

MEMORANDUM

April 17, 2009

TO: Planning, Housing, and Economic Development Committee

FROM: Linda McMillan, Senior Legislative Analyst 

SUBJECT: **Worksession: Supplemental Appropriation to the FY09 Operating Budget of the Montgomery County Government; Housing and Community Affairs Neighborhood Stabilization Program \$2,073,965 (Source of Funds: Federal funds)**

On April 14, 2009 the Council introduced this supplemental appropriation. A public hearing and action are scheduled for April 28, 2009. In order to accommodate the Council's budget schedule, this item is before the Committee prior to the public hearing. Should questions be raised at the public hearing, this item can return to the Committee and Council action can be rescheduled.

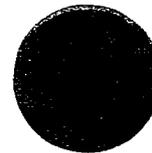
The Federal Department of Housing and Urban Development has made a direct award of \$2,073,965 in Neighborhood Stabilization Funds to Montgomery County. Montgomery County has also applied for and been awarded an additional \$2,500,000 in HUD Neighborhood Stabilization Funds through the State of Maryland's Neighborhood Conservation Initiative Program. The supplemental requests that \$50,000 be allocated to cover personnel costs and the remaining \$2,023,965 be used to acquire and rehabilitate vacant foreclosed properties. The Executive's transmittal memo is attached at © 1. Some specifics of the proposal are:

- DHCA will work with HOC for this effort. Homes will be purchased, rehabilitated, and then preserved as affordable rental units. Generally, an affordable rent will be defined as rent and utilities not exceeding 30% of household income. It is expected that the homes purchased will cost and average of \$250,000. A minimum of 90% of the participating households will earn 50% or less of the Area Median Income.

- Because the funding mechanism for the Neighborhood Stabilization Program is the Community Development Block Grant, only those areas of the County that are able to participate in the CBDG program can be targeted.
- Participating areas of greatest need are parts of Wheaton and Germantown. Targeted areas are identified by looking at the greatest percentage of home foreclosures, the highest percentage of sub-prime mortgage related loans, and areas likely to face a significant rise in the rate of home foreclosures. It is expected that this effort will target zip codes 20906 and 20874.

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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

March 23, 2009

TO: Phil Andrews, President, County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: Supplemental Appropriation #09-253 to the FY09 Operating Budget
Montgomery County Government
Department of Housing and Community Affairs
Neighborhood Stabilization Program

MAR 23 11:22

I am recommending a supplemental appropriation to the FY09 Operating Budget of the Department of Housing and Community Affairs in the amount of \$2,073,965 for the Neighborhood Stabilization Program.

This increase is needed because funding has been made available to Montgomery County by the Federal government through the Department of Housing and Urban Development to assist in addressing the effects of abandoned and foreclosed properties in the County. This funding will provide a mechanism for acquisition and rehabilitation of vacant properties.

I recommend that the County Council approve this supplemental appropriation in the amount of \$2,073,965 and specify the source of funds as Federal funds. This supplemental will not reduce County General Government Fund Reserves.

I appreciate your prompt consideration of this action.

IL:kr/jrb

Attachment: Supplemental Appropriation #09-253

- c: Rick Nelson, Director, Department of Housing and Community Affairs
- Joseph Beach, Director, Office of Management and Budget
- Fred Wilcox, Department of Housing and Community Affairs
- Jennifer R. Bryant, Office of Management and Budget

Resolution No: _____

Introduced: _____

Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: Supplemental Appropriation #09-253 to the FY09 Operating Budget
Montgomery County Government
Department of Housing and Community Affairs
Neighborhood Stabilization Program, \$2,073,965

Background

1. Section 307 of the Montgomery County Charter provides that any supplemental appropriation shall be recommended by the County Executive who shall specify the source of funds to finance it. The Council shall hold a public hearing on each proposed supplemental appropriation after at least one week's notice. A supplemental appropriation that would comply with, avail the County of, or put into effect a grant or a Federal, State or County law or regulation, or one that is approved after January 1 of any fiscal year, requires an affirmative vote of five Councilmembers. A supplemental appropriation for any other purpose that is approved before January 1 of any fiscal year requires an affirmative vote of six Councilmembers. The Council may, in a single action, approve more than one supplemental appropriation. The Executive may disapprove or reduce a supplemental appropriation, and the Council may reapprove the appropriation, as if it were an item in the annual budget.
2. The County Executive has requested the following FY09 Operating Budget appropriation increases for the Department of the Housing and Community Development:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$50,000	\$2,023,965	-0-	\$2,073,965	Federal

3. This increase is needed because funding has been made available to Montgomery County by the federal government through the Department of Housing and Urban Development to assist in addressing the effects of abandoned and foreclosed properties in the County. This funding will provide a mechanism for acquisition and rehabilitation of vacant properties.
4. The County Executive recommends a supplemental appropriation to the FY09 Operating Budget in the amount of \$2,073,695 for the Neighborhood Stabilization Program and specifies that the source of funds will be federal.
5. Notice of public hearing was given, and a public hearing was held.

Action

The County Council for Montgomery County, Maryland, approves the following action:

A supplemental appropriation to the FY09 Operating Budget of the Department of Housing and Community Affairs is approved as follows:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$50,000	\$2,023,965	-0-	\$2,073,965	Federal

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council.

OPERATING BUDGET

SUPPLEMENTAL OR SPECIAL APPROPRIATION REQUEST SUMMARY

1. Please fill in the following table:

Agency	
Department	Department of Housing and Community Affairs
Fund (County Government only)	Federal funds
Fiscal year	09
Supplemental or Special	Supplemental
Operating or Capital budget	Operating

2. What is the amount and source of funding?

Source of funding (Please list sources)	Amount
Federal (HUD)	\$2,073,965
Total request	\$2,073,965

3. Is the request one-time or continuing? If continuing and funded by a grant, what will you do when the grant ends?

One time

4. Please provide a brief description, justification, expected outcomes, and how the outcomes will be measured.

Funding has been made available through HUD to help deal with the fallout from the housing crisis. The County will use these funds for acquisition and rehabilitation of vacant and foreclosed upon properties.

Outcomes will be measured by the number of affordable units created.

5. Please explain why you did not request this during the annual budget process.

Funding has just been made available through HUD.

6. For your agency, what is the current fiscal year budget for the relevant fund and what is the latest estimate? (do not fill out if the appropriation is funded entirely by a non-County grant)

Budget for current fiscal year for the relevant fund	
+ Supplemental/special appropriations already approved	
= Revised budget for current fiscal year	
Latest estimate of spending for current year	

7. County Government only: For your department or fund, whichever is applicable, what is the current fiscal year budget and what is the latest estimate? (Do not fill out if the appropriation is funded entirely by a non-County grant)

Budget for current fiscal year for the department:	
+ Supplemental/special appropriations already approved	
= Revised budget for current fiscal year	
Latest estimate of spending for current year	