



Committee: PHED
Committee Review: Completed
Staff: Naeem M. Mia, Legislative Analyst
Purpose: Final action – vote expected
Keywords: Affordable Housing, HIF

AGENDA ITEM #4K
May 10, 2022
Action

SUBJECT

Supplemental Appropriation to the County Government's FY22 Capital Budget and Amendment to the FY21-26 Capital Improvements Program (CIP), Department of Housing and Community Affairs; \$14,749,992 for Affordable Housing Acquisition and Preservation; (Source of Funds: Loan Repayment Proceeds)

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- Action.
- PHED Committee voted unanimously to approve on May 4, 2022.
- Public hearing on February 8, 2022, at 1:30 p.m.
- Introduction on January 25, 2022.

DESCRIPTION/ISSUE

Montgomery County has a shortage of affordable housing. The Affordable Housing Acquisition and Preservation CIP project is one source of funding for the Housing Initiative Fund (HIF). The HIF provides financing to assist non-profit and other affordable housing developers create and preserve affordable housing. One source of funding to this CIP project is repayments of loans that have been made through the HIF. These repayment funds need to be appropriated.

SUMMARY OF KEY DISCUSSION POINTS

- There is a significant shortage of affordable housing in Montgomery County. The HIF is an important source of financing for the acquisition of properties that are developed or redeveloped for affordable housing.
- As loans are repaid, the proceeds go back to the HIF to be a resource for more affordable housing projects.

Attached:

- | | |
|--------------------|-----|
| 1. Resolution | 1-2 |
| 2. CE Memo and PDF | 3-4 |

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Resolution: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President at the Request of the County Executive

SUBJECT: Amendment to the FY21-26 Capital Improvements Program and Supplemental Appropriation #22-57 to the FY22 Capital Budget
Montgomery County Government
Department of Housing and Community Development
Affordable Housing Acquisition and Preservation (No. 760100),
\$14,749,992 (Source of Funds: Loan Repayment Proceeds)

Background

1. Section 307 of the Montgomery County Charter provides that any supplemental appropriation shall be recommended by the County Executive who shall specify the source of funds to finance it. The Council shall hold a public hearing on each proposed supplemental appropriation after at least one week's notice. A supplemental appropriation that would comply with, avail the County of, or put into effect a grant or a Federal, State or County law or regulation, or one that is approved after January 1 of any fiscal year, requires an affirmative vote of five Councilmembers. A supplemental appropriation for any other purpose that is approved before January 1 of any fiscal year requires an affirmative vote of six Councilmembers. The Council may, in a single action, approve more than one supplemental appropriation. The Executive may disapprove or reduce a supplemental appropriation, and the Council may reapprove the appropriation, as if it were an item in the annual budget.
2. Section 302 of the Montgomery County Charter provides that the Council may amend an approved capital improvements program at any time by an affirmative vote of no fewer than six members of the Council.
3. The County Executive recommends the following capital project appropriation increases:

<u>Project Name</u>	<u>Project Number</u>	<u>Cost Element</u>	<u>Amount</u>	<u>Source of Funds</u>
Affordable Housing Acquisition and Preservation	760100	Land	\$14,749,992	Loan Repayment Proceeds

Amendment to the FY21-26 Capital Improvements Program and Supplemental Appropriation
#22-57
Page Two

4. This increase is needed to appropriate loan repayment funds for the acquisition and/or renovation of properties for the purpose of preserving or increasing the County's affordable housing inventory. Properties may be acquired by the County, non-profit developers, the Housing Opportunities Commission, or other entities that agree to develop or redevelop property for affordable housing. This recommended amendment is consistent with the criteria for amending the Capital Improvement Program because the project must be amended for technical reason.
5. The County Executive recommends an amendment to the FY21-26 Capital Improvements Program and a supplemental appropriation in the amount of \$14,749,992 for Affordable Housing Acquisition and Preservation (No. 760100 and specifies the source of funds as Loan Repayment Proceeds.)
6. Notice of public hearing was given and a public hearing was held.

Action

The County Council for Montgomery County, Maryland, approves the following action:

The FY21-26 Capital Improvements Program of the Montgomery County Government is amended as reflected on the attached project description form and a supplemental appropriation is approved as follows:

<u>Project</u> <u>Name</u>	<u>Project</u> <u>Number</u>	<u>Cost</u> <u>Element</u>	<u>Amount</u>	<u>Source</u> <u>of Funds</u>
Affordable Housing Acquisition and Preservation	760100	Land	\$14,749,992	Loan Repayment Proceeds

This is a correct copy of Council action.

