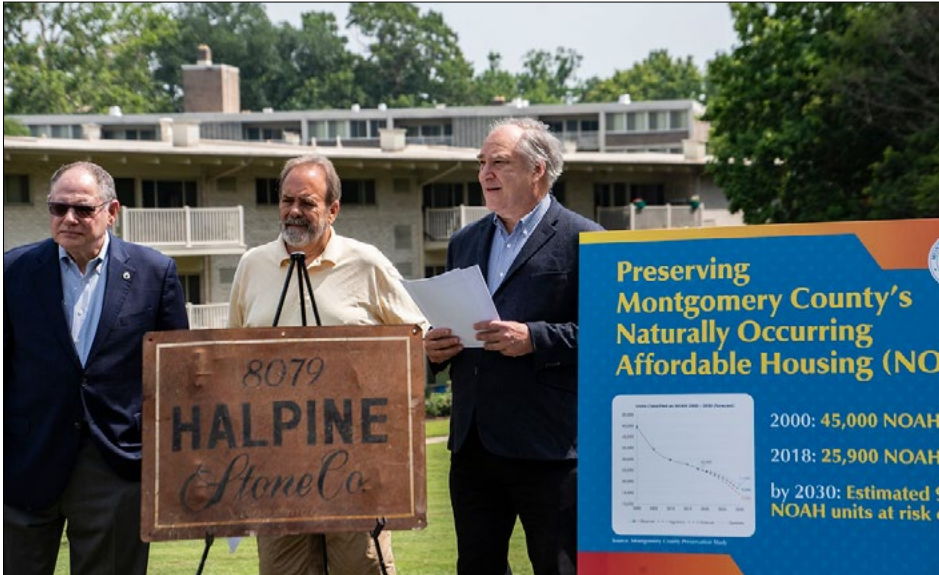
No Net Loss is an approach to preserve existing affordable housing and protect tenants from displacement – for example, in apartment communities where transit and other government investments create upward pressure on rents. By establishing specific No Net Loss requirements for the number and depth of dedicated affordable housing units, existing affordable housing can be preserved and tenants can be provided opportunity to remain in their community, in the event of redevelopment.

No Net Loss is a critical policy lever. The Montgomery County Preservation Study, commissioned by Montgomery Planning, found that 7,000 to 11,000 of Montgomery County's 25,900 units of unrestricted Naturally Occurring Affordable Housing (NOAH)⁷ are at risk of loss by 2030 due to rent increases. The report also noted that in the year 2000, there had been 45,000 NOAH units in Montgomery County. Further, in Meeting the Washington Region's Future Housing Needs, the Urban Institute identified the "critical role" of NOAH units in meeting housing needs and that preserving them at current affordability levels should be a priority.⁸

⁷ [Montgomery County Preservation Study](#) prepared for Montgomery Planning Department, p. 12.

⁸ [Meeting the Washington Regions's Future Housing Needs](#), Urban Institute, p. 35 and 101.

REDUCING HOUSING COSTS – FY20 & FY21



County Executive Marc Elrich, County Councilmember Sidney Katz, and Donald Kempa, tenant, celebrate the commitment to No Net Loss of 564 affordable apartments at Halpine View Apartments.

No Net Loss was implemented at Halpine View Apartments to preserve, in the event of redevelopment, 564 units of affordable housing and assure then-current residents would have opportunity to remain. No Net Loss provisions in the Veirs Mill Corridor Master Plan apply to any redevelopment of the Halpine View Apartment property, which includes many family-sized apartments.

In exchange for increased density on the property, each unit affected by a redevelopment plan must be replaced with an income-restricted unit of comparable size; furthermore, all then-current residents affected by redevelopment must be offered the opportunity to remain. This strategy can be leveraged more broadly across the County.

“No Net Loss” means that if an apartment community is redeveloped, the number of affordable housing units is maintained and all current residents have the opportunity to stay in an affordable unit in the community.

“ I’m Donald Kempa and I live here...
I’m going to be short and sweet, it’s
clean and it’s safe and quiet. And I enjoy
being here and I wish to stay a long time
and this is good news to hear that I will
be able to. Thank you. ”

- Donald Kempa, Tenant, Halpine View Apartments

REDUCING HOUSING COSTS – FY20 & FY21

Policy Tool > Leveraging COUNTY-OWNED LAND for Deeply Affordable Housing:

Given the need to relieve severe housing cost burdens among those earning less than 50% of AMI, the County is leveraging County-owned land to create more deeply affordable housing.

County-owned land at Halpine View Apartments: The County negotiated to achieve additional and deeply affordable housing in exchange for transferring ownership of two acres of County-owned land to Halpine View Apartments.



County Executive Marc Elrich and Doug McKeever, one of the owners at Halpine View, celebrate the transfer of County land to Halpine View Apartments in return for an agreement to produce more deeply affordable housing.

As a result, 60 percent of the additional units will offer rents affordable for those with household incomes under 30%, under 40% and under 50% of AMI; additional units will be affordable at incomes under \$65,000; and, the developer will include a minimum of 25% two- and three-bedroom units in its redevelopment plan. This agreement extended the No Net Loss Requirements in the Veirs Mill Master Plan. The agreement requires any redevelopment to provide one-for-one replacement of unrestricted affordable housing with restricted affordable units, with opportunity for all then-current tenants to remain.

County-owned land on Randolph Road/Bushey Drive: The County leveraged land previously used for Recreation Department offices to create 196 new, affordable housing units – with 192 units priced below 60% AMI and four priced for up to 70% AMI. The project will include 90 units with 3- and 4-bedrooms to support housing needs for families.

And, fifteen percent of the units will be homeownership units. The Development team is a creative partnership between AHC Inc., Habitat for Humanity - Metro Maryland and Interfaith Works. Construction is estimated to begin Fall 2022.



196-unit affordable housing community at Randolph Road/Bushey Drive will include rentals and home ownership units. The County achieved this affordable housing commitment by leveraging County-owned land and a HIF loan.

