

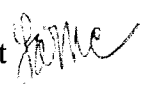
AGENDA ITEM #7  
March 6, 2018

**CIP WORKSESSION**

**MEMORANDUM**

March 2, 2018

TO: County Council

FROM: Linda McMillan, Senior Legislative Analyst 

SUBJECT: **Worksession – FY19-24 Recommended Capital Improvements Program  
Housing Opportunities Commission (HOC)**

PURPOSE: Review and act on PHED Committee recommendations

**Expected Attendees:**

Stacy Spann, Executive Director, HOC  
Gail Willison, Chief Financial Officer, HOC  
Zachary Marks, Assistant Director of New Development  
Terri Fowler, Budget Officer, HOC  
Pofen Salem, Office of Management and Budget

**Summary of PHED Committee Recommendations**

The PHED Committee recommends approval of the Executive's recommendations for the HOC County Guaranteed Bond Projects, HOC MPDU Property Acquisition Fund, HOC Opportunity Housing Development Fund, Supplemental Funds for Deeply Subsidized HOC-Owned Units Improvements, Demolition Fund, and Sprinkler Systems for Elderly Properties (3-0; except 2-0; Councilmember Leventhal absent for Sprinkler Project).

Recommends adding \$300,590 in FY19 Current Revenue to the Capital Needs for 236 Funded Elderly Properties project for heating and cooling system repairs at Town Center Apartments in Rockville. Agreed that if another source of funds can be identified it can be substituted for the new Current Revenue. (Note: After the PHED session, it was determined that \$12,977 in

unencumbered balance can be used, so the amount of new funding is \$287,613.) (2-0; Councilmember Leventhal absent)

Recommends approval of the County Executive's recommendation not to fund HOC's request for planning/feasibility funds for a new headquarters but expressed an interest in a less costly proposal given the current headquarters is on a surplus school site. (2-0; Councilmember Leventhal absent)

Recommends approval of the County Executive's recommendation not to fund HOC's request for funds for underground utilities and offsite improvements association with the development at 900 Thayer. (2-0; Councilmember Leventhal absent)

### **FY19-24 Capital Improvements Program**

The following projects have either been requested by HOC and recommended by the County Executive or requested by HOC but the Executive is not recommending approval.

- HOC Guarantee Bond Projects (©1-2)
- HOC MPDU/Property Acquisition Fund (©3-4)
- HOC Opportunity Housing Development Fund (©5-6)
- Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements (©7-8)
- Demolition Fund (© 9-11)
- Sprinkler Systems for HOC Elderly Properties (©12-13)
- Capital Needs for 236 Funded Elderly Properties (©14-15)
- Predevelopment Funds for HOC Office Headquarters (©16-18)
- Reimburse HOC for Underground Utilities Infrastructure for 900 Thayer (©19-21)

#### **1. HOC County Guaranteed Bond Projects**

(FY19-24 Recommended PDF ©1-2)

Both HOC and the Executive are requesting a continuation of the \$50 million authorization limit for the County Guaranteed Bond Project. The PDF says that this project serves to identify the uses of HOC bonds 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. In the opinion of County bond counsel, inclusion in the CIP is required even though no County funds will be required.

#### **HOC County Guaranteed Bond Projects**

	TOTAL	Thru FY18	6 Years	FY19	FY20	FY21	FY22	FY23	FY24
HOC Request	50,000	50,000	0	0	0	0	0	0	0
CE Recommend	50,000	50,000	0	0	0	0	0	0	0

**The PHED Committee recommends approval as requested by HOC and recommended by the County Executive.**

## **2. HOC MPDU/Property Acquisition Fund**

(FY19-24 Recommended PDF ©3-4)

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 (DHCA). 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. This fund helps to ensure that HOC has the resources to respond promptly to MPDU acquisition.

### **HOC MPDU/Property Acquisition Fund**

	TOTAL	Thru FY18	6 Years	FY19	FY20	FY21	FY22	FY23	FY24
HOC Request	12,507	12,507	0	0	0	0	0	0	0
CE Recommend	12,507	12,507	0	0	0	0	0	0	0

**The PHED Committee recommends approval as requested by HOC and recommended by the County Executive.**

## **3. HOC Opportunity Housing Development Fund**

(FY19-24 Recommended PDF ©8)

This is a revolving fund. It provides the availability of up to \$4.5 million in 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 funds temporarily cover project planning, site improvements, building 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.

### **HOC Opportunity Housing Development Fund**

	TOTAL	Thru FY18	6 Years	FY19	FY20	FY21	FY22	FY23	FY24
HOC Request	4,500	4,500	0	0	0	0	0	0	0
CE Recommend	4,500	4,500	0	0	0	0	0	0	0

**The PHED Committee recommends approval as requested by HOC and recommended by the County Executive.**

**4. Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements**  
(FY19-24 Recommended PDF ©7-8)

This project provides funding for HOC to make ongoing capital improvements to certain HOC-owned housing units for low and very low-income residents (below 60% of area median income). Income from these units is insufficient to cover capital improvements in addition to the ongoing operating costs of the building or scattered site unit. In addition to CIP funding, HOC has at times received funding through the HIF, CDBG, and Federal grants to make repairs and improvements to kitchens, bathrooms, etc. in certain units.

**Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements**

	TOTAL	Thru FY18	6 Years	FY19	FY20	FY21	FY22	FY23	FY24
HOC Request	12,500	5,000	7,500	1,250	1,250	1,250	1,250	1,250	1,250
CE Recommend	12,500	5,000	7,500	1,250	1,250	1,250	1,250	1,250	1,250

Source of Funds: Current Revenue

**The PHED Committee recommends approval of the funding as requested by HOC and recommended by the County Executive.**

**5. Demolition Fund**

(FY19-24 original request from HOC at ©9-10; Executive recommended is at ©11)

The Council approved these funds 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. The HOC original request was based on the FY17-22 Approved CIP. As a part of the FY18 Savings Plan, the Executive recommended, HOC agreed to, and the Council approved deferring \$600,000 of the reimbursement from FY18 to FY20. This is reflected in the Executive's recommended PDF at ©11.

**Demolition Fund**

	TOTAL	Thru FY18	6 Years	FY19	FY20	FY21	FY22	FY23	FY24
HOC Request	1,900	1,300	600	600	0	0	0	0	0
CE Recommend	1,900	700	1,200	600	600	0	0	0	0

Source of Funds: Current Revenue

**The PHED Committee recommends approval of the Executive's recommendation at ©11 which HOC agreed to as a part of the FY18 Savings Plan.**

## 6. Capital Needs for 236 Funded Elderly Properties

(FY19-24 Recommended PDF at ©12-13)

This project is shown to be on the close-out list and no additional funding was requested by HOC or recommended by the Executive. The project was approved to address specific facility needs at two properties for low-income seniors, Town Center Apartments and Bauer Park Apartments. Because of the incomes of the clients served, HOC has tried to minimize rent increases so the buildings do not generate sufficient income to pay for major improvements.

### Capital Needs for 236 Funded Elderly Properties

	TOTAL	Thru FY18	6 Years	FY19	FY20	FY21	FY22	FY23	FY24
HOC Request	730	730	0	0	0	0	0	0	0
CE Recommend	730	730	0	0	0	0	0	0	0

Source of Funds: Current Revenue

Council staff explained that Town Center Apartments has experienced ongoing problems with heat and hot water that became very severe in the past couple of very cold months. Council staff asked HOC to provide information on the cost of making improvements to heating, cooling, and other systems. HOC has provided the following response:

Item	Unit Quantity	Price Per Unit	Total
<b>Building-Wide Heating and Cooling Issues</b>			
Boilers	2	60000	\$ 120,000
Fill valve to boilers	1	750	\$ 750
Flange replacement Hot Water Supply	4	750	\$ 3,000
Chiller compressors	2	10000	\$ 20,000
Hw Recirculation pump - motor only	1	3000	\$ 3,000
Replace air handler unit for hallways	1	5500	\$ 5,500
New hydronic convection units (laundry room and trash room)	2	4500	\$ 9,000
<b>Subtotal Building-Wide Heating and Cooling Issues</b>			<b>\$ 161,250</b>
<b>Building-Wide Repairs</b>			
Roof patching	500	20	\$ 10,000
Exterior door replacement (trash room)	1	3000	\$ 3,000
Elevator repairs	2	15000	\$ 30,000
<b>Subtotal Building-Wide Repairs</b>			<b>\$ 43,000</b>
<b>Unit- REAC Related Issues</b>			
Nurse pull cords replace	230	167.39	\$ 38,500
Window tinting	66	40	\$ 2,640
Fan cool units - thermostat replacement	112	225	\$ 25,200
Fan coil units - motor replacement	30	1000	\$ 30,000
<b>Subtotal Unit- REAC Related Issues</b>			<b>\$ 96,340</b>
<b>Totals</b>			<b>\$ 300,590</b>

- Funding for Town Center Apartments includes the replacement of key building-wide heating and cooling systems, specifically the boilers and valves/flanges, chiller compressors, and two hydronic convection heaters for the ground floor laundry and trash rooms. Replacement of the air handler unit for the common area hallways will also improve circulation of conditioned air in the building. Elevator repairs, roof patching and an exterior door replacement in the trash room from an overhead to a standard double entry door will all greatly reduce maintenance calls for emergent repairs.
- In the units, Staff is proposing to replace the nurse call system which is not operational, tint all the windows on the southern exposure to reduce heat load on the system, and replace the thermostats to the fan coil units.

HOC said that the building is old and they have been making repairs as needed, but these more significant problems were not known when HOC submitted its funding request. Council staff recommended adding \$300,590 to this project in FY19 to allow HOC to make these repairs. The source of funds would be Current Revenue. OMB noted that it may be possible to fund these repairs with a different source of funding, like the Housing Initiative Fund, instead of using Current Revenue. Council staff, OMB, and HOC agreed to follow-up on this suggestion.

**The PHED Committee recommends (2-0; Councilmember Leventhal absent) adding \$300,590 in FY19 Current Revenue to the Capital Needs for 236 Funded Elderly Properties project for heating and cooling system repairs at Town Center Apartments in Rockville. The Committee agreed that if another source of funds can be identified it can be substituted for the new Current Revenue.**

After the PHED Committee worksession, HOC, OMB, and Council staff agreed that \$12,977 unencumbered balance in this project can be used so the additional amount needed is \$287,613. It has not yet been determined if HIF funding can be approved. **At this time, an additional \$287,613 in FY19 Current Revenue is needed.**

## **7. Sprinkler System for HOC Elderly Properties**

(FY19-24 Recommended PDF at ©14-15)

This project provided funding to install sprinkler and fire alarm systems in Holly Hall, Elizabeth House, Arcola Towers, Bauer Park, and Town Center apartments. It is fully funded and recommended for close-out.

