

Subject: FY20 Operating Budget: Housing Initiative Fund, Payment in Lieu of Taxes (PILOT), and update on Homelessness	
Analyst: Linda McMillan, Sr. Legislative Analyst	Committee: Joint PHED and HHS
Keywords: #MoCo2020budget	

DHCA: Housing Initiative Fund (HIF) and limits to PILOT		
FY20 net HIF funding available for program uses.	\$60,177,754	21.0 FTE
Increase/Decrease from FY19	\$3,705,030 decrease from FY19 original approved	+5.8FTE (38%)

COMMITTEE RECOMMENDED CHANGES

- 1) The Joint Committee recommends (6-0) approval of the operating budget portion of the Housing Initiative Fund as recommended by the County Executive. The Joint Committee recommends adding \$5 million to FY20 CIP expenditures for a total of \$22 million, as described in Agenda Item #35.
- 2) The Joint Committee recommends approval (6-0) of the Executive's recommended limits on the 10-year schedule for non-HOC PILOT agreements for affordable Housing. In FY20, up to \$18.162 million in affordable housing PILOT agreement can be in place. This is projected to increase to \$25.1 million by FY29.

KEY CE CHANGES FROM FY19

- The Executive's recommendation decreases the net amount of HIF funding available for program uses by \$3.7 million. The Executive has recommended a CIP amendment (Agenda Item #35) that increase the FY19 appropriation by \$4.771, which will be available to spend in FY20 and the Executive's budget articulates that this is part of the FY20 investment in affordable housing. The Executive increases the transfer from the General Fund to the HIF by \$2.6 million. The portion of the Recordation Tax Premium that goes to the HIF for rental assistance increases by \$1.9 million to \$16.37 million.

OTHER ISSUES

\$1 million of HIF funding will be used for the new HOC Homeownership Program that works to help households that are ready to own but have credit scores below 650. \$1 million will continue to be used for down-payment assistance in partnership with the State's homeownership program.

The Joint Committee discussed the critical need for affordable housing and adequate funding in the HIF to move forward with projects. In addition to recommending an additional \$5 million for the Affordable Acquisition and Preservation CIP Project, the Joint Committee told DHCA they want to be

told if during FY20 there are any projects that are ready to move forward but there is inadequate funding in the HIF. The Joint Committee has asked for quarterly reports on the affordable housing pipeline and HIF funding available for projects.

The Joint Committee has requested additional information on the income levels of households in HIF funded projects over the last five years. The Joint Committee discussed the information provided previously by DHCA regarding the number and percent of households in Moderately Priced Dwelling Units (MPDU) with very low incomes because they may be owned by non-profits or the household is receiving an additional rent subsidy or voucher.

The Joint Committee is interested in understanding more about other Housing Trusts funds, including how the funds are used compared to Montgomery County.

The Joint Committee also reviewed the Department of Health and Human Services' (DHHS) Services to End and Prevent Homelessness. This budget will be presented to the full Council as a part of the presentation on the DHHS budget.

This report contains:

Staff Report to the Committee	Page 1-6
Council staff spreadsheet – HIF multi-year funding	© 1
HIF Fiscal Plan from CE Budget	© 2
CE Affordable Housing Support Summary	© 3
DHCA Affordable Housing Pipeline Report	© 4-18
April 23 memo from Councilmember Friedson	© 19-20
One-page Point-in-Time highlights	© 21
Montgomery County excerpt- COG 2019 Point-in-Time	©22-30

Alternative format requests for people with disabilities. If you need assistance accessing this report you may submit alternative format requests to the ADA Compliance Manager. The ADA Compliance Manager can also be reached at 240-777-6197 (TTY 240-777-6196) or at adacompliance@montgomerycountymd.gov

MEMORANDUM

May 3, 2019

TO: County Council

FROM: Linda McMillan, Senior Legislative Analyst 

SUBJECT: **FY20 Operating Budget: Housing Initiative Fund, PILOT, and Update on Homelessness**

PURPOSE: Budget Consent Calendar; vote required

Housing Initiative Fund (HIF) – County Executive Recommendation

The HIF was first established in 1988 in County Code Section 25B-9, Montgomery Housing Initiative. The original requirements were that it be in the Capital Improvements Program and, in addition to any source of funds, the balance of the condominium transfer tax fund was to be transferred to the HIF. Regulations allow the fund to be used to (1) construct new affordable units; (2) buy and rehabilitate existing rental units that might otherwise be removed from the supply of affordable housing; (3) participate with non-profit and for-profit sponsors of projects containing affordable housing in mixed income developments; (4) make loans for the development or rehabilitation of housing that will enhance the affordability of some or all of the units; (6) provide rent subsidies to low and moderate income tenants. The regulations also allow the Director of DHCA to specifically authorize a range of ways to meet these goals. A report with recent projects DHCA financed (and pipeline) projects is attached at © 4-18.

The HIF has evolved and is a Non-Tax Supported Special Fund. It has both an operating budget component and capital budget component. Each year in its operating budget resolution, the Council re-appropriates the fund balance of the HIF so that it operates as a revolving and non-lapsing fund.

Attached at ©1 is a spreadsheet prepared by Council staff that displays prior year history for the HIF, the Executive's recommendation for FY20, and the Joint PHED and HHS Committee recommendation that adds \$5 million in CIP funds (Agenda Item #35). The 6-year fiscal plan for the HIF that is included in the budget book is attached at © 2. It shows FY19 Approved, FY20 Recommended and then projections for FY21 through FY25.

- For FY20, the Executive's Budget recommends \$60,177,754 as the "Total Investment in Affordable Housing." This includes both funding appropriated to the operating and capital parts of the HIF (a non-tax supported fund). This amount is net of the debt service for the taxable bonds that have been issued to support the HIF CIP project "Affordable Housing Acquisition and Preservation" and indirect charges that are charged to all special funds.
- The total resources (gross amount) needed to fund \$60,177,754 is \$70,277,645. The following summarizes the components of the FY20 HIF recommendation:

Beginning balance	\$ 7,160,000
Transfer from the General Fund	25,342,876
Other non-CIP revenues	23,944,769
CIP proceeds	17,000,000
<u>Less end of year balance</u>	<u>-3,170,000</u>
TOTAL	\$ 70,277,645
Less debt services and indirect costs	(10,099,891)
TOTAL available for expenditures/investments	\$ 60,177,754

- Resources continually revolve in the HIF as loans are repaid or there are proceeds from re-sales of Moderately Priced Dwelling Units (MPDUs) or county-owned land. There may also be resources that were committed in prior years but not expended until the current year. This is why DHCA can close on more loans in a fiscal year than the resources that are approved in any specific fiscal year. For example, DHCA expects to close on almost \$100 million in loans in FY19; however, the new funding approved in FY19 included \$22 million in the CIP and about \$8.1 million for loans and grants. The Council has previously said to DHCA and the Executive that if there are projects that DHCA determines are cost appropriate and ready to go, but for lack of funds, DHCA should let the Council know so that supplemental funding can be considered. Council staff has not been made aware of such a situation to date, but it could occur especially in the case of an opportunity under Right of First Refusal.
- The Executive's display also shows that the budget provides an investment of over \$193 million in FY20 for affordable housing when combining the HIF, the Housing Opportunities NDA, and the HOC and non-HOC PILOT tax abatements (© 3).

Main Changes for FY20 HIF Operating Budget

Revenues:

- The portion of the Recordation Tax that must be used for rental assistance to low and moderate-income households is budgeted to increase by 13.8% from \$14.47 million to \$16.37 million. These revenues are used to pay traditional monthly rental subsidies but can also be used to permanently but down the cost of a unit to make it more affordable (for example, making a unit that would have been affordable to a household earning 60% AMI to one earning 30% AMI).

- Loan repayments are budgeted to increase by 13.7% from \$2.37 million to \$2.7 million.
- Revenue from MPDU resales and MPDU alternative payment agreements is expected to be \$1.6 million. This is relatively unchanged from a budget to budget assumption but in FY18 actual revenues were \$3.4 million from these sources.
- The Transfer from the General Fund to the HIF is \$25.3 million; an increase of \$2.6 million from FY19. Resolution 15-110, *Dedicated Funding for Affordable Housing*, and Resolution 16-143, *Source of Funding for Annual Appropriation to the HIF*, together stated policy that the General Fund allocation to the HIF should be an amount equivalent of 2.5% of actual General Fund property taxes from 2 years prior to the upcoming fiscal year and that it should not MPDU repayments. FY18 actual property taxes were \$1.267 billion. Following the 2.5% policy, the transfer from the General Fund would be \$31.7 million. The County has rarely been able to allocate this amount and has included a provision in the operating budget resolution acknowledging so. In FY19, General Funds that had been held in reserve were released and it was concluded that the HIF allocation was in compliance. The CE's FY20 budget says that combining the FY20 transfer with the MPDU alternative payments exceeds the 2.5%. Council staff does not agree and recommends that the Operating Budget resolution again acknowledge this. Council staff also suggests that the PHED Committee revisit the HIF law and resolution to bring them up to date with the current revenue sources and uses of the HIF, including the capital funding, which is not the major source of funds for acquisition and preservation.

Expenditures

- There is an increase of \$1.29 million in the HIF for Rental Assistance Programs which include permanent supportive housing and the funds for HOC's Rent Supplement Program.
- There is an additional \$3.94 million budgeted for the Affordable Housing Initiative which can be used for loans and grants.
- There is a \$292,678 increase in personnel costs that are charged to the HIF. \$135,540 is to fund two positions that will support the MPDU program as amended last year by the Council. An additional \$93,190 is a portion of the compensation for the new non-merit Deputy Director position. The remainder is general compensation adjustment for the 15.2FTEs charged to the HIF in FY19.
- The expenditure/uses includes a category called "Other Claims" of \$1,882,893. This includes: (1) \$1 million to continue the HOC Homeownership program that began in FY19 and assists people with credit scores below 650, (2) \$510,000 for a five-year program to house medically vulnerable homeless people; (3) \$142,000 to fully fund the Burnt Mills rental agreement (full cost \$410,000) and (4) \$229,000 available for the Affordable Housing Initiative.

