



DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Marc Elrich  
County Executive


Aseem K. Nigam  
Director

MEMORANDUM

December 22, 2022

TO: Evan Glass, President  
Montgomery County Council

Marc Elrich  
County Executive

FROM: Aseem Nigam, Director   
Department of Housing and Community Affairs

SUBJECT: Quarterly Update on Capital Funding for Affordable Housing

As requested by Council Resolution 19-1285, attached is the Department of Housing and Community Affairs (DHCA) quarterly update on County resources available for the production and preservation of multifamily affordable housing.

Beginning in FY23, the department has \$203 million available to support the development of affordable housing. Since the last report of the County's capital lending efforts for affordable housing in September 2022, nearly \$76 million in housing loans have been expended for seven projects to generate and preserve 297 affordable units as of the end of November (see page 9 in the attached pipeline update report). Additionally, DHCA has committed another \$73 million for additional 10 projects across the County and is reviewing 15 more project proposals totaling \$120 million that are likely to receive a funding commitment during the current fiscal year. As a result, we expect that the Department could spend or commit more than \$268 million for this purpose during the current fiscal year. Moreover, the Department is in discussion with developers on 13 more potential projects for future years, so the need for additional support in the future will continue.

The attached update includes a narrative description of multifamily housing projects on which financial transactions have been closed, as well highlighting some of those projects for which funding is committed. The update also includes a table summarizing the source of the available funds.

Enclosure

cc: Andrew Friedson, Councilmember  
Will Jawando, Councilmember  
Natali Fani-González, Councilmember  
Richard S. Madaleno, Chief Administrative Officer  
Jake Weissmann, Assistant Chief Administrative Officer  
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December  
2022

# Department of Housing and Community Affairs

**AFFORDABLE HOUSING PIPELINE REPORT**  
ASEEM NIGAM, DIRECTOR



HOUSING AND COMMUNITY AFFAIRS | 1401 ROCKVILLE PIKE, 4TH FLOOR; ROCKVILLE, MD 20852 |

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## DHCA Loan Pipeline

Updated: 12/06/2022

### FY23 Closed Loans

As of November 30, 2022, the FY23 DHCA Multifamily Housing Team has closed seven loans totaling \$75,749,693. These loans will produce or preserve 381 total units, of which 308 will be affordable. Each project required varying levels of investment; however, DHCA has historically provided between \$50,000-\$70,000 per affordable unit. Out of these seven loans provided in FY23 to date, DHCA closed on six loans where it provided an average of \$128,541 per affordable unit. The higher average cost was mainly attributed to increased construction costs, rise in interest rates, and other factors. DHCA also provided the seventh loan for a project where it exercised its right under the County's Right of First Refusal regulation. This loan was provided for the acquisition of a 121-unit Scarborough Square project for \$44 million. Below please find information on the 7 transactions that closed over the first five months in FY23.

#### 1. Brooke Park

- Owner/Developer: Housing Opportunities Commission (HOC)
- 6401 MacArthur Blvd, Bethesda
- Preservation and redevelopment of 17 multifamily units.
- All 17 units would be affordable to households earning no more than 30-60% AMI.
- Requested level of County funding is \$3,747,829.
- Project utilizes Montgomery County Energy funding.
- **Closed October 2022.**



#### 2. 108-110 Schuyler Avenue

- Owner/Developer: 108-110 Schuyler LLC
- 108-110 Schuyler Avenue, Silver Spring
- Acquisition and preservation of 26 units of rental apartment housing, of which 13 units will be affordable.
- The County loan request is \$1M.
- **Closed September 2022.**



#### 3. Rosaria Communities of Montgomery County – St. Jude

- Owner/Developer: Rosaria Communities of Montgomery County Inc.
- Acquisition and renovation/upgrade of a single-family property to be occupied by 2 developmentally disabled tenants and one caregiver.
- Total development costs are estimated at \$720k.
- Jubilee will be service provider to residents.
- Requested level of County funding is \$320k.
- **Closed November 2022.**



#### 4. AHC Inc. Randolph Road Redevelopment

- Owner/Developer: AHC Inc.
- 4010 Randolph Road, Silver Spring
- County initiated and sponsored redevelopment of the former Montgomery County Department of Recreation Site into 168 units of affordable rental apartments and 27 homeownership units.
- Project will create 168-units of affordable family rental apartments that will serve households with incomes between 30% and 70% AMI.
- Development team is a creative partnership between AHC Inc., Habitat for Humanity - Metro Maryland, and Interfaith Works.
- The County requested funding is \$23,681,864 of which \$2,000,000 was provided as a predevelopment loan to support a portion of the predevelopment activities needed to bring the development to fruition.
- **Closed November 2022.**