### **Capital Needs for 236 Funded Elderly Properties**

	TOTAL	Thru FY18	6 Years	FY19	FY20	FY21	FY22	FY23	FY24
HOC Request	8,820	8,820	0	0	0	0	0	0	0
CE Recommend	8,820	8,820	0	0	0	0	0	0	0

Source of Funds: GO Bonds, Current Revenue, and Paygo

**The PHED Committee recommends approval as requested by HOC and recommended by the County Executive.**

#### **8. Predevelopment Funds for HOC Office Headquarters**

(FY19-24 original request from HOC at ©17-18; Executive recommended is at ©16)

HOC has requested \$2.5 million to conduct a search for suitable office space to replace the current headquarters at 10400 Detrick Avenue in Kensington. HOC notes that the space, a former elementary school, has a number of deficiencies including an inefficient layout, the inability to fully comply with the Americans with Disabilities Act, and physical obsolescence of building systems. The PDF also notes that Montgomery County Public Schools (MCPS) could reclaim the property to meet the needs of the school population.

The Executive does not recommend funding but says that the project should be considered in the context of the Operating Budget due to fiscal constraints.

#### **Predevelopment Funds for HOC Office Headquarters**

	TOTAL	Thru FY18	6 Years	FY19	FY20	FY21	FY22	FY23	FY24
HOC Request	2,500	0	2,500	2,500	0	0	0	0	0
CE Recommend	0	0	0	0	0	0	0	0	0

Source of Funds: Current Revenue

**Council staff checked with MCPS and has been told that reuse of this former school is not currently in any approved plans.** While the building is far from ideal for an office headquarters, Council staff did not recommend funding this request and did not suggest revisiting it during the Operating Budget. Should MCPS include this site in any future plans, Council staff agrees it would be appropriate to assist HOC with locating a new building.

**The PHED Committee recommends approval of the Executive's recommendation not to provide the requested funds. However, the Committee discussed that this is a school site and, while it is a relatively small site, it is in the part of the County that may eventually need additional school sites. Councilmember Riemer said he would be interested in looking at a smaller proposal that would allow for some future planning. (2-0; Councilmember Leventhal absent)**

#### **9. Reimburse HOC for Underground Utilities Infrastructure for 900 Thayer**

(FY19-24 original request from HOC at ©20-21; Executive recommended is at ©19)

HOC has requested \$3 million to help it cover the cost of offsite infrastructure improvements that are required as a condition of developing a multi-family apartment building at 900 Thayer in Silver Spring. HOC purchased this property with conditions that were approved in 2005 when it was proposed by a different developer – and not as an affordable housing development. At the time, the developer also raised objections to the improvements for the public right-of-way, as it was not a part of the project itself, but the Planning Board included the

requirements. HOC says that if it had been the original developer that it is likely the scope of off-site improvements would be far less.

The Executive does not recommend funding but says that the project should be considered in the context of the Operating Budget due to fiscal constraints.

**Reimburse HOC for Underground Utilities for 900 Thayer**

	TOTAL	Thru FY18	6 Years	FY19	FY20	FY21	FY22	FY23	FY24
HOC Request	3,000	0	3,000	3,000	0	0	0	0	0
CE Recommend	0	0	0	0	0	0	0	0	0

Source of Funds: Current Revenue

HOC did receive approval from the Planning Board to modify certain aspects of the proposal, including eliminating the parking garage. HOC did not request a change to the off-site requirements. HOC provided Council staff with the following comments.

- HOC did not request of Planning the deletion of the requirement for the improvements to the right-of-way. That request would have been a major change to the project's approvals and would have resulted in a delay of six months to a year (or more). The community views the improvements to the right-of-way as a settled, major proffer; and there would have been significant resistance to the Planning Commission's removing the requirement.
- The requested amendments that HOC did make were very minor: 1) staff has broad authority to waive on-site parking within the CR zone (and as parking garages are not viewed as architecturally beneficial, removing them is not viewed as compromising architectural approvals); 2) the height of the building was increased by only six inches (whereas a request for a meaningful increase in height would have been viewed as a major change much in the same way as the removal of the ROW improvements); 3) the increase to the public space was also minor, and replacing a garage entrance with additional public space was an unequivocal, uncontroversial good; and 4) as the rooftop amenity added no height to the building (neither did the solar panels HOC has added to the plan), the Planning Commission was simply ensuring, by quick review, no negative architectural impact.
- As a RAD deal -- one which will move 84 aging, deeply subsidized family units to the center of the Silver Spring CBD -- 900 Thayer is a crucial part of HOC's portfolio conversion of and reinvestment in all of the County's Public Housing. Any major delay to the construction start of 900 Thayer would have come at great cost to HOC and put the portfolio conversion at risk. So, HOC is moving forward with 900 Thayer, as it must. The fact remains that the County is getting \$3MM in utility and thoroughfare improvements that are not essential to 900 Thayer at the cost of a deeply affordable housing community.