Expenditures for Neighborhoods to Call Home

Each year, funding is allocated for contractual services that are funded in the HIF for the Building Neighborhoods to Call Home program. These contracts recognize that services are needed to support the overall effort to increase affordable housing and support improvements in existing neighborhoods that already have affordable housing. The following services are recommended for funding in FY20:

Rebuilding Together	\$ 300,000
Long Branch Tenant Counseling (CASA)	\$ 250,000
Pine Ridge Center	\$ 146,340
Montgomery Housing Partnership (MHP)	\$ 120,000
Focused Neighborhood Assistance	
MHP – Apartment Assistance Program	\$ 140,000
<u>A Wider Circle</u>	<u>\$ 225,000</u>
TOTAL	\$1,181,340

PHED and HHS Committee session: Recommended (6-0) approval of the HIF Operating Budget as recommended by the County Executive including the contracts under the Neighborhoods to Call Home effort. Agenda Item #35 reflects the PHED and HHS Committee's recommendation to add \$5 million to the Affordable Housing Acquisition and Preservation CIP Project.

The Joint Committee discussed the critical need for additional housing of all types, including affordable housing that is provided at no cost through the development of market rate housing and affordable housing that needs financing assistance through the HIF. The Joint Committee discussed the projects that are highlighted in the report at © 7-20. The Joint Committee discussed with DHCA whether there is enough funding to move projects forward. DHCA explained that they always have projects that are in the review pipeline and, so far, they have been able to fund projects when they are determined to be ready. The Joint Committee stated that they want to be informed if there is a time when funding is not available to move forward with a project DHCA would otherwise fund.

The Joint Committee recommended (6-0) approval of \$5 million in additional FY20 CIP funding as reflected in Agenda Item #35.

The Joint Committee requested additional information on the income levels of the households that are service by HIF-funded projects in the last five years.

The Joint Committee requested additional information on the total County investment in affordable housing and questioned how the HIF compares to other Housing Trust Funds in the area, both in the dollars invested and the use of the funds.

The Committee asked that it receive quarterly updates on the affordable housing project pipeline and available funding for loans and grants.

Payment in Lieu of Taxes

Each year the Council must include a provision in the Operating Budget resolution specifying the monetary cap for non-HOC PILOTs. This is a significant part of the County's financing of affordable housing; however, it is made through a reduction in taxes rather than an appropriation and expenditure. In addition to the \$18.1 million recommended for FY20, the value of forgoing taxes for property owned by the Housing Opportunities Commission is estimated at \$10.69 million.

The Director of Finance must maintain a record of all payment-in-lieu-of-taxes (PILOT) agreements currently in effect under the Tax-Property Article of the Maryland Code. The record must estimate (in current year dollars) the amount of property taxes abated for each agreement for each of the next 10 fiscal years. As authorized by the County Code, Section 52-18M, the Director of Finance may sign payment-in-lieu-of-taxes agreements for affordable housing that abate annual property tax revenues up to the following annual limits for all properties not owned or operated by the Housing Opportunities Commission.

The Director of Finance must not sign any payment-in-lieu-of-taxes agreement that would increase the total amount of abated property tax revenues above any of the listed annual limits without prior approval of the County Council by resolution.

PILOT	FY19 Approved	FY20 Recommended
FY19	\$ 17,297,513	NA
FY20	\$ 18,162,389	\$ 18,162,389
FY21	\$ 19,070,508	\$ 19,070,508
FY22	\$ 20,024,034	\$ 20,024,034
FY23	\$ 20,624,755	\$ 20,624,755
FY24	\$ 21,243,497	\$ 21,243,497
FY25	\$ 21,880,802	\$ 21,880,802
FY26	\$ 22,537,226	\$ 22,537,226
FY27	\$ 23,213,343	\$ 23,213,343
FY28	\$ 23,909,743	\$ 23,909,743
FY29	NA	\$ 25,105,230

PHED and HHS Committee: Recommended (6-0) approval as recommended by the County Executive.

Housing First/Inside (Not Outside) Update

On March 21st, the Joint Committee had presentations on best practices for reducing homelessness from a national perspective and the strategies and outcomes that have been and are being used in Montgomery County. The goals for the County are to make homelessness rare, brief, and non-recurring. The effort seeks to create a "person centric" system that responds to the needs of the affected people rather than available resources and existing program models.

The County has adopted three policy goals:

- Ending (which means reaching “functional zero”) Veterans Homelessness by 2016
- Ending Chronic Homelessness in Spring 2018
- Ending Youth and Family Homelessness by 2020

DHHS provided additional information on the Point-in-Time (PIT) Count. Attached at © 21 is a one page visual that highlights the results of the 2019 PIT.

- The 2019 PIT counted 647 individuals; a 23% decrease from 2017.
- 13 Veterans were identified in the 2019 PIT; 8 of the 13 reported losing their housing in Montgomery County.
- Since January 2016, the County has ended chronic homelessness for 411 individuals.
- The 2019 PIT identified 11 chronically homeless individuals; a 91% decrease from the 2018 PIT.
- At any given time, there are about 50 families with children experiencing homelessness and 61 were counted during the PIT survey.

Since the Joint Committee session, the Council of Government’s 2019 Point in Time Report has been released. The section for Montgomery County is attached at © 22-30.

	A	I	J	K	L	M	N	O
1	Housing Initiative Fund	FY16	FY17	FY18	FY19	FY20 CE	Difference	PHED and HHS
2	Approved and Recommended	Approved	Approved	Approved	Approved	Rec	FY20-19 APP	Rec
3								
4	Resources (non-CIP):							
5	Beginning Balance	7,241,980	4,786,860	9,023,651	11,633,504	7,160,000	(4,473,504)	7,160,000
6	Transfer from the General Fund	19,259,777	22,167,940	22,703,644	22,703,644	25,342,876	2,639,232	25,342,876
7	Miscellaneous Revenues	14,196,554	20,032,826	20,767,024	21,508,288	23,944,769	2,436,481	23,944,769
8								
9	Resources Before Required Transfers	40,698,311	46,987,626	52,494,319	55,845,436	56,447,645	602,209	56,447,645
10								
11	Required Transfers:							
12	Transfer to Debt Service Fund (debt service on acquisition and preservation bonds)	(7,196,110)	(7,950,310)	(7,808,010)	(9,501,510)	(9,623,700)	(122,190)	(9,623,700)
13	To General Fund for Indirect Costs	(289,410)	(303,734)	(329,848)	(371,142)	(476,191)	(105,049)	(476,191)
14								
15	Non-CIP Resources Available for Programs	33,212,791	38,733,582	44,356,461	45,972,784	46,347,754	374,970	46,347,754
16								
17	Uses:							
18	Personnel Costs	1,811,074	1,844,832	1,896,770	2,035,885	2,328,563	292,678	2,328,563
19	Housing First	8,043,955	8,043,955	8,294,080	8,369,080	8,369,080	-	8,369,080
20	Rental Assistance Programs (primarily Recordation Tax)	9,605,920	15,294,740	16,084,578	15,075,202	16,367,562	1,292,360	16,367,562
21	Neighborhoods to Call Home	596,340	716,340	816,340	956,340	1,181,340	225,000	1,181,340
22	Other Operating	1,502,707	1,499,295	1,771,422	1,696,422	1,381,642	(314,780)	1,381,642
23	Other Debt Service (Non-tax Funds)	63,480	61,280	59,020	56,750	56,750	-	56,750
24	Special Needs and Non-Profit Housing	2,380,510	2,380,510	2,380,510	2,380,510	2,380,510	-	2,380,510
25	Senior Housing - Silver Spring (The Bonifant)	NA					-	
26	100,000 Homes	437,120	437,120	437,120	437,120	437,120	-	437,120
27	Zero:2016	500,000	900,000	900,000	900,000	900,000	-	900,000
28	Affordable Housing Initiative	2,721,145	4,166,335	3,916,210	3,682,481	7,625,233	3,942,752	7,625,233
29	Other Claims:					1,882,893	1,882,893	1,882,893
30	NTCH (One Time to A Wider Circle)			200,000			-	
31	Reallocated to Housing First			75,000			-	
32	Special Needs and Non-Profit Housing			636,051			-	
33	Affordable Housing - loans and grants*			725,000			-	
34	Senior Affordable Housing			4,000,000	4,562,054		(4,562,054)	
35	HHS Medically Vulnerable (5 Year)				510,000		(510,000)	
36	One-Time Cost increase for Burnt Mills				142,940	267,060	124,120	267,060
37	One Time Cost increase for Falkland Chase				78,000		(78,000)	
38	Homeownership Assistance Program				1,000,000		(1,000,000)	
39	Uses of Non-CIP HIF	27,662,251	35,344,407	42,192,101	41,882,784	43,177,753	1,294,969	43,177,753
40								
41	Ending Balance	3,275,540	3,389,175	2,164,360	4,090,000	3,170,000	(920,000)	3,170,000
42								
43	New CIP Funding							
44	HIF Revolving Program	12,265,000	13,409,000	7,843,000	10,154,000	15,359,000	5,205,000	20,359,000
45	Loan Repayment Proceeds	2,460,000	2,591,000	9,157,000	11,846,000	1,641,000	(10,205,000)	1,641,000
46	CE Estimated CIP Funding**	14,725,000	16,000,000	17,000,000	22,000,000	17,000,000	(5,000,000)	22,000,000
47								
48	HIF Funding available for Program Uses	44,662,251	51,344,407	59,192,101	63,882,784	60,177,754	(3,705,030)	65,177,754

