

HOC MPDU/Property Acq Fund -- No. 768047

Category	Housing Opportunities Commission	Date Last Modified	May 20, 2008
Subcategory	Housing	Required Adequate Public Facility	No
Administering Agency	Housing Opportunities Commission	Relocation Impact	None.
Planning Area	Countywide	Status	On-going

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY07	Est. FY08	Total 6 Years	FY09	FY10	FY11	FY12	FY13	FY14	Beyond 6 Years
Planning, Design, and Supervision	0	0	0	0	0	0	0	0	0	0	0
Land	10,452	8,804	1,648	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	2,055	1,263	792	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
Total	12,507	10,067	2,440	0	0	0	0	0	0	0	0

FUNDING SCHEDULE (\$000)

Revolving Fund - Current Revenue	107	0	107	0	0	0	0	0	0	0	0
Revolving Fund - G.O. Bonds	12,400	10,067	2,333	0	0	0	0	0	0	0	0
Total	12,507	10,067	2,440	0	0	0	0	0	0	0	0

DESCRIPTION

This is a revolving loan fund which authorizes HOC is to use up to \$12.5 million at any one time for: (a) interim financing, including cost of acquisition and finishing by HOC, of MPDUs as permitted in Chapter 25A of the Montgomery County Code, provided that the unit is used in tandem with a Federal, State, or local subsidy program and is developed to provide housing to low- and-moderate-income households; and (b) planning, acquisition, and improvement of sites and/or existing properties for low- and-moderate-income, single, or multifamily housing facilities, which are to be owned and operated by HOC or its designees. Sites may be land-banked in anticipation of future development when adequate public facilities become available. Upon receipt of permanent financing, monies are returned to the fund for reuse. No MPDU may be held by the fund for more than 24 months, the 24-month maximum holding period may be extended in unusual situations for a limited time upon determination by the Director of the Department of Housing and Community Affairs that such an extension would best support purposes of this program. HOC may determine that a County lump sum subsidy is required to secure independent financing or meet Federal, State, or local program guidelines for itself or its designees. Such write-downs from County funds shall be made only for projects serving households whose incomes do not exceed the following limits: 1/3 units - 80 percent of Washington Metropolitan Area Median income; 1/3 units - 80 percent of County Median income; and 1/3 units uncontrolled. In the event that a subsidy is undertaken, then in its next CIP submission, HOC shall include a PDF describing the subsidized program and shall request an appropriation sufficient to fully repay this fund.

JUSTIFICATION

HOC is continually evaluating transactions that will require interim funding from the revolving fund. These transactions include redevelopment activities of older HOC properties that require significant capital infusion to improve their physical conditions or to redevelop and/or reposition them in their respective market areas. In addition, HOC continues to seek out new development opportunities, as well as, the acquisition of existing multi-family developments through the conventional real estate sales market that may require interim financing to facilitate the transaction.

The County's right of first refusal law has been changed to include all properties and not just those built before 1981. The result is that HOC is likely to have more acquisition opportunities but, in order to preserve affordability there is more potential for gap and bridge financing than prior to the change in law. HOC sets aside revolving funds to capitalize on opportunities to acquire and preserve rental units as they are offered under the revised law.

OTHER

The County General Plan Refinement stands in compliance with the General Plan requirement of the Maryland Economic Growth, Resource Protection, and Planning Act. County Master Plans must be in compliance with the General Plan.

Beginning in FY01, as a contribution to affordable housing, HOC was given relief on past due interest payments and is no longer required to pay interest on funding for this project.

FISCAL NOTE

On June 14, 2005 the County Council appropriated an additional \$2 million to this revolving fund.

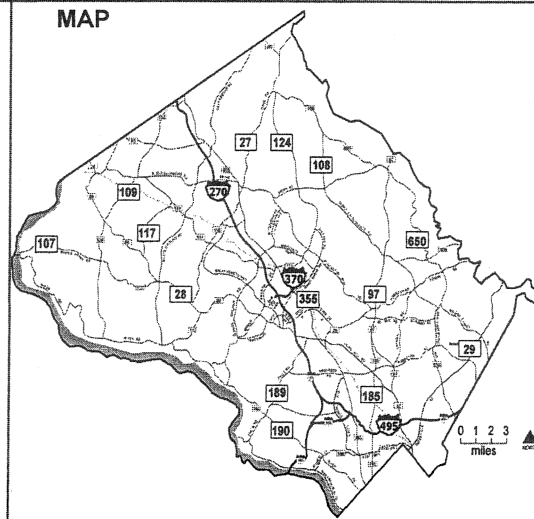
APPROPRIATION AND EXPENDITURE DATA

Date First Appropriation	FY80	(\$000)
First Cost Estimate	FY08	12,507
Current Scope		
Last FY's Cost Estimate		12,507
Appropriation Request	FY09	0
Appropriation Request Est.	FY10	0
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		12,507
Expenditures / Encumbrances		10,761
Unencumbered Balance		1,746
Partial Closeout Thru	FY06	0
New Partial Closeout	FY07	0
Total Partial Closeout		0

COORDINATION

Department of Finance
Department of Housing and Community Affairs

MAP



HOC MPDU/Property Acq Fund -- No. 768047 (continued)

Outstanding draws as of June 30, 2007, totaled \$10.1 million. Repayment of \$658,000 is expected in fiscal year 2008 for the repayment of Barclay Apartments. In remaining months of FY08, HOC also anticipates needing up to \$2.09 million of revolving funds. These proceeds will be used for bridge funding for the Metropointe at Wheaton Metro project and Leafy House Apartments.