



Committee: PHED
Committee Review: Completed
Staff: Naeem M. Mia, Legislative Analyst
Purpose: To make preliminary decisions – straw vote expected
Keywords: HOC, affordable housing, Elizabeth Square

AGENDA ITEM #18
 April 5, 2022
Worksession

SUBJECT

FY23-28 Capital Improvements Program (CIP): Housing Opportunities Commission (HOC)

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
- Mary Beck, Capital Budget Manager, Office of Management and Budget (OMB)
- Anita Aryeetey, Lead Fiscal Policy Analyst, OMB

FISCAL SUMMARY

<i>(\$ in 000s)</i>	<u>6-Year</u> Total	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>Beyond</u> 6-Years
FY21-26, Previously Approved	5,000	1,250	1,250	1,250	1,250	-	-	-
FY23-28, CE Rec	8,205	1,955	1,250	1,250	1,250	1,250	1,250	-
<i>Change from approved (%)</i>	64%	56%	0%	0%	0%	-	-	-
FY23-28, Committee Rec	-	-	-	-	-	-	-	-
<i>Change from approved (%)</i>	-	-	-	-	-	-	-	-
<i>Change from CE Rec (%)</i>	-	-	-	-	-	-	-	-

- The County Executive has included \$8.2 million in the recommended six-year CIP for HOC. This includes funds for one ongoing project (Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements) and one new project (WSSC Sewer and Storm Line Improvements at Elizabeth Square). Two long-standing revolving funds and one loan guarantee are also included.
- The revolving HOC Housing Production Fund (HPF) is funded through the HOC Operating Budget and is not before the Council. The PHED Committee will receive an update on the HPF at its April 25, 2022 worksession.

COMMITTEE RECOMMENDATION

The Planning, Housing, and Economic Development (PHED) Committee reviewed and recommended approval of these projects as recommended by the Executive.

This report contains:

1. Staff Report from March 21, 2022 PHED worksession

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MEMORANDUM

February 24, 2022

TO: Planning, Housing, and Economic Development Committee

FROM: Linda McMillan, Senior Legislative Analyst
Naeem Mia, Legislative Analyst

SUBJECT: FY23-28 Recommended Capital Improvements Program
Housing Opportunities Commission (HOC)

PURPOSE: Worksession; Committee recommendations

Those expected for this worksession:

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
Hyunsuk Choi, Housing Acquisition Manager
Mary Beck, Capital Budget Manager, Office of Management and Budget
Anita Aryeetey, Lead Fiscal Policy Analyst, Office of Management and Budget

FY23-28 Capital Improvements Program

The County Executive has included \$8.2 million in the six-year CIP for HOC. This includes funds for one ongoing project (Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements) and one new project (WSSC Sewer and Storm Line Improvements at Elizabeth Square). Two long-standing revolving funds and one loan guarantee are also included. The revolving HOC Housing Production Fund is funded through the Operating Budget and is not before the Committee at this session.

- Demolition Fund (© 3-4)
- HOC Guarantee Bond Projects (© 5-6)
- HOC MPDU/Property Acquisition Fund (© 7-8)
- HOC Opportunity Housing Development Fund (© 9-10)

- Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements (© 11-12)
- WSSC Sewer and Storm Line Improvements at Elizabeth Square (© 13-14)

1. Demolition Fund

(FY23-28 Recommended PDF © 3-4)

The Council first approved this project as a part of the FY17 CIP to assist HOC with the costs of demolishing the Ambassador Apartments and Emory Grove Village, both of which are outdated and will be re-developed with mixed-income communities. Demolition of the Ambassador and adjacent mattress store is complete. This will be the site of the Wheaton Gateway project. Emory Grove Village is scheduled to be demolished in 2022.

Demolition Fund

	TOTAL	Thru FY22	6 Years	FY23	FY24	FY25	FY26	FY27	FY28
HOC/CE Rec	1,900	1,900	0	0	0	0	0	0	0

Source of Funds: Current Revenue

Council staff recommendation: Approve as recommended by the Executive.

2. HOC County Guaranteed Bond Projects

(FY23-28 Recommended PDF © 5-6)

This is a continuation of the \$50 million authorization limit for the County Guaranteed Bond Project. This CIP project has been in place since FY94. The PDF says that this project may be used for housing construction and permanent mortgage financing. County guarantee on these HOC revenue bonds may provide coinsurance with appropriate Federal, State, and private insurer on HOC revenue bonds and notes issued to finance new or existing residential units. These bonds are backed by the revenue of developments; by the pledge of subsidy funds if appropriate; and by the full faith and credit of Montgomery County. In the opinion of County bond counsel, inclusion in the CIP is required even though no county funds are required. Although the expenditure schedule shows the funds are fully expended, as of July 1, 2021 there was \$45.885 million in bond capacity.

