

Resolution No.:	<u>20-1128</u>
Introduced:	<u>May 21, 2026</u>
Adopted:	<u>May 21, 2026</u>

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: County Council

SUBJECT: Approval of FY 2027-2032 Capital Improvements Program of the Housing Opportunities Commission, and Approval of and Appropriation for the FY 2027 Capital Budget

Background

1. In a spirit of cooperation, the Housing Opportunities Commission sent to the County Executive a 6-year Capital Improvements Program (CIP) for the Housing Opportunities Commission.
2. Section 302 of the County Charter requires the Executive to send to the County Council by January 15 (or the next business day if it falls on a weekend/holiday) in each even-numbered calendar year a 6-year CIP, which the Executive did on January 15, 2026, for the 6-year period FY 2027-2032. Section 302 requires the affirmative vote of at least 6 Councilmembers to approve or modify the Executive's Recommended CIP. After the Council approves a CIP, Section 302 permits the Council to amend it at any time with the affirmative vote of at least 6 Councilmembers.
3. Section 303 of the Charter requires the Executive to send to the Council by January 15 (or the next business day if it falls on a weekend/holiday) in each year a recommended Capital Budget, which the Executive did on January 15, 2026, for FY 2027.
4. As required by Section 304 of the County Charter, the Council held public hearings on the FY 2027-2032 Capital Improvements Program and the FY 2027 Capital Budget.

Action

The County Council for Montgomery County, Maryland approves the following resolution for the Housing Opportunities Commission:

1. For FY 2027, the Council approves the projects and authorizes the amounts by project, which are shown in Part I.

2. The Council reauthorizes the authorizations made in prior years for all capital projects:
 - a) except as specifically reflected elsewhere in this resolution;
 - b) in the amounts and for the purposes specified in the approved CIP for FY 2027-2032; and
 - c) to the extent that those authorizations are not expended or encumbered.
3. The Council approves the projects for the Housing Opportunities Commission (HOC) FY 2027 Capital Budget and FY 2027-2032 Capital Improvements Program as requested by the Housing Opportunities Commission (HOC), except for those projects included in Part II, which are approved as attached.
4. The Council approves the close out of the projects in Part III.
5. If a sign recognizing the contribution of any Federal, State, or local government or agency is displayed at any project for which funds are appropriated in this resolution, as a condition of spending those funds each sign must also expressly recognize the contribution of the County and the County's taxpayers.

This is a correct copy of Council action.



Sara R. Tenenbaum
Clerk of the Council

**PART I: FY27 Capital Budget for
Housing Opportunities Commission**

**The appropriations for FY27 in this Part I are made to implement the projects in the Capital
Improvements Program for FY27 - FY32.**

Project Name (Project Number)	FY27 Appropriation	Cumulative Appropriation	Total Appropriation
Cider Mill Apartments Capital Improvements (P092602)	950,000	250,000	1,200,000
Elizabeth House Demolition (P092302)	250,000	1,500,000	1,750,000
Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements (P091501)	1,250,000	14,875,000	16,125,000
Total - Housing Opportunities Commission	2,450,000	16,625,000	19,075,000

PART II: Approved Projects

The Council approves the projects for the Housing Opportunities Commission (HOC) FY 2027 Capital Budget and FY 2027-2032 Capital Improvements Program as requested by the Housing Opportunities Commission (HOC) on October 9, 2025, except for those projects included in PART II, which are approved as attached.

Project Number	Project Name
Housing Opportunities Commission/Housing (HOC)	
P092602	Cider Mill Apartments Capital Improvements
P092302	Elizabeth House Demolition
P091501	Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements



Cider Mill Apartments Capital Improvements (P092602)

Category	Housing Opportunities Commission	Date Last Modified	05/04/26
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Gaithersburg and Vicinity	Status	Under Construction

Total	Thru FY25	Est FY26	Total 6 Years	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	Beyond 6 Years
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EXPENDITURE SCHEDULE (\$000s)

Site Improvements and Utilities	2,350	-	250	2,100	950	1,150	-	-	-	-	-
TOTAL EXPENDITURES	2,350	-	250	2,100	950	1,150	-	-	-	-	-

FUNDING SCHEDULE (\$000s)

Current Revenue: General	2,350	-	250	2,100	950	1,150	-	-	-	-	-
TOTAL FUNDING SOURCES	2,350	-	250	2,100	950	1,150	-	-	-	-	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 27 Request	950	Year First Appropriation	FY26
Appropriation FY 28 Request	1,150	Last FY's Cost Estimate	250
Cumulative Appropriation	250		
Expenditure / Encumbrances	-		
Unencumbered Balance	250		

PROJECT DESCRIPTION

Cider Mill Apartments ("Cider Mill", or the "Property") is an 861-unit garden-style apartment community in Gaithersburg, MD that serves low- and moderate-income families and individuals, consisting of 345 affordable units with income restricted to households earning up to 50% and 60% of Area Median Income for the Washington, DC metropolitan area and 516 market-rate units. These restricted units were introduced by HOC when it acquired the Property in 2018 under Article 53A of the Montgomery County Code, the Right of First Refusal Ordinance. This project will fund additional security upgrades at this facility.