FY20-25 PUBLIC SERVICES PROGRAM: FISCAL PLAN

Montgomery Housing Initiative

FISCAL PROJECTIONS	FY19 APPROVED	FY20 REC	FY21 PROJECTION	FY22 PROJECTION	FY23 PROJECTION	FY24 PROJECTION	FY25 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	18.23%	20.45%	20.45%	20.45%	20.45%	20.45%	20.45%
CPI (Fiscal Year)	2.0%	2.3%	2.5%	2.7%	2.7%	2.7%	2.7%
Investment Income Yield	1.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
BEGINNING FUND BALANCE	11,633,504	7,160,000	3,170,000	2,250,000	1,330,000	410,000	0
REVENUES							
Taxes	14,471,142	16,467,562	16,555,163	16,606,665	17,411,062	18,254,387	19,071,076
Charges For Services	70,200	70,200	71,976	73,919	75,915	77,995	80,070
Miscellaneous	6,966,946	7,407,006	7,407,006	7,407,006	7,407,006	7,407,006	7,407,006
Subtotal Revenues	21,508,288	23,944,768	24,034,145	24,387,590	24,893,983	25,739,388	26,558,152
INTERFUND TRANSFERS (Net Non-CIP)	12,830,592	15,242,985	14,816,848	12,945,148	12,945,048	12,940,648	12,946,748
Transfers To Debt Service Fund	(9,501,510)	(9,623,700)	(11,021,700)	(11,018,400)	(11,018,500)	(11,022,900)	(11,018,900)
MHI Property Acquisition	(9,501,510)	(9,623,700)	(11,021,700)	(11,018,400)	(11,018,500)	(11,022,900)	(11,018,900)
Transfers To The General Fund	(371,142)	(476,191)	(476,328)	(476,328)	(476,328)	(476,328)	(476,328)
Indirect Costs	(371,142)	(476,191)	(476,328)	(476,328)	(476,328)	(476,328)	(476,328)
Transfers From The General Fund	22,703,844	25,342,876	25,342,876	25,342,876	25,342,876	25,342,876	25,342,876
From General Fund	22,703,844	25,342,876	25,342,876	25,342,876	25,342,876	25,342,876	25,342,876
Transfers From Special Fds: Non-Tax + ISF	0	0	1,875,000	0	0	0	0
From PLD Land Sale Proceeds	0	0	1,875,000	0	0	0	0
TOTAL RESOURCES	45,872,784	46,347,753	42,920,993	39,582,738	39,169,031	39,090,006	39,504,900
CIP CURRENT REVENUE APPROP.	0	0	0	0	0	0	0
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(3,507,307)	(3,710,205)	(3,710,205)	(3,710,205)	(3,710,205)	(3,710,205)	(3,710,205)
Debt Service: Other (Non-Tax Funds only)	(56,750)	(56,750)	(56,750)	(56,750)	(56,750)	(56,750)	(56,750)
Labor Agreement	n/a	0	(11,040)	(11,040)	(11,040)	(11,040)	(11,040)
Annualizations and One-Time	n/a	n/a	(42,270)	(42,270)	(42,270)	(42,270)	(42,270)
Rental Assistance Program (RAP)	(14,246,142)	(16,307,562)	(16,455,163)	(16,606,665)	(17,311,062)	(18,154,387)	(19,071,076)
Falkland Chase 5 yr	(562,000)	0	0	0	0	0	0
Burnt Mills 10 yr	(267,080)	(267,080)	(267,080)	(267,080)	(267,080)	(267,080)	(267,080)
Housing First	(8,369,080)	(8,369,080)	(8,369,080)	(8,369,080)	(8,369,080)	(8,369,080)	(8,369,080)
Neighborhoods to Call Home	(1,181,340)	(1,181,340)	(1,181,340)	(1,181,340)	(1,181,340)	(1,181,340)	(1,181,340)
Special Needs and Nonprofit Housing	(2,380,510)	(2,380,510)	(2,380,510)	(2,380,510)	(2,380,510)	(2,380,510)	(2,380,510)
100,000 Homes	(437,120)	(437,120)	(437,120)	(437,120)	(437,120)	(437,120)	(437,120)
Zero: 2016	(900,000)	(900,000)	(900,000)	(900,000)	(900,000)	(900,000)	(900,000)
Affordable Housing Initiative	(3,882,481)	(7,625,233)	(5,307,515)	(3,437,756)	(3,439,554)	(3,437,304)	(3,445,509)
Subtotal PSP Oper Budget Approp / Exp's	(35,589,790)	(41,254,860)	(39,118,053)	(37,599,796)	(38,106,091)	(38,947,006)	(39,504,900)
OTHER CLAIMS ON FUND BALANCE	(6,292,994)	(1,882,893)	(652,940)	(652,940)	(652,940)	(142,940)	0
TOTAL USE OF RESOURCES	(41,882,784)	(43,177,753)	(39,770,993)	(38,252,736)	(38,759,031)	(39,090,006)	(39,504,900)
YEAR END FUND BALANCE	4,000,000	3,170,000	2,250,000	1,320,000	410,000	0	0
Affordable Housing and Acquisition and Preservation CIP Project #P760100	(22,000,000)	(17,000,000)	(6,707,061)	(13,248,739)	(2,947,242)	(3,019,492)	(3,142,992)
TOTAL INVESTMENT IN AFFORDABLE HOUSING (MHI Fund + CIP Project)	(63,882,784)	(60,177,753)	(46,478,054)	(51,561,477)	(41,706,273)	(42,109,492)	(42,647,992)

Assumptions:

1. A total of \$63.07 million will be invested in affordable housing, including expenditures of \$41.3 million reflected in this fund, as well as an additional \$4.77 million loan repayments reallocated in FY19 and \$17 million in FY20 for the Affordable Housing Acquisition and Preservation CIP Projects #760100. The CIP includes the issuance of \$15.56 million of debt and \$1.44 million in estimated loan repayments in FY20. The funding provides a continued high level of support for renovation of distressed housing, the acquisition and preservation of affordable housing units, creation of housing units for special needs residents and mixed-income housing, and a variety of services for permanent supportive housing and community development.
2. Montgomery County Council Resolution #15-110 provides for an allocation from the General Fund to the Montgomery Housing Initiative fund (MHI) of the equivalent to 2.5 percent of actual General Fund property taxes from two years prior to the upcoming fiscal year for the purpose of maintaining and expanding the supply of affordable housing. However, the actual transfer from the General Fund will be determined each year based on the availability of resources.

Notes:

1. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates.
2. The Executive recommends an additional \$2.64 million to be transferred from the General Fund to the MHI fund, compared to the FY19 amount. A combination totaling \$25.34 million transferred from the General Fund, MPDU alternative payments, and one-time funding from HIF reserves will exceed the 2.5% policy goal.

Affordable Housing Support Summary						
Funding Sources	Total County Resources (FY08 - FY19)	10-Yr Average (FY10-FY19)	FY20 CE Recomm Budget	Increased Funding (FY20 vs. 10-Yr Average)	Projected Creation/Prevention of Affordable Housing (FY20)	Notes
Operating Budget Expenditures						
DHCA - MHI Operating Budget	322,548,663	26,575,044	41,293,021	14,717,977		
DHCA - MHI Debt Service (interest only)	27,883,864	2,788,388	4,173,700	1,385,314		
HHS - Housing Programs (General Fund)	110,777,417	11,077,742	13,115,387	2,037,645	2,000	Clients served
HOC - Non-Departmental Account	73,510,777	6,163,885	6,921,654	757,769		
Total Operating Budget		46,806,057	66,503,762	18,898,705		
Affordable Housing Acquisition and Preservation Project (CIP)						
MHI						
HIF Revolving Loan Program		11,593,100	15,559,000			
Loan Repayment Proceeds (actual)		5,354,951	1,441,000			
G.O. Bonds						
Recordation Tax Premium						
DHCA - Affordable Housing Acquisition and Preservation Project (CIP)	203,795,507	17,829,551	17,000,000	(629,551)	5,564	Including MHI & CIP
DHCA - Payment in Lieu of Taxes (Non-HOC PILOTs)	134,223,830	11,982,383	18,162,389	6,180,007	300	In support of operating cost for Non-profits and senior housing
DHCA - Payment in Lieu of Taxes (HOC PILOTs)	106,033,032	9,073,362	10,690,837	1,617,475	50	
DGS - Discounted Land Value	37,823,483	9,455,871	-	-		
Total Affordable Housing Support	1,016,596,568	158,299,331	193,880,750	44,965,341	7,914	Units captured in DHCA

Note: As transmitted in the Biennial FY19-24 CIP, the Executive's budget recommendations include reallocating \$4.77 million loan repayments in FY19 for the Affordable Housing Acquisition and Preservation CIP project.

