


MEMORANDUM

February 11, 2020

TO: Planning, Housing and Economic Development Committee

FROM: Linda McMillan, Senior Legislative Analyst 

SUBJECT: Supplemental Appropriation to the FY20 Capital Budget; Montgomery County Government; Department of Housing and Community Affairs; Affordable Housing Acquisition and Preservation (Project No. 760100); \$229,000 (Source of Funds: Loan Repayment Proceeds)

PURPOSE: Worksession; Committee recommendation

***Expected attendees:***

Aseem Nigam, Director, Department of Housing and Community Affairs (DHCA)  
Tim Goetzinger, Chief, Finance and Administration, DHCA

This supplemental appropriation was introduced on January 28, 2020. A public hearing was held on Tuesday, February 11, 2020. Action is scheduled for February 25, 2020.

Additional appropriation is needed in the Affordable Housing Acquisition and Preservation CIP project to expend funds from repayments of loans. This CIP project is the capital funding supporting the Housing Initiative Fund (HIF).

**Council staff recommends approval.**

**Attached**

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Memo from County Executive  
Supplemental Appropriation

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*Bud. Fin. & Econ  
Dew*

Marc Elrich  
County Executive



OFFICE OF THE COUNTY EXECUTIVE

MEMORANDUM

January 15, 2020

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CC  
MA  
HW -> SS  
GO*

Andrew W. Kleine  
Chief Administrative Officer

TO: Sidney A. Katz, President, County Council

FROM: Marc Elrich, County Executive *Max El*

SUBJECT: Supplemental Appropriation #19-S20-CMCG-8 to the FY20 Capital Budget  
Montgomery County Government  
Department of Housing and Community Affairs  
Affordable Housing Acquisition and Preservation (No. 760100), \$229,000

I am recommending a supplemental appropriation to the FY20 Capital Budget in the amount of \$229,000 for Affordable Housing Acquisition and Preservation (No. 760100). Appropriation for this project will make funding available to increase and preserve the County's affordable housing inventory.

This increase is needed for technical reasons because the requested FY20 appropriation was inadequate.

I recommend that the County Council approve this supplemental appropriation in the amount of \$229,000 to correct the FY20 appropriation and specify the source of funds as Loan Repayment Proceeds.

I appreciate your prompt consideration of this action.

ME:ps

Attachment: Supplemental Appropriation #19-S20-CMCG-8

c: Aseem Nigam, Director, Department of Housing and Community Affairs  
Richard S. Madaleno, Director, 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 #19-S20-CMCG-8 to the FY20 Capital Budget  
Montgomery County Government  
Department of Housing and Community Affairs  
Affordable Housing Acquisition and Preservation (No. 760100), \$229,000

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 recommends the following capital project appropriation increases:

<u>Project Name</u>	<u>Project Number</u>	<u>Cost Element</u>	<u>Amount</u>	<u>Source of Funds</u>
Affordable Housing Acquisition and Preservation	760100	Land	\$229,000	Loan Repayment Proceeds
3. This increase is needed for technical reasons because the requested FY20 appropriation was inadequate.
4. The County Executive recommends a supplemental appropriation in the amount of \$229,000 for Affordable Housing Acquisition and Preservation, Project #760100, and specifies that the source of funds will be Loan Repayment Proceeds.

Supplemental Appropriation #19-S20-CMCG-8 to the FY Capital Budget  
Page Two

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 FY20 Capital Budget is approved as follows:

<u>Project Name</u>	<u>Project Number</u>	<u>Cost Element</u>	<u>Amount</u>	<u>Source of Funds</u>
Affordable Housing Acquisition and Preservation	760100	Land	\$229,000	Loan Repayment Proceeds

This is a correct copy of Council action.

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Selena Mendy Singleton, Esq.  
Clerk of the Council

# Affordable Housing Acquisition and Preservation (P760100)

<b>Category</b>	Community Development and Housing	<b>Date Last Modified</b>	05/21/19
<b>SubCategory</b>	Housing (MCG)	<b>Administering Agency</b>	Housing & Community Affairs
<b>Planning Area</b>	Countywide	<b>Status</b>	Ongoing

Total	Thru FY18	Rem FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
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## EXPENDITURE SCHEDULE (\$000s)

Land	225,796	123,805	53,220	48,771	26,771	22,000				
<b>TOTAL EXPENDITURES</b>	<b>225,796</b>	<b>123,805</b>	<b>53,220</b>	<b>48,771</b>	<b>26,771</b>	<b>22,000</b>				

## FUNDING SCHEDULE (\$000s)

Current Revenue: Montgomery Housing Initiative	4,775	2,500	2,275							
HIF Revolving Program	161,480	92,849	38,128	30,513	9,954	20,559				
Loan Repayment Proceeds	54,991	28,456	8,277	18,258	16,817	1,441				
Recordation Tax Premium (MCG)	4,540		4,540							
<b>TOTAL FUNDING SOURCES</b>	<b>225,796</b>	<b>123,805</b>	<b>53,220</b>	<b>48,771</b>	<b>26,771</b>	<b>22,000</b>				

## APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 20 Request	21,771	Year First Appropriation	FY01
Cumulative Appropriation	203,796	Last FY's Cost Estimate	216,025
Expenditure / Encumbrances	123,806		
Unencumbered Balance	79,990		

*FY20 Supplemental #229*

## PROJECT 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 Housing Opportunities Commission 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

Actual revolving loan repayments received are appropriated in the subsequent year as displayed above.

## 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, future loan repayments are expected and will be used to finance future housing activities in this project. Based on bond counsel guidance, General Obligation Bond funding previously programmed has been replaced with HIF Revolving Loans.

## DISCLOSURES

Expenditures will continue indefinitely.

## COORDINATION

Housing Opportunities Commission, non-profit housing providers, and private sector developers.