



DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Marc Elrich  
County Executive


Scott Bruton  
Acting Director

MEMORANDUM

March 31, 2023

TO: Evan Glass, President  
Montgomery County Council

Marc Elrich  
County Executive

FROM: Scott Bruton, Acting 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.

The FY23 third quarterly pipeline report continues to demonstrate the County's capital lending efforts for affordable housing. DHCA has provided financing support for three additional housing loans with more than \$36 million since the last pipeline report in December 2022, for a total of 10 projects so far in FY23. Of the available \$203 million appropriation provided to DHCA in FY23, the County has closed \$118 million in 10 housing projects, creating or preserving 555 affordable units. DHCA has committed more than \$138 million for 13 projects that will produce or preserve approximately 1,150 affordable units and are predicted to close in FY23 or FY24. Six additional project proposals totaling \$38.4 million are in the pipeline and are likely to receive funding commitment by FY23 or FY24. DHCA is in discussion with 12 potential projects and evaluating their need for funding to produce or preserve affordable housing.

The attached pipeline report includes a narrative description of multifamily housing projects that have closed, are committed, are in the pipeline, or are in discussion. 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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March  
2023

# Affordable Housing Pipeline Quarterly Report

DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
SCOTT BRUTON, ACTING DIRECTOR



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

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## FY23 Closed Loans

Between the last quarterly pipeline report provided in December 2022 and March 10, 2023, DHCA has closed three additional loans totaling \$36,084,491. These three loans will produce or preserve 291 total units, of which 247 will be affordable. Each project required varying levels of County investment. DHCA has historically provided \$50,000-\$70,000 per affordable unit. Of these three loans provided in FY23 to date, DHCA provided an average of \$146,091 per affordable unit.

### 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.
- The Loan will be funded through the Affordable Housing Opportunity Fund (AHOF) utilizing Housing Initiative Fund (HIF) Program funds.
- 14 out of 15 total units are affordable. Six units serve households earning 30-50% of Area Median Income (AMI), 5 units serve households earning 50-60% of AMI, and 4 units serve households earning 60-80% percent of AMI.
- County investment is \$281,250.
- **Loan closed February 24, 2023.**



### 2. AHOF – Parkside Terrace

- Owner/Developer: Enterprise Community Development (ECD)
- 506 Easley Street, Silver Spring MD 20910
- Acquisition of 87-unit, garden-style apartment community.
- 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
- 44 of 87 will be restricted at 60 percent of AMI.
- County investment is \$5,000,000.
- **Loan closed on December 16, 2022**



### 3. Residences at Forest Glen

- Owner/Developer: Montgomery Housing Partnership
- 2106 Belvedere Blvd, Silver Spring, MD 20902
- Complete redevelopment of the aging 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% LIHTC in the same development.
- All 189 units are affordable.
- County investment is \$30,803,241.
- **Loan closed in December 2022.**



## FY23 Pipeline Loans – (Committed projects with closings in process)

DHCA's FY23 pipeline of committed loans includes projects that have closing dates after the end of March 2023. These projects have targeted closing dates and currently consist of six loans with a total of \$58,153,656 from County investment. The six projects will produce or preserve 1,202 total units, of which 764 will be affordable.

### 1. Hillandale Gateway -Senior Age Restricted Building

- Owner/Developer: Housing Opportunities Commission.
- 10110 New Hampshire Ave, Silver Spring, MD 20903
- Proposed 155 age restricted units, of which 130 units will be affordable.
- Submitted to the Selection Advisory Committee for review in 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 May 2023.**



### 2. Hillandale Gateway - Multifamily Building – Non-Age Restricted Building

- Owner/Developer: Housing Opportunities Commission.
- 10110 New Hampshire Ave, Silver Spring, MD 20903
- Proposed 306 multifamily building, of which 62 are affordable units.
- DHCA loan request \$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 May 2023.



### 3. AHOF Rollingwood Apartments - Acquisition

- Owner/Developer: JV of MHP, MRK and SKS Partners.
- 2535 Ross Road, Silver Spring MD 20910
- The property is NOAH consisting of nine buildings and 283 units with a desirable unit mix of studios, one-, two-, and three-bedroom units, all of which will be affordable. 214 units will serve households between 30-60% of AMI.
- 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 naturally occurring affordable housing (NOAH) units and address the deferred maintenance through a renovation of approximately \$25,000/unit or \$7,000,000 in total.
- The County loan request is \$2,000,000.
- During this initial phase of due diligence, the joint venture has sent a representative from Harkins Builders along with various subcontractors and engineers to analyze the condition of the buildings, which they have put together a proposed scope of work to confirm all systems in need will be addressed.
- Anticipated closing date March 2023.



#### 4. AHOF Hampshire Village

- Owner/Developer: Victory Housing Inc.
- 3210 Norbeck Rd, Silver Spring MD 20906
- The property has 111 units and 3 stories. The property has rent and income restrictions, where 20% of the units are at 30% of AMI and 80% of the units are at 50% of AMI.
- DHCA loan request is \$10,000,000: (\$5,000,000 from HOME and \$5,000,000 from HIF).
- Anticipated closing date April 15, 2023.