2019

Department of Housing and Community Affairs

AFFORDABLE HOUSING PIPELINE REPORT
TIM GOETZINGER, ACTING DIRECTOR

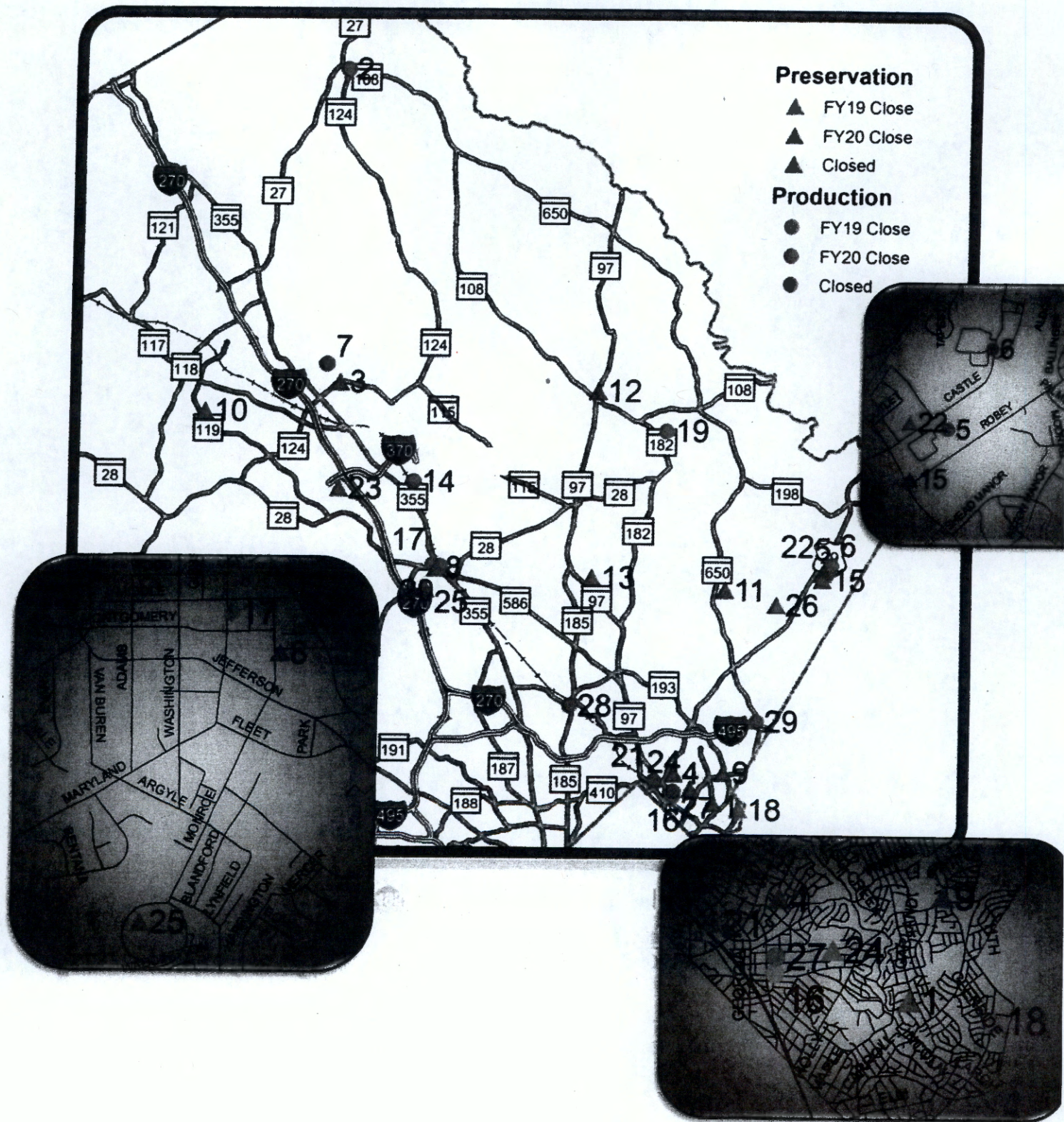


HOUSING AND COMMUNITY AFFAIRS | 1401 ROCKVILLE PIKE, 4TH FLOOR; ROCKVILLE, MD 20852 |

Contents

DHCA Loan Pipeline.....	3
Map of DHCA-Financed Projects.....	3
Closed Loans	5
1. NCCF - 7906 Flower Avenue.....	5
2. Victory Haven.....	5
3. Cider Mill Apartments.....	6
4. Seabury at Springvale Terrace	6
5. Woodvale Apartments.....	6
6. Waterford Tower Apartments	7
7. PLAN of Maryland-DC, Inc. (PLAN).....	7
8. Town Center Apartments.....	8
9. MHP - Glenville Road Refinance/Renovation	8
10. Willow Manor at Clopper's Mill.....	8
11. Willow Manor at Colesville.....	9
12. Willow Manor at Fair Hill Farms	9
13. Hermitage Woods Condominium.....	9
14. Momentum Shady Grove	10
15. Willow Manor at Fairland (ECRSC Site).....	10
Pipeline Loans	11
16. Artspace.....	11
17. Upton Apartments, Phase II	11
18. Hampshire Tower Apartments	12
19. Friends' House - Homes on Quaker Lane	12
20. Main Street.....	12
21. HOC Elizabeth House III	13
22. Snowden's Ridge Apartments	13
FY20 Pipeline Loans.....	14
23. Sawyer Flats f/k/a Washingtonian.....	14
24. MHP Hillbrooke Towers.....	14
25. Fireside Park Apartments	15
26. Knights Bridge.....	15
27. HOC 900 Thayer.....	16
28. Kensington Manor (Knowles) Senior Housing	16
29. HOC - Hillendale.....	16

Map of DHCA-Financed Projects



Closed Loans

FY19 has been a productive year for DHCA and our Multifamily Housing Team. DHCA closed 15 loans through January 2019 and expects to close another 7 loans by the end of the fiscal year. In total, DHCA will have closed or committed to 22 projects providing \$103M in affordable loans to produce or preserve 3254 total units, of which 1982 will be affordable. Although each project requires varying levels of investment, DHCA typically provides between \$50-60k per affordable unit. In FY19, DHCA is on track to provide \$52.3k per each affordable unit.

Below please find information on the 15 loans closed through January 2019.

1. NCCF - 7906 Flower Avenue

- Owner / Developer: National Center for Children and Families
- Located at 7906 Flower Avenue, Takoma Park
- Preservation of a vacant ten (10) unit rental property that DHCA is acquiring under the ROFR law and transferring to NCCF to house NCCF's special needs clients.
- Four (4) units are to house domestic violence victims served by NCCF that receive HHS rental assistance. Four (4) units will also house NCCF clients at 30% to 50% AMI.
- Provided \$2,245,000 in HIF funding for the acquisition and total rehabilitation of the property. Property will provide eight (8) out of the ten (10) units based on anticipated Code reconfiguration requirements.



2. Victory Haven

- Owner / Developer: Victory Housing, Inc.
- Located at 9700 Main Street, Damascus
- New construction / production of 72 units of senior housing – 68 affordable (3 units @30%, 4 units @40%, 13 units @50% and 48 units @60%)
- Development is the acquisition and new construction of a 72-unit mixed-income senior rental apartment property to be located on Main Street in Damascus MD.
- Provided loan of \$6,475,000



3. Cider Mill Apartments

- Owner / Developer: HOC
- Located at 18205 Lost Knife Road, Gaithersburg
- Preservation / Acquisition of an 864-unit property in the Montgomery Village community by HOC under the ROFR process.
- The property is currently market-rate affordable at rents approximating 60 percent of the Area Median Income (AMI). HOC is proposing through this acquisition to retain 40 percent or 346 units with rents at 60% of the AMI with the remaining 518 units to be "market rate" with annual rent increase limited to the annual Voluntary Rent Guidelines (VRG).
- Provided an equity loan to HOC of \$15,000,000.



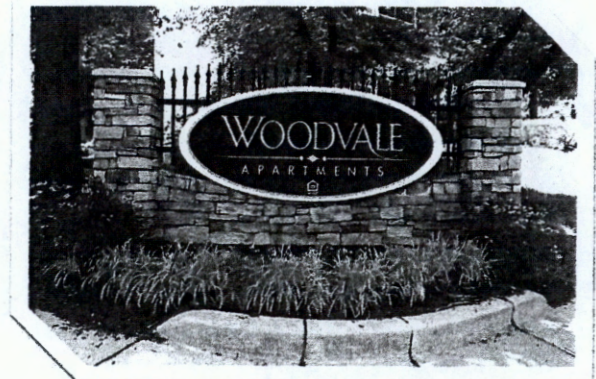
4. Seabury at Springvale Terrace

- Owner / Developer: Seabury Resources for Aging
- Located at 8505 Springvale Road, Silver Spring
- Preservation of a 50+ year old independent senior and assisted living 146-unit property In Silver Spring.
- Many residents have incomes as low as 30% AMI.
- Provided a loan of \$6,375,000 in permanent financing for the property with a \$1,000,000 allowance for future repairs and improvements.



5. Woodvale Apartments

- Owner / Developer: Orlo Woodvale, LLC
- Located at 13831 Castle Blvd., Silver Spring
- Production / acquisition and renovation of 376-unit multifamily rental apartment community of which 75 units will be affordable @ 60%
- The property renovation will entail the following upgrades, additions or repairs: Appliances, flooring, perimeter security fence; hot water heaters, roof repairs, HVAC units, new maintenance tools/equipment, security



lighting, security cameras, drainage improvements, concrete/masonry work, windows, landscaping and a water treatment system

- The County provided \$10MM in subordinate debt to assist with acquisition and to preserve and restrict 75 units @ 60%

6. Waterford Tower Apartments

- Owner / Developer: Strategic Realty Holdings, Inc.
- Located at 1400 Castle Blvd., Silver Spring
- Production / acquisition of 81 of 143 units in Waterford Tower Apartments, a 49-year old, high rise rental building in Silver Spring, Maryland along the Castle Boulevard corridor.
- Restricted rent levels will be implemented across all units via the applicable AMI thresholds of 60%-80% AMI with most units restricted at or below 65% AMI levels.
- This was a ROFR transaction with rent restrictions negotiated with the purchaser Strategic Investments.
- Provided loan of \$4,000,000 to Strategic Realty Holding Inc. from the Housing Initiative Fund.



7. PLAN of Maryland-DC, Inc. (PLAN)

- Owner / Developer: PLAN of Maryland-DC, Inc.
- Located at 10120 Little Pond Place, Unit #4, Montgomery Village
- Production / acquisition of one (1) two-bedroom condominium unit PLAN acquired to lease to PLAN's special needs clientele. PLAN has successfully completed a similar condo in the same complex for two (2) special needs clients and is replicating that project and the special needs model used by HUI.
- PLAN clientele will receive PLAN support services and PLAN provides conducts additional property management for the condo. Unit required minor renovations based on resale.
- Renovation completed with PLAN having leased one SRO and finalizing lease for 2nd tenant.
- Provided \$117,000 in HIF funding for the acquisition and minor renovation of the condo unit.



8. Town Center Apartments

- Owner / Developer: HOC
- Located at 90 Monroe Street, Rockville
- Preservation of 112 senior units affordable to 60% or less
- Repair and replacement of primary operations systems
- The improvements contained repairs to the heating and air conditioning, roofing, elevators and some in-unit repairs.
- Provided \$287,613



9. MHP - Glenville Road Refinance/Renovation

- Owner / Developer: Montgomery Housing Partnership, Inc.
- Located at 8800, 8802, 8804, 8807, 8808 and 8813 Glenville Road, Silver Spring
- Preservation of a total of 31 units of which 16 are affordable (5 units @60% and 11 units @50%)
- Refinance of existing debt and the renovation of six (6) multifamily rental buildings totaling 31 units located in the 8800 block of Glenville Road in Silver Spring MD.
- The renovations consist of new roofs, HVAC, lighting, electrical upgrades, painting and miscellaneous masonry and site work repairs.



10. Willow Manor at Clopper's Mill

- Owner / Developer: HOC
- Located at 18003 Mateny Road, Germantown
- Preservation of 102 senior units nearing the end of their LHITC mandatory compliance period.
- Property was a ROFR purchase by DHCA and HOC.
- Units are restricted to households with incomes at 40%, 50% or 60% AMI with 20 market-rate
- Provided loan of \$7,345,531 to HOC from the Housing Initiative Fund (HIF).