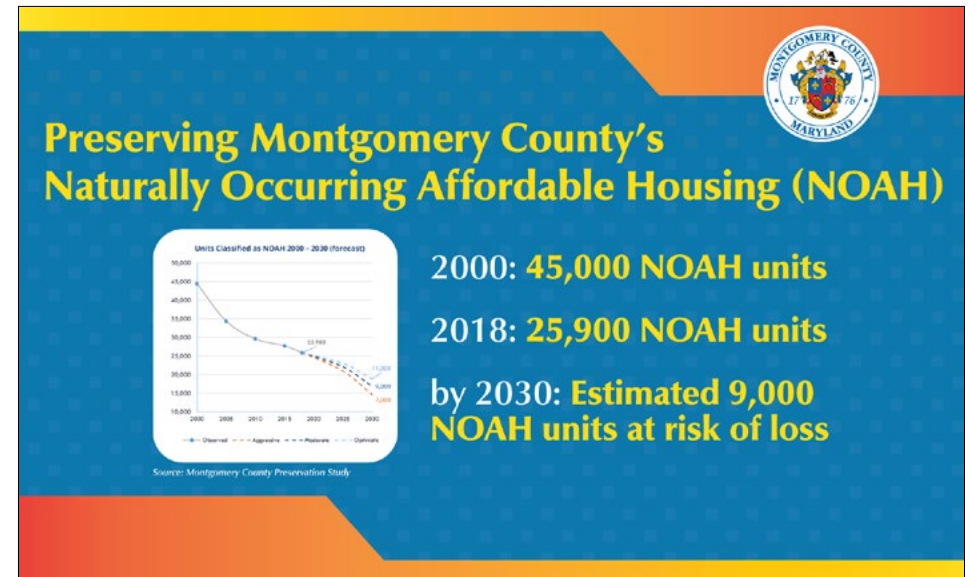
REDUCING HOUSING COSTS – FY20 & FY21

New Policy Tool: AFFORDABLE HOUSING OPPORTUNITY FUND

The County Executive proposed and achieved approval from County Council in FY21 for an Affordable Housing Opportunity Fund (AHOF), which is a helpful financing tool for moving quickly to preserve naturally occurring affordable housing (NOAH). This is very important because Montgomery County has 26,500 naturally occurring affordable housing (NOAH) rental units - but Montgomery Planning consultants estimate we could lose 7,000 – 11,000 of these NOAH units by 2030 if no action is taken.⁹ Many affordable NOAH units have been lost over the past two decades: In 2000, the County had 45,000 NOAH units.

The AHOF Fund enables DHCA to work with the private sector to leverage a dedicated pool of revolving short-term financing that enables developers to acquire properties at risk of loss of affordability and position them for longer-term affordability.

The Affordable Housing Opportunity Fund will provide ready capital for acquisition and preservation of at-risk affordable housing. The Fund launch in the first calendar quarter of 2022 will create opportunities for affordable housing developers to compete with market purchasers on the cost of capital and timely execution to support preservation of affordability. As each affordable housing developer repays the short-term AHOF



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

DHCA continues to review all housing transactions to identify appropriate opportunities to leverage policy and finance tools to preserve affordable rental housing units. Introducing the AHOF Fund provides another critical tool for preserving Naturally Occurring Affordable Housing (NOAH).

⁹ [Montgomery County Preservation Study](#) prepared for Montgomery Planning Department, p. 12.

DHCA IN THE COMMUNITY

CREATING OPPORTUNITIES FOR AFFORDABLE HOMEOWNERSHIP

Moderately Priced Dwelling Units (MPDU) Sold to Moderate Income Households

The MPDU program manages creation and preservation of affordable single-family housing units. DHCA ensures Moderately Priced Dwelling Units (MPDUs) are provided and monitored for resale. Montgomery County Code requires that at least 12.5 percent of an approved development of 20 dwelling units or more be MPDUs, which can be increased based on the amount of density approved. Some areas of the County increase that minimum requirement to 15%. The housing units produced are marketed at controlled prices, which makes them affordable to moderate-income households less than 70% AMI.

In FY20 and FY21, more than 100 for-sale MPDUs were generated and more than 350 rental MPDUs were generated in new housing developments, per County requirements. MPDU staff handled approximately 1,650 service requests annually in FY20 and FY21 through Montgomery County's 311 system.

Workforce housing:

In order to build inclusive communities, DHCA offers units to eligible households with incomes between 70 and 120 percent of Area Median Income (AMI). In FY21, four new workforce housing units were offered for sale at Artspace in Silver Spring.



Workforce townhomes at Artspace

Montgomery Homeownership Program Helps First-Time Homeowners

Housing cost burdens and racial disparities in family wealth make it difficult for many people to save enough for a down payment. Nationally, accumulated inequality and discrimination have led to staggering racial disparities in U.S. family wealth. In 2019, the net worth of a typical white family (\$188,200) was nearly eight times greater than a typical Black family (\$24,100) and more than five times greater than a typical Hispanic family (\$36,100).¹⁰

¹⁰ [Board of Governors of the Federal Reserve System](#), Sept. 28, 2020.

DHCA IN THE COMMUNITY

Montgomery Homeownership Program (cont'd)

The Montgomery Homeownership program gives people with low- and modest incomes a chance to buy their first home by making available a zero-interest loan for up to \$25,000 to help with down payment and closing costs. More white (73%) and Asian (74%) populations in Montgomery County own their homes compared to Black or African-American (43%) and Hispanic or Latinx (49%) residents¹¹. As homeownership is a significant source of wealth for most people, this program is one strategy to begin to close racial equity gaps. The program is managed by HOC and the State of Maryland. Approximately 38 percent of families served by the Montgomery Homeownership program were Black and 28 percent were Hispanic. Annually, the County provides \$2 million in down payment assistance to serve more than 80 first-time homebuyers with modest incomes. In the FY22 budget, this program was increased to \$3 million per year, to support 120 households annually.