Council staff did not recommend funding this request. HOC regularly works with DHCA on appropriate levels of assistance for projects which are then provided through the Housing Initiative Fund (for example, Elizabeth Square). Council staff understands that there were discussions and DHCA decided, based on its analysis, not to provide this requested financial support for this project. Council staff supports this process and did not recommend a separate CIP project for 900 Thayer.

**The PHED Committee recommends approval of the County Executive's recommendation not to fund this request from HOC. (2-0; Councilmember Leventhal absent)**



## HOC Cty Guaranteed Bond Projects (P809482)

<b>Category</b>	Housing Opportunities Commission	<b>Date Last Modified</b>	01/03/18
<b>SubCategory</b>	Housing (HOC)	<b>Administering Agency</b>	Housing Opportunities Commission
<b>Planning Area</b>	Countywide	<b>Status</b>	Ongoing

### EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Other	50,000	-	50,000	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>50,000</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
HOC Bonds	50,000	-	50,000	-	-	-	-	-	-	-	-
<b>TOTAL FUNDING SOURCES</b>	<b>50,000</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 19 Request	-	Year First Appropriation	FY14
Appropriation FY 20 Request	-	Last FY's Cost Estimate	50,000
Cumulative Appropriation	50,000		
Expenditure / Encumbrances	50,000		
Unencumbered Balance	-		

## 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

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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**

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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**

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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, 2017 is \$43,737,287.

## **Coordination**

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Department of Finance



# HOC MPDU/Property Acq Fund (P768047)

<b>Category</b>	Housing Opportunities Commission	<b>Date Last Modified</b>	01/03/18
<b>SubCategory</b>	Housing (HOC)	<b>Administering Agency</b>	Housing Opportunities Commission
<b>Planning Area</b>	Countywide	<b>Status</b>	Ongoing

## EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Land	2,336	2,336	-	-	-	-	-	-	-	-	-
Site Improvements and Utilities	1,915	1,915	-	-	-	-	-	-	-	-	-
Other	8,256	1,981	6,275	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>12,507</b>	<b>6,232</b>	<b>6,275</b>	-	-	-	-	-	-	-	-

## FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Revolving Fund: Current Revenue	107	107	-	-	-	-	-	-	-	-	-
Revolving Fund: G.O. Bonds	12,400	6,125	6,275	-	-	-	-	-	-	-	-
<b>TOTAL FUNDING SOURCES</b>	<b>12,507</b>	<b>6,232</b>	<b>6,275</b>	-	-	-	-	-	-	-	-

## APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 19 Request	-	Year First Appropriation	FY14
Appropriation FY 20 Request	-	Last FY's Cost Estimate	12,507
Cumulative Appropriation	12,507		
Expenditure / Encumbrances	6,232		
Unencumbered Balance	6,275		

## 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

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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**

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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 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**

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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 FY'01, 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**

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Outstanding draws as of June 30, 2017, totaled \$6,231,846. Repayments of \$3,424,915 were made in FY17 for Pooks Hill-midrise (\$66,500), Holiday Park (\$101,563), and Housing Opportunities Commission Home Ownership Program (HOC/HOP) (\$3,256,852). Repayments of \$3,962,089 are expected in FY18 for Pooks Hill-midrise (\$66,500), Timberlawn (\$1,914,699), and HOC/HOP program (\$1,980,890). HOC anticipates continued utilization of the revolving fund for the MPDU acquisition for the HOC/HOP (\$2,500,000) as well as for the construction of 900 Thayer, a Rental Assistance Demonstration (RAD) relocation multi-family development located in downtown Silver Spring (\$5,000,000).

## **Coordination**

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Department of Finance, Department of Housing and Community Affairs



## HOC Opportunity Housing Dev Fund (P767511)

<b>Category</b>	Housing Opportunities Commission	<b>Date Last Modified</b>	01/03/18
<b>SubCategory</b>	Housing (HOC)	<b>Administering Agency</b>	Housing Opportunities Commission
<b>Planning Area</b>	Countywide	<b>Status</b>	Ongoing

### EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Land	4,500	2,720	1,780	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>4,500</b>	<b>2,720</b>	<b>1,780</b>	-	-	-	-	-	-	-	-

### FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Revolving Fund: Current Revenue	4,500	2,720	1,780	-	-	-	-	-	-	-	-
<b>TOTAL FUNDING SOURCES</b>	<b>4,500</b>	<b>2,720</b>	<b>1,780</b>	-	-	-	-	-	-	-	-

### APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 19 Request	-	Year First Appropriation	FY75
Appropriation FY 20 Request	-	Last FY's Cost Estimate	4,500
Cumulative Appropriation	4,500		
Expenditure / Encumbrances	2,720		
Unencumbered Balance	1,780		

## 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

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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.

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## **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.

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## **Fiscal Note**

Outstanding draws as of June 30, 2017 totaled \$2,719,569. Repayments totaling \$89,198 were made in FY17 consisting of annual repayments for Smith Village (\$21,817) and Alexander House (\$67,381) loans. Repayments totaling \$89,198 are projected in FY18 representing annual loan payments for Smith Village and Alexander House.

