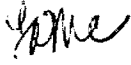


MEMORANDUM

March 5, 2015

TO: Planning, Housing, and Economic Development Committee

FROM: Linda McMillan, Senior Legislative Analyst 

SUBJECT: **CIP Amendments: Affordable Housing and Acquisition**

Expected for this worksession:

Clarence Snuggs, Director, Department of Housing and Community Affairs
Tim Goetzinger, Department of Housing and Community Affairs
Jennifer Bryant, Office of Management and Budget

As a part of his FY16 amendments to the FY15-20 Capital Improvements Program, the Executive is recommending an increase of \$8.540 million to the Affordable Housing Acquisition and Preservation project. The additional funding is for FY16 and raises the total amount of funding in FY16 to \$17 million. The FY15 Approved PDF is attached at ©1 and the CE Amendment is attached at ©2.

Affordable Housing Acquisition and Preservation (\$000's)

	FY15 Approved	CE Amendment	Difference
Total Expenditures	136,611	145,151	8,540
FY16 Expenditures	8,460	17,000	8,540
FY16 G.O. Bonds	3,725	7,725	4,000
FY16 Loan Repayments	2,460	2,460	0
Housing Initiative Fund	2,275	2,275	0
Recordation Tax Premium	0	4,540	4,540
FY16 Appropriation	8,460	17,000	8,540

Council staff recommends approval of the CE Amendment. DHCA and OMB have provided the following responses to Council staff questions.

What is the source of funds for the \$2.275 million that is from the Housing Initiative Fund?

The source of funds for the \$2.275M from the HIF is proceeds from an upcoming Parking Lot District (PLD) sale. The Housing Initiative Fund receives 25% of land/PLD sale proceeds. Per the Department of Transportation, United Therapeutics is scheduled to settle on Garage 21 in Silver Spring on April 15, 2015. The sales price specified in the GDA is \$9,100,000.

The CE originally recommended GO Bonds. During the FY15 CIP budget process, the County Council modified the funding structure and approved this source.

What is the intended use for the Recordation Tax Premium? (This will be the first time Recordation Tax Premium is in the CIP part of the HIF).

This is not to be confused with the recordation tax premium appropriated to the HIF, which per Council Resolution requires that the funding provide Rental Assistance Programs (RAP). This recordation tax premium is within the revenue allocated to the CIP and is not associated with recordation tax premium revenue allocated to the HIF operating budget.

The intended use for this funding is the same as the other sources that fund the Housing CIP. It will be used to acquire, rehabilitate, and/or newly construct affordable housing.

Please provide a list of FY16 commitments that will be funded from this CIP project. How much of the FY16 funding would be available for new, unknown projects?

The chart below illustrates eight potential Housing CIP projects which are in valid discussion. Currently, DHCA has a little less than \$8M in funding available. The FY16 CE appropriation request is \$17M. If these eight projects were all funded through the Housing CIP, \$2M would be available in FY16 for new, unknown projects.

Projects in Valid Discussion

Amount	Project Name
5,000,000	Rockville Fire Station
5,000,000	Housing at Conference Center
5,000,000	Glenmont WMATA
3,000,000	Artist Live / Work
2,000,000	University Blvd (Mt. Jezereel)
2,000,000	Scotland Community Rental
650,000	MHP - Parkview Towers
350,000	Cornerstone Montgomery
23,000,000	Total Projects Under Discussion

Affordable Housing Acquisition and Preservation (P760100)

FY15 Approved

Category Community Development and Housing
Sub Category Housing
Administering Agency Housing & Community Affairs (AAGE11)
Planning Area Countywide

Date Last Modified 4/21/14
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	5,725	0	0	5,725	2,000	3,725	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	4,775	2,500	0	2,275	0	2,275	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 15 136,611
Last FY's Cost Estimate	108,320

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

Affordable Housing Acquisition and Preservation (P760100)

FY16 CE Amend

Category Community Development and Housing
Sub Category Housing
Administering Agency Housing & Community Affairs (AAGE11)
Planning Area Countywide

Date Last Modified 11/17/14
Required Adequate Public Facility No
Relocation Impact None
Status Ongoing

	Total	Thru FY14	Rem 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	145,151	91,396	20,805	32,950	15,950	17,000	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	145,151	91,396	20,805	32,950	15,950	17,000	0	0	0	0	0

FUNDING SCHEDULE (\$000s)											
G.O. Bonds	9,725	0	0	9,725	2,000	7,725	0	0	0	0	0
HIF Revolving Program	100,000	79,195	13,525	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	4,775	2,500	0	2,275	0	2,275	0	0	0	0	0
Recordation Tax Premium	4,540	0	0	4,540	0	4,540	0	0	0	0	0
Total	145,151	91,396	20,805	32,950	15,950	17,000	0	0	0	0	0

APPROPRIATION AND EXPENDITURE DATA (000s)

Appropriation Request	FY 16	17,000
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		128,151
Expenditure / Encumbrances		91,396
Unencumbered Balance		36,755

Date First Appropriation	FY 01
First Cost Estimate	
Current Scope	FY 16 136,611
Last FY's Cost Estimate	136,611

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

Increase funding in FY16 by \$8.54 million for continued support of affordable housing. The FY16 funding exceeds funding for FY15 by \$1.05 million.

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

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