

Resolution No.:	<u>19-868</u>
Introduced:	<u>May 27, 2021</u>
Adopted:	<u>May 27, 2021</u>

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: County Council

SUBJECT: Approval of Amendments to the Approved FY 2021-2026 Capital Improvements Program of the Housing Opportunities Commission, and Approval of and Appropriation for the FY 2022 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 in each even-numbered calendar year a 6-year CIP, which the Executive did on January 16, 2020 for the 6-year period FY 2021-2026. Section 302 requires the affirmative vote of at least 5 Councilmembers to approve or modify the Executive's Recommended CIP. On May 21, 2020, the Council approved a CIP for FY 2021-2026 in Resolution 19-468. 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 in each year a Recommended Capital Budget, which the Executive did on January 15, 2021 for FY 2022.
4. As required by Section 304 of the County Charter, notice of public hearing was given and a public hearing was held.

Action

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

1. For FY 2022, the Council approves the Capital Budget and appropriates the amounts by project as shown in Part I. The expenditure of funds for each item in the Capital Budget must comply with all restrictions and requirements in the project description form for that item, as the form is contained in the Approved CIP as amended by this resolution, and as the CIP is amended by the Council under Charter Section 302 after the resolution is adopted. The Council approves the close-out of the project as shown in Part III.

2. The Council reappropriates the appropriations 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 2021 - 2026; and
 - c) to the extent that those appropriations are not expended or encumbered.

3. 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.

A handwritten signature in black ink, appearing to read "SM Singleton", written over a horizontal line.

Selena Mendy Singleton, Esq.
Clerk of the Council

PART I: FY 2022 CAPITAL BUDGET FOR HOUSING OPPORTUNITIES COMMISSION

The appropriations for FY 2022 in this Part are made to implement the projects in the Capital Improvements Program for FY 2021-2026.

<u>Project #</u>	<u>Project Name</u>	<u>FY 22 Appropriation</u>	<u>Cumulative Appropriation</u>	<u>Total Appropriation</u>
P091501	Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements	\$1,125,000	\$8,750,000	\$9,875,000
TOTAL – HOUSING OPPORTUNITIES COMMISSION		\$1,125,000	\$8,750,000	\$9,875,000

PART II: REVISED PROJECTS

The projects described in this section were revised from, or were not included among, the projects approved by the County Council as they appeared in the Approved FY 2021-2026 Capital Improvements Program (CIP) as of May 21, 2020.

Project # Project Name _____

P091501 Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements Project Approved



Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements

(P091501)

Category	Housing Opportunities Commission	Date Last Modified	05/06/21
SubCategory	Housing (HOC)	Administering Agency	Housing Opportunities Commission
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
EXPENDITURE SCHEDULE (\$000s)											
Other	14,875	4,016	3,484	7,375	1,125	1,250	1,250	1,250	1,250	1,250	-
TOTAL EXPENDITURES	14,875	4,016	3,484	7,375	1,125	1,250	1,250	1,250	1,250	1,250	-

FUNDING SCHEDULE (\$000s)											
Current Revenue: General	14,875	4,016	3,484	7,375	1,125	1,250	1,250	1,250	1,250	1,250	-
TOTAL FUNDING SOURCES	14,875	4,016	3,484	7,375	1,125	1,250	1,250	1,250	1,250	1,250	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)				
Appropriation FY 22 Request		1,250	Year First Appropriation	FY15
Cumulative Appropriation		8,750	Last FY's Cost Estimate	15,000
Expenditure / Encumbrances		-		
Unencumbered Balance		8,750		

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

Reduce \$125K in FY21 due to the County's approved FY21 savings plan.

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: CLOSEOUT PROJECTS

The projects described in this section are approved for closeout in FY 2022.

Project # Project Name _____

None