



HOC MPDU/Property Acq Fund

(P768047)

Category	Housing Opportunities Commission	Date Last Modified	01/03/18
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Countywide	Status	Ongoing

EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Land	2,336	2,336	-	-	-	-	-	-	-	-	-
Site Improvements and Utilities	1,915	1,915	-	-	-	-	-	-	-	-	-
Other	8,256	1,981	6,275	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	12,507	6,232	6,275	-	-	-	-	-	-	-	-

FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Revolving Fund: G.O. Bonds	12,400	6,125	6,275	-	-	-	-	-	-	-	-
Revolving Fund: Current Revenue	107	107	-	-	-	-	-	-	-	-	-
TOTAL FUNDING SOURCES	12,507	6,232	6,275	-	-	-	-	-	-	-	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 19 Request	-	Year First Appropriation	FY14
Appropriation FY 20 Request	-	Last FY's Cost Estimate	12,507
Cumulative Appropriation	12,507		
Expenditure / Encumbrances	6,232		
Unencumbered Balance	6,275		

PROJECT DESCRIPTION

This is a revolving loan fund which authorizes the Housing Opportunities Commission (HOC) to use up to \$12.5 million at any one time for: (a) interim financing, including cost of acquisition and finishing by HOC, of Moderately Priced Dwelling Units (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.

PROJECT 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 new development opportunities, as well as, the acquisition of existing multifamily 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 changed to include all multifamily properties of more than five units. The change in law provides HOC with greater acquisition opportunities to preserve affordability and greater need for gap and bridge financing. HOC sets aside revolving funds to capitalize on opportunities to acquire and preserve rental units as they are offered under the current 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 FY'01, 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

Outstanding draws as of June 30, 2017, totaled \$6,231,846. Repayments of \$3,424,915 were made in FY17 for Pooks Hill- midrise (\$66,500), Holiday Park (\$101,563), and Housing Opportunities Commission Home Ownership Program (HOC/HOP) (\$3,256,852). Repayments of \$3,962,089 are expected in FY18 for Pools Hill-midrise (\$66,500), Timberlawn (\$1,914,699), and HOC/HOP program (\$1,980,890). HOC anticipates continued utilization of the revolving fund for the MPDU acquisition for the HOC/HOP (\$2,500,000) as well as for the construction of 900 Thayer, a Rental Assistance Demonstration (RAD) relocation multi-family development located in downtown Silver Spring (\$5,000,000).

COORDINATION

Department of Finance, Department of Housing and Community Affairs