Additionally, the County is creating new homeownership opportunities as part of the Randolph Road/Bushey Drive apartment community, at which construction is expected to begin in Fall 2022. It will include 196 affordable units; 15 of those will be offered as affordable homeownership units.

¹¹ American Community Survey, 1-Year Estimates 2016-2018

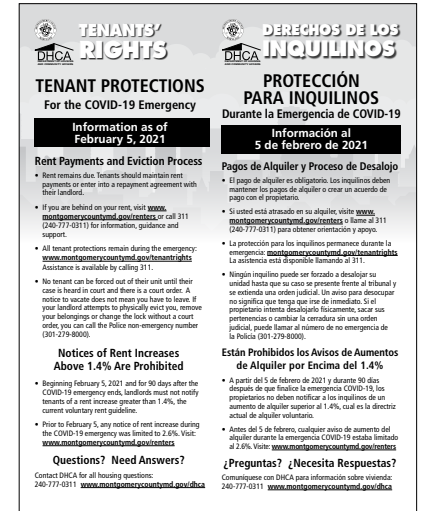
DELIVERING VALUE TO TENANTS AND LANDLORDS

Office of Landlord-Tenant Affairs Supports Tenants and Landlords

The [Office of Landlord-Tenant Affairs](#) (OLTA) educates landlords and tenants about general rights and responsibilities; provides information to tenants and landlords to help avoid problems; and, works to resolve disputes amicably without having to go through the District Court process.

It publishes the [Landlord-Tenant Handbook](#). In FY20, OLTA fielded more than 9,600 service requests and contacts from tenants and landlords and received 687 cases. In FY21, OLTA fielded more than 9,500 service requests and contacts from tenants and landlords and received 611 cases. If a complaint is not resolved, OLTA refers the complaint to the Commission on Landlord-Tenants Affairs. The Commission has the power to hold hearings and issue Decisions and Orders that have the force of law. The Commission has 15 members (four representing tenants, four representing landlords, four who are neither tenants nor landlords, and three alternates).

Expanding Customer Service: During the COVID-19 crisis, OLTA, in collaboration with tenant support organizations and HHS,



DHCA IN THE COMMUNITY

informed renters about avoiding eviction and applying for rental assistance. Throughout, OLTA provided one-on-one information and support to tenants and landlords and participated in regular webinars with tenants as well as landlords.

COVID Response and Recovery – Expanding Customer Service in Preventing Eviction and Homelessness

The Eviction and Homelessness Prevention Recovery workgroup collected data and identified actions to mitigate evictions and homelessness. Based on surveys, rental delinquencies reached approximately 15 percent of renter households. Many tenants

were unable to work out payment plans after losing jobs or work hours or missing work to stay home with school-age children.

To help prevent evictions, DHCA provided grants to Maryland Legal Aid for court-based legal assistance and to LEDC, HIP and Renters Alliance for tenant and landlord support services based on \$218,000 of FY 2020 funding. Subsequently, \$220,000 in CARES Act funds was used to increase Maryland Legal Aid, HIP and LEDC contracts for expanded capacity in working one-on-one with tenants.

RENTERS WHO ARE BEHIND ON RENT:

- ✓ **Apply for Rental Assistance:**
www.mc311.com/rentrelief
- ✓ **Get free support and legal help:**
www.montgomerycountymd.gov/renters
- ✓ **If you are called to Court: Come to Court!**

FREE SUPPORT:

- **CASA:** 301-431-4185
- **Housing Initiative Partnership:** 301-916-5946
- **Latino Economic Development Center:** 202-540-7427
- **Renters Alliance:** info@rentersalliance.org

FREE LEGAL HELP:

- **Maryland Court Help Center:** 410-260-1392
- **Maryland Legal Aid:** 888-465-2468
- **Homeless Persons Representation Project:** 410-387-3126

RENTERS, IF YOU ARE BEHIND ON YOUR RENT...

... it is important that you contact your landlord to discuss possible arrangements for payments. This is especially important as Maryland Courts are scheduling eviction cases and tenants need to understand their options to avoid eviction.

For help in understanding your rights and options, visit www.montgomerycountymd.gov/renters

You can also contact one of these organizations:

- **CASA** 301-431-4185 (English, Español)
- **Conflict Resolution Center of Montgomery** 301-452-0717 (English, Español)
- **Housing Initiative Partnership, Inc.** 301-916-5946 (English, Español)
- **Latino Economic Development Center** 202-540-7427 (English, Español)
- **Maryland Legal Aid** 240-314-0373 (English, 中文, Español, translation available)
- **Montgomery County (Office of Landlord-Tenant Affairs)** 240-777-0311 or send email, olta.intake@montgomerycountymd.gov (English, Español, translation available)
- **Maryland Housing Court Self Help** 410-260-1392 (English, translation available)
- **Renters Alliance**, send email to info@rentersalliance.org (English, translation available)

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Inquilinos, si están atrasados en el pago de su alquiler es importante que contacten al propietario para conversar sobre posibles arreglos para los pagos. Esto es especialmente importante, ya que los tribunales de Maryland están programando casos de desalojo y los inquilinos necesitan entender sus opciones para evitar el desalojo.

Para obtener ayuda y entender sus derechos y opciones visite www.montgomerycountymd.gov/renters también puede ponerse en contacto con una de estas organizaciones:

Y si usted enfrenta una pérdida inmediata de su vivienda, por favor llame al 311 (240-777-0311) para conversar sobre su situación con los Servicios de Estabilización de Vivienda del Condado de Montgomery.