#### 5. Habitat for Humanity of Metro Maryland – 4010 Randolph Road

- Owner/Developer: Habitat for Humanity
- 4010 Randolph Road, Silver Spring
- Development and new construction of 27 homeownership properties comprised of 24 condo units and 3 single family homes.
- Development is part of the County requested redevelopment of 4010 Randolph Road/ Bushey Drive, which will also produce 168 rental apartment units through the efforts of AHC Inc.
- The County loan request is \$2M to support the development and construction of the units.
- **Closed November 2022.**



#### 6. HUI Scattered Sites

- Owner/Developer: Housing Unlimited, Inc.
- To permanently finance an estimated twenty (20) SRO rental units during an approximate two (2) year period to serve persons undergoing mental recovery.
- DHCA provided a \$1 MM. acquisition loan.
- Project received \$974K in MD State Community Bond Grant funds
- Project serves persons at or below 50% AMI
- **Closed July 2022**

## 7. Scarborough Square Townhomes and Apartments

- Owner/Developer: Rockville Housing Enterprises
- 438 College Parkway, Rockville
- Acquisition of the controlling interest in the REIT that owns the property through the County's Right of First Refusal (ROFR).
- The 121-unit property is combination of rental apartments and townhomes of which 61 units are affordable.
- The County loan request is \$44 MM.
- **Closed October 2022.**



## FY23 Pipeline Loans – (Committed, closings in process)

DHCA's FY23 pipeline of committed loans who closing dates are after the November 30, 2022 report preparation date. These projects are in the stages of closing with established closing dates and currently consists of 3 loans totaling \$38.1million, which will produce or preserve 291 total units, of which 290 will be affordable. Please find information on these loans below.

### 1. AHOF 112 Lee Avenue -aka the Leeland

- Owner/Developer: Leeland Tenant Association, Inc
- 112 Lee Avenue, Takoma Park, MD 20912
- Acquisition of 15-unit garden style apartment building located at 112 Lee Avenue, Takoma Park, MD 20912.
- The Loan will be funded through the Affordable Housing Opportunity Fund (AHOF) utilizing Housing Initiative Fund ("HIF") Program funds.
- Out of the total 15 units, 14 units are affordable rental units.
- The County Loan request is \$2,281,000.
- **Closing anticipated January 2023**



## 2. AHOF – Parkside Terrace

- Owner/Developer: Enterprise Community Development
- 506 Easley Street, Silver Spring MD
- Acquisition of 87-unit, garden-style apartment community located in Silver Spring, MD and located at 506 Easley Street.
- The property is currently Naturally Occurring Affordable Housing (NOAH) and ECD will look to acquire the property to preserve affordability. Permanent financing planned through a 4% Acquisition/Rehab, Low Income Housing Tax Credit (LIHTC) transaction. ECD is requesting the AHOF loan to bridge the acquisition of the property that is now being marketed by Transwestern and in Best and Final with the LIHTC takeout that is estimated to take 32 to 36 months to close.
- The County Loan request is \$5,000,000.
- All units are affordable, rental.
- **Closing anticipated December 15, 2022**



## 3. Residences at Forest Glen

- Owner/Developer: Montgomery Housing Partnership
- 2106 Belvedere Blvd, Silver Spring
- Complete redevelopment of the dilapidated 72-unit Forest Glen Apartments into a 189-unit mixed income apartment community approximately 2 blocks from the Forest Glen Metro Station.
- The project will be one of the first twinning tax credit developments in Maryland, which combines both 9% and 4% Low Income Housing Tax Credits in the same development.
- The County loan request is \$30,803,241 to support the redevelopment of the site.
- **Closing anticipated December 2022.**



## FY23 Pipeline Loans – (Committed, awaiting closing dates)

DHCA's FY23 pipeline of committed loans which are closing dates from senior lenders and other partners. Many of these loans are anticipated to close in the first quarter of calendar year 2023. These Projects

currently consist of 5 loan totaling \$34.9 million, which will produce or preserve 752 total units, of which 564 will be affordable. Please find information on these Projects below.