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## **Coordination**

Department of Finance, Department of Housing and Community Affairs



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

<b>Category</b>	Housing Opportunities Commission	<b>Date Last Modified</b>	12/08/17
<b>SubCategory</b>	Housing (HOC)	<b>Administering Agency</b>	Housing Opportunities Commission
<b>Planning Area</b>	Countywide	<b>Status</b>	Ongoing

## EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Other	12,500	3,750	1,250	7,500	1,250	1,250	1,250	1,250	1,250	1,250	-
<b>TOTAL EXPENDITURES</b>	<b>12,500</b>	<b>3,750</b>	<b>1,250</b>	<b>7,500</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>-</b>

## FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Current Revenue: General	12,500	3,750	1,250	7,500	1,250	1,250	1,250	1,250	1,250	1,250	-
<b>TOTAL FUNDING SOURCES</b>	<b>12,500</b>	<b>3,750</b>	<b>1,250</b>	<b>7,500</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>-</b>

## APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 19 Request	1,250	Year First Appropriation	FY15
Appropriation FY 20 Request	1,250	Last FY's Cost Estimate	10,000
Cumulative Appropriation	5,000		
Expenditure / Encumbrances	-		
Unencumbered Balance	5,000		

## 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 both pre- and post- conversion.

## Capacity

Income-restricted HOC owned units restricted to households making less than 60% of the median income for the Washington Metropolitan statistical area.

## Cost Change

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The increase is due to the addition of FY23 and FY24.

## **Project Justification**

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These properties are original MPDUs that are owned by HOC and are subject to Commission imposed or financing restrictions, or have approximately 15 years left on the Low Income Housing Tax Credit (LIHTC) restrictive covenants requiring continued affordability. Given the age of the properties, they now need comprehensive renovation but lack the net operating income to generate sufficient proceeds to both 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. In an effort 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**

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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 a Low Income Housing Tax Credit limited partnership more than 15 years ago and are subject to continued affordability restrictions under the LIHTC program. In addition, there are limited partnerships that are expected to contribute units to HOC and, upon doing so; HOC becomes 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**

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A pedestrian impact analysis will be performed during design or is in progress. Expenditures will continue indefinitely.

## **Coordination**

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



## Demolition Fund (P091704)

<b>Category</b>	Housing Opportunities Commission	<b>Date Last Modified</b>	12/14/17
<b>SubCategory</b>	Housing (HOC)	<b>Administering Agency</b>	Housing Opportunities Commission
<b>Planning Area</b>	Countywide	<b>Status</b>	Planning Stage

### EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Other	1,900	-	1,300	600	600	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,900</b>	<b>-</b>	<b>1,300</b>	<b>600</b>	<b>600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Current Revenue: General	1,900	-	1,300	600	600	-	-	-	-	-	-
<b>TOTAL FUNDING SOURCES</b>	<b>1,900</b>	<b>-</b>	<b>1,300</b>	<b>600</b>	<b>600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 19 Request	600	Year First Appropriation	FY16
Appropriation FY 20 Request	-	Last FY's Cost Estimate	1,900
Cumulative Appropriation	1,300		
Expenditure / Encumbrances	-		
Unencumbered Balance	1,300		

## Project Description

In an effort to replace some of the County's least sustainable affordable housing, deliver amenities not currently present along with the return of 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 property and is beginning the process of vacating its Ambassador property. 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 such that they do not become blights on the surrounding neighborhoods.

## Location

Gaithersburg and Wheaton

## Capacity

Demolition of 216 units

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## **Estimated Schedule**

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Demolition of Emory Grove Village will take approximately three months. Demolition of the Ambassador will take approximately five months. HOC anticipates demolition of the Ambassador in FY'18. HOC has requested an acceleration of the funding from FY'19 to FY'18 for the Emory Grove; if approved, the demolition will occur in FY'18.

## **Project Justification**

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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 and would remain vacant for a considerable period of time.

## **Fiscal Note**

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

## **Coordination**

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

# EXECUTIVE RECOMMENDATION



## Demolition Fund (P091704)

<b>Category</b>	Housing Opportunities Commission	<b>Date Last Modified</b>	12/14/17
<b>SubCategory</b>	Housing (HOC)	<b>Administering Agency</b>	Housing Opportunities Commission
<b>Planning Area</b>	Countywide	<b>Status</b>	Planning Stage

### EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Other	1,900	-	700	1,200	600	600	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,900</b>	<b>-</b>	<b>700</b>	<b>1,200</b>	<b>600</b>	<b>600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Current Revenue: General	1,900	-	700	1,200	600	600	-	-	-	-	-
<b>TOTAL FUNDING SOURCES</b>	<b>1,900</b>	<b>-</b>	<b>700</b>	<b>1,200</b>	<b>600</b>	<b>600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### COMPARISON (\$000s)

	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years	FY 19 Approp.
Prior Year Approved	1,900	-	1,300	600	600	-	-	-	-	-	-	-
Agency Request	1,900	-	1,300	600	600	-	-	-	-	-	-	600
Recommended	1,900	-	700	1,200	600	600	-	-	-	-	-	-

CHANGE	TOTAL	%	6-YEAR	%	APPROP.	%
Agency Request vs Prior Year Approved	-	-	-	-	600	-
Recommended vs Prior Year Approved	-	-	600	100.0%	-	-
Recommended vs Agency Request	-	-	600	100.0%	(600)	-100.0%

## Recommendation

Approve with Modifications. The Executive recommends delaying funding for demolition of Emory Grove Village until FY20 due to affordability. HOC is willing to receive reimbursement for demolition costs in FY20 as part of an FY18 savings plan.