房客, 如果您拖欠房租, 重要的是要與您的房東聯繫以討論可能的付款安排。 這尤其重要, 因為馬里蘭州法院正在安排處理驅逐案件。 房客需要了解他們的選擇以避免被驅逐。

有關了解您的權利和選擇的幫助, 請訪問 www.montgomerycountymd.gov/renters 您也可以聯繫下列組織之一。

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DHCA IN THE COMMUNITY

COVID Response and Recovery – Montgomery County Supported Apartment Buildings During COVID Pandemic

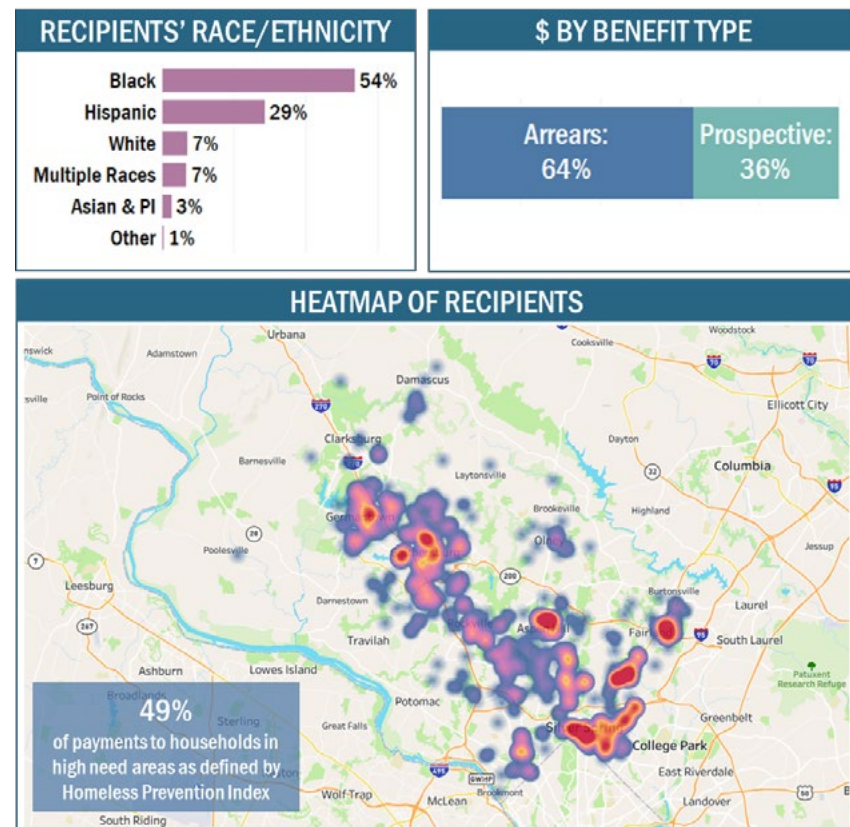
The Multifamily Default Prevention workgroup identified multifamily rental properties facing financial difficulties during COVID and recommended actions to reduce and prevent defaults and foreclosures. A survey of multifamily properties identified overall increases in rent delinquencies – with some affordable apartment properties experiencing particularly high delinquency rates. In response, the team arranged loan payment deferrals for County-assisted properties through June 2020, which subsequently was extended to December 2020.

DHCA collaborated with DHHS to Prevent Eviction and Homelessness:

The County received approximately \$115 million in federal, state and local rental assistance for renters experiencing income loss due to COVID, with rental assistance programs managed mainly by DHHS. DHCA communications and outreach to tenants included detailed information at www.montgomerycountymd.gov/renters; a poster in every apartment building, Ride On bus ads, tens of thousands of flyers distributed via food distribution programs and in apartment buildings with high risk for eviction; and, outreach coordinated with MCPS and Montgomery College.

Montgomery County Provided Focused Rental Assistance to Prevent Eviction and Homelessness

To distribute COVID rental assistance, Montgomery County DHHS developed a Homeless Prevention Index to prioritize need and provide equitable application of resources: 49% of program payments went to households in high need areas, concentrating assistance based on preventing eviction and homelessness.



DHCA IN THE COMMUNITY

Office of Licensing and Registration Demonstrates Flexibility & Customer Service

The Office of [Licensing and Registration](#) administers rental licenses to more than 100,000 housing units (multifamily and single), maintains registrations for 1,200 homeowner and condominium associations, and conducts the annual Rental Housing Survey with results at [Rental Marketplace](#). Its jurisdiction includes all of Montgomery County except the City of Gaithersburg, City of Rockville, City of Takoma Park, Town of Barnesville, Town of Garrett Park and Town of Laytonsville.

The Office of Licensing and Registration also handles service requests from landlords, homeowners and condominium associations about application requirements, billing and a property's rental license status. In FY20, Licensing handled more than 4,500 Licensing and Registration service requests and in FY21, it handled more than 3,400 service requests.

To help mitigate COVID-related financial challenges, DHCA deferred fee collection for expiring rental housing licenses and registrations for homeowner and condominium associations until the end of the Governor's COVID-19 State of Emergency. At the same time, DHCA dismissed open citations and did not issue citations related to licensing. Further, to accommodate those who wished to pay the annual fee during calendar year 2020, DHCA generated invoices in November and December 2020. In response, nearly 80 percent of rental housing license holders and registered homeowner and condominium associations chose to pay \$5.4 million in fees that year, well ahead of the extension date. For further flexibility during the uncertain time, the normal July 31 payment due date for FY21 and FY22 was extended to August 30, 2021.

DHCA IN THE COMMUNITY

Rental Market Place – New Way for the Public to Search for Rental Properties

Expanding Customer Service: DHCA created Rental Marketplace, an easy way for the public to search and view information about location, property-level rent levels and unit sizes reported to the County by each multifamily property. The public can visit www.montgomerycountymd.gov/RentalMarketplace to view rental property information which the County collects annually from apartment building managers. Site visitors also can find local amenities such as bus stops, parks, libraries, recreation centers and stores.

Individuals looking for rental housing can search for options within a range of rents, geography and type (e.g., senior housing, income-restricted, number of bedrooms). After identifying properties of interest, individuals can contact each property to learn about current availability of units and rents. The County is pleased to offer this resource to help residents connect with rental housing opportunities.