1. MHP Frederick Avenue



- Owner/Developer: Montgomery Housing Partnership, Inc.
- 439 & 425 Frederick Avenue, Gaithersburg
- Acquisition and renovation of a 78-unit multifamily property to preserve affordability.
- A minimum of 50 percent of the units would be affordable at 60% AMI.
- Anticipated financing structure includes tax-exempt bonds, LIHTC and subordinate state debt.
- Requested level of County funding is \$8M.
- **Anticipated closing date is Q1 2023.**

2. 715 Sligo

- Owner/Developer: REBI, Inc.
- 715-719 Sligo Avenue, Silver Spring
- Development and new construction of 120-unit multifamily apartment building.
- All 120 units will be affordable.
- Project will be financed utilized both 4% and 9% LIHTC under a “twinning structure”.
- Requested level of County funding is \$9.5M
- 9% LIHTC have already been awarded.
- **Anticipated closing date is March – April 2023.**



3. Park Montgomery

- Owner/Developer: Enterprise Community Development Inc.
- 8660 Piney Branch Road, Silver Spring
- Proposed project is the refinance/renovation of the existing 141-unit high rise rental apartment and the new construction of a 76-unit building on the same parcel. The development will preserve and create a total





of 217 units. Out of the total 217, all units will be affordable to households between 30% and 60% AMI.

- The proposed development will be a twinning project, which combines both 9% and 4% Low Income Housing Tax Credits in the same development.
- Requested level of County funding is \$9,600,000 and a PILOT agreement to support the affordable units.
- **Anticipated closing is January – March 2023.**

#### 4. MHP Parkview Towers – Phase 2

- Owner/Developer: Montgomery Housing Partnership, Inc.
- 7667 Maple Avenue, Takoma Park
- Stabilization and repairs of exterior façade issues at this 125-unit LIHTC assisted property.
- 105 units accommodate households with incomes at 30%, 50%, and 60% of AMI.
- Cost to be shared by all project financing sources, private lender and the MD DHCD.
- Requested level of County funding is \$2.5M.
- **Anticipated closing date is January – March 2023.**



#### 5. Housing Opportunities Commission – 4857 - 4858 and 4998 Battery Lane

- Owner/Developer: Housing Opportunity Commission
- 4857 and 4858 Battery Lane and 4998 Battery Lane
- Acquisition and preservation of a total of 212-units of rental apartment housing, of which 44 units will be affordable.
- The County loan request is \$5.3M.
- **Anticipated closing is January – March 2023.**



## FY23 Pipeline Loans

DHCA's FY23 pipeline of projects consists of 4 loans with an estimated total of \$51.4 million, which will produce or preserve approximately 907 units, of which 469 units will be affordable. Several of the Projects are listed below.

1. MHP Montouri Site

- Owner/Developer: Montgomery Housing Partnership
- MHP Montouri Site – Acquisition and development of vacant site as “MPDU collector site”.
- Nebel Street in North Bethesda
- Development proposed to provide 163 units with all units being affordable
- Project is the recipient of a \$2.2M grant from the Amazon Housing Equity Fund
- Project received a 9 percent LIHTC award allocation
- The estimated County loan request is \$19.4M.
- **Anticipated closing date Q3/Q4 2023.**



2. Hillandale Gateway -Senior Age Restricted Building

- Owner/Developer: Housing Opportunities Commission
- The project is located at 10110 New Hampshire Ave, Silver Spring, MD 20903.
- The project proposes 155 age restricted units, of which 130 units will be affordable.
- Submitted to Selection Advisory Committee for review November 2022. Received conditional recommendation for approval to the Director based upon additional information.
- DHCA loan request \$10,000,000.
- **HOC desired “early start” closing February – April 2023.**



3. Hillandale Gateway - Multifamily Building – Non-Age Restricted Building

- Owner/Developer: Housing Opportunities Commission.
- The project is located at 10110 New Hampshire Ave, Silver Spring, MD 20903.
- Proposed 306 multifamily building, of which 62 are affordable units.
- The County loan request is \$6,000,000.
- Submitted to Selection Advisory Committee for review November 2022. Received conditional recommendation for approval to Director based upon additional information.
- **HOC desired “early start” closing February – April 2023.**



4. AHOF Rollingwood Apartments

- Owner/Developer: JV of MHP, MRK and SKS Partners.
- The property is located at 2535 Ross Road, Silver Spring MD.
- The property is NOAH consisting of nine buildings and 283 units with a desirable unit mix of studios, one-, two-, and three-bedroom units, of which 114 units are affordable.
- It was originally developed in 1963 and is showing signs of deferred maintenance.