HOC County Guaranteed Bond Projects

	TOTAL	Thru FY22	6 Years	FY23	FY24	FY25	FY26	FY27	FY28
HOC/CE Rec	50,000	50,000	0	0	0	0	0	0	0

Source of Funds: HOC Bonds

Council staff recommendation: Approve as recommended by the Executive.

3. HOC MPDU/Property Acquisition Fund
(FY23-28 Recommended PDF © 7-8)

This is a revolving loan fund from which HOC is authorized to use up to \$12.5 million at any one time. HOC must use this money for interim financing of MPDUs (in tandem with federal, state or local subsidy programs) or for planning, acquisition, or improvements of sites or existing properties for low- and moderate-income residents that are owned and operated by HOC or its designees. Upon receipt of permanent financing, monies are returned to the fund for reuse. No MPDU may be held by the fund for more than 24 months without an extension from the Director of the Department of Housing and Community Affairs. HOC may determine that a County lump sum subsidy is required to secure independent financing or to meet federal, state, or local program guidelines for itself or its designees, including requirements on affordability. This fund helps to ensure that HOC has the resources to respond promptly to MPDU acquisition. The PDF indicates that as of June 30, 2021 there were \$8.745 million in outstanding draws on this resource.

HOC MPDU/Property Acquisition Fund

	TOTAL	Thru FY22	6 Years	FY23	FY24	FY25	FY26	FY27	FY28
HOC/CE Rec	12,507	12,507	0	0	0	0	0	0	0

Source of Funds: GO Bonds and Current Revenue

Council staff recommendation: Approve as recommended by the Executive.

4. HOC Opportunity Housing Development Fund
(FY23-28 Recommended PDF © 9-10)

This is a revolving fund that provides temporary financing to cover project planning, site improvements, building and construction loan guarantees, construction financing, short-term financing, insurance for permanent financing, notes and bonds, and associated professional and financing fees for housing developments undertaken by HOC or its designees. The fund is repaid when permanent financing is obtained or when other sources of financing are made available from HOC housing developments. The PDF indicates that as of June 30, 2021 there were \$1.88 million in outstanding draws.

HOC Opportunity Housing Development Fund

	TOTAL	Thru FY22	6 Years	FY23	FY24	FY25	FY26	FY27	FY28
HOC/CE Rec	4,500	4,500	0	0	0	0	0	0	0

Source of Funds: Current Revenue

Council staff recommendation: Approve as recommended by the Executive.

5. Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements
(FY23-28 Recommended PDF © 11-12)

This project provides funding for HOC to make ongoing capital improvements to certain HOC-owned housing units for low and very low-income residents. Income from these units is insufficient to cover capital improvements in addition to the ongoing operating costs of the building or scattered site unit. Repairs and improvements may include new windows, roof replacements, installation of energy efficient heating and air conditioning, electrical and plumbing repairs, new flooring, new lighting, new cabinetry, energy efficient appliances, and new bathrooms.

Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements

	TOTAL	Thru FY22	6 Years	FY23	FY24	FY25	FY26	FY27	FY28
HOC/CE Rec	17,375	9,875	7,500	1,250	1,250	1,250	1,250	1,250	1,250

Source of Funds: Current Revenue

Council staff recommendation: Approve as recommended by the Executive.

6. WSSC Sewer and Storm Line Improvements at Elizabeth Square
(FY23-28 Recommended PDF © 13-14)

This project is new for the FY23-28 CIP. WSSC now requires HOC, in coordination with the Purple Line Plan, to install an upsized 15-inch sewer line along the alternative route under the WMATA and CSX tracks to meet capacity for the Elizabeth Square and the proposed HOC Headquarters building at Fenwick Lane and Second Avenue. WSSC requires the revised plan to be in effect before the Elizabeth Housing III and South County Regional Recreation and Aquatic Center building can obtain an occupancy permit. In addition, HOC must install a temporary 15-inch storm line to accommodate the development until the final system is installed by Maryland Transit Authority (MTA)/Purple Line. The upgraded sewer line is estimated to cost \$430,000 and the temporary storm line \$275,000.

