



DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Marc Elrich
County Executive

Aseem K. Nigam
Director

MEMORANDUM

September 30, 2022

TO: Marc Elrich
County Executive

Gabe Albornoz, President
Montgomery County Council

FROM: Aseem Nigam, Director *AN*
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. As a result of the efforts of the County Executive and County Council, the department has \$203 million currently available for supporting the development of affordable housing. Of this amount, \$133 million is already committed and encumbered for 13 projects across the County, and the department is reviewing another 11 project proposals totaling \$68 million that should receive a funding commitment during the current fiscal year. Therefore, at this time, I expect the department to spend or encumber \$201 million for this purpose during the current fiscal year. In addition, the department is in discussion with developers on 17 more potential projects for future years, so the need for additional support in the outyears will continue.

The attached update includes a narrative description of multifamily housing projects on which financial transactions have been finalized, as well as the 13 projects for which funding is encumbered. The update also includes a table summarizing the source of the available funds.

Enclosure

cc: Andrew Friedson, Councilmember
Will Jawando, Councilmember
Hans Riemer, Councilmember
Richard S. Madaleno, Chief Administrative Officer
Jake Weissmann, Assistant Chief Administrative Officer
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Office of the Director

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**Available Funds for Housing Loans
As of 09-12-2022**

Funding Sources	FY23
CIP Budget	108,265,900
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
HIF-Operating	79,675,951
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
Federal Grants	15,503,070
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
Total	203,444,921

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 encumbered 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.*

Pipeline Project Data Reported As of 9/30/2022

Funding Source	Encumbered 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
CIP	1	\$ 25,478,394	175	2	\$ 34,625,000	327	3	\$ 32,225,000	365
HIP-Operating	6	\$ 61,401,864	612	3	\$ 16,264,500	198	2	\$ 31,500,000	265
NOAH	4	\$ 40,000,000	142	-	-	-	1	\$ 15,000,000	438
AHOF	-	-	-	3	\$ 12,731,000	357	-	-	-
HOME	2	\$ 6,247,829	122	2	\$ 3,000,000	24	-	-	-
CDBG	-	-	-	1	\$ 1,400,000	37	-	-	-
Total	13	\$133,128,087	1051	11	\$ 68,020,500	943	6	\$ 78,725,000	1068

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.

Sept. 30
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: 9/28/2022

FY22 Closed Loans

During FY22 DHCA and our Multifamily Housing Team closed 9 loans totaling over \$33.32 million, which will produce or preserve 684 total units, of which 599 will be affordable. Each project required varying levels of investment; however, DHCA typically provides between \$50-70,000 per affordable unit. In FY22, DHCA provided an average of \$55,633 per affordable unit. Below please find information on the 9 transactions that closed in FY22.

1. MHP Hillwood Manor

- Owner/Developer: Montgomery Housing Partnership, Inc.
- 1100 Linden Avenue, Takoma Park
- Preservation and renovation of 96-units of multifamily rental housing
- Project contains 78 units at or below 60% AMI and 18 market rate units
- Renovation plan includes new kitchens, baths, HVAC, electrical, plumbing, paint, flooring and extensive repair to the common areas and exterior
- Financing strategy includes 4% LIHTC, MD DHCD direct financing, a seller take-back note, and County funding.
- County funding amount is \$9.7M.
- **Closed December 2021**



2. Sandy Spring Senior Village

- Owner/Developer: KCG Development, LLC
- 17810 Meeting Housing Road, Sandy Spring
- Acquisition and renovation/conversion of existing office/commercial building into 56 units of affordable senior rental apartments.
- All units are affordable to households with incomes at 40%, 50% and 60% AMI.
- The total development costs of \$20.3MM is supported by a senior private lending loan, MD DHCD subordinate financing and equity via 4% LIHTC.
- County funding amount is \$3,808,000 and a PILOT to support the affordable units.
- **Closed March 2022**



3. St. Anne's Senior Housing

- Owner/Developer: Mission First Housing Development Corp. and St. Anne's CDC.
- 25104 Ridge Road, Damascus
- New construction of an affordable 76-unit multifamily building for seniors with TDC of \$24M.
- Project will contain 5 units (30% AMI), 5 units (50% AMI), 63 units (60% AMI), and 3 units (70% AMI).
- Financing strategy includes 4% LIHTC, MD DHCD direct financing, and County funding.
- County funding amount is \$2.5M and a PILOT agreement supporting the affordable units.
- **Closed March 2022**



4. Jewish Foundation for Group Homes, Inc. (JFGH)

- Owner/Developer: Jewish Foundation for Group Homes, Inc.
- 1309 Leister Drive, Silver Spring
- Acquisition funding for single family rambler for conversion to a group home for 3 persons with Intellectual and Developmental Disabilities (IDD).
- Project serves persons at or below 30% AMI
- County funding amount is \$430,000.
- **Closed November 2021**



5. Frederick Road Senior/North Montgomery

- Owner/Developer: SCG Development Partners/Wellington Development
- 19101 Frederick Road, Gaithersburg MD
- Acquisition and new construction of an affordable 111-unit senior rental apartment building with TDC of \$40.3M.
- Project will contain 12 units (30% AMI), 10 units (50% AMI), 78 units (60% AMI), and 11 units (70% AMI).
- County funding amount is \$7.7M, and a PILOT to support the affordable units.
- **Closed May 2022**