DHCA IN THE COMMUNITY

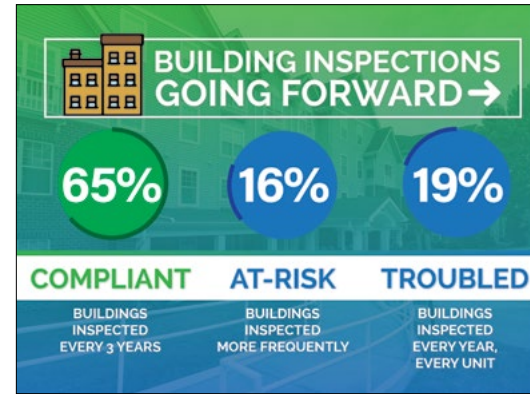
KEEPING HOUSING SAFE AND NEIGHBORHOODS ATTRACTIVE THROUGH COLLABORATION AND OUTREACH

The Department's Housing Code Enforcement team works to ensure that neighborhoods and housing in the County are safe and maintained in good condition. These efforts support residents' health and safety while also safeguarding property values and the quality of the County's affordable housing stock. In a typical year, housing code inspectors resolve over 12,000 code enforcement service requests.

Housing code inspectors conduct inspections of single family, multifamily, and condominium rental units to ensure safe and sanitary conditions are maintained. Inspectors regularly inspect approximately 700 multifamily rental properties and conduct inspections related to MC 311 complaints about residential dwellings, commercial buildings and vacant lots. Code inspectors also inspect Accessory Dwelling Units (ADUs) during the application process.

Code Enforcement Systematically Addresses Troubled Properties

Troubled Property Analysis: At the beginning of FY20, DHCA announced completion of its two-year inspection "surge" of approximately 22,000 apartment units in approximately 700 DHCA-licensed apartment buildings. The results of this surge



allowed DHCA to identify and focus its inspection efforts on the most problematic multi-family rental buildings. Based on the number and severity of violations found, each apartment building was identified as Compliant, At-Risk, or [Troubled](#). There were 444 apartment buildings identified as Compliant, 112 identified as At-Risk, and 130 buildings identified as Troubled Properties. Each Troubled Property landlord was required to develop a corrective action plan to correct and prevent violations and was scheduled for an annual inspection regime to include 100 percent of units. Due to the COVID-19 pandemic, systematic inspections were temporarily interrupted but were restarted by the end of FY21. The general public may explore the [online Troubled Property Analysis](#) to see the routine inspection results for a DHCA licensed apartment building.

DHCA IN THE COMMUNITY

Code Enforcement Offers New, Interactive “Housing and Building Code Enforcement Handbook”



DHCA’s Housing Code Enforcement section produced the “[Housing and Building Code Enforcement Handbook](#)” to strengthen public awareness of housing and building maintenance standards that promote healthy, safe, and thriving communities. The online guide provides information in plain language with links to key resources including the Montgomery County Code of Regulations.

Housing Code Inspection App Improves Efficiency and Customer Service



To improve services, DHCA’s Code Enforcement section worked with DHCA-IT to enhance the native iOS application (“app”) that inspectors use to select cases, enter violations, attach

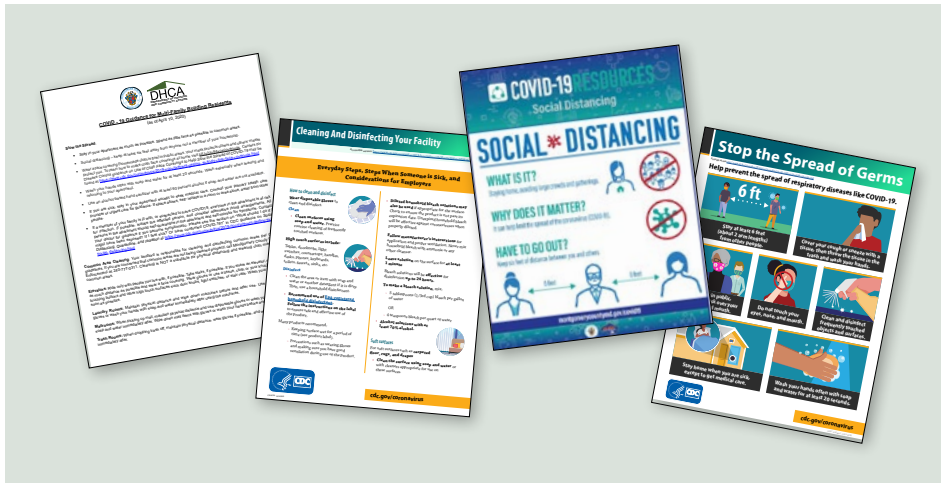
notes and capture images of inspection findings remotely. These improvements reduced the time needed to carry out inspections, improved data quality and timeliness, and enabled inspectors to perform nearly 100% of their code enforcement work in the field.

The app was used for virtual code enforcement, which was especially important during the COVID catastrophic health emergency. In addition, the improved inspection app helps provide the public faster code enforcement inspection results on the eProperty searchable database. As part of this process, DHCA implemented a NaCO award-winning [e-citations program](#) to reduce data entry and provide a high level of trust in the integrity of the process.

DHCA IN THE COMMUNITY

Housing Code Enforcement's Response to COVID-19

Outreach to Multifamily Buildings:



In April 2020, DHCA provided to landlords of multifamily buildings new COVID-19 cleaning protocols and educational resources. These included the Centers for Disease Control and Prevention (CDC) cleaning and disinfecting flyer, DHCA's COVID-19 "Guidance for Multifamily Building Residents",

multilingual infographics on "Social Distancing" and "Stop the Spread of Germs," and "Tenants' Rights" poster with information about the eviction moratorium.

Housing code inspectors then contacted property managers and owners to confirm they had received the communication and posted required cleaning and tenants' rights posters in common areas. Inspectors contacted 245 properties in the nine zip codes reporting the highest concentration of COVID-19 cases (this represented approximately 75% of DHCA licensed rental units in the County).