WSSC Sewer and Storm Line Improvements at Elizabeth Square

	TOTAL	Thru FY22	6 Years	FY23	FY24	FY25	FY26	FY27	FY28
HOC/CE Rec	705	0	705	705	0	0	0	0	0

Source of Funds: Current Revenue

Council staff recommendation: Approve as recommended by the Executive



Housing Opportunities Commission

AGENCY DESCRIPTION

The Housing Opportunities Commission (HOC) of Montgomery County, Maryland, is a public body corporate and politic that is authorized by State and local law to act as builder, developer, financier, owner, and manager of housing for low- and moderate-income persons in Montgomery County.

The agency was first established in Montgomery County in 1939 and reactivated by the County Council in 1966 as the Housing Authority of Montgomery County. It was retitled in 1974 as the Housing Opportunities Commission of Montgomery County. Specific powers of the HOC include acquiring land; utilizing Federal, State, and County housing subsidies; executing mortgage loans, construction loans, and rent subsidy payments; providing permanent financing; purchasing mortgages; and issuing bonds.

PROGRAM DESCRIPTION AND OBJECTIVES

To meet its public mandate, HOC acts in cooperation with the County Department of Housing and Community Affairs, the Federal Department of Housing and Urban Development, the State Department of Housing and Community Development, local developers, lenders, realtors, and property owners to provide affordable rental and homeownership opportunities. The County, acting through the County Department of Housing and Community Affairs, sets housing policy, part of which is implemented by HOC.

HOC provides assisted housing to three income levels: very low, low, and moderate income households. This objective is achieved, in part, through a full range of Federally-subsidized housing programs which consist of Project Based Rental Assistance, the Federal Tax Credit Program, the Housing Choice Voucher (HCV) Program, and Public Housing Homeownership.

HOC also provides below-market-rate housing through the use of non-County mortgage revenue bonds, as provided for under Federal and State statutes and regulations, in the following programs:

- The Single Family Mortgage Purchase Program, and
- Multifamily Revenue Bond Program.

HOC publishes a Strategic Plan every five years and provides annual updates of the estimated unit production figures. The Strategic Plan provides a full description of the agency's plans for the production of new housing units, maintenance of HOC current housing stock, and the administration of programs and services to customers and persons seeking housing assistance.

During the period covered by the most recent five-year Strategic Plan, below-market-rate housing will be produced under the following programs, some of which receive significant support from the County and other sources:

- Moderately Priced Dwelling Units (MPDU) Program,
- New Construction,
- Acquisition and Rehabilitation,
- Rental Assistance Demonstration (RAD) Program, and
- Homeownership Program.

HIGHLIGHTS

-
- Continue funding to support improvements in deeply subsidized and income restricted units through the Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements project.
 - Add funding for the Washington Suburban Sanitary Commission (WSSC) sewer and storm line improvements at Elizabeth Square and the proposed HOC Headquarters building at Fenwick Lane and Second Avenue in Silver Spring.

PROGRAM CONTACTS

Contact Terri Fowler at [240.627.9507](tel:240.627.9507) or Anita Aryeetey of the Office of Management and Budget at [240.777.2784](tel:240.777.2784) for more information regarding this department's capital budget.

CAPITAL PROGRAM REVIEW

One ongoing project and one stand alone project comprise the County Executive's FY23-28 Recommended Capital Improvements Program for HOC, for a total six-year cost of \$8.2 million. This represents a \$0.3 million or 4.2 percent increase from the Amended FY21-26 total six-year cost of \$7.9 million. The change results from completing HOC's planned demolition projects in FY22 and adding funds for the Washington Suburban Sanitary Commission (WSSC) sewer and storm line improvements at Elizabeth Square and the proposed HOC Headquarters building at Fenwick Lane and Second Avenue in Silver Spring.

In addition, the HOC Capital Program includes two revolving funds for interim financing, as well as one statutorily determined loan guarantee. When all funds are in use, there will be no funding shown in the six-year period. This apparent lack of funding and activity is a reflection that fund capacity has been reached in the three projects. As repayments flow back into the funds, additional expenditures may be made.

The HOC relies on six funding sources to support its Capital Program: Current Revenue: General; General Obligation Bonds; PAYGO; County revolving funds for interim financing with expenditures up to a specified maximum; permanent financing provided by direct Federal Public Housing assistance; and HOC bonds that are guaranteed by the County up to a maximum of \$50 million. Funds are replenished when HOC obtains permanent financing or in certain circumstances, through an additional County appropriation.

For more information on the projects in the HOC Capital Program, refer to the respective project description forms.

