

MEMORANDUM

February 15, 2023

TO: Planning, Housing, & Parks (PHP) Committee

FROM: Eunice Jeong, Legislative Analyst
Naeem M. Mia, Legislative Analyst

SUBJECT: Capital Improvement Programs (CIP) Amendments: **Department of Housing and Community Development (DHCA)**

PURPOSE: Vote on County Executive's recommendations for the Council's consideration

Expected Attendees:

- Scott Bruton, Deputy Director, DHCA
- Mary Gentry, Chief of Housing, DHCA
- Pofen Salem, Chief of Finance and Administration, DHCA
- Rogers Stanley, Chief, Neighborhood Revitalization Section, DHCA
- Anita Aryeetey, Fiscal and Policy Analyst, Office of Management and Budget (OMB)

FY23-28 Capital Improvements Program

- Burtonsville Community Revitalization (© 3-4)
- Affordable Housing Acquisition and Preservation (© 5-6)

1. Burtonsville Community Revitalization (FY23-28 Recommended PDF © 3-4)

This ongoing project provides for community revitalization in the Burtonsville area with primary focus on the commercial core.

There is no change in funding amount from prior years. The project cost is reduced to reflect final expenditures. Expenditure and funding schedules are adjusted to reflect updated conditions on conditional private investment for façade and signage improvements in the Burtonsville commercial area.

Burtonsville Community Revitalization

	<u>Total</u>	<u>Thru</u> <u>FY22</u>	<u>Rem</u> <u>FY22</u>	<u>Total</u> <u>6</u> <u>years</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>Beyond</u> <u>6 years</u>
Previously Approved	2,740	2,740	-	-	-	-	-	-	-	-	-
CE Recommended	2,692	2,692	-	-	-	-	-	-	-	-	-
Delta	-48	-48									

Source of funds: G.O bonds, PAYGO

Council staff recommendation: Approve as recommended by the Executive.

2. Affordable Housing Acquisition and Preservation
(FY23-28 Recommended PDF © 5-6)

This ongoing project provides funding for acquisition and/or renovation of properties for the purpose of preserving or increasing the County’s affordable housing inventory.

There is no change in funding amount from prior years. The funding source would change from HIF funding to Loan Repayment Proceeds in the amount of \$688,000. These loan repayments are from multiple projects. Debt service will be financed by the Montgomery Housing Initiative (MHI) Fund. In addition to the appropriation, future loan repayments are expected and will be used to finance future housing activities in this project. An FY22 supplemental appropriation of Loan Repayment Proceeds for the amount of \$14,749,992 was approved by the Council last year. Expenditures will continue indefinitely and there may be more supplementals as more loan repayment proceeds come in.

Affordable Housing Acquisition and Preservation

	<u>Total</u>	<u>Thru</u> <u>FY22</u>	<u>Rem</u> <u>FY22</u>	<u>Total</u> <u>6</u> <u>years</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>Beyond</u> <u>6 years</u>
Previously Approved	441,986	225,162	29,824	157,000	22,000	32,000	32,000	27,000	22,000	22,000	
CE Recommended	441,986	225,162	29,824	157,000	22,000	32,000	32,000	27,000	22,000	22,000	
Delta	0	0	0	0	0	0	0	0	0	0	

Source of funds: HIF Revolving Program, Loan Repayment Proceeds

Council staff recommendation: Approve as recommended by the Executive.



Burtonsville Community Revitalization

(P760900)

Category	Community Development and Housing	Date Last Modified	12/20/22
SubCategory	Community Development	Administering Agency	Housing & Community Affairs
Planning Area	Fairland-Beltsville and Vicinity	Status	Ongoing

EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY22	Rem FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Planning, Design and Supervision	1,502	1,502	-	-	-	-	-	-	-	-	-
Site Improvements and Utilities	349	349	-	-	-	-	-	-	-	-	-
Construction	838	838	-	-	-	-	-	-	-	-	-
Other	3	3	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	2,692	2,692	-	-	-	-	-	-	-	-	-

FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY22	Rem FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Current Revenue: General	460	460	-	-	-	-	-	-	-	-	-
G.O. Bonds	1	1	-	-	-	-	-	-	-	-	-
PAYGO	2,225	2,225	-	-	-	-	-	-	-	-	-
Recordation Tax Premium (MCG)	6	6	-	-	-	-	-	-	-	-	-
TOTAL FUNDING SOURCES	2,692	2,692	-	-	-	-	-	-	-	-	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 24 Request	(48)	Year First Appropriation	FY09
Cumulative Appropriation	2,740	Last FY's Cost Estimate	2,740
Expenditure / Encumbrances	2,692		
Unencumbered Balance	48		