Judy Rupp
Clerk of the Council




OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

M E M O R A N D U M

January 18, 2022

TO: Gabe Albornoz, President, County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Amendment to the FY21-26 Capital Improvements Program and Supplemental Appropriation #22-57 to the FY22 Capital Budget
Montgomery County Government
Department of Housing and Community Development
Affordable Housing Acquisition and Preservation (No. 760100), \$14,749,992

I am recommending a supplemental appropriation to the FY22 Capital Budget and amendment to the FY21-26 Capital Improvements Program in the amount of \$14,749,992 for the Affordable Housing Acquisition and Preservation (No. 760100) project. Appropriation for this project will support affordable housing developments throughout the County.

This increase is needed to appropriate loan repayment funds for the acquisition and/or renovation of properties for the purpose of preserving or increasing the County's affordable housing inventory. Properties may be acquired by the County, non-profit developers, the Housing Opportunities Commission, or other entities that agree to develop or redevelop property for affordable housing. This recommended amendment is consistent with the criteria for amending the Capital Improvement Program because the project must be amended for technical reasons.

I recommend that the County Council approve this supplemental appropriation and amendment to the FY21-26 Capital Improvements Program in the amount of \$14,749,992 and specify the source of funds as Loan Repayment Proceeds.

I appreciate your prompt consideration of this action.

ME:aaa

Enclosure: Amendment to the FY21-26 Capital Improvements Program and Supplemental Appropriation #22-57

cc: Aseem Nigam, Director, Department of Housing and Community Development
Jennifer Bryant, Director, Office of Management and Budget

Affordable Housing Acquisition and Preservation (P760100)

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

Total	Thru FY20	Rem FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
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EXPENDITURE SCHEDULE (\$000s)

Land	372,986	191,238	34,998	146,750	22,000	36,750	22,000	22,000	22,000	22,000	-
TOTAL EXPENDITURES	372,986	191,238	34,998	146,750	22,000	36,750	22,000	22,000	22,000	22,000	-

FUNDING SCHEDULE (\$000s)

Current Revenue: Montgomery Housing Initiative	4,775	2,500	2,275	-	-	-	-	-	-	-	-
HIF Revolving Program	259,425	128,767	32,723	97,935	13,293	8,751	19,053	18,981	18,857	19,000	-
Loan Repayment Proceeds	104,246	55,431	-	48,815	8,707	27,999	2,947	3,019	3,143	3,000	-
Recordation Tax Premium (MCG)	4,540	4,540	-	-	-	-	-	-	-	-	-
TOTAL FUNDING SOURCES	372,986	191,238	34,998	146,750	22,000	36,750	22,000	22,000	22,000	22,000	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 22 Request	22,000	Year First Appropriation	FY01
Supplemental Appropriation Request	14,750	Last FY's Cost Estimate	358,236
Cumulative Appropriation	248,236		
Expenditure / Encumbrances	197,112		
Unencumbered Balance	51,124		

PROJECT DESCRIPTION

This project provides funding for acquisition and/or renovation of properties for the purpose of preserving or increasing the County's affordable housing inventory. The County may purchase properties or assist not-for-profit, tenant, or for-profit entities, or Housing Opportunities Commission with bridge financing to purchase and renovate properties. The monies may be used to purchase properties that are offered to the County under the Right of First Refusal Law or otherwise available for purchase. A portion of the units in these properties must serve households with incomes that are at or below incomes eligible for the Moderately Priced Dwelling Unit (MPDU) program. A priority should be given to rental housing.

PROJECT JUSTIFICATION

To implement Section 25B, Housing Policy, and Section 53A, Tenant Displacement (Right of First Refusal), of the Montgomery County Code. Opportunities to purchase property utilizing the County's Right of First Refusal arise without advance notice and cannot be planned in advance. Properties may be acquired by the County, non-profit developers, HOC or other entities that agree to develop or redevelop property for affordable housing.

OTHER

Resale or control period restrictions to ensure long term affordability should be a part of projects funded with these monies.

FISCAL NOTE

Debt service will be financed by the Montgomery Housing Initiative (MHI) Fund. In addition to the appropriation shown above, future loan repayments are expected and will be used to finance future housing activities in this project. FY22 supplemental in Loan Repayment Proceeds for the amount of \$14,749,992.

DISCLOSURES

Expenditures will continue indefinitely.

COORDINATION

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