11. Willow Manor at Colesville

- Owner / Developer: HOC
- Located at 601 E. Randolph Road, Silver Spring
- Preservation of 83 senior units nearing the end of their Low-Income Housing Tax Credit (LIHTC) mandatory compliance period.
- Property was a Right of First Refusal (ROFR) purchase by DHCA and HOC.
- The 4-story property consists of 83 units, all of which are restricted to households with incomes at 40% or 60% AMI.
- Provided loan of \$5,879,550 to HOC from the Housing Initiative Fund (HIF).



12. Willow Manor at Fair Hill Farms

- Owner / Developer: HOC
- Located at 18301 Georgia Avenue, Olney
- Preservation of 101 senior units nearing the end of their LIHTC mandatory compliance period.
- Property was a ROFR purchase by DHCA and HOC.
- All units are restricted to households with incomes at 40% or 60% AMI.
- Provided loan of \$6,576,504.96 to HOC from the Housing Initiative Fund (HIF).



13. Hermitage Woods Condominium

- Owner / Developer: Individual condo owners
- Located at 3301 Hewitt Avenue, Silver Spring
- Preservation of thirty-seven condominium units in Silver Spring controlled by a 5-member Board of Directors.
- Property experienced major external property problems (roof leakage, inoperative elevator, deteriorating pedestrian bridges) making the property eligible for condemnation.



- Provided initial \$200,000 to correct major issues and an additional \$948,186 for more property problems discovered, to avoid condemnation and displacement of existing families.

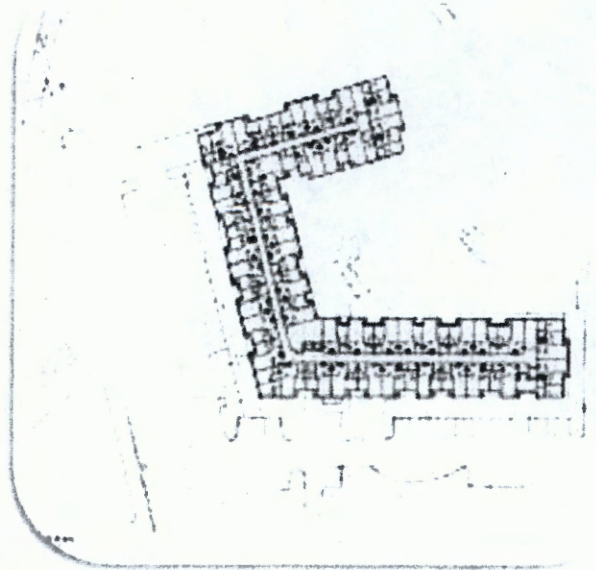
14. Momentum Shady Grove

- Owner / Developer: Stratford Capital Group (SCG) Development Group
- Located at 16011 Redland Road, Rockville
- Production / new construction of a 110-unit affordable multifamily rental apartment property
- All 110 units are affordable (7 units @30%, 4 units @40%, 10 units @ 50% and 89 units @ 60%)
- Project site is approximately 10 minutes walking distance from the Shady Grove Metro Station
- Provided a \$7.4 MM subordinate loan and PILOT to support the development and the provision of affordable units. All units are affordable to households at or below 60%, 50%, 40% and 30% AMI.



15. Willow Manor at Fairland (ECRSC Site)

- Owner / Developer: KB Companies
- Located at 13605 Robey Road, Silver Spring
- Production / new construction of 121 units of senior housing with 60 affordable units
- Project being constructed on County owned land (East County Regional Services Center site).
- County has 60-year land lease with Developer.
- Project received bond financing and 4% Low Income Housing Tax Credits (LIHTC) through the State of MD, the primary source of project financing.
- State of MD approved the project for bond and four percent financing on September 2016.
- Provided \$595,000 through a Rental Assistance Agreement (RAA) for the developer to provide six (6) units @ 30% AMI for the 60-year land lease term. Project also received a PILOT agreement.



Pipeline Loans

As mentioned above, DHCA expects to close or commit \$25.8M on 7 additional loans by the end of the fiscal year. These projects will provide nearly 1,000 housing units, of which 716 will be affordable.

Please find information on these 7 loans below.

16. Artspace

- Owner / Developer: Artspace Projects, Inc.
- Located at 801 Sligo Avenue, Silver Spring
- Production / new construction
- Repurposing of the current structure into artist and commercial space and new construction of 68 artist live work multifamily rental units and 11 for-sale townhomes (7 market; 4 workforce). of 69 units are affordable (11 units @30%, 10 units @50% and 47 units @ 60%)
- Montgomery County will lease, under a long-term lease agreement, the portion of the property to be utilized for the rental housing and sell the portion to be used for the development of the for-sale townhomes.
- Providing a subordinate loan \$5.7M, a PILOT, and a rental agreement for the 11 units @30%



17. Upton Apartments, Phase II

- Owner / Developer: HOC
- Located at 44 Maryland Avenue, Rockville
- Production / new construction of 150 units of senior housing in downtown Rockville as a component of the Upton II 400-unit development
- Upton II will include 112 deep subsidy senior RAD units to replace the existing Town Center Apartments units, as well as 38 additional units that are age restricted and to be rented at market rate and will be developed by HOC. The RAD units serve households at 50% or less of the area median income.
- Providing a \$5,000,000 loan and the retention of the existing PILOT for the project.



18. Hampshire Tower Apartments

- Owner / Developer: Orlo, Takoma
- Located at 7401 New Hampshire Avenue, Takoma Park
- Preservation / utilization of a rent subsidy agreement/payment to invest in the repair/replacement of crucial building systems that have exceeded their useful life. These systems include life safety fire system, elevators to service the 11-story building, hot water and heating/cooling system,
- 216 total units of which all units will be affordable @ 60%
- Risers, drain lines and valves, unit convectors and in-unit improvements (some units have not received any updating/improvements in over 20+ years
- Providing an upfront rent subsidy of \$6MM (disbursed over 10 years to directly support the improvements to the property and will not be income to property owner.



19. Friends' House - Homes on Quaker Lane

- Owner / Developer: Friends House
- Located at 17340 Quaker Lane, Sandy Spring
- Production / new construction of an 80-unit affordable senior apartment building located on the campus of Friend's House, which is a non-profit organization founded in the 1960s to provide a multicultural and economically inclusive senior retirement community.
- Total of 80 units of which 72 units are affordable (8 units @30% and 64 units @60%)
- Providing \$1,350,000 in subordinate HOME funds.

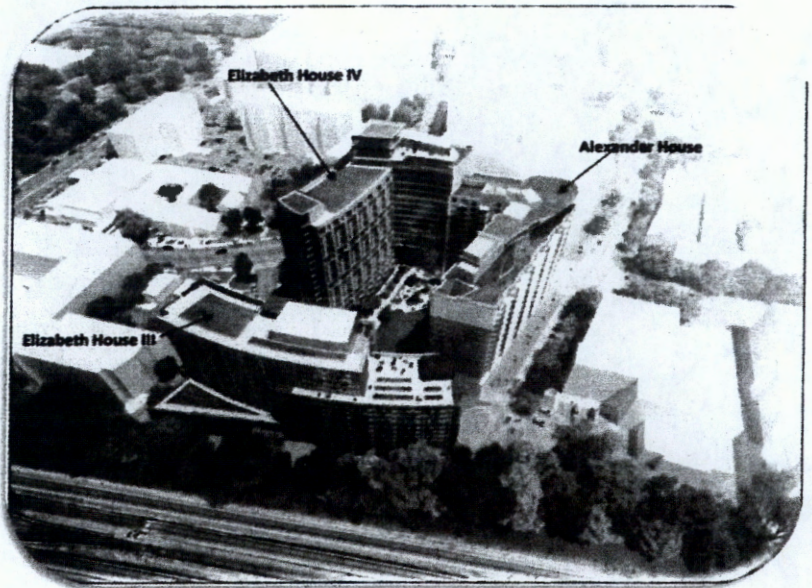
20. Main Street

- Owner / Developer: RST Development, LLC
- Located at 50 Monroe Place, Rockville
- Production / new construction of a 70-unit multifamily mixed-income rental apartment located on a vacant, in-fill site in central Rockville, one block from County EOB building.
- Of the 70 units, 49 units will be reserved for households at 30%, 50%, and 60% of AMI. Approximately 25% of the units will be available for persons with developmental disabilities. Twenty-one (21) of the units will be for households paying market rate rents.
- Project is receiving 9% LIHTC's from the State of MD
- Providing \$2,500,000 for the project's development and construction costs along with a PILOT



21. HOC Elizabeth House III

- Owner / Developer: HOC
- Located at 8580 2nd Avenue, Silver Spring
- Production / new construction of a 267-unit mixed income senior rental apartment property that will be attached to the new County sponsored aquatics center located on Apple Street in Silver Spring MD.
- Total of 267 units of which 120 units will be affordable @ 60%
- Providing a subordinate loan for \$7MM



22. Snowden's Ridge Apartments

- Owner / Developer: Arlington Partnership for Affordable Housing, Inc.
- Located at 2105 Harlequin Terrace, #A, Silver Spring
- Preservation / acquisition of 87-unit 100% Section 8 property via Right of First Refusal
- Property has an expiring Section 8 contract, which will be preserved through the County's participation
- Providing \$2.75M loan



FY20 Pipeline Loans

DHCA also plans to close or commit \$33.2M on 7 additional loans in the first six month of FY20 (by December 2019). These projects will provide nearly 1,600 housing units, of which 678 will be affordable.

Please find information on these 7 loans below.

23. Sawyer Flats f/k/a Washingtonian

- Owner / Developer: Crossings II, LLC.
- Located at 9806 Mahogany Drive, Gaithersburg
- Preservation of existing MPDU project with expiring affordability restrictions
- Anticipated loan is \$2.5M



24. MHP Hillbrooke Towers

- Owner / Developer: Montgomery Housing Partnership, Inc.
- Located at 515 Thayer Avenue, Silver Spring
- Preservation and rehabilitation of a 55-unit apartment building
- The property was purchased by Montgomery Housing Partnership in 2015 as part of disposition by a private owner.
- The rehabilitation of the property will involve LIHTC along with bond and subordinate financing from Maryland Department of Housing and Community Development,
- The anticipated Montgomery County investment in this project is \$4.5 million.