PROJECT DESCRIPTION

This project provides for community revitalization in the Burtonsville area with primary focus on the commercial core. Project elements will mitigate the impact of transportation improvement projects to businesses in the Burtonsville commercial area. The objectives are to support the existing small businesses, create new opportunities for private investment, and create a "village center" by improving the visual appearance of the area. Project elements include gateway signage, pedestrian lighting, streetscape elements, and acquisition of long-term facade and commercial center signage easements.

LOCATION

The project area is located near the intersection of MD Route 198 and the US Route 29 in eastern Montgomery County. Generally, the area is comprised of the commercial areas in each of the four quadrants near the intersection of Route 198 and Old Columbia Pike, and the additional four quadrants located at the intersection of Route 198 and the realignment of US Route 29. Specifically, the areas are identified as the combined Commercial Core Study Area and the Community Legacy Plan Study area contained in the 2008 Burtonsville Community Legacy Plan.

COST CHANGE

Project cost reduced to reflect final expenditures.

PROJECT JUSTIFICATION

This project is initiated in response to proposals contained in the Burtonsville Community Legacy Plan. Burtonsville is a gateway into the County from the east and US Interstate 95. The Burtonsville Commercial Core is comprised of many older, local neighborhood retail centers with some office space. Many of the small strip shopping centers along Route 198 are in visibly poor condition. Some of the larger, older commercial and office space is vacant and underutilized. The project is intended to respond to both the visual condition of the commercial core, and to address possible business disruption that may result from a proposed realignment of Route 198 by the State. This area has also been designated as the location of a stop on the County's planned Bus Rapid Transit (BRT) system.

OTHER

Burtonsville Crossroads Neighborhood Plan, Maryland-National Capital Park and Planning Commission, 2012; Burtonsville Community Legacy Plan, Department of Housing and Community Affairs, 2008; Burtonsville Market Study and Consumer Shopping Survey, Department of Housing and Community Affairs, 2007.

FISCAL NOTE

Expenditure and funding schedules are adjusted to reflect updated conditions on committed private investment for facade and signage improvements in the Burtonsville commercial area.

DISCLOSURES

A pedestrian impact analysis will be performed during design or is in progress.

COORDINATION

Department of Transportation, Maryland State Highway Administration, Maryland-National Capital Park and Planning Commission, Maryland Department of the Environment, and Department of Permitting Services.



Affordable Housing Acquisition and Preservation

(P760100)

Category	Community Development and Housing	Date Last Modified	01/06/23
SubCategory	Housing (MCG)	Administering Agency	Housing & Community Affairs
Planning Area	Countywide	Status	Ongoing

EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY22	Rem FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Land	441,986	255,162	29,824	157,000	22,000	32,000	32,000	27,000	22,000	22,000	-
TOTAL EXPENDITURES	441,986	255,162	29,824	157,000	22,000	32,000	32,000	27,000	22,000	22,000	-

FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY22	Rem FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Current Revenue: Montgomery Housing Initiative	4,775	4,775	-	-	-	-	-	-	-	-	-
HIF Revolving Program	294,643	174,682	8,852	111,109	14,896	19,277	19,234	19,229	19,229	19,244	-
Loan Repayment Proceeds	113,028	71,165	20,972	20,891	7,104	2,723	2,766	2,771	2,771	2,756	-
Recordation Tax Premium (MCG)	29,540	4,540	-	25,000	-	10,000	10,000	5,000	-	-	-
TOTAL FUNDING SOURCES	441,986	255,162	29,824	157,000	22,000	32,000	32,000	27,000	22,000	22,000	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 24 Request	32,000	Year First Appropriation	FY01
Cumulative Appropriation	306,986	Last FY's Cost Estimate	441,986
Expenditure / Encumbrances	258,280		
Unencumbered Balance	48,706		

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.

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 (MHI) 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. FY22 supplemental appropriation in Loan Repayment Proceeds for the amount of \$14,749,992.

DISCLOSURES

Expenditures will continue indefinitely.

COORDINATION

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