STATUTORY AUTHORITY

The Housing Opportunities Commission of Montgomery County ("HOC") is duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, also known as the Housing Authorities Law (Maryland Code Annotated, Housing & Community Development, §§12-101 - 12-705, §§16-101 - 16-407). Per Section 16-107, HOC may only act in accordance with local law or under a contract with Montgomery County. Accordingly, HOC and Montgomery County entered into a Memorandum of Understanding that gives HOC the power to provide affordable housing and related services in the County, including the duties, authorizations, and responsibilities provided in Chapter 25A, Chapter 25B, and Article VI of Chapter 56 of the Montgomery County Code.

HOC's board is comprised of seven (7) Commissioners. The Commissioners are nominated for five (5) year terms by the County Executive and are approved by the County Council. The Commissioners determine HOC's policies, and appoint an Executive Director to carry out the policies and to administer the activities of the Commission.



Demolition Fund

(P091704)

Category	Housing Opportunities Commission	Date Last Modified	01/13/22
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Countywide	Status	Ongoing

EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY21	Est FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Other	1,900	1,094	806	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,900	1,094	806	-	-	-	-	-	-	-	-

FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY21	Est FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Current Revenue: General	1,900	1,094	806	-	-	-	-	-	-	-	-
TOTAL FUNDING SOURCES	1,900	1,094	806	-	-	-	-	-	-	-	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 23 Request	-	Year First Appropriation	FY16
Appropriation FY 24 Request	-	Last FY's Cost Estimate	1,900
Cumulative Appropriation	1,900		
Expenditure / Encumbrances	-		
Unencumbered Balance	1,900		

PROJECT DESCRIPTION

In an effort to replace some of the County's least sustainable affordable housing, deliver amenities not currently present, to return housing to those sites, and embed the new stock of affordable housing within mixed-income communities, the Housing Opportunities Commission (HOC) has vacated its Emory Grove Village and Ambassador properties. The entitlement and permitting process for each site will take from two to four years. In the interim, upon vacating these sites, HOC will demolish the existing buildings while HOC works with its non-profit partners to execute a mixed-income redevelopment strategy for the site.

LOCATION

Gaithersburg and Wheaton, Maryland.

CAPACITY

Demolition of 216 units.

ESTIMATED SCHEDULE

Demolition of the Ambassador was completed in April 2020 and demolition of the mattress store was completed in September 2020. The original Invitation for Bid ("IFB") for the demolition contractor for Emory Grove Village expired before the work commenced and a new IFB for a demolition contractor was issued in April 2021. The Commission approved the award of a new contract under the new IFB at the meeting of the Commission on July 7, 2021 and the contract is currently being executed. The demolition for Emory Grove Village is expected to start in early 2022 and should take approximately 60 days to complete. Once completed, County reimbursement will be completed by the end of FY22.

PROJECT JUSTIFICATION

Both Emory Grove Village and the Ambassador have physical capital needs that far outweigh their ability to support remediation. As both properties are 100 percent affordable, they have no resources available to fund improvements or demolition. Both properties are located on prominent corners. Without County support, these properties would most likely remain vacant for a considerable period of time.

FISCAL NOTE

The estimated cost of demolition for Emory Grove Village is between \$600,000 and \$800,000 and for the Ambassador is between \$1.3 and \$1.5 million.

COORDINATION

Department of Finance, Department of Housing and Community Affairs, and the Department of Permitting Services.



HOC County Guaranteed Bond Projects (P809482)

Category	Housing Opportunities Commission	Date Last Modified	01/09/22
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Countywide	Status	Ongoing

EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY21	Est FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Other	50,000	4,115	45,885	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	50,000	4,115	45,885	-	-	-	-	-	-	-	-

FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY21	Est FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
HOC Bonds	50,000	4,115	45,885	-	-	-	-	-	-	-	-
TOTAL FUNDING SOURCES	50,000	4,115	45,885	-	-	-	-	-	-	-	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 23 Request	-	Year First Appropriation	FY14
Appropriation FY 24 Request	-	Last FY's Cost Estimate	50,000
Cumulative Appropriation	50,000		
Expenditure / Encumbrances	-		
Unencumbered Balance	50,000		

PROJECT DESCRIPTION

This project serves to identify the uses of Housing Opportunities Commission (HOC) bonds for housing construction and permanent mortgage financing. In addition, the County guarantee on these HOC revenue bonds may provide coinsurance with appropriate Federal, State, and private insurers on HOC revenue bonds and notes issued to finance new or existing residential units. These bonds will be backed by the revenues of the developments; by the pledge of subsidy funds if appropriate; and by the full faith and credit of Montgomery County. All developments financed under this approach will be self-supporting. They are included in the Capital Improvements Program (CIP) in order to provide the legal authorization of ultimate County backing of specific projects. This project reflects a total authorization of \$50 million. Control over specific projects which are given County backing is maintained by implementation procedures developed in accordance with local legislation. The legislation provides for specific approval by the County Council, except for certain stated uses for which County Executive approval is permitted, subject to action by the County Council at its discretion.

