

Resolution No.: 20-847
Introduced: May 13, 2025
Adopted: June 10, 2025

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

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

SUBJECT: Supplemental Appropriation #25-72 to the FY25 Operating Budget
Montgomery County Government
Department of Housing and Community Affairs
Montgomery Housing Initiative Fund, \$6,380,000

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 six Councilmembers. A supplemental appropriation for any other purpose that is approved before January 1 of any fiscal year requires an affirmative vote of seven 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. The County Executive has requested the following FY25 Operating Budget appropriation increases for the Department of Housing and Community Affairs:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$6,380,000	\$6,380,000	General Fund Undesignated Reserves

3. This funding will backfill a funding shortfall that the Department of Health and Human Services (DHHS) unexpectedly encountered at the end of FY24. DHCA, DHHS, the Office of Management and Budget (OMB), and the Department of Finance (FIN) coordinated to provide a temporary budget reallocation of DHCA's housing loans to allow DHHS to carry out its commitment to providing direct rental and utility assistance to residents in need.
4. This increase is needed to enable DHCA to maintain adequate resources within the Montgomery Housing Initiative Fund (HIF) to produce and preserve affordable housing. The HIF provides a critical funding source for the County to acquire, rehabilitate, and preserve affordable housing while supporting programs to end and prevent homelessness implemented through DHHS. Due to a shortfall in FY24 Recordation Tax revenues, an increase in County residents seeking direct rental and utility assistance, and a miscalculation of the HIF allocation between DHHS and DHCA, DHHS faced a funding shortfall at the end of FY24 to carry out its commitment. The miscalculation was identified too late in FY24 to request an FY24 supplemental to cover the shortfall. DHCA, DHHS, OMB, and FIN staff coordinated efforts to find a temporary solution to reallocate the designated FY24 budget for housing loans to DHHS so that DHHS could continue to provide direct rental and utility assistance to County residents.
5. The County Executive recommends a supplemental appropriation to the FY25 Operating Budget in the amount of \$6,380,000 for the Montgomery Housing Initiative Fund and specifies that the source of funds will be General Fund Undesignated Reserves.
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:

A supplemental appropriation to the FY25 Operating Budget of the Department of Housing and Community Affairs is approved as follows:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$6,380,000	\$6,380,000	General Fund Undesignated Reserves

This is a correct copy of Council action.



Sara R. Tenenbaum
Clerk of the Council