LOCATION

18205 Lost Knife Cir, Gaithersburg, MD 20886.

CAPACITY

861 units.

ESTIMATED SCHEDULE

To be completed in FY28.

COST CHANGE

Cost change due to the addition of funding to address roof replacements and balcony repairs.

PROJECT JUSTIFICATION

The Property underwent limited unit updates during renovation before acquisition by HOC, but the exterior and structural areas were not addressed. Several roofs have gradually deteriorated, and some require immediate attention and repairs due to water penetration issues and natural deterioration from aging.

One of HOC's primary goals of acquiring Cider Mill was the preservation of an important asset that housed a large number of vulnerable families in an area that was impacted by high crime and susceptible to potentially high rent increases by private investors who invested very little to maintain the property. Since acquisition, HOC has invested over \$7M in capital improvements (including repairs and replacements throughout), demonstrating a commitment to improving the quality of life for the residents.

In FY24, HOC invested \$1.2 million in capital repairs and \$2.1M in maintenance contracts, including about \$800,000 alone for continuous county inspections and deferred maintenance during COVID. Additionally, HOC's commitment to the safety of the residents informed its investment in security measures to maintain health and safety of the residents, including \$408,000 in manned security services and an additional \$249,000 in state-of-the-art cameras. These initiatives, though necessary, have placed a heavy burden on the capital and operational resources of the property and as the property and its systems continue to age the capital needs will only increase until an alternative can be implemented.

In FY25, HOC invested \$1.0 million in capital repairs and \$1.5 million in maintenance contracts.

COORDINATION

Department of Housing and Community Affairs, Montgomery County Police Department



Elizabeth House Demolition (P092302)

Category	Housing Opportunities Commission	Date Last Modified	05/04/26
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Silver Spring and Vicinity	Status	Under Construction

Total	Thru FY25	Est FY26	Total 6 Years	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	Beyond 6 Years
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EXPENDITURE SCHEDULE (\$000s)

	Total	Thru FY25	Est FY26	Total 6 Years	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	Beyond 6 Years
Site Improvements and Utilities	1,750	1,500	-	250	250	-	-	-	-	-	-
TOTAL EXPENDITURES	1,750	1,500	-	250	250	-	-	-	-	-	-

FUNDING SCHEDULE (\$000s)

	Total	Thru FY25	Est FY26	Total 6 Years	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	Beyond 6 Years
Current Revenue: General	1,750	1,500	-	250	250	-	-	-	-	-	-
TOTAL FUNDING SOURCES	1,750	1,500	-	250	250	-	-	-	-	-	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

	250	Year First Appropriation	FY23
Appropriation FY 27 Request	250	Year First Appropriation	FY23
Appropriation FY 28 Request	-	Last FY's Cost Estimate	1,500
Cumulative Appropriation	1,500		
Expenditure / Encumbrances	-		
Unencumbered Balance	1,500		

PROJECT DESCRIPTION

This project supports the County's portion of the estimated expense for demolishing the existing Elizabeth House multifamily building, which is directly adjacent to HOC's Alexander House, HOC's The Leggett, and Montgomery County's South County Regional Recreation and Aquatics Center "SCRRAC"). These are all part of the larger Elizabeth Square redevelopment of a city block in Downtown Silver Spring. Elizabeth Square will be a mixed-income, multigenerational, mixed-use development consisting of three (3) buildings: The Leggett, formerly known as Elizabeth House III, under which will reside the SCRRAC; the redeveloped Elizabeth House; and the renovated Alexander House. One of the key elements of Elizabeth Square will be The Leggett, a highly amenitized, mixed income, senior living community that comprises 106 units of relocated former Public Housing, 134 Low Income Housing Tax Credit units, and 29 market rate units. The SCRRAC will be a place that welcomes people from both surrounding neighborhoods and across the region to a state-of-the-art public aquatic and recreation center, promoting physical health and intergenerational activity. A destination where seniors can thrive within modern residences, benefit from a senior wellness center, and enjoy shopping and dining, surrounded by green spaces and walking paths, for a truly holistic living experience.