PROJECT JUSTIFICATION

Relevant legislation and reports include Code of Maryland as amended by State legislation providing for County backing of HOC

bonds; Opportunity Housing legislation; report of the Task Force on Moderate Income Rental; and other studies. In the opinion of County bond counsel, inclusion in the CIP is required even though no County funds will be required.

OTHER

The County General Plan refinement stands in compliance with the General Plan requirement of the Maryland Economic Growth, Resource Protection, and Planning Act. County Master Plans must be in compliance with the General Plan.

FISCAL NOTE

The project has financed the development of housing units at The Oaks at Four Corners (120 units), Magruder's Discovery (134 Section 8 units), Spring Gardens (83 units), Chevy Chase Lake South (68 units), Fairfax Courts (18 units), Montgomery Arms apartments (132 units), The Metropolitan (308 units), Amherst Square (100 units), and Pooks Hill Courtyard (50 units). In FY95, HOC repaid the Magruder's Discovery bond (\$5.7 million) and financed The Metropolitan (\$33.9 million). During FY97, HOC repaid the \$4.1 million bond for The Oaks at Four Corners. In FY98, the bonds that were used to finance The Metropolitan were repaid using bonds guaranteed under the FHA Risk-Sharing program. Subsequently, in FY99, Pooks Hill's Courtyard (50 units) and Landings Edge (100 units), were financed using \$12.9 million in County G.O. bonds. In FY07, HOC Issued \$36.35 Million in Taxable Bond Anticipation Notes to fund the construction of MetroPointe. In 2008, HOC issued \$33.05 million in Fixed-Rate Tax-Exempt Short-Term Notes, which were expected to be redeemed and replaced with Long-Term Variable Bonds in 2009. However, continued dislocation in the Financial Markets necessitated the issuance of another Short-Term Financing. In FY10, HOC issued \$32.3 million in 2 Year Fixed-Rate County Backed Notes which matured on January 1, 2012. Effective December 20, 2011, HOC issued \$33.585 million of Variable-Rate Tax-Exempt Multifamily Housing Development Bonds to, among other things, refinance the FY10 Tax-Exempt Notes guaranteed by the County's General Obligation Pledge. On January 3, 2012, the two-year notes issued in FY10 were repaid thereby releasing the County's General Obligation pledge. The mortgages on the property are insured by FHA pursuant to its Risk Sharing Agreement with HOC. The remaining G.O. Bond capacity as of July 1, 2021 is \$45,884,545.

COORDINATION

Department of Finance and Department of Housing and Community Affairs



HOC MPDU/Property Acquisition Fund (P768047)

Category	Housing Opportunities Commission	Date Last Modified	01/09/22
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Countywide	Status	Ongoing

EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY21	Est FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Land	8,745	8,745	-	-	-	-	-	-	-	-	-
Other	3,762	-	3,762	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	12,507	8,745	3,762	-	-	-	-	-	-	-	-

FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY21	Est FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Revolving Fund: Current Revenue	107	107	-	-	-	-	-	-	-	-	-
Revolving Fund: G.O. Bonds	12,400	8,638	3,762	-	-	-	-	-	-	-	-
TOTAL FUNDING SOURCES	12,507	8,745	3,762	-	-	-	-	-	-	-	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 23 Request	-	Year First Appropriation	FY14
Appropriation FY 24 Request	-	Last FY's Cost Estimate	12,507
Cumulative Appropriation	12,507		
Expenditure / Encumbrances	-		
Unencumbered Balance	12,507		