## Capital Needs for 236 Funded Elderly Properties (P137601)

<b>Category</b>	Housing Opportunities Commission	<b>Date Last Modified</b>	12/13/17
<b>SubCategory</b>	Housing (HOC)	<b>Administering Agency</b>	Housing Opportunities Commission
<b>Planning Area</b>	Rockville	<b>Status</b>	Ongoing

### EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Site Improvements and Utilities	730	285	445	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>730</b>	<b>285</b>	<b>445</b>	-	-	-	-	-	-	-	-

### FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Current Revenue: General	730	285	445	-	-	-	-	-	-	-	-
<b>TOTAL FUNDING SOURCES</b>	<b>730</b>	<b>285</b>	<b>445</b>	-	-	-	-	-	-	-	-

### APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 19 Request	-	Year First Appropriation	FY09
Appropriation FY 20 Request	-	Last FY's Cost Estimate	730
Cumulative Appropriation	730		
Expenditure / Encumbrances	-		
Unencumbered Balance	730		

## Project Description

The project provides funding for improvements at Town Center Apartments to include replacements of shower pans in the handicapped units, replacement of the air handler in the community room, and replacement of the windows. Improvements at Bauer Park Apartments include replacement of the HVAC equipment, hall convectors, overhauling the chiller and boilers, replacement of the condenser pumps and motors, and installing an emergency generator. Bauer Park Apartments and Town Center Apartments are two elderly 236 properties located in Rockville, Maryland. Bauer Park Apartments is a three building, 142-unit garden style apartment complex, built in 1978. Town Center Apartments is a 112 unit, ten story high-rise, built in 1977. The 236 properties offer affordable housing for seniors. Rent increases are based on the budgeted expenses for the properties which does not allow for cash flow on an annual basis. In addition, rents are based on 30% of tenant income. The majority of the residents are on fixed incomes. The Board of Directors has continued to implement rent increases over the last few years in order to increase operational revenues. However, based on the 236 program, rents have only been raised 6% annually to avoid a hardship on this segment of the low income population that has limited options for affordable housing.

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## Location

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Rockville

## Capacity

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254 units

## Estimated Schedule

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Work is scheduled to be completed by the end of FY18.

## Project Justification

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Both properties have depleted their reserves to the HUD minimum required amount that must be maintained on each property. These properties are each over 34 years old. Neither property has undergone comprehensive renovation, and both are in need of significant building systems and envelope upgrades due to functional obsolescence. Both properties, in most cases, have their original equipment and, due to a lack of Federal funds and property reserves, have been unable to make all of the needed improvements. The critical improvements that are immediately required are: HVAC systems and equipment replacements, replacement of windows, replacement of failed shower drain pans, and the installation of an emergency generator for health-safety reasons. A physical needs assessment was recently completed for the properties which showed the needed improvements over a ten-year period. The items that currently need to be addressed are those that have exceeded their useful life. In connection with DHCA's agreement to maintain and ensure an escrow account equivalent to \$1,000 per unit for both Bauer Park Apartments and Town Center Apartments to be used for capital improvements, DHCA has recommended that HOC request funding for the needed improvements.

## Fiscal Note

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Town Center Apartments: \$320,000 to replace shower pans in handicapped units (six units), the air handler in the community room, and windows. Bauer Park Apartments: \$410,000 to replace HVAC equipment and hall convectors, overhaul chiller and boilers, circulating condenser pumps and motors, and install an emergency generator.

## Coordination

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U.S. Department of Housing and Urban Development (HUD), Department of Housing and Community Affairs (DHCA)



## Sprinkler Systems for HOC Elderly Properties (P097600)

<b>Category</b>	Housing Opportunities Commission	<b>Date Last Modified</b>	12/19/17
<b>SubCategory</b>	Housing (HOC)	<b>Administering Agency</b>	Housing Opportunities Commission
<b>Planning Area</b>	Countywide	<b>Status</b>	Ongoing

### EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Planning, Design and Supervision	350	350	-	-	-	-	-	-	-	-	-
Construction	8,470	6,619	1,851	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>8,820</b>	<b>6,969</b>	<b>1,851</b>	-	-	-	-	-	-	-	-

### FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
G.O. Bonds	4,899	3,048	1,851	-	-	-	-	-	-	-	-
Current Revenue: General	100	100	-	-	-	-	-	-	-	-	-
PAYGO	3,821	3,821	-	-	-	-	-	-	-	-	-
<b>TOTAL FUNDING SOURCES</b>	<b>8,820</b>	<b>6,969</b>	<b>1,851</b>	-	-	-	-	-	-	-	-

### APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 19 Request	-	Year First Appropriation	FY09
Appropriation FY 20 Request	-	Last FY's Cost Estimate	8,820
Cumulative Appropriation	8,820		
Expenditure / Encumbrances	6,969		
Unencumbered Balance	1,851		

## Project Description

This project provides for installing sprinkler systems and replacing the fire alarm systems in HOC facilities that house elderly residents. The scope of this project, when fully implemented, is to include Holly Hall, Elizabeth House, Arcola Towers, Bauer Park Apartments, and Town Center Apartments.

## Capacity

651 Units

## Estimated Schedule

Work is scheduled to be completed by the end of FY18.