25. Fireside Park Apartments

- Owner / Developer: Rockville Housing Enterprises
- Located at 735 Monroe Street, Rockville
- Preservation of an existing rental housing development that provides housing to families earning 50%, 60% and 80% of AMI.
- Project contains 22 buildings with a total of 236 units that requires rehabilitation in addition to fire damage incurred in major fire in 2018.
- Project is applying for 4% LIHTC's from the State of MD
- DHCA will provide \$2,800,000 in financing for the development of the project.



26. Knights Bridge

- Owner / Developer: Pennant Housing Group
- Located at 3310 Teagarden Circle, Silver Spring
- Preservation / restructuring capital to include LIHTC to fully renovate the property.
- 256 total units of which 205 units will be affordable (205 units @ 60%)
- The proposed County support would entail a subordinate loan of \$7,250,000 and a PILOT to support the affordable units.



27. HOC 900 Thayer

- Owner / Developer: HOC
- Located at 900 Thayer Avenue, Silver Spring
- Production / new construction mixed income community to be constructed at 900 Thayer Avenue in Silver Spring.
- Project will contain 124 units of which 84 (68%) will be supported by project-based rental assistance ("PBRA").
- Estimated loan is \$1M



28. Kensington Manor (Knowles) Senior Housing

- Owner / Developer: Knowles Manor, LLC
- Located at 3906 Knowles Avenue, Kensington
- Production / new construction of 94 units of senior housing.
- All ninety-four (94) units will be affordable to households earning 30%, 50%, and 80% of AMI.
- Project is receiving 4% LIHTC's from State of MD and State is allowing income averaging calculations for the 80% of AMI units.
- DHCA is providing \$8,900,000 for the project's development and construction costs. A PILOT Agreement will be provided for the project.



29. HOC - Hillendale

- Owner / Developer: HOC
- New construction project
- Project details tbd



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

ANDREW FRIEDSON
COUNCILMEMBER
DISTRICT 1

MEMORANDUM

TO: Councilmember Hans Riemer, PHED Committee Chair
Councilmember Gabe Alborno, HHS Committee Chair
Councilmember Will Jawando
Councilmember Craig Rice
Councilmember Evan Glass

FROM: Councilmember Andrew Friedson

DATE: April 23, 2019

SUBJECT: Housing Initiative Fund

This 19th County Council has demonstrated strong and committed support for addressing our County's affordable housing challenges at the outset of our term. Recognizing the severity of the crisis, and in the spirit of those efforts, I am requesting your support for restoring the Housing Initiative Fund (HIF) to FY19 levels with an additional \$5 million in the capital budget.

The County Executive's proposed funding below FY19 levels takes us a step backwards in having the financial wherewithal to build additional units so desperately needed to keep up with the demand for affordable housing. Average rent in the county increased by more than twice the level of median income between 2010 and 2015. As a result, nearly 32,100 low-income households were on HOC's active wait list in recent years, which doesn't even reflect those who need and are eligible for housing help but have not applied for it. Today only 14 percent of the County's supply of rental housing has been constructed since 2000 while 55% was built prior to 1950.

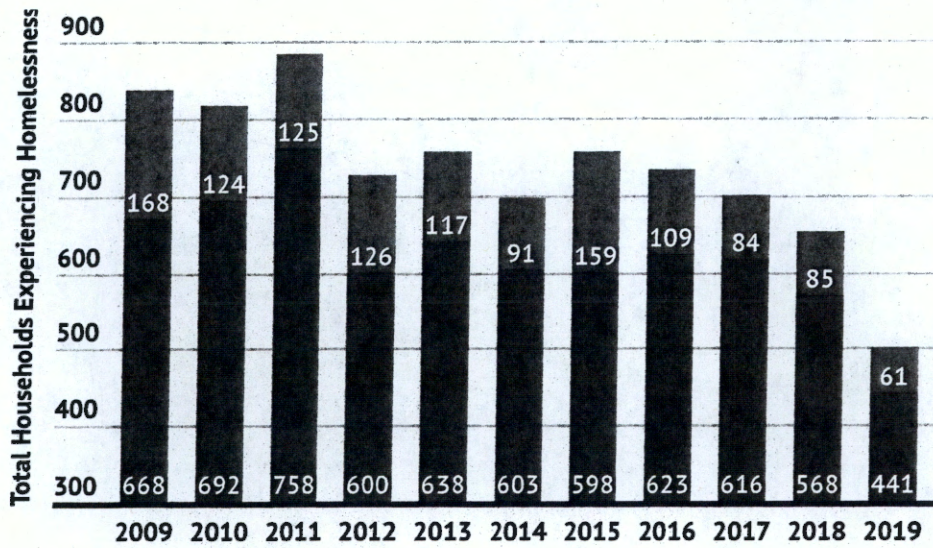
We cannot solve our affordable housing shortage with public investment alone, and I look forward to working with each of you to create an economic and regulatory environment that supports significant private sector investment growth. However, we must commit ourselves to at least keep up with prior year efforts if we are to seriously address one of our County's most persistent long-term challenges. We need to continue to build housing at a healthy rate to meet our current and future needs, and to ensure that Montgomery County remains an accessible and inclusive place for families to move and businesses to locate.

Thank you for your consideration of this request. I look forward to working as a Committee and Council in conjunction with the public, private, and non-profit communities to strengthen our existing programs and find new ideas to tackle the vexing issue of affordable housing for County residents.

CC: Council President Nancy Navarro
Ms. Linda McMillan

Montgomery County, MD 2019 Homeless Point-in-Time Count

The following is a reflection of the data collected during the 2019 Point-in-Time: A "snapshot" count of those experiencing homelessness on one night during the last two weeks of January. This is a requirement of the Department of Housing and Urban Development.



Total Literally Homeless: 647
Decrease of 23% from 2018



130 Children in Shelters



22 Youth (age 18-24)
Experiencing Homelessness



Shelter Capacity: 736
PIT Shelter Count: 496
Unsheltered: 75



Single Individuals



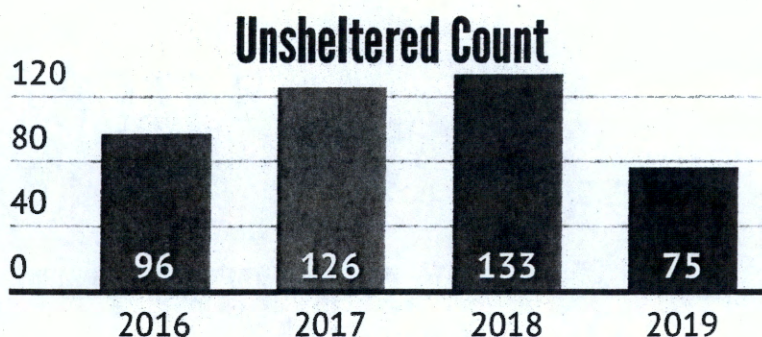
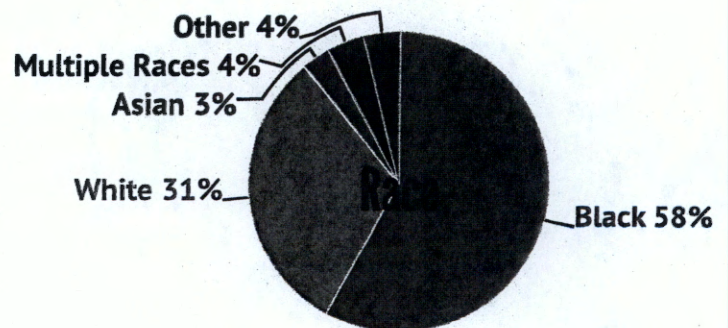
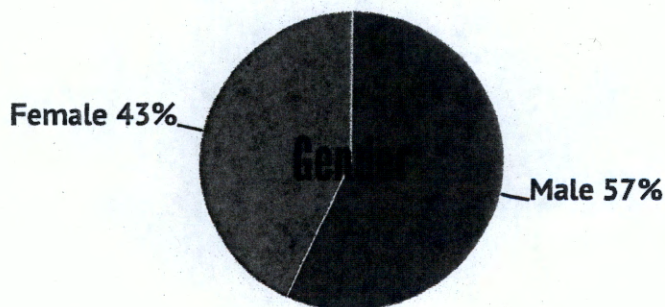
Households with Children



10-Year Trend: 46% Decrease in
Total Literally Homeless



10-Year Trend: 64% Decrease in
Total Households with Children



***44% Decrease from 2018 to 2019**



91% Decrease in Chronic
Homelessness



13 Veterans identified as
homeless in 2019.
8 lost housing in Montgomery
County

Montgomery County, Maryland

DESCRIPTION OF HOMELESS SERVICES

The Montgomery County Homeless Continuum of Care (CoC) is a public-private partnership that includes state and local government agencies, non-profit service providers, landlords, and other stakeholders who have a role in preventing and ending homelessness. The Interagency Commission on Homelessness (ICH) serves as the CoC's governing board and the Services to End and Prevent Homelessness division of the Montgomery County Department of Health and Human Services is the Collaborative Applicant/ CoC Lead.

The CoC envisions a place where the experience of homelessness is rare, brief, and one-time only. They strive to be leading community in the work to end homelessness across our nation, where the commitment and collaboration creates effective systems that prevent and end homelessness for everyone in Montgomery County. The CoC has set the following bold goals:

- Prevent and end homelessness among Veterans by 2015.
- Finish the job of ending chronic homelessness by the end of 2018.
- Prevent and end homelessness for families, youth, and children by 2020.
- Prevent and end homelessness for unaccompanied youth 2022.
- Prevent and end homelessness among seniors 2022.
- Set a path to ending all types of homelessness 2023.

A broad array of services is offered to help achieve the goals of the CoC including homeless prevention, diversion, street outreach, temporary shelter, shallow and deep housing subsidies, and supportive services. The CoC embraces the Housing First philosophy and continues to align all programs with the principles of low barrier access to housing and services, consumer choice, community integration, and housing orientation.