PROJECT DESCRIPTION

This is a revolving loan fund which authorizes the Housing Opportunities Commission (HOC) to use up to \$12.5 million at any one time for: (a) interim financing, including cost of acquisition and finishing by HOC, of Moderately Priced Dwelling Units (MPDUs) as permitted in Chapter 25A of the Montgomery County Code, provided that the unit is used in tandem with a Federal, State, or local subsidy program and is developed to provide housing to low- and-moderate-income households; and (b) planning, acquisition, and improvement of sites and/or existing properties for low and-moderate-income, single, or multifamily housing facilities, which are to be owned and operated by HOC or its designees. Sites may be land-banked in anticipation of future development when adequate public facilities become available. Upon receipt of permanent financing, monies are returned to the fund for reuse. No MPDU may be held by the fund for more than 24 months. The 24-month maximum holding period may be extended in unusual situations for a limited time upon determination by the Director of the Department of Housing and Community Affairs that such an extension would best support purposes of this program. HOC may determine that a County lump sum subsidy is required to secure independent financing or meet Federal, State, or local program guidelines for itself or its designees. Such write-downs from County funds shall be made only for projects serving households whose incomes do not exceed the following limits: 1/3 units - 80 percent of Washington Metropolitan Area

Median income; 1/3 units - 80 percent of County Median income; and 1/3 units uncontrolled. In the event that a subsidy is undertaken, then in its next CIP submission, HOC shall include a PDF describing the subsidized program and shall request an appropriation sufficient to fully repay this fund.

PROJECT JUSTIFICATION

HOC is continually evaluating transactions that will require interim funding from the revolving fund. These transactions include redevelopment activities of older HOC properties that require significant capital infusion to improve their physical conditions or to redevelop and/or reposition them in their respective market areas. In addition, HOC continues to seek new development opportunities, as well as, the acquisition of existing multifamily developments through the conventional real estate sales market that may require interim financing to facilitate the transaction. The County's right of first refusal law was changed to include all multifamily properties of more than five units. The change in law provides HOC with greater acquisition opportunities to preserve affordability and greater need for gap and bridge financing. HOC sets aside revolving funds to capitalize on opportunities to acquire and preserve rental units as they are offered under the current law.

OTHER

The County General Plan Refinement stands in compliance with the General Plan requirement of the Maryland Economic Growth, Resource Protection, and Planning Act. County Master Plans must be in compliance with the General Plan. Beginning in FY01, as a contribution to affordable housing, HOC was given relief on past due interest payments and is no longer required to pay interest on funding for this project.

FISCAL NOTE

Outstanding draws as of June 30, 2021, totaled \$8,745,231. In FY21, repayments of \$314,381 were made for MPDUs purchased for the Housing Opportunities Commission Home Ownership Program (HOC/HOP), \$96,000 for 800 Bonifant, and \$4,450,000 for Westside Shady Grove. A draw of \$2,320,000 was made for the acquisition of Bradley Boulevard. Repayments of \$2,577,726 are expected in FY22 for Holiday Park (\$101,563), the HOC/HOP program (\$156,163), and Bradley Boulevard (\$2,320,000). The available balance as of June 30, 2021 totaled \$3,761,769. HOC anticipates continued utilization of the revolving fund for MPDU acquisition as well as for the acquisition, development and improvement of real property that expands or stabilizes affordable housing in the County.

COORDINATION

Department of Finance and Department of Housing and Community Affairs.



HOC Opportunity Housing Development Fund (P767511)

Category	Housing Opportunities Commission	Date Last Modified	01/09/22
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Countywide	Status	Ongoing

EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY21	Est FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Planning, Design and Supervision	1,511	1,511	-	-	-	-	-	-	-	-	-
Land	369	369	-	-	-	-	-	-	-	-	-
Construction	2,620	-	2,620	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	4,500	1,880	2,620	-	-	-	-	-	-	-	-

FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY21	Est FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Revolving Fund: Current Revenue	4,500	1,880	2,620	-	-	-	-	-	-	-	-
TOTAL FUNDING SOURCES	4,500	1,880	2,620	-	-	-	-	-	-	-	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 23 Request	-	Year First Appropriation	FY75
Appropriation FY 24 Request	-	Last FY's Cost Estimate	4,500
Cumulative Appropriation	4,500		
Expenditure / Encumbrances	-		
Unencumbered Balance	4,500		

PROJECT DESCRIPTION

The Opportunity Housing Development Fund (OHDF) is a revolving loan fund from which Housing Opportunities Commission (HOC) is authorized to use up to \$4.5 million at any one time. The project provides funds to temporarily cover project planning, site improvements, building construction loan guarantees, construction financing, short-term financing (including second trusts), insurance for permanent financing, notes and bonds, and associated professional and financing fees for housing developments undertaken by HOC or its designees. Since a separate fund is established for site acquisition and Moderately Priced Dwelling Units (MPDU) acquisition, land, and MPDUs shall not be acquired from the OHDF (with the exception of MPDUs acquired under the last resort provision of the MPDU Ordinance). This fund is to be repaid when permanent financing is obtained or when other sources of financing are made available from HOC housing developments. If sufficient funds are not available in the MPDU/Property Acquisition Fund, this fund can also be used, upon County approval, for the acquisition of sites and/or existing properties for low and moderate-income, single, or multi-family housing facilities, which are to be owned and operated by HOC or its designees.