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## **Project Justification**

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In September 2008, an analysis of building life safety systems for all five of the properties housing elderly residents was completed. The analysis examined fire protection systems and architectural life safety issues for each property, including individual project budgets. The Housing Opportunities Commission owns and manages five buildings for low income independent seniors. The buildings range in age from 29 years to 45 years old and contain a total of 651 apartments. The existing fire protection and detection systems on these properties are original to each property. These systems are prone to failure and must be periodically tested and serviced to ensure proper operation. The cost to upgrade and replace these obsolete systems exceeds available funds from the U.S. Department of Housing and Urban Development (HUD). Technological advances in fire detection and protection systems have rendered these systems obsolete. It is difficult, if not impossible, to find replacement parts, as well as qualified technicians. While these systems do provide a very basic level of protection, the new, modern systems are more reliable and easier to operate and maintain. Most buildings do not have any sprinkler protection at all. Other buildings have only very limited areas (parking garages, foyers, etc.) protected by old, out-of-date sprinkler systems. None have sprinkler protection in the individual apartments. The installation of sprinklers in each apartment, along with state of the art detection and notification equipment such as flame, heat, smoke, carbon monoxide detectors, and specialized detection equipment for the handicapped, while inter-locking these devices with each building system, would afford residents the maximum degree of protection currently available. County law currently mandates that all new buildings include sprinkler systems. The County code "grandfathers" old buildings with regard to sprinkler systems. Recent fires in older buildings have again brought public attention to this issue.

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## **Coordination**

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Housing Opportunities Commission, Montgomery County Fire and Rescue Services



# EXECUTIVE RECOMMENDATION



## Predevelopment Funds for HOC Office Headquarters (P091902)

<b>Category</b>	Housing Opportunities Commission	<b>Date Last Modified</b>	01/03/18
<b>SubCategory</b>	Housing (HOC)	<b>Administering Agency</b>	Housing Opportunities Commission
<b>Planning Area</b>	Countywide	<b>Status</b>	Planning Stage

### EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
<b>TOTAL EXPENDITURES</b>	-	-	-	-	-	-	-	-	-	-	-

### FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
<b>TOTAL FUNDING SOURCES</b>	-	-	-	-	-	-	-	-	-	-	-

### COMPARISON (\$000s)

	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years	FY 19 Approp.
Prior Year Approved	-	-	-	-	-	-	-	-	-	-	-	-
Agency Request	2,500	-	-	2,500	2,500	-	-	-	-	-	-	2,500
Recommended	-	-	-	-	-	-	-	-	-	-	-	-

CHANGE	TOTAL	%	6-YEAR	%	APPROP.	%
Agency Request vs Prior Year Approved	2,500	-	2,500	-	2,500	-
Recommended vs Prior Year Approved	-	-	-	-	-	-
Recommended vs Agency Request	(2,500)	-100.0%	(2,500)	-100.0%	(2,500)	-100.0%

## Recommendation

Not Recommended. The Executive recommends that new projects that require County Revenue funding be considered within the context of the Operating Budget due to fiscal constraints.

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## Predevelopment Funds for HOC Office Headquarters (P091902)

<b>Category</b>	Housing Opportunities Commission	<b>Date Last Modified</b>	01/03/18
<b>SubCategory</b>	Housing (HOC)	<b>Administering Agency</b>	Housing Opportunities Commission
<b>Planning Area</b>	Countywide	<b>Status</b>	Planning Stage

### EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Planning, Design and Supervision	2,500	-	-	2,500	2,500	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>2,500</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Current Revenue: General	2,500	-	-	2,500	2,500	-	-	-	-	-	-
<b>TOTAL FUNDING SOURCES</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>2,500</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 19 Request	2,500	Year First Appropriation
Appropriation FY 20 Request	-	Last FY's Cost Estimate
Cumulative Appropriation	-	
Expenditure / Encumbrances	-	
Unencumbered Balance	-	

## Project Description

• The headquarters location of the Housing Opportunities Commission ("HOC") of Montgomery County is 10400 Detrick Avenue in Kensington (the "Kensington Office"), inside a former elementary school. HOC has occupied this space since 1983, subject to a lease agreement pursuant to which nominal lease payments are required.

The Kensington Office is an adaptive reuse of a former school building which was constructed in 1955. Consequently, there are a number of deficiencies, most of which cannot be easily cured. These include, but are not limited to, physical obsolescence of the building and some of its systems, inefficient layout that would be available in a purpose built office building, and the inability to comply with requirements of the Americans with Disability Act ("ADA"). The Kensington Office is also inconveniently located making client access a challenge for those who rely on public transportation.

Further, Montgomery County Public School ("MCPS"), which has an option on the site, is currently working to identify properties that could be brought back into service to meet the growing population educational needs. In the event 10400 Detrick

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became available, MCPS would likely identify the location as one of these properties.

To effectively carry out its business of delivering affordable housing to persons of eligible income, the Commission requires appropriate administrative office space from which to conduct business. Staff estimates that HOC requires approximately 50,000 square feet of office space for its operations, and it anticipates consolidating the Silver Spring Service Center at a new headquarters site, bringing the estimated requirement to approximately 65,000 square feet of space. Relocating service center operations to a new building would both reduce future costs of HOC operations and more conveniently serve HOC clients.

Therefore, staff proposes the submission of a request for \$2,500,000 from the Montgomery County Capital Improvements Plan for FY'19. If approved, the funds will be used to conduct a search for suitable office space for HOC and to conduct third party studies to construct a new HOC office building or to procure, renovate, and retrofit an existing building.