The ***Housing for All = A Stronger Montgomery*** campaign embodies the vision of the Montgomery County CoC. In 2017, Services to End and Prevent Homelessness (SEPH) began to restructure programs that implement this vision and are in alignment with the new federal mandates on Coordinated Entry Systems (CES) for both single adults and families with minor children. The restructure builds on this vision and utilizes the guiding principles and shared values of our CoC including:

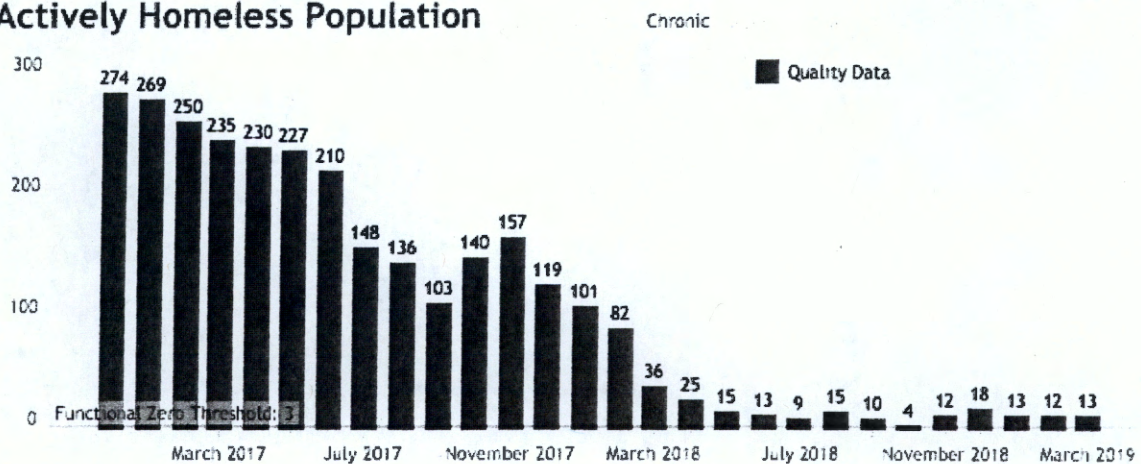
- A person-centered system of care which includes low barrier access, standardized intake and assessment, housing prioritization, and evaluation;
- Commitment to a comprehensive crisis response system, including increased access to shelter, housing, and services;
- Concentrated effort to reduce the racial disparities in the homeless continuum, and
- Expansion of prevention, diversion, and permanent housing solutions that are based on need.

Inside (not Outside) Initiative



The Inside (not Outside) Initiative is Montgomery County's campaign to end chronic homelessness. In January 2016, the Montgomery County CoC committed to the ambitious goal of ending long-term homelessness for people with disabilities. As of April 2019, 411 people have been housed through this initiative and 11 households are remaining to be housed. Although the CoC has not officially met the target for "functional zero", Montgomery County has consistently had less than 13 unsheltered people identified as chronic since May of 2018. See the run chart below.

Actively Homeless Population



The CoC will continue with a sense of urgency until "functional zero" on chronic homelessness is achieved. Strategies of the Inside (not Outside) initiative included the following:

- Created a By Name list to identify, track and follow all chronically homeless and "at risk of chronic homeless" individuals.
- Conducted an analysis of the homeless system to identify gaps and utilize data to inform programming and funding. This included consumer and provider focus groups.
- Tripled the street outreach capacity including in-reach to meal programs, more flexible hours during extreme weather conditions, and ensure all staff provide targeted, housing-focused case management to all unsheltered persons.
- Partnered with community housing agencies such as the local housing authority - Housing Opportunities Commission and the Dept. of Housing and Community Affairs to increase the availability of low-income housing rental subsidies including a Move-up Program for those households ready to graduate from Permanent Supportive Housing.
- Focused on intensive landlord recruitment and retention efforts including hiring a Housing Coordinator to oversee the efforts of all community housing locators.
- Held multiple "Lease-up" events that allowed 20-30 people to identify housing units on the same day or the day after the event.



At Home Together Initiative

The At Home Together Initiative is Montgomery County's campaign to prevent and end homelessness for families with children. The CoC has committed to this bold goal and recognizes the need to intensify partnerships with other systems of care. Unlike the previous initiatives addressing Veteran and chronic homelessness, success is not defined by a "functional zero" number but instead by making the experience rare, brief, and one-time only. Montgomery County will measure success by reducing the length of time a family experiences homelessness and rate of returns to homelessness for families with children.

Other Important Initiatives

- In April 2018, Montgomery County partnered with The National Center for Children and Families and the Maryland Youth Reach staff to conduct a youth count. Youth Reach Montgomery is a statewide effort by the Maryland Department of Housing and Community Development and coordinated by the Institute for Innovation and implementation at the University of Maryland School of Social Work. Improving Maryland's understanding of youth homeless became a legislative priority in Maryland in 2013. Different from the PIT, the youth count was conducted over a 2-week period beginning April 2nd through April 15th. In addition, a street outreach component occurred April 6th and 7th. The result was a total of 317 youth experiencing or at risk of homelessness with 15% identifying as LGBTQ and 87% as persons of color.
- For the past year, the CoC has been engaged in restructuring the Interagency Commission on Homelessness, the governing body of the CoC. This restructure included changes to membership to be more inclusive of critical stakeholders, redesign of the committee structure to distribute the workload, and the development of the "People's Committee" to ensure the voices of people with lived experience are heard.

Emergency Shelter

The CoC continues to provide emergency shelter to households with minor children through three year-round family shelters, one domestic violence shelter, and limited hotel subsidies used as overflow. During hypothermia, additional overflow shelter is provided via a non-profit organization. During this year's enumeration, a total of 47 households with minor children were residing emergency, overflow shelter, or DV shelter which is a significant decrease (32%) from 2018.

Emergency shelter capacity for adults without children remains 140 for year-round capacity. This includes the DV shelter with 5 beds designated for this household type, 3 designated as medical beds, and 2 designated for older adults or people with disabilities. During hypothermia season from November 1 to March 31st, capacity expands to 383 beds. On the day of the 2019 enumeration, there were 298 emergency shelter and overflow beds occupied; a decrease of 4% from 2018 and 15% from 2017.

Over the last few years, the CoC has reallocated funding from Safe Havens and Transitional Housing to permanent housing programs. This partially accounts for the decrease in the number of people served on the night of the PIT. On the night of the PIT, the bed capacity for transitional shelter and Safe Haven was 88 which does include funding for Veteran Safe Havens which has four beds in Montgomery County. On the day of the enumeration, there were 46 beds occupied. The continued decrease during the past two years' enumerations highlights the need to explore alternative uses for transitional housing facilities. The summary below represents the literal homeless capacity.

MONTGOMERY COUNTY'S YEAR-ROUND AND WINTER INVENTORY OF BEDS				
	Beds for Households w/o Children	Beds/Units for Households w/children	Total Year-Round Beds	Total Winter Beds
Hypothermia/Overflow/Other (Additional winter Capacity)	244	70/18	0	346
Emergency Shelter Beds	140	143/41	283	0
Transitional / Safe Haven Beds	88	46/8	134	0
TOTALS	472	285/80	417	346

HOMELESS POINT-IN-TIME RESULTS

Montgomery County's homeless point in time survey was conducted on January 23, 2019. A total of 647 homeless persons were counted that day, a decline of 23% from 2018 and 28% from 2017 count. This significant decline in homelessness can be attributed to a multipronged approach to ensuring that all residents experiencing a housing crisis and entering the homeless services system are supported and housed as quickly as possible. Since January of 2016, more than 400 people experiencing homelessness have been placed in permanent housing through the Inside (not Outside) Initiative. In addition to the concentrated effort to end long-term homelessness, the CoC instituted a shelter diversion program for families, leading to a reduction in the number of households entering the homeless continuum. Staff offer support in problem solving and conflict resolution that allows families to resolve their housing crisis quickly. A similar approach is used at the single adult emergency shelters resulting in shorter length of stay. Lastly, the CoC has increased the number of Rapid Rehousing units and made the program more flexible to meet the varying needs of all households.

Households without children experienced an 22% decrease in 2019 from 568 in 2018 to 441 in 2019. There was a decrease of 44% in the number of unsheltered population, 75 in 2019 compared to 133 in 2018. In addition to the annual enumeration Montgomery County plans to conduct quarterly "head counts" of unsheltered persons to identify, engage, and track those experiencing street homelessness.

25

The table below provides a comparison of the past 3 years.

MONTGOMERY COUNTY'S HOMELESS COUNT BY CATEGORY					
Category	2017	2018	2019	Percent Change 2017 to 2019	Percent Change 2018 to 2019
Total Number Counted	894	840	647	-28%	-23%
Total Individuals	616	568	441	-28%	-22%
Total Number of Families	84	86	61	-27%	-29%%
Total Persons in Families	278	278	206	-26%	-26%
Total Adults In Families	106	93	76	-28%	-18%
Total Children in Families	172	185	130	-24%	-30%

The number of households with children headed by transition age youth (18-24 years old) decreased 82% from 11 in 2018 to 2 during the 2019 enumeration. This is an 85% decrease from 2017 enumeration. However, it is not clear that the number of transition age parenting youth households has decreased so drastically. In calendar year 2018, a total of 57 youth-headed households were served in the continuum which is similar to previous years. In July 2018, the CoC began implementing homeless diversion for families with children. Preliminary numbers suggest that nearly 2/3 of all households seeking shelter can resolve their housing crisis without needed emergency shelter. If the trend continues, the CoC will attribute the decline in transition age youth headed households with children to this change in practice. The number of unaccompanied transition age youth decreased in 2019 to 20 (31%) from 2018.

MONTHLY INCOME AND EMPLOYMENT

Among all household types without children including those who are unsheltered, veterans, and transition age youth, 225 or 51% reported some type of monthly income. This is a small increase from 50% in 2018 and a decrease from 52% in 2017. However, of those reporting monthly income 43% reported income from employment compared to 35% percent in 2017. The CoC has recognized the need to support homeless persons in obtaining eligible benefits. A total of 48% percent reported income from Social Security Retirement, Social Security or Veteran Disability, and/or Temporary Disability Assistance Program as their primary source of income. Montgomery County supports



Housing First philosophy and though income is not required to be for permanent supportive housing or rapid rehousing, the CoC has made a concerted effort to connect homeless persons with vocational and employment supportive services. Additionally, emergency shelter staff are more focused on addressing the immediate barriers to housing such as income in their efforts to help individuals rapidly exit.