6. Earle Manor Apartments

- Owner/Developer: Montgomery Housing Partnership/Washington Housing Conservancy
- 10800 and 10820 Georgia Avenue, Wheaton MD
- Acquisition and renovation of an affordable 140-unit multifamily rental apartment building with TDC of \$30.1M.
- Project will provide 10 units (50% AMI), 60 units (60% AMI), 35 units (70% AMI), and 35 units (MKT).
- County funding amount is \$2.25M, and a PILOT to support the affordable units.
- **Closed March 2022**



7. HUI Scattered Sites (914 King Farm Boulevard, Rockville)

- Two (2) bedroom townhouse acquisition for Single Room Occupancy (SRO) units for persons undergoing mental recovery
- DHCA provided a \$75,884 **HOME Program** acquisition loan
- Project received \$127,496 in MD State Community Bond Grant funds
- Project serves persons at or below 30% AMI
- **Closed November 2021**



HUI Scattered Sites (531 Casey Lane, Rockville)

- Two (2) bedroom townhouse acquisition for Single Room Occupancy (SRO) units for persons undergoing mental recovery
- DHCA provided a \$74,973 **HOME Program** acquisition loan
- Project received \$116,163 in MD State Community Bond Grant funds
- Project serves persons at or below 30% AMI
- **Closed November 2021**



HUI Scattered Sites (16325 Decker Place, Derwood)

- Three (3) bedroom townhouse acquisition for Single Room Occupancy (SRO) units for persons undergoing mental recovery
- DHCA provided a \$111,188 **HOME Program** acquisition loan
- Project received \$164,572 in MD State Community Bond Grant funds
- Project serves persons at or below 30% AMI
- **Closed November 2021**



HUI Scattered Sites (219-A Jay Drive #103, Rockville)

- Two (2) bedroom condominium acquisition for Single Room Occupancy (SRO) units for persons undergoing mental recovery
- DHCA provided a \$87,394 **HOME Program** acquisition loan
- Project received \$109,550 in MD State Community Bond Grant funds
- Project serves persons at or below 30% AMI
- **Closed March 2022**



8. National Center for Children and Families, Inc. (NCCF) – 4531 Avondale Street, Bethesda

- Owner/Developer: National Center for Children and Families (NCCF)
- Right of First Refusal (ROFR) acquisition only loan for a 4-unit property for NCCF's provision of additional affordable housing with other NCCF owned 4-unit properties on Avondale Street
- DHCA provided a \$1.325M **HIF Program** loan for property to serve persons at or below 50% AMI
- **Closed January 2022**



National Center for Children and Families, Inc. (NCCF) – 4527 Avondale Street, Bethesda

- Owner/Developer: National Center for Children and Families (NCCF).
- An acquisition only loan for a 4-unit property for NCCF's provision of additional affordable housing with other NCCF owned 4-unit properties on Avondale Street
- DHCA provided a \$1.325M Community Development Block Grant (**CDBG Program**) loan for property to serve persons at or below 80% of AMI
- **Closed April 2022**



9. MHP Franklin Apartments

- Owner/Developer: Montgomery Housing Partnership (MHP)
- 7620 Maple Avenue, Takoma Park
- Acquisition and preservation of 185-unit, senior affordable rental apartment building.
- Project will provide all 185 units at or below 60% AMI.
- County funding amount is \$3.75M, and a PILOT to support the affordable units.
- **Closed April 2022**



FY23 Encumbered Loans – (Committed, not closed)

DHCA's FY22/23 pipeline of committed, but not closed loans currently consists of 12 loans totaling \$133.13 million, which will produce or preserve 1,302 total units, of which 1,051 will be affordable. Please find information on these loans below.

1. 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 \$23.68M 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.
- **Anticipated closing date is October 2022**



2. 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 \$25.4MM to support the redevelopment of the site.
- **Anticipated closing is November/December 2022.**



3. 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.**

4. 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 utilizing 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 December 2022.**

5. 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 \$3.7M.
- Project utilizes Montgomery County Energy funding.
- **Anticipated closing date is September/October 2022.**

6. 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 November/December 2022.**



7. 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 December 2022.**

8. Rosaria Communities of Montgomery County – St. Jude

- Owner/Developer: Rosaria Communities of Montgomery County Inc.
- 4626 Wissahican Avenue, Rockville
- 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.
- **Anticipated closing date is October/November 2022.**



9. 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.
- **Anticipated closing is October 2022.**



10. 108-110 Schuyler Avenue

- Owner/Developer:
- 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.
- **Anticipated closing is September 2022.**

11. 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 64 units will be affordable.
- The County loan request is \$5.3M.
- **Anticipated closing is December 2022.**

12. 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.
- The County loan request is \$42M.
- **Anticipated closing is December 2022.**



FY23 Pipeline Loans

DHCA's FY23 pipeline of projects consists of 11 loans with an estimated total of \$67.7 million, which will produce or preserve approximately 1,280 units, of which 943 units will be affordable. Three of the 11 projects are being reviewed under the Affordable Housing Opportunities Fund (AHOF) Program with a total funding estimate of \$12.45M producing 385 units, of which 357 would be affordable. One of the housing projects provided with a letter of support for County loans is listed below. Other projects are still under review and DHCA will provide more information as appropriate in the next quarterly report.

1. MHP Montouri Site

- Owner/Developer: Montgomery Housing Partnership
- MHP Montouri Site – Acquisition and development of vacant site as affordable housing.
- 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
- The estimated County loan request is \$19.4M.
- **Anticipated closing date Q3/Q4 2023.**