

Capital Amendment

**Testimony
Housing Production Fund
July 28, 2020**

The League of Women Voters of Montgomery County urges the County Council to join us in supporting the Housing Production Fund.

- We support Montgomery County policies and programs to maintain and increase the much-needed supply of affordable and low-income housing, which this amendment addresses.
- We also support continued reliance on the Montgomery County Housing Opportunities Commission as a major source of affordable housing, especially for very low-income households.

This is a special appropriation to the Housing Opportunities Commission's (HOC) FY21 Capital Budget and amendment to the FY21-26 Capital Improvements Program - \$2,800,000 for Housing Production Fund. Source of Funds: General Fund Reserves Designated for Affordable Housing.

We ask for full support of the County Council for the Housing Production Fund, which would create much needed housing for low-income households. The appropriation and expenditures in fiscal year 2021 will support the first-year cost for \$50 million in HOC-issued bonds to increase the County's supply of housing units. HOC will repay the revolving fund.

This amendment for \$2.8 million is for construction of mixed-income housing in high-rise buildings, in which a minimum of 20% of all units must be affordable to households at or below 50% AMI and 10% of all units must be affordable to households at or below the MPDU income requirements. Stacy Spann, Executive Director of HOC, has stated that he will do his best to include more than 20% of all units for households at or below 50% AMI, whenever possible.

The Housing Production Fund would provide more essential low-income and affordable housing. The July 2020 MoCo Housing Needs Assessment projects a need of over 63,000 new homes between 2020 and 2040 for working and non-working households (seniors/persons with disabilities), 26.6% of which represent households with annual incomes under \$50,000.

More than half of these needed new homes will be multi-family rentals in the next 20 years.

Now there are 14% of county renters living in overcrowded homes. 40% of our police cannot afford to live in the county.

One out of every two new households is low-income (earning under \$50,000 a year), indicating that the county has an increasing share of low-income households. By 2040 the forecast is that 20% of the county population will be 65 or older. Every submarket in Montgomery County faces a supply gap for households earning up to 60 percent of the Area Median Income (AMI). Submarkets with relatively affordable stock have also faced the most significant pricing pressure, leading to the loss of affordably priced units. In 2018, 50% AMI was about \$60,000 for a family of four. The current County median income is \$100,000-\$110,000.

Diane Hibino and Kathy McGuire, Co-Presidents
Sally Roman, Housing Committee Chair