Elizabeth House will be demolished in advance of the opening of the SCRRAC facility in the first half of 2023. The total anticipated cost of \$3 million will be shared by the County and HOC. The estimate assumes the cost to prepare the building and site for demolition, obtain necessary permits and County approvals, disconnecting various public utilities, removing, and abating hazardous materials, and providing for contingency fund for project unknowns.

LOCATION

1400 Fenwick Lane, Silver Spring, MD 20910

ESTIMATED SCHEDULE

The Commission selected the Berg Corporation for the demolition at the April 5, 2023, Meeting of the Commission. Notice to Proceed was provided in August 2023 and the demolition activities started immediately as all of the existing tenants had relocated by July 2023. The entire demolition process was expected to conclude by spring/summer of CY 2024. In March of 2024, having substantially demolished the interior of the building, the contractor identified additional work scope from environmental hazards found from the inspection of the interior of the exterior walls of the building. To complete demolition of the building, greater remediation of these environmental conditions related to the deconstruction of the exterior walls was required. These materials had to be properly removed in strict accordance with State and Federal guidelines, hauled offsite, and replaced with clean material for backfill. With the additional scope described above, the demolition is now expected to be completed by the early spring 2026.

COST CHANGE

Increased costs to support additional expenses and remediation of environmental conditions at the site.

PROJECT JUSTIFICATION

Demolishing the Elizabeth House within the specified timeline will provide numerous benefits to the County, including increasing visibility to the SCRRAC from Second Avenue and Fenwick Lane, eliminating security and life safety concerns associated with a building remaining vacant while The Leggett and new SCRRAC facility are fully-operational; reducing disruptions to future residents and occupants, which inherently come with demolishing a building of this scale; and expediting the master planning and predevelopment process for the final component of the Elizabeth Square Master Plan.

FISCAL NOTE

FY23 supplemental in Current Revenue: General for the amount of \$1,500,000. The County and HOC executed a Memorandum of Understanding under which the County will provide a loan of \$1,000,000 from the Housing Initiative Fund to HOC. These funds will be used to offset a portion of the costs associated with the Elizabeth House demolition. HOC received a State Revitalization Program grant in the amount of \$750,000 to offset the additional demolition costs of \$1.8 million.

COORDINATION

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



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

Category	Housing Opportunities Commission	Date Last Modified	12/08/25
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
Planning Area	Countywide	Status	Ongoing

	Total	Thru FY25	Est FY26	Total 6 Years	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	Beyond 6 Years
EXPENDITURE SCHEDULE (\$000s)											
Other	22,375	11,703	3,172	7,500	1,250	1,250	1,250	1,250	1,250	1,250	-
TOTAL EXPENDITURES	22,375	11,703	3,172	7,500	1,250	1,250	1,250	1,250	1,250	1,250	-

	Total	Thru FY25	Est FY26	Total 6 Years	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	Beyond 6 Years
FUNDING SCHEDULE (\$000s)											
Current Revenue: General	22,375	11,703	3,172	7,500	1,250	1,250	1,250	1,250	1,250	1,250	-
TOTAL FUNDING SOURCES	22,375	11,703	3,172	7,500	1,250	1,250	1,250	1,250	1,250	1,250	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)			
Appropriation FY 27 Request	1,250	Year First Appropriation	FY15
Appropriation FY 28 Request	1,250	Last FY's Cost Estimate	19,875
Cumulative Appropriation	14,875		
Expenditure / Encumbrances	-		
Unencumbered Balance	14,875		

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

HOC deployed a new renovation plan that has resulted in significant savings in both the time required to complete the renovations and the final cost. Based on this in-house project management approach, the average cost for units requiring full interior and exterior renovations has decreased to approximately \$64,500, and the average renovation can be completed from start to finish within six weeks. In FY25, fifty-two scattered site units were renovated. Additionally, capital improvements, including full window replacements, roof replacement and other interior and exterior repairs were completed in another ninety-three units. Based on the demonstrated new approach which expended \$2.6 million in FY25 and further obligated all but \$800,000 of the remaining carryover balance through FY26, HOC is requested that the annual funding level be increased to \$2.5 million annually. Additional funding would reduce the timeframe to address the outstanding need and allow HOC to support the ongoing repairs and renovations of these severely distressed scattered site units expediently.

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.

PART III: Capital Improvements Projects To Be Closed Out

The following capital projects are closed out effective June 30, 2026, and the appropriation for each project is decreased by the amount of the project's unencumbered balance.

Project Number

Project Name

No Projects Closeout (on Part III)

Part IV Resolution is not applicable for this agency.