PROJECT JUSTIFICATION

This project assures availability of short-term financing and front-end costs at favorable interest rates for projects determined by HOC and the County to be in support of the County Housing Assistance Plan and housing policy. The fund permits existing and new properties to be reviewed and insured and, in other ways, secures prompt decisions when time demands require them.

OTHER

The County General Plan Refinement stands in compliance with the General Plan requirement of the Maryland Economic Growth, Resource Protection, and Planning Act. County Master Plans must be in compliance with the General Plan. Beginning in FY01, as a contribution to affordable housing, HOC was given relief on past due interest payments and is no longer required to pay interest on funding for this project.

FISCAL NOTE

Outstanding draws as of June 30, 2021 totaled \$1,880,000. Three separate draws totaling \$937,606 were made for pre-development and acquisition costs for Westside Shady Grove, which has been repaid from the construction financing proceeds in February 2021. The other repayment made in FY21 was the annual repayment for Smith Village (\$21,817), which was also its tenth and final payment. A draw of \$1,880,000 was made for the acquisition of Bradley Boulevard Properties. The available balance as of June 30, 2021 totaled \$2,620,000. Repayments totaling \$1,880,000 are projected in FY22 representing the repayment for Bradley Boulevard Properties. HOC anticipates continued utilization of the balance of the OHDF revolving fund for the continued pre-development and acquisition for expanding affordable housing in the County.

COORDINATION

Department of Finance and Department of Housing and Community Affairs.



Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements (P091501)

Category	Housing Opportunities Commission	Date Last Modified	01/09/22
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Countywide	Status	Ongoing

EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY21	Est FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Other	17,375	5,890	3,985	7,500	1,250	1,250	1,250	1,250	1,250	1,250	-
TOTAL EXPENDITURES	17,375	5,890	3,985	7,500	1,250	1,250	1,250	1,250	1,250	1,250	-

FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY21	Est FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Current Revenue: General	17,375	5,890	3,985	7,500	1,250	1,250	1,250	1,250	1,250	1,250	-
TOTAL FUNDING SOURCES	17,375	5,890	3,985	7,500	1,250	1,250	1,250	1,250	1,250	1,250	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 23 Request	1,250	Year First Appropriation	FY15
Appropriation FY 24 Request	1,250	Last FY's Cost Estimate	14,875
Cumulative Appropriation	9,875		
Expenditure / Encumbrances	-		
Unencumbered Balance	9,875		

PROJECT DESCRIPTION

Typical improvements include, but are not limited to, replacement of roofs, windows and doors; improvements to unit interiors such as kitchen and bathroom modernization; replacement of major mechanical, electrical, plumbing systems and equipment; appliance replacement; life-safety improvements; site improvements such as fencing, site lighting, landscaping, and sidewalk and parking lot replacement. In the FY15-20 Capital Improvements Program, this project was expanded to allow these funds to be used for deeply subsidized HOC owned unit improvements on public housing units, pre- and post-conversion.

COST CHANGE

Addition of funding to FY27 and FY28 to this ongoing project.

PROJECT JUSTIFICATION

These properties are original MPDUs that are owned by HOC and are subject to Commission imposed or financing restrictions, or are subject to extended use restrictive covenants in accordance with the Low Income Housing Tax Credit (LIHTC) program, which requires continued affordability. Given the age of the properties, they now need comprehensive renovation but lack the net operating income to generate sufficient proceeds to retire the existing debt and fund the vital renovations. Montgomery County has a higher property standard than the Federal government. In addition, neighbors in the communities with the units expect the properties to be well maintained. Many of these units are scattered throughout the County in communities governed by Home Owner Associations (HOAs), and some have higher standards than the County code. Additional funding is necessary if HOC units are to be maintained at levels consistent with community norms and standards. To stay true to its mandate to provide decent, safe, and sanitary housing to low- and moderate-income residents in Montgomery County and to ensure that its properties and communities are maintained at a level consistent with community norms, HOC will use a combination of its own funds and County funds to make capital improvements to this housing stock.

