


PHED COMMITTEE #2
March 6, 2014

WORKSESSION

MEMORANDUM

March 5, 2014

TO: Planning, Housing, and Economic Development Committee

FROM: Linda McMillan, Senior Legislative Analyst 

SUBJECT: **Worksession – FY15-20 Recommended Capital Improvements Program**
Department of Housing and Community Affairs
Affordable Housing Acquisition and Preservation

Council staff recommends the PHED Committee discuss this project at this worksession but defer a final recommendation to the Council until it can be reviewed with the Operating Budget and the full recommendation for the Housing Initiative Fund.

**Affordable Housing Acquisition and Preservation
(FY15-20 Recommended PDF © 1)**

For FY15-20, the County Executive is recommending a total of \$136.611 million in expenditures for this project, which is a revolving account that must be used for acquisition and/or renovation of properties for the purpose of preserving or increasing the county's stock of affordable housing. The following two tables show the recommended expenditures and revenues.

Affordable Housing Acquisition and Preservation – EXPENDITURE SCHEDULE

	Total	Thru FY14	6 Years	FY15	FY16	FY17	FY18	FY19	FY20
FY13 Approved	112,201	112,201	0	0	0	0	0	NA	NA
Recommend	136,611	112,201	24,410	15,950	8,460	0	0	0	0
Difference	28,291	0	24,410	15,950	8,460	0	0	0	0

Affordable Housing Acquisition and Preservation – FUNDING SOURCES for FY15-20 Recommended

	Total	Thru FY14	6 Years	FY15	FY16	FY17	FY18	FY19	FY20
GO Bonds	8,000	0	8,000	2,000	6,000				
HIF Revolving Program	100,000	92,720	7,280	7,280	0	0	0	0	0
Loan Repayments	26,111	16,981	9,130	6,670	2,460	0	0	0	0
HIF – Current Revenue	2,500	2,500	0	0	0	0	0	0	0
TOTAL	136,611	112,201	24,410	15,950	8,460	0	0	0	0

This project originated in FY09 when the Council approved the County Executive's recommendation to issue \$25 million in taxable bonds in each of FY09 and FY10 to create a \$50 million revolving acquisition and preservation program within the Housing Initiative Fund. The creation of a short-term (up to 36 months) property acquisition fund and a long-term revolving equity fund were both recommendations included in the Affordable Housing Task Force Report. The debt service for these bonds is backed by the general revenues appropriated to the cash side of the HIF. The Committee has previously discussed funds are used for both short-term and long-term debt and on occasion funds acquisitions where a repayment will not be received because the housing will support programs for very low income people and the cash flow will not be sufficient to repay the debt. The Executive recommended and the Council authorized \$100 million in taxable debt to fund the revolving account.

The Executive is recommending expending the remaining \$7.280 million in proceeds from taxable debt in FY15. In addition, the Executive is recommending that \$8 million in GO Bonds fund efforts over FY15 and FY16. The GO Bonds in FY15 will be used to fund the Personal Living Quarters at Progress Place. Council staff agrees this is a good use of GO Bonds as the County will retain ownership of this building.

Attached at © 2 is a table showing the commitments that have been made from this fund. The funding has helped to acquire or preserve 2,146 affordable units; this is 67% of the total units included in the developments. From FY10 to FY13 there were \$18.068 million in repayments from these projects and between FY14 and FY20 another \$31.75 million is expected.

In addition to the commitments shown, DHCA is discussing 6 additional projects: the Rockville/White Flint Fire Station, housing at the Conference Center, housing on University Boulevard (Mt. Jezereel), an artist live/work development at the current Silver Spring District Police Station site, Churchill Senior Residential II, and housing at Glenmont Metro.

Council staff has added language to the PDF to show that funding from this project will support the PLQs at Progress Place. Similar language was included in the Approved PDF.

Affordable Housing Acquisition and Preservation (P760100)

Category
Sub Category
Administering Agency
Planning Area

Community Development and Housing
Housing
Housing & Community Affairs (AAGE11)
Countywide

Date Last Modified 1/6/14
Required Adequate Public Facility No
Relocation Impact None
Status Ongoing

	Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
EXPENDITURE SCHEDULE (\$000s)											
Planning, Design and Supervision	0	0	0	0	0	0	0	0	0	0	0
Land	136,611	85,511	26,690	24,410	15,950	8,460	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
Total	136,611	85,511	26,690	24,410	15,950	8,460	0	0	0	0	0

FUNDING SCHEDULE (\$000s)											
G.O. Bonds	8,000	0	0	8,000	2,000	6,000	0	0	0	0	0
HIF Revolving Program	100,000	73,310	19,410	7,280	7,280	0	0	0	0	0	0
Loan Repayment Proceeds	26,111	9,701	7,280	9,130	6,670	2,460	0	0	0	0	0
Montgomery Housing Initiative Fund	2,500	2,500	0	0	0	0	0	0	0	0	0
Total	136,611	85,511	26,690	24,410	15,950	8,460	0	0	0	0	0

APPROPRIATION AND EXPENDITURE DATA (000s)

Appropriation Request	FY 15	15,950
Appropriation Request Est.	FY 16	8,460
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		112,201
Expenditure / Encumbrances		85,511
Unencumbered Balance		26,690

Date First Appropriation	FY 01
First Cost Estimate	
Current Scope	FY 15
Last FY's Cost Estimate	108,320

112,201

Description

This project provides funding for acquisition and/or renovation of properties for the purpose of preserving or increasing the county's affordable housing inventory. The county may purchase properties or assist not-for-profit, tenant, or for-profit entities, or HOC with bridge financing to purchase and renovate properties. The monies may be used to purchase properties that are offered to the county under the Right of First Refusal law or otherwise available for purchase. A portion of the units in these properties must serve households with incomes that are at or below incomes eligible for the Moderately Priced Dwelling Unit (MPDU) program. A priority should be given to rental housing.