Business Reopening Ambassadors

In support of businesses across the County, nineteen housing code inspectors served as "Business Reopening Ambassadors" during COVID-19 phased reopening periods. They visited more than 2,100 businesses and conducted nearly 1,100 follow-up visits to educate businesses on how to comply with COVID-19 health and safety guidelines. The ambassadors supported businesses and getting the local economy moving again while ensuring public safety.

DHCA IN THE COMMUNITY

IMPROVING OUR RESIDENTIAL AND COMMERCIAL AREAS THROUGH NEIGHBORHOOD REVITALIZATION

DHCA's [Neighborhood Revitalization](#) (NR) team provides physical improvements to help create safe, healthy and appealing communities. The programs administered by the NR team provide comprehensive assistance in targeted low- and moderate-income residential areas and older commercial areas. These programs ensure that improvements made in communities result in stabilized or increased property values. Efforts involve planning, design and construction of revitalization projects. The NR programs utilize community outreach and engagement to create stabilized and attractive neighborhoods.

Focused Neighborhood Assistance Program: Improving Our Older Residential Communities



Example of drainage problem

Kimberly Place Condominium Community

Drainage Improvements: The Kimberly Place Condominium community was experiencing significant underground and surface water drainage issues that led to several large areas of standing surface water, water seepage into

basements and failing home foundations. With more than

\$1 million in federal CDBG funds and close to \$120,000 from the Condominium Association, drainage trenches were installed throughout the community of about 178 households to mitigate storm water from entering lower levels of residences and improve drainage throughout the community. The project was completed in FY20.

Montgomery Village/ South Village Homes

Lighting and Site Improvement:

This project will install 156 new LED streetlights and ADA-compliant improvements for pedestrian safety and connectivity in the South Village Homes Community of Montgomery Village, which includes 482 households in Center Stage, Walker's Choice, The Hamptons and Grover's Forge. The project was funded with about \$1.2 million in federal CDBG funds and close to \$300,000 from the South Village Homes Association.



Construction of drainage mitigation



Before (example)



After (example)

DHCA IN THE COMMUNITY

The Façade Easement Program: “Another Facelift Underway” - Hillandale Center

This project is to provide exterior improvements to the Hillandale Center on New Hampshire Avenue. Storefront improvements will provide quality and more code compliant features, alternating exterior materials to clad over existing materials, variation in the building façade parapet line, exterior lighting features, exterior windows on the front and rear façade, and trash management options in the rear. Other design options were underway to improve the aesthetics of the property. Funding will include public CIP funds and private ownership funds. Completion is expected in Winter 2022.



Photo of existing façade



Rendering of proposed new façade

Burtonsville Gateway Signage

The “Welcome to Burtonsville” gateway signage was designed through a series of meetings held by the Neighborhood Revitalization staff in conjunction with the East County Regional Services Center and members of the Burtonsville business and



residential communities. The community proposed the signage to complement the new look of Burtonsville’s business district, which was completed under a Neighborhood Revitalization Façade Improvement program. The signage will be installed in two locations along Maryland Route 198. One sign will be installed westbound and on the north side of Maryland Route 198, west of US Route 29 and adjacent to the Burtonsville Town Square. The other sign will be installed eastbound and on the south side of Maryland Route 198, in front of the Old Burtonsville Post Office site. The signs will include solar illumination. Completion is expected in Spring 2022.

DHCA IN THE COMMUNITY

DELIVERING VALUE TO HOMEOWNERS IN COMMON OWNERSHIP COMMUNITIES

CCOC Reaches 30-year Milestone of Supporting County Residents

The mission of the Commission on Common Ownership Communities is to educate, legislate for, and adjudicate on behalf of the citizens of common ownership communities within Montgomery County. Fifteen commissioners, including eight unit-owners and seven professionals (lawyers, property managers, or real estate agents), are appointed for three-year terms by the County Executive and confirmed by the County Council, with an option for a second term. Approximately four in ten Montgomery County residents live in a common ownership community.

The DHCA [Office of Common Ownership Communities \(OCOC\)](#) and the Commission on Common Ownership Communities (CCOC) is committed to providing owners, tenants, residents, boards of directors, and management companies of self-governing (COC and HOA) residential communities information, assistance, and impartial dispute resolution programs that improve the quality of life, strengthen the self-governing community structure, and enhance the value of residential property in community associations.

¹² 1,200+ COCs with the addition of the City of Gaithersburg and its Common Ownership Communities (COC). These COC's can voluntarily join the CCOC at any time but must join no later than 7/1/2022.

In support of Common Ownership Communities (COCs) and Homeowner Associations (HOAs), the Office of Common Ownership Communities with the CCOC addressed more than 750 Service Requests in FY20 and more than 670 in FY21. Additionally, in both FY20 and FY21, approximately 100 cases were filed with the OCOC/CCOC. Case types range from issues that can be resolved quickly through mediation to cases that are more complex and tend to take more time., e.g., involving elections or advanced architectural issues.

Expanding Customer Service - Protecting Homeowners in Common Ownership Communities

The Common Ownership Distress Recovery workgroup analyzed COC assessments and learned that some COCs were experiencing reductions in assessment payments that threatened their capacity to meet obligations – and, that structural challenges limited the ability of COCs to enforce assessments. In response, the workgroup did two things: 1) Recommended Reserve Study legislation to protect homeowners in the 1,200+¹² COCs in Montgomery County that was accepted by the Recovery Taskforce Executive Committee and promoted with the County delegation to the Maryland State legislature; and,

DHCA IN THE COMMUNITY

2) Made distress grants available to 105 COCs in the lowest ten percentile by home value to offset fee income losses during COVID-19, from April through August 2020.

The Reserve Study Bill (HB 567/MC 03-21), effective October 1, 2021, requires governing bodies of Condos, HOAs and Co-ops to conduct regular studies of the reserves necessary for major repair and replacement of common property components and to fund a reserve account at 100 percent of what is needed. In response to the new law, the CCOC prepared updated registration documents to include certain questions regarding reserves, projected annual fiscal year income from assessments, projected reserve contribution for current fiscal year, and reserve fund balance as of Dec. 31 of the previous year. If a homeowner files a complaint regarding reserve funding, the Commission will investigate and take action, if necessary. Action may include budget training, implementation, or a possible hearing for compliance; the Hearing Panel could possibly issue a ruling to take further actions.