- Through a joint venture with MHP, SKS, and MRK Partners, the property will be acquired with the intent to preserve the NOAH and address the deferred maintenance through a renovation of approximately \$25,000/ door or \$7,000,000.
- The County loan request is \$16,000,000.
- During this initial phase of due diligence, the joint venture has sent a representative from Harkins Builders along with various subs and engineers to analyze the condition of the buildings and put together a proposed scope of work to confirm all systems in need will be addressed.
- **Anticipated Closing dates June 2023.**



## Summary of FY23 Pipeline Projects

(Data Reported as of 11/30/2022)

Funding Source	Projects Closed			Committed Projects*			Pipeline Projects			Projects In Discussion**		
	No. of Project	County Cost	Affordable Units	No. of Project	County Cost	Affordable Units	No. of Project	County Cost	Affordable Units	No. of Project	County Cost	Affordable Units
CIP	-	\$ -	-	1	\$ 30,803,241	189	4	\$ 56,625,000	670	2	\$ 22,225,000	364
HIP-Operating	3	\$ 36,301,864	197	3	\$ 27,100,000	415	6	\$ 45,914,500	469	2	\$ 19,900,000	319
NOAH	2	\$ 34,700,000	74	2	\$ 5,300,000	44	1	\$ 15,000,000	-	1	\$ 15,000,000	636
AHOF	-	\$ -	-	2	\$ 5,281,250	101	2	\$ 1,450,000	129	-	-	-
HOME	2	\$ 4,747,829	37	2	\$ 4,500,000	105	-	-	-	-	-	-
CDBG	-	\$ -	-	-	-	-	2	\$ 928,424	8	-	-	-
<b>Total</b>	<b>7</b>	<b>\$ 75,749,693</b>	<b>308</b>	<b>10</b>	<b>\$ 72,984,491</b>	<b>854</b>	<b>15</b>	<b>\$ 119,917,924</b>	<b>1276</b>	<b>5</b>	<b>\$ 57,125,000</b>	<b>1319</b>

Note: The data reported is the point-in-time information. The numbers could be adjusted based on the on-going negotiation between DHCA and the developers.

\*Committed Projects include those projects are closing in progress and awaiting for closing dates.

\*\* Only 5 Projects in Discussion with available funding data are shown here. Additional 8 projects are under discussion with DHCA which their data are still to be determined.

**Available Funds for Housing Loans  
As of 11-30-2022**

<b>Funding Sources</b>	<b>FY23</b>
<b>CIP Budget</b>	<b>108,265,900</b>
Remaining Fund Balance from Prior Year Appropriation*	26,265,900
Current Year Appropriation	22,000,000
Affordable Housing Opportunity Fund (AHOF)	20,000,000
Naturally Occurring Affordable Housing Fund (NOAH)	40,000,000
<b>HIF-Operating</b>	<b>79,675,951</b>
Fund Balance from Prior Years for Capital Lending*	47,143,100
Current Year Appropriation for Housing Loans	12,472,750
Additional FY22 Actual Revenue for Capital Lending	20,060,101
<b>Federal Grants</b>	<b>15,503,070</b>
HOME - FY23 budget	2,150,070
HOME - Prior Year Award Balance thru FY22 (Entitlement)	4,971,400
HOME - Prior Year Cash Balance thru FY22 (Program Income)	6,359,400
CDBG - FY23 budget	2,022,200
<b>Total</b>	<b>203,444,921</b>

*Note: Due to the designated resources for rental assistance, the FY22 Fund balance funded specifically by Recordation Tax Premium is excluded from the HIF-Operating calculation. Note that DHCA uses this specific resource to provide affordable units and support services for low-income residents through HOC, DHHS, and DHCA various programs. In addition to the existing committed investments to extend MPDU terms and rental agreements, DHCA is planning to allocate the additional revenue collected from the FY22 Recordation Tax Premium to continue capitalizing housing projects with more affordable units, as well as supporting DHHS' needs in permanent supportive housing, rapid rehousing, and/or homeless prevention.*

*\*The prior-year fund balance will be used to support the upcoming committed projects. County funding is not the sole source for housing projects, the final closing date on County loans will be carried out simultaneously with other funding sources.*