Among households with children including veterans and transition age youth, the number of adults reporting monthly income was 56 (74%) which increased from 70% in 2018. In addition, 22 (39%) reported income from employment, which is a decrease over the 2018 which was 40%, and a very large decline compared to the 54% income from employment in 2017. Work force development has been identified as a gap in the CoC and must continue to be a priority for all household types. Employment specialist and vocational services are incorporated into Rapid Re-housing and permanent supportive housing contracts. The other primary source of income for households with families included Temporary Aide to Needy Families, Social Security Retirement, Social Security Disability / Survivor benefits which accounted for the income of 36% of this cohort.

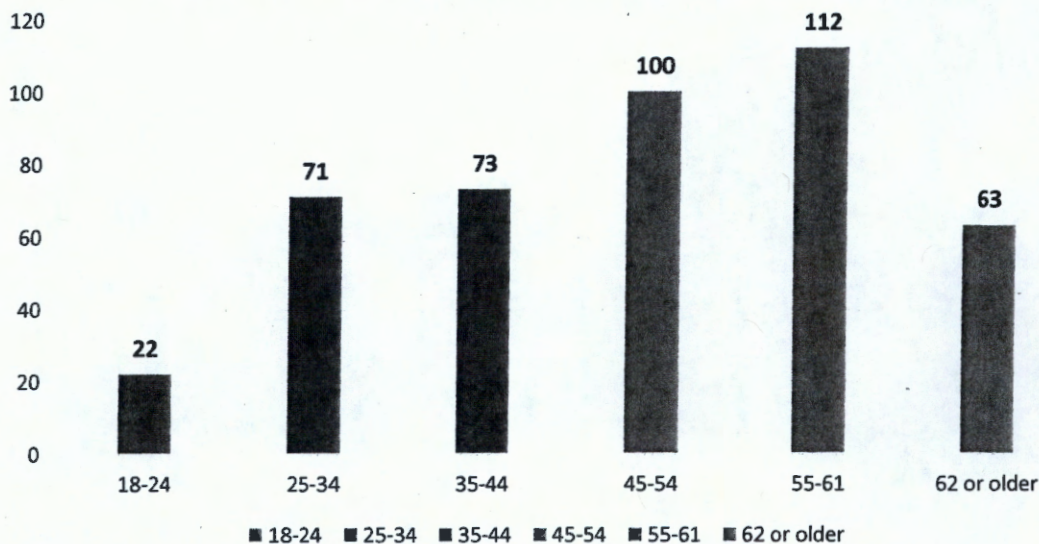
SUBPOPULATIONS

Montgomery County saw declines in every subpopulation with one exception. The greatest decreases were with adults reporting chronic substance abuse, adults living with HIV/AIDS and chronic health conditions. There was a 73% decreased in those reporting substance abuse and a 48% percent decrease in adults reporting chronic health problems. There was a 28% decrease in adults reporting serious mental illness from the 2017 enumeration. There was a 28% decrease in adults reporting co-occurring disorders from 2017. Such significant declines can be attributed to full implementation of the Coordinated Entry System that prioritizes those households with the highest acuity for permanent housing.

	Adults Only in all Households FY17	Adults Only in all Households FY18	Adults Only in all Households FY19	Percent Change 2017 - 2019
Chronic Substance Abuse (CSA)	104	66	28	-73%
Severe Mental Illness (SMI)	175	170	126	-28%
Dual Diagnosis (CSA&SMI)	101	97	73	-28%
Chronic Health Problem	162	144	84	-48%
Living with HIV/AIDS	8	6	2	-75%
Physical Disability	76	110	136	+44%
Domestic Violence Victim History	146	147	106	-27%
Limited English	56	63	32	-43%
U.S. Veterans	33	13	13	-61%
Chronically Homeless	167	124	11	-93%

In the 2019 enumeration, there was a 44% increase in those reporting physical disabilities. This number has been steadily increasing since 2017. This may be a result of the increasing number of older adults entering the homeless system. More than half (62%) of all adults without children are over 45 years old, 40% are over 55, and 14% are older than 62 years old. Research states that people experiencing homelessness die an average of 30 years younger than the average person in the United States. This means that individuals with a history of homelessness age at an increased rate, so those 45 years old may have similar health issues as someone in their 70s.

Age Distribution of Households without Children



Over the past three years, the number of persons fleeing domestic violence has fluctuated, increasing in some years and decreasing in others. This year there was a 69% decrease in the 2019 enumeration from 26 in 2019 to 83 adults in 2018. From 2017 to 2018, the number of persons fleeing domestic violence increased by 35%. The percent of adults reporting a history of domestic violence decreased by 27% since 2017. The CoC cannot attribute the changes to any specific reasons. The CoC continues to prioritize the limited scattered site transitional housing for DV households with minor children and undocumented households.

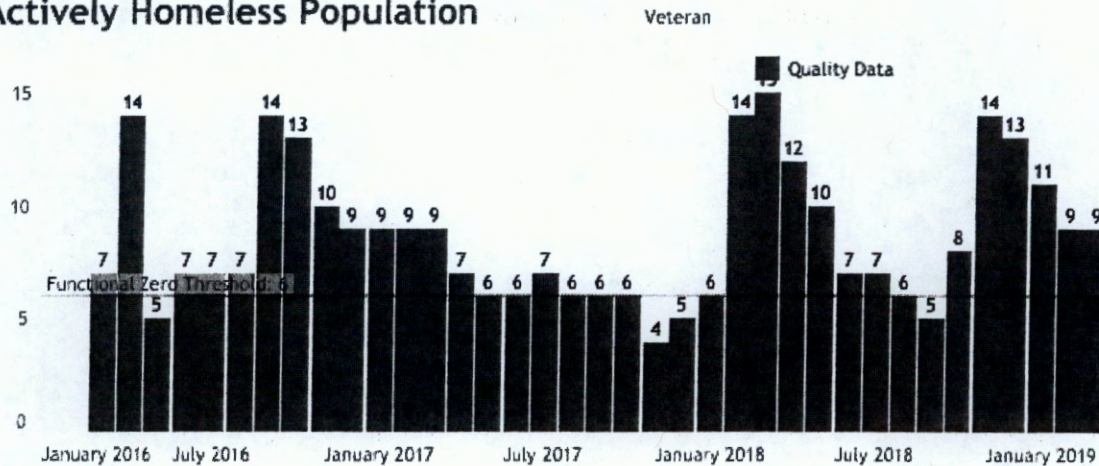
The number of persons experiencing chronic homelessness decreased by 93% during this enumeration. This decrease directly correlates to the efforts of the Inside (not Outside) initiative to end chronic homelessness. Since January 2016, Montgomery County has permanently ended homelessness for over 400 individuals. Regarding households with minor children, the County has monitored this closely and utilized permanent supportive housing options to re-house. Therefore, during this enumeration, there were no chronically homeless households with minor children.

Though Montgomery County achieved the goal of ending Veteran Homelessness in December 2015, sustaining functional zero requires continual monitoring and tracking. During the 2019 enumeration, 13 homeless veterans were counted. This is the same number as the 2018



enumeration. To maintain functional zero, the CoC should average no more than 6 Veterans experiencing homelessness at any given time. As of April 12, 2019, 4 of the 13 homeless veterans have been housed and six are approved for housing with VASH subsidies and through SEPH's permanent supportive non-profit providers.

Actively Homeless Population



PERMANENT HOUSING

From 2017 to 2019, the number of units of permanent housing in Montgomery County has increased by 16% from 1,138 to 1,361. County officials remain committed to investing new local resources for permanent supportive housing, rapid rehousing, and shallow subsidies. As stated earlier, the CoC seeks to provide access to housing to all people experiencing homelessness. This requires creativity and an ability to leverage federal and state resources. Montgomery County continues to receive funding from the Maryland Department of Housing and Community Development and hopes to increase the amount in future years. Additionally, the Housing Opportunities Commission, the local public housing authority was awarded 99 new non-elderly disabled vouchers, resulting in 24 known homeless households being selected to receive a housing voucher. Lastly, SEPH continues to advocate for a revision to the County Rental Assistance Program to all for larger subsidies and more flexibility. Currently the program provides a maximum of \$200 shallow subsidy for households with minor children, or households without minor children that have a disability or are at least 62+ years of age. Of the program participants, 42% are over 62 years of age.

Rapid Re-housing

Montgomery County remains a high cost geographical area which poses challenges for households with minimal education and income to obtain and maintain housing without an on-going subsidy. Although Montgomery County has begun to increase the number of Rapid Rehousing slots, there is

still a gap of approximately 350 units for both individuals and families according to the 2017 gap analysis of the CoC.

Beginning in August 2017, Montgomery County began a re-design of the RRH program from a fixed subsidy (\$400 per month for singles, \$600 per month for families) program to a flexible subsidy with re-evaluations of subsidy and need every ninety days. The program will also accept households with no income and work with them in obtaining temporary eligible benefits and on-going employment and pays the security deposit and first month rent to allow the household to transition from homelessness into stable housing. In coordination with the Learning Collaborative and the Coordinated Entry policy, the County has increased staffing to include a housing locator for landlord engagement and to develop a "housing stock". The goal is to serve more households more effectively by reducing the length of stay from 12 months to 4-6 months.

Permanent Supportive Housing and Other Permanent Housing

Through the Inside (not Outside) Initiative, Montgomery County created more permanent supportive housing by increasing funding for the Housing Initiative Program (HIP). The program is unique in that the support services and reimbursement rates are based on acuity and change over time. By basing reimbursement rates on acuity, the program can serve more households more effectively. This allows providers to increase or decrease services depending on need.

In the 2018 HUD Continuum of Care Competition, Montgomery County was awarded \$538,250 for a new permanent supportive housing program to serve 21 adults with chronic substance use. In addition, Montgomery County applied to the State of Maryland Assistance in Community Integration Services (ACIS) Pilot. The 1115 Medicaid Waiver allows states to bill Medicaid for housing support services including pre-tenancy supports and housing case management. Montgomery County has been approved to provide services to 110 individuals in permanent supportive housing and rapid rehousing programs. This additional resource has allowed the County to reinvest the savings from supportive services into housing subsidies and increase the stock of permanent housing.