#### 5. ROFR – Westchester West Apartments

- Owner/Developer: Westchester Gardens LLC.
- 3214 Hewitt Ave, Silver Spring, MD 20906
- County is expected to exercise the Right of First Refusal to acquire this project, which contains 345 units in 9 multifamily buildings and one pool building. The number of affordable units are to be determined.
- Initial County investment \$70,000,000.
- Anticipated closing date June 2023.



#### 6. HUI Scattered Sites

- Owner/Developer: Housing Unlimited, Inc.
- To permanently finance two properties to SRO rental units to serve persons undergoing mental recovery.
- DHCA providing \$158,566 in permanent financing.
- Project serves persons at or below 50% of AMI
- Anticipated closing date April 2023.

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

DHCA's FY23 pipeline of committed loans are projects that are moving toward closing dates from senior lenders and other partners. Many of these loans are anticipated to close in the second quarter of calendar year 2023. DHCA has issued or is finalizing the terms of its investment to meet the closing date. These projects currently consist of 5 loans totaling \$34,900,000 million, which will produce or preserve 752 total units, of which 564 will be affordable.

#### 1. MHP Frederick Avenue

- Owner/Developer: Montgomery Housing Partnership, Inc.
- 439 & 425 Frederick Avenue, Gaithersburg 20877
- Acquisition and renovation of a 78-unit multifamily property to preserve affordability.
- A minimum of 50% of the units would be affordable at 60% of AMI.
- Anticipated financing structure includes tax-exempt bonds, LIHTC and subordinate state debt.
- Requested level of County funding is \$8,000,000.
- **Anticipated closing date is May - June 2023.**





2. 715 Sligo

- Owner/Developer: REBI, Inc.
- 715-719 Sligo Avenue, Silver Spring 20910
- Development and new construction of 120-unit multifamily apartment building.
- All 120 units will be affordable.
- Project will be financed utilizing both 4% and 9% LIHTC under a “twinning structure.”
- Requested level of County funding is \$9,500,000.
- LIHTCs have already been awarded.
- **Anticipated closing date is May - June 2023.**



3. Park Montgomery

- Owner/Developer: Enterprise Community Development Inc.
- 8660 Piney Branch Road, Silver Spring 20901
- The proposed project is for refinance/renovation of the existing 141-unit high-rise rental apartment and new construction of a 76-unit building on the same parcel. The development will preserve and create a total of 217 units. All the units will be affordable for households 30-60% of AMI.
- The proposed development will be a twinning project, which combines both 9% and 4% LIHTC 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 May - June 2023.**



4. MHP Parkview Towers – Phase 2

- Owner/Developer: Montgomery Housing Partnership, Inc.
- 7667 Maple Avenue, Takoma Park 20912
- The project is proposed for stabilization and repairs of exterior façade issues at this 125-unit LIHTC assisted property.
- 105 units to accommodate households with incomes at 30%, 50%, and 60% of AMI.
- The project costs will be shared by all project financing sources, private lender and the MD DHCD.
- Requested level of County funding is \$2,500,000.
- **Anticipated closing date is May - June 2023.**



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

- Owner/Developer: Housing Opportunity Commission
- 4857, 4858, 4998 Battery Lane, Bethesda, MD 20814
- The project is for acquisition and preservation of 212 units of rental apartment housing, of which 44 units will be affordable.
- The County loan request is \$5,300,000.
- **Anticipated closing date is May - June 2023**



## Pipeline Loans for FY23 and Beyond

The following are some of DHCA's pipeline projects including loans with an estimated total of \$51,400,000, which will produce or preserve approximately 907 units, of which 469 units will be affordable. Several of the projects are anticipated to close in FY23 and some beyond.

### 1. MHP Montouri Site

- Owner/Developer: Montgomery Housing Partnership
- Acquisition and development of vacant site as "MPDU collector site." The concept of an MPDU collector is to allow projects that have MPDU requirements where cost may be prohibitive to assign these MPDUs to a specific property. This concept/arrangement generally is accompanied by a financial contribution from the projects seeking to assign their MPDUs to the property.
- Nebel Street in North Bethesda
- Development proposed to provide 163 units with all units being affordable.
- Project is the recipient of a \$2,200,000 grant from the Amazon Housing Equity Fund
- Project received a 9% LIHTC award allocation.
- The estimated County loan request is \$19,400,000.
- **Anticipated closing date Q3/Q4 2023.**



### 2. Amber Commons

- Owner/Developer: MRK Partners/AHC
- 7 Prism Place, Gaithersburg, MD 20877
- Amber Commons consists of 17 three-story, garden-style residential buildings containing 198 units. The project was constructed in 1968 and underwent a substantial renovation in 2009.
- Currently all units are market rate but looking forward to convert them to affordable family units with the upcoming syndication.
- 100% of units will be occupied by households whose income averages 60% or less of AMI.
- The estimated County loan request is \$9,900,000.
- **Anticipated closing date TBD.**



