



MONTGOMERY HOUSING ALLIANCE

www.montgomeryhousingalliance.org

A coalition of organizations focused on increasing the rate of preservation and development of affordable housing in Montgomery County

Testimony on Special Appropriation for Housing Opportunities Commission Housing Production Fund

Montgomery Housing Alliance

March 23, 2021

Good afternoon Council President Hucker and members of the Council. My name is Mary Kolar, and I am testifying on behalf of Montgomery Housing Alliance (MHA). MHA is a coalition of organizations focused on increasing the rate of affordable housing preservation and development in Montgomery County. MHA members include non-profit developers, organizations that serve people in need of affordable housing, and other groups who count affordable housing as one of their policy goals.

MHA supports a special appropriation of \$500,000 to the County government's FY21 operating budget for the Housing Opportunity Commission Housing Production Fund. We commend the Joint Planning, Housing, and Economic Development and Government Operations and Fiscal Policy Committee for recommending approval of a \$50 million Housing Production Fund, and thank the full Council for sponsoring the introduction of the special appropriation. The fund will provide a source of construction bridge financing for affordable housing developments in the HOC pipeline. While the HOC production fund is an important step toward addressing the County's affordable housing shortage, it is also critical that the County increase funding available to mission-minded housing providers through the Housing Initiative Fund, especially in light of the urgent need for preservation and production of affordable housing along the Purple Line corridor. To achieve this broader goal, we urge the Council to consider an additional \$50 million bond for the HIF, as well as appropriation of funds for the proposed Affordable Housing Opportunity Fund.

As housing providers and advocates, MHA members recognize the acute need for affordable housing in our region. In 2018, there was a gap of 48,000 units affordable to