# EXECUTIVE RECOMMENDATION



## Reimburse HOC for Underground Utilities Infrastructure for 900 Thayer (P091901)

<b>Category</b>	Housing Opportunities Commission	<b>Date Last Modified</b>	01/11/18
<b>SubCategory</b>	Housing (HOC)	<b>Administering Agency</b>	Housing Opportunities Commission
<b>Planning Area</b>	Silver Spring and Vicinity	<b>Status</b>	Planning Stage

### EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
<b>TOTAL EXPENDITURES</b>	-	-	-	-	-	-	-	-	-	-	-

### FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
<b>TOTAL FUNDING SOURCES</b>	-	-	-	-	-	-	-	-	-	-	-

### COMPARISON (\$000s)

	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years	FY 19 Approp.
Prior Year Approved	-	-	-	-	-	-	-	-	-	-	-	-
Agency Request	3,000	-	-	3,000	3,000	-	-	-	-	-	-	3,000
Recommended	-	-	-	-	-	-	-	-	-	-	-	-

CHANGE	TOTAL	%	6-YEAR	%	APPROP.	%
Agency Request vs Prior Year Approved	3,000	-	3,000	-	3,000	-
Recommended vs Prior Year Approved	-	-	-	-	-	-
Recommended vs Agency Request	(3,000)	-100.0%	(3,000)	-100.0%	(3,000)	-100.0%

## Recommendation

Not Recommended. The Executive recommends that new projects that require County Revenue funding be considered within the context of the Operating Budget due to fiscal constraints.



# Reimburse HOC for Underground Utilities Infrastructure for 900 Thayer (P091901)

<b>Category</b>	Housing Opportunities Commission	<b>Date Last Modified</b>	01/11/18
<b>SubCategory</b>	Housing (HOC)	<b>Administering Agency</b>	Housing Opportunities Commission
<b>Planning Area</b>	Silver Spring and Vicinity	<b>Status</b>	Planning Stage

## EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Site Improvements and Utilities	3,000	-	-	3,000	3,000	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,000</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>3,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
Current Revenue: General	3,000	-	-	3,000	3,000	-	-	-	-	-	-
<b>TOTAL FUNDING SOURCES</b>	<b>3,000</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>3,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 19 Request	3,000	Year First Appropriation
Appropriation FY 20 Request	-	Last FY's Cost Estimate
Cumulative Appropriation	-	
Expenditure / Encumbrances	-	
Unencumbered Balance	-	

## Project Description

The Housing Opportunities Commission of Montgomery County (HOC) purchased the 900 Thayer property from a private, market rate developer with the Site Plan already approved. The Site Plan approval for 900 Thayer as a market rate rental community included, as a requirement, the implementation of approximately \$3,000,000 in offsite infrastructure improvements. The improvements include sidewalk replacement and upgrade, utility burial, street lighting relocation, and general streetscape improvements.

All of these improvements are to the public thoroughfare - both sidewalks and streets. These offsite improvements extend to the west on Thayer Avenue beyond three neighboring properties, north on Fenton Street - 200 feet beyond Thayer's southern boundary, including fully improving the sidewalk in front of the neighboring County parking lot.

HOC purchased 900 Thayer already entitled as a way of delivering subsidized, family housing to downtown Silver Spring nearly two years faster than if HOC had begun a new development application on a similar site. Had 900 Thayer been an affordable housing project from its initial application to Planning, it is highly likely that the scope of offsite improvements would have been dramatically reduced. The reduced scope of improvements would have left nearly all of the currently required improvements to the County in the future. An amendment to the approved Site Plan would remove these requirements given the new public benefit

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provided by HOC's plan and would have added significant delay to the start of construction of 900 Thayer (which is expected to begin in October 2017) and upset the surrounding community members who are now justifiably expecting these improvements. These streetscape improvements are not directly supportive of 900 Thayer, and 900 Thayer could be built and operated as designed without nearly any of the offsite improvements. These improvements do improve sidewalk accessibility, pedestrian safety, and aesthetic beauty within the public thoroughfare - all of which are public benefits that HOC, of course, supports. However, the cost of these improvements adds 10% to the construction costs of a new building that will be two-thirds deeply affordable.

Because these costs are physical infrastructure costs related to the County's public thoroughfare and not to inducing affordability, HOC is making this request of the Capital Improvement Program as opposed to the Housing Initiative Fund.

## Estimated Schedule

This work is expected to be completed in FY18 and the Agency is seeking reimbursement from the FY19 County CIP.

## Fiscal Note

The following table is a projection of the costs associated with the project:

UTILITY COMPNAY	TOTAL
PEPCO	\$1,100,000
COMCAST	\$12,600
VERIZON	\$17,850
RCN	\$132,300
PUBLIC STREETLIHGT	\$10,424
Contingency (15%)	\$190,976
TOTAL	\$1,464,150
General Contractor *	\$1,535,850
Total	\$3,000,000

\* Subcontractor, GC Overhead and Fee, Bonds, GC Insurance, and General Conditions. Also, this cost includes a construction management fee for HOC.

Pepco provided an estimate of \$1,100,000 to complete the project. An estimate of \$173,174 for the Comcast, Verizon, RCN and Public Streetlight costs were provided by a dry utility consultant engaged by HOC. In addition, staff requests a 15% contingency. The General Contractor fee is an estimate from CBG Building Company and also includes an HOC Construction Management fee.

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