

## MEMORANDUM

April 21, 2022

TO: Planning, Housing, and Economic Development (PHED) Committee

FROM: Naeem M. Mia, Legislative Analyst

SUBJECT: **FY23 Recommended Operating Budget – Housing Opportunities Commission (HOC) Non-Departmental Account (NDA)**

PURPOSE: Vote on recommendations for the Council’s consideration

### Expected Attendees:

- Kayrine Brown, Acting Executive Director, HOC
- Zachary Marks, Chief Real Estate Officer, HOC
- Tim Goetzinger, Chief Development Funds Officer and Acting CIO, HOC
- Terri Fowler, Budget Officer, HOC
- Tomi Adebo, Assistant Budget Officer, HOC
- Hyunsuk Choi, Housing Acquisition Manager, HOC
- Anita Aryeetey, Lead Fiscal Policy Analyst, OMB

### A. Summary of Staff Recommendations

- 1) *Approve the Executive’s recommended FY23 Operating Budget request for the HOC NDA.*

### B. Fiscal Summary

HOC NDA	FY22 Approved	FY23 CE Recommended	Change from FY22 Approved
General Fund	\$6,895,693	\$7,633,168	10.7 %
County Contribution	\$6,895,693	\$7,633,168	10.7%
<b>Total Expenditures (General Fund)</b>	<b>\$6,895,693</b>	<b>\$7,633,168</b>	<b>10.7%</b>

## **C. Overview**

For FY23, the County Executive is recommending an increase of \$737,475 for County's tax-supported contribution to the HOC NDA. In addition to these funds, HOC also receives County funding through the Capital Improvements Program (CIP), the Housing Initiative Fund (HIF), and the Department of Health and Human Services.

HOC's budget process is inter-twined with the County Council's budget deadlines. While HOC provides the Executive with requests and recommendations, it is not until April 1 that the full Commission begins worksessions on its overall budget of which the County main grant (NDA appropriation) is a piece.

The Commissioners complete a proposed budget by May 1. HOC's budget is not approved until the Commission completes its worksessions in June. HOC uses the funds provided through the NDA appropriation primarily to support resident services.

Some of the purposes the recommended funds may be allocated to include: homelessness prevention, information and referral, service linkage, and crisis intervention. Staff also provides a broad range of programs that promote self-sufficiency and wellness, such as monthly educational workshops for adults, after-school youth programs focusing on life skills, educational enrichment and wellness and senior programs that promote community engagement, wellness, and socialization.

Specialized services include Financial Literacy workshops and coaching and Resource Services to assist people with disabilities to access critical resources and services. HOC's Resident Services Division leverages the County's operating support. The County's appropriation also supports HOC's properties and the Customer Service Centers.

### **1) FY23 Recommended Operating Budget for HOC**

The FY23 Recommended Operating Budget for HOC was released on April 6, 2022 and can be found here: <https://www.hocmc.org/about-hoc/budgets-audits.html>

### **2) Housing Production Fund (HPF)**

On March 23, 2021, the Council approved a special appropriation of \$500,000 to the FY21 Approved Operating Budget for the Housing Initiative Fund (HIF) to allow HOC to issue \$50 million in bonds. The County will provide approximately \$3.4 million (starting in FY22) in funding annually for the life of the bonds, which HOC will use for construction financing to accelerate projects in its development pipeline. HOC will make payments back to the Housing Initiative Fund from interest paid from developments, which will reduce the net cost to the County.

The HPF was approved as an innovative way to provide HOC with a source of short-term construction funding that would allow HOC to accelerate projects in their pipeline and in turn help

the County in meeting its goals for both increasing housing and affordable housing. At least 20% of units in a development financed using the HPF must be affordable to households earning 50% or less of area median income with at least another 10% of units affordable to households earning incomes eligible for the Moderately Priced Dwelling Unit program. Loan repayment proceeds will create a revolving fund to allow for additional loans.

On December 6, 2021, the PHED Committee received an update on the accomplishments of the HPF since it was created.

HOC staff is available to discuss additional updates since the December 2021 briefing.

This packet contains:

1. FY23 Recommended Publication- HOC NDA

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# Housing Opportunities Commission

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## MISSION STATEMENT

The mission of the Housing Opportunities Commission (HOC) is to provide affordable and supportive housing services that enhance the lives of low- and moderate-income families and individuals throughout Montgomery County, Maryland, so that:

- no one in the County lives in substandard housing;
- families and communities are strengthened;
- an efficient and productive environment that fosters trust, open communication, and mutual respect is established; and
- advocates, providers, and community members can collaborate to maintain support for all the work of the Commission.

## BUDGET OVERVIEW

Complete information regarding the budget of the HOC is available by contacting the Legislative and Public Affairs Division of the Commission at 240.627.9400. Copies of the budget are available online at [www.hocmc.org](http://www.hocmc.org).

The FY23 Recommended appropriation in the Non-Departmental Account for services to be provided by the HOC is \$7,633,168. The Department of Finance reflects the amount as a transfer in the County's financial statements. This amount represents an increase of \$737,475 from the FY22 approved budget of \$6,895,693.

In addition, this department's Capital Improvements Program (CIP) requires Current Revenue funding.

## PROGRAM CONTACTS

Contact Terri Fowler of the Housing Opportunities Commission at 240.627.9507 or Anita Aryeetey of the Office of Management and Budget at 240.777.2784 for more information regarding this agency's operating budget.

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