Delivering Greater Efficiency - Online Records for Common Ownership Communities

The Commission on Common Ownership Communities collaborates with DCHA to help promote an equitable balance

of power and resolve disputes among COC governing bodies, owners and residents. To improve service efficiency, Commission members and DHCA staff built an orderly, searchable online Case Management System with 4,000 historical decisions archived and a process to track active cases online. After Commissioners scanned 300 boxes of CCOC historical documents, the paper folders were retired. With full-text search of CCOC decisions, along with a new system of electronic citation-writing and management, the new process is much more efficient

Delivering Greater Efficiency - Upgraded Training for COC Board Members

Montgomery County's COC Commission is the first of its kind to provide training to promote more knowledgeable and responsible management of common ownership communities. In FY20, the Commission worked with DHCA to create, update and launch an improved online training for COC board members that addressed ethics, roles and responsibilities of board members and homeowners, community governing documents, financial management, meeting rules, and general administration. The training is required for all COC board members in Montgomery County and is available to all COC members. The CCOC/COC is working with all COC board members to take the training.

DHCA IN THE COMMUNITY

Expanding Customer Service: CCOC to Include Common Ownership Communities in the City of Gaithersburg

To access Montgomery County CCOC protections and resources, the City of Gaithersburg enacted an ordinance in May 2021 to join the Montgomery County CCOC. Under the new ordinance, approximately 100 HOAs and Condo associations in the City of Gaithersburg will join the Montgomery County CCOC service umbrella. Thus, all common ownership communities in Montgomery County, City of Gaithersburg, City of Rockville, and City of Takoma Park will be part of the CCOC service network.¹³

SUPPORTING COMMUNITY-BASED PARTNERS

Each year, DHCA sets aside a portion of CDBG funds to support non-profit organizations carrying out programs that help people of low- and moderate-income. DHCA convenes the Community Development Advisory Committee (15 to 20 County residents appointed by the County Executive) to evaluate nonprofit applications and recommend about 15 programs for funding. The County supports about 35 nonprofit organization programs through DHCA using \$3 million in County funds for Community Grants.

In both FY20 and FY21, the County dispersed approximately \$600,000 in CDBG funds to community nonprofit organizations for public service contracts. These targeted public service grants provided a variety of language-appropriate services for County residents with low income such as health care, educational support, emergency assistance and job training. Activities include things like mental health support groups, family planning options, afterschool tuition and homework help, college planning, and free meals for those who are homeless.

¹³. All common ownership communities in Montgomery County will be part of the CCOC service network, with the exception of the town of Garrett Park, Town of Laytonsville, Town of Poolesville, Town of Somerset and Town of Washington Grove

DHCA IN THE COMMUNITY

In both FY20 and FY21, the County dispersed more than \$350,000 to the City of Rockville and the City of Takoma Park for public improvement projects such as home rehabilitation and streetscape enhancement.

In FY20 and FY21, the County dispersed approximately \$250,000 each year for focused neighborhood assistance. Such projects include the Kimberly Place Condominium community which benefited from the installation of surface and underground drainage improvements – as well as the Montgomery Village and Montclair Manor residential communities which received new energy efficient LED lighting and other site improvements to meet today's standards.

NACo AWARDS

Upgraded MPDU Portal to Maintain and Improve Access

As Montgomery County closed its offices to the public in response to the COVID-19 pandemic, DHCA's MPDU program embarked on an ambitious and aggressive project to build on-line registration and on-demand training to continue serving prospective homebuyers and renters. DHCA built a comprehensive Internet-facing portal where applicants and program participants could go through a secure registration process, submit supporting documents, update their information, receive training, and submit purchase applications. The portal has allowed the MPDU program to maintain levels of individualized service on par with pre-COVID benchmarks and respond effectively to customers.

E-citations to strengthen efficiency of housing code enforcement

To improve and standardize the citation process across County government, the Department of Housing and Community Affairs (DHCA) and the County Attorney's Office developed an enterprise-wide electronic citation writing service. A significant improvement over the traditional paper-based process, eCitations are validated in real-time; are easier to read, store and distribute; save staff time by avoiding additional data entry; and provides convenient access to underlying data for reporting and business intelligence purpose.

NEW LAWS ENACTED

- » COVID-19 Renter Relief Act of 2020: [Bill 18-20E](#) prohibited landlords from notifying tenants of a rent increase greater than the Voluntary Rent Guideline (VRG) during the catastrophic health emergency and for 90 days after the expiration of the emergency. It was enacted and took effect on April 24, 2020. Such limits on rent increase notices applied to all licensed residential rentals in Montgomery County, including rental units in multifamily buildings, houses, townhouses, individual condominium units, and accessory dwelling units. Under requirements of County law, the [Voluntary Rent Guideline](#) is updated annually. As always, any rent increase (month-to-month, one-year, two-year or another length) cannot occur until at least 90 days after the landlord gives the tenant written notice of the increase. Landlords can increase a tenant's rent only once every 12 months.
- » Rental Property Air-Conditioning Requirements: At the request of the County Executive, Council enacted [Bill 24-19](#) requiring landlords renting units in apartment/condo buildings or townhomes in Montgomery County to provide air-conditioning for tenants from June 1st through September 30th. The measure requires that air conditioning maintain a temperature of no more than 80 degrees Fahrenheit in each habitable space at a distance of three feet above floor level. DHCA developed regulations and communicated those to landlords. The measure took effect June 1, 2020.
- » Window Guards: [Bill 51-20](#) was signed into law on April 6, 2021. Beginning January 1, 2022, landlords of multifamily rental housing units (including condos) in Montgomery County must provide a physical barrier (window guard) attached to a window to prevent occupants from falling out of the window. Landlords are required to notify tenants about the window guard requirements in writing and provide the DHCA Window Guard Lease Addendum and updated Lease Summary at the time of lease signing and lease renewal.
- » Reserve Fund Law Protects Common Ownership Community Homeowners: As a part of COVID Recovery efforts, DHCA identified challenges with reserves. In response, the County urged the Maryland legislature to enact Reserve fund legislation to protect owners of HOAs and COCs in Montgomery County. [Maryland HB 567](#) was enacted May 30, 2021 and took effect October 1, 2021. The law requires governing bodies of Condos, HOAs and Co-ops to conduct a study of the reserves necessary for major repair and replacement of common property components at least every five years. The reserve account must be funded at 100 percent of what is needed for that budget period, based on the reserve study. Solely for the purpose of collecting funding needed for the reserve account, the board may raise the assessment above the amount permitted in governing documents without membership approval. One hundred percent of such funds must go into reserves.