Cost Change

The issuance of \$7.28 million of taxable debt and \$8.0 million in non-taxable debt along with the use of loan repayments provides continued support for this project.

Justification

To implement Section 25B, Housing Policy, and Section 53A, Tenant Displacement (Right of First Refusal), of the Montgomery County Code. Opportunities to purchase property utilizing the County's Right of First Refusal arise without advance notice and cannot be planned in advance. Properties may be acquired by the County, non-profit developers, HOC or other entities that agree to develop or redevelop property for affordable housing.

Other

Resale or control period restrictions to ensure long term affordability should be a part of projects funded with these monies

Fiscal Note

Debt service will be financed by the Montgomery Housing Initiative Fund. In addition to the appropriation shown above, this PDF assumes that any actual revolving loan repayments received will be appropriated in the subsequent year as displayed above. Future loan repayments are expected and will be used to finance future housing activities in this project. General Obligation bonds will be used for Housing Opportunities Commission and other projects that bond counsel determines are eligible for tax-exempt bond funding.

Coordination

Housing Opportunities Commission (HOC), Nonprofit housing providers, Private sector developers

→ Funding from this project will be used to support the development and construction of Personal Living Quarters (PLQs) at the new Progress Place

Housing Acquisition and Rehabilitation Fund (CIP 760100)

Project Name	Total Units	Afford Units	FY	Loan Amount	Expenditures	Balance	Actual Repayments (FY10 - FY13)	Proj. Repayments (FY14-FY20)
Pre FY09	n/a	n/a	2008	1,095,482	1,095,482	-	-	-
Ashmore at Germantown	29	29	2009	4,712,481	4,712,481	-	1,200,000	-
4715 Cordell	32	32	2009	4,652,541	4,652,541	-	-	-
Maple Towers	36	26	2009	3,635,000	3,635,000	-	-	-
814 Thayer Avenue	52	26	2009	2,900,000	2,900,000	-	3,209,935	-
AHC Foreclosure	17	17	2009	1,982,070	1,982,070	-	1,712,720	-
Southbridge Permanent Loan (Aspen Court)	39	20	2009	3,004,000	2,882,811	121,189	-	-
Leaman Farms/Gateway	8	8	2009	1,060,305	1,060,305	-	349,187	385,000
7901 Lockney	4	4	2009	665,544	665,544	-	-	-
N Potomac MPDUs (Procera Dr)	2	2	2009	268,466	268,466	-	268,466	-
The Solaire (Ripley)	318	48	2010	5,000,000	5,000,000	-	5,558,954	-
The Argent	96	96	2010	5,089,000	5,089,000	-	-	744,000
Maple Towers	n/a	n/a	2010	3,203,057	3,203,057	-	1,000,000	-
Rocklin Park	29	29	2010	1,167,525	1,167,525	-	1,320,134	-
National Park Seminary	32	32	2010	599,018	599,018	-	-	-
Halpine Hamlet	47	47	2010	636,000	636,000	-	636,000	-
8316 Flower Avenue	6	6	2010	745,638	745,638	-	544,923	-
8807 Glenville	4	4	2010	473,766	473,766	-	-	-
MD DHCD Acquisition Fund	125	125	2010	320,000	320,000	-	-	320,000
MCCH MPDU (S.811)	1	1	2010	228,800	228,800	-	228,800	-
Wheaton Safeway	486	61	2011	5,000,000	5,000,000	-	269,549	1,400,000
Southbridge Interim Loan (Aspen Court)	n/a	n/a	2011	3,388,290	3,388,290	-	-	3,300,000
Silver Spring Library	149	139	2012	5,700,000	-	5,700,000	-	350,000
Hamptons at Town Center	768	768	2012	14,800,000	14,800,000	-	1,030,497	4,662,000
814 Thayer Avenue	n/a	n/a	2012	4,495,000	3,125,808	1,369,192	-	-
Victory Court	86	65	2012	2,192,000	2,087,000	105,000	-	-
610-614 Silver Spring	15	15	2012	2,175,000	1,185,075	989,925	-	1,045,000
13 Beall Avenue	14	14	2012	1,500,000	1,483,857	16,143	-	-
St. Johns House	3	3	2012	483,922	483,922	-	241,961	-
HUI Revolving Fund	12	12	2012	442,400	442,400	-	-	442,400
Gables at Waters Landing	33	33	2012	97,723	97,723	-	-	-
MCCH Gallery at White Flint	1	1	2012	73,700	73,700	-	-	-
The Solair at Wheaton	44	44	2013	5,000,000	5,000,000	-	174,962	6,176,000
Fireside Park	236	94	2013	3,370,000	2,649,965	720,035	322,450	3,190,000
Fireside Park (Rockville)	n/a	n/a	2013	1,500,000	1,500,000	-	-	1,500,000
HOC - Glenmont Crossing (Westerly)	199	101	2013	3,650,000	3,650,000	-	-	7,962,500
Parkview at Aspen Hill	120	108	2013	3,800,000	-	3,800,000	-	-
Rosaria Homes - St. Peters	3	2	2013	275,000	275,000	-	-	275,000
Victory Housing - Victory Crossing 3D	105	95	2014	5,000,000	400,000	4,600,000	-	-
6301 MacArthur Blvd.	18	18	2014	5,000,000	4,005,402	994,598	-	-
Progress Place	21	21	2014	2,937,580	-	2,937,580	-	-
Total	3190	2146		112,319,309	90,965,647	21,353,662	18,068,538	31,751,900