FISCAL NOTE

The Commission's portfolio includes hundreds of income-restricted scattered site units throughout the County, most approximately 30 years of age. Many of these units were acquired into Low Income Housing Tax Credit limited partnerships more than 15 years ago and are subject to continued affordability restrictions under the LIHTC program. All units in the limited partnerships have now been contributed to HOC making HOC the sole owner of these units. Finally, other units are simply older Moderately Priced Dwelling Units (MPDUs) that continue to be restricted to households of low- and moderate-income. With significant debt remaining on those units, the net operating income from these affordably priced units cannot support both the repayment of that debt and the additional proceeds needed to complete a comprehensive scope of renovation, which includes new windows, roof replacement, installation of energy-efficient heating and air conditioning systems, electrical and plumbing repairs, new flooring, new lighting, new cabinetry, installation of energy-efficient appliances, and new bathrooms.

DISCLOSURES

Expenditures will continue indefinitely.

COORDINATION

Maryland Department of Housing and Community Development, Department of Housing and Community Affairs.



WSSC Sewer and Storm Line Improvements at Elizabeth Square

(P092301)

Category	Housing Opportunities Commission	Date Last Modified	01/13/22
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Silver Spring and Vicinity	Status	Final Design Stage

EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY21	Est FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Site Improvements and Utilities	705	-	-	705	705	-	-	-	-	-	-
TOTAL EXPENDITURES	705	-	-	705	705	-	-	-	-	-	-

FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY21	Est FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Current Revenue: General	705	-	-	705	705	-	-	-	-	-	-
TOTAL FUNDING SOURCES	705	-	-	705	705	-	-	-	-	-	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 23 Request	705	Year First Appropriation	
Appropriation FY 24 Request	-	Last FY's Cost Estimate	-
Cumulative Appropriation	-		
Expenditure / Encumbrances	-		
Unencumbered Balance	-		

PROJECT DESCRIPTION

The original plans approved in 2017 by the Washington Suburban Sanitary Commission (WSSC) for Elizabeth Square included the replacement of the 10-inch sewer line on the west portion of the WMATA and CSX tracks with a 12-inch line that did not go under the tracks. The current proposed Purple Line development design approved by WSSC includes an alternate sewer line routed under the tracks. WSSC now requires HOC, in coordination with Purple Line Plan (PLP), to install an upsize 15-inch sewer line along the alternative route to meet the capacity of both Elizabeth Square and the proposed HOC Headquarters building at Fenwick Lane and Second Avenue. WSSC requires the revised plans to be in effect before the Elizabeth House III and the South County Regional Recreation and Aquatic Center (SCRRAC) building can obtain an occupancy permit.

The current approved contract documents indicate that the new Capital Crescent Trail (located in between Elizabeth House and CSX/Washington Metropolitan Area Transit Authority (WMATA) tracks), including the associated retaining wall, trail and storm systems will be completed by the Maryland Transportation Authority (MTA)/Purple Line. The HOC project will eventually connect into these Capital Crescent Trail storm systems in order to achieve final inspections. However, MTA/Purple Line is not scheduled to install these Capital Crescent Trail storm systems until after the HOC project completion date. As a result, HOC must install a temporary 15-inch storm line to accommodate the Elizabeth House III and South County Regional Recreation and Aquatic Center

(SCRRAC) project until MTA/Purple Line is completed.

PROJECT JUSTIFICATION

There is a need to replace the 10-inch sewer line with a 15-inch one because the flows were too low to meet capacity for Elizabeth Square, including the SCRRAC, and HOC office building. The sewer upgrades work must be implemented prior to March 2022 in order to maintain the overall project schedule and prior to Elizabeth House III and SCRRAC receiving a certificate of occupancy. This work was previously to be undertaken by MTA per the Purple Line project. However, the MTA work has been delayed beyond HOC's projected occupancy date.

FISCAL NOTE

The total estimated projected costs for installing the upgraded sewer line and temporary storm line is \$705,000. Installation of the 15-inch sewer line is estimated at \$430,000 and includes hard costs of \$230,000, soft costs of \$100,000, and a contingency of \$100,000. Installation of the 15-inch temporary storm line is estimated at \$275,000 which includes hard costs of \$100,000, soft costs of \$75,000, and a contingency of \$100,000.

COORDINATION

Department of Finance, Department of Housing and Community Affairs, Department of Permitting Services, Department of General Services, and Maryland Transportation Authority.