NEW LAWS ENACTED

- » HO-6 Condominium Insurance ([SB 175](#)) General Assembly passed Senate Bill 175, which took effect October 1, 2020. This measure addresses who is responsible for the repair or replacement of the common elements and condominium units in the event of damage or destruction under specified circumstances.
- » Real Property – Condominiums, Homeowners Associations, and Cooperative Housing Corporations – Virtual Meetings [Maryland HB 1023](#) authorizes the governing body of a condominium, homeowners association, or cooperative housing corporation, notwithstanding language contained in the governing documents of the Corporation, to authorize certain meetings to be conducted or attended by certain electronic means; authorize certain individuals who attend a meeting by certain electronic means to be deemed present for quorum and voting purposes; authorize certain matters to be set for a vote at a certain virtual meeting under certain circumstances; etc.
- » Restrictions on Use – Low-Impact Landscaping ([HB 322](#)) This bill allows for homeowners in COCs to maintain “low-impact landscaping.” Such techniques include bio-habitat gardens designed to attract wildlife and pollinator gardens designed to attract pollinator species. Restrictions on use may not impose unreasonable limitations on low-impact landscaping as long as the property owner owns or has the right to exclusive use of the property and maintains and regularly tends to the low-impact landscaping.
- » Removal of Mercury Service Regulators: On July 9, 2021, Removal of Mercury Service Regulators legislation was signed into law. [Bill 50-20E](#) requires multifamily landlords of properties built prior to January 1, 1968 to take certain steps to facilitate the replacement of indoor mercury service gas regulators and notify tenants and DHCA when Washington Gas replaces the regulators. Mercury service regulators regulate the flow of natural gas into a building.

DHCA FY20 & FY21 BUDGETS

FY20 BUDGET:

Approved
Operating Budget:

**\$58.8
million**

Approved
Capital Budget:

**\$23.1
million**

More information is available:

[DHCA operating budget](#) and

[DHCA capital budget](#)

FY21 BUDGET SUMMARY:

Approved
Operating Budget:

**\$53.1
million**

Approved
Capital Budget:

**\$30.2
million**

APPENDIX

DHCA RESOURCES

[DHCA Website](#)

[Code Enforcement Handbook](#)

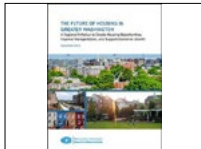
[Troubled Properties](#)

[Landlord-Tenant Handbook](#)

[MPDU Website](#)

[Rental Marketplace](#)

COUNTY, REGIONAL AND STATE HOUSING STUDIES



In the context of overall housing growth, the Metropolitan Washington Council of Governments (COG) “[The Future of Housing in Greater Washington](#),” recommended that at least 75% of new housing be affordable to low- and middle-income households.¹⁴



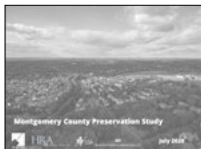
[Montgomery County Housing Needs Assessment](#) finds that between now and 2030, one-fourth of new households in the County will have incomes up to about 50% AMI.¹⁷



[Maryland Housing Needs Assessment & 10-Year Strategic Plan](#) found that our County lacks enough housing for extremely low-income households and low-income households; and, that the shortage will worsen without additional focus.¹⁵



[Meeting the Washington Region's Future Housing Needs](#). [Urban Institute](#) used COG targets to identify a need for 23,100 more low-cost rental housing units at 50 percent or below AMI by 2030 and, identified the “critical” role of NOAH units with recommendation to prioritize preservation of NOAH at current affordability levels.¹⁸



The Planning Department's [Montgomery County Preservation Study](#) identified 25,900 units of unrestricted Naturally Occurring Affordable Housing (NOAH) affordable at up to 65% AMI (about \$67,000 for two persons or \$84,000 for four persons). The study identified up to 11,000 NOAH units could be lost by 2030 and recommended preserving existing affordable housing while adding new affordable housing.¹⁶



[Rental Housing Study](#) Households earning below 50% AMI account for 38% of the demand for rental housing, but only 19% of units are affordable at that income.¹⁹



[Thrive Montgomery 2050](#). As the County continues to grow, Thrive Montgomery 2050 plan is an update to Montgomery County's leading planning policy document, the General Plan. The last time this plan was updated was in 1993.

¹⁴ The Metropolitan Council of Governments, “Future of Housing in Greater Washington,” September 2019, p. 15.

¹⁵ “Maryland Housing Needs Assessment & 10-Year Strategic Plan,” prepared for Maryland DHCD, Dec. 2020, p. 1.

¹⁶ “Montgomery County Preservation Study” prepared for Montgomery Planning Department, July 2020, p. 6.

¹⁷ Montgomery County Housing Needs Assessment,” for Montgomery Planning Department, July 2020, p. 52.

¹⁸ Urban Institute, “Meeting the Washington Region's Future Housing Needs,” September 2019, pp. 101 & 35.

¹⁹ Rental Housing Study (factsheet), Montgomery Planning and DHCA, June 2017.. p. 13