### 3. 1910 University Boulevard

- Owner/Developer: Mission First
- 1910 University Boulevard, Silver Spring MD 20902
- The development will feature a mixed-income senior rental community with 90 total units, consisting of 78 one-bedroom units, 12 two-bedroom units, modern amenities, and community spaces.
- When completed, the project will serve residents in the following income categories: 6 for 30%; 17 for 50%; 61 for less than 60%; and 6 for less than 70% of AMI. 100% of units will be occupied by households whose income averages 60% or less of AMI.
- The estimated County loan request is \$6,750,000.
- **Anticipated closing date TBD.**



4. 4527 and 4531 Avondale

- Owner/Developer: The National Center for Children and Families (NCCF)
- 4527 and 4531 Avondale Street, Bethesda, MD 20814
- The project will be the renovation of 4 unit – 2-bedroom rental units in each building – for a total of 8 units.
- When completed, the project will serve residents at or below 50% of AMI.
- The estimated County loan request is \$490,000 each building, totaling \$980,000.
- **Anticipated closing date TBD.**



5. White Flint Fire Station – County owned land

- Owner/Developer: Victory Housing
- 121 Rollins Avenue, Rockville, MD 20852
- The project will construct 104 affordable senior units.
- The estimated County loan request is TBD.
- **Anticipated closing date TBD.**

6. Glenmont Metro – County owned land

- Owner/Developer: TBD - Enterprise Community Development
- Location: Wheaton Glenmont Metro
- The site is under review and discussion for the development of affordable homeownership units.
- The estimated County loan request is TBD.
- **Anticipated closing date TBD.**

7. Rollingwood Apartments – Permanent Financing

- Owner/Developer: JV of MHP, MRK and SKS Partners.
- 2535 Ross Road, Silver Spring MD 20910
- The property is under NOAH, consisting of nine buildings and 283 units with a desirable mix of studios, one-, two-, and three-bedroom units, all of which will be affordable. 214 units will serve households at 30-60% of AMI.
- 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/unit or a total of \$7,000,000.
- The County permanent loan request is \$16,000,000.
- **Anticipated closing date TBD.**



**Table 1. Summary of FY23 Pipeline Projects**

**(Data Reported as of 03/19/2023)**

Pipeline Project Data Reported As of 3/19/2023													
Funding Source	Projects Closed			Committed Projects*				Pipeline Projects			Projects In Discussion**		
	No. of Project	County Cost	Affordable Units	No. of Project	County Cost	Total Units	Affordable Units	No. of Project	County Cost	Affordable Units	No. of Project	County Cost	Affordable Units
HIP-Operating	3	\$ 36,301,864	197	5	\$ 34,141,474	760	415	2	\$ 16,650,000	288	6	\$ 32,175,000	760
CIP	1	\$ 30,803,241	189	2	\$ 16,000,000	461	192	1	\$ 19,400,000	163	3	\$ 33,450,000	330
NOAH	2	\$ 34,700,000	74	3	\$ 73,189,764	212	44	-	\$ -	-	1	\$ 15,000,000	144
AHOF	2	\$ 5,281,250	58	2	\$ 7,000,000	393	393	-	\$ -	-	4	\$ 16,771,210	TBD
HOME	2	\$ 4,747,829	37	1	\$ 8,000,000	125	105	-	\$ -	-	-	\$ -	-
CDBG	-	\$ -	-	-	\$ -	-	-	2	\$ 980,000	8	-	\$ -	-
<b>Total</b>	<b>10</b>	<b>\$ 111,834,184</b>	<b>555</b>	<b>13</b>	<b>\$ 138,331,238</b>	<b>1951</b>	<b>1149</b>	<b>5</b>	<b>\$ 37,030,000</b>	<b>459</b>	<b>14</b>	<b>\$ 97,396,210</b>	<b>1234</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 are provided with funding commitment from DHCA and the closing is in process.*

*\*\* Projects in Discussion that do not have specific funding request yet are not included in this table.*

**Table 2. Total Funds Available for Housing Loans**

<b>As of 03-19-2023</b>	
<b>Funding Sources</b>	<b>FY23</b>
<b>Beginning of FY23</b>	<b>203,444,921</b>
<b>CIP Budget</b>	<b>67,681,407</b>
Current Remaining Fund Balance in the Housing CIP	17,462,657
Affordable Housing Opportunity Fund (AHOF)	14,718,750
Naturally Occurring Affordable Housing Fund (NOAH)	35,500,000
<b>HIF-Operating</b>	<b>45,374,087</b>
Current Remaining Fund Balance *	45,374,087
<b>Federal Grants</b>	<b>10,755,241</b>
Remaining Fund Balance in HOME	8,733,041
Remaining Fund Balance in CDBG	2,022,200
<b>Total Fund Balance Available for Housing Loans</b>	<b>123,810,735</b>
<p><i>Note: Due to the designated resources for rental assistance, the FY23 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, including extending MPDU terms and rental agreements, capitalizing housing projects with more affordable units, and supporting DHHS' needs in permanent supportive housing, rapid rehousing, and/or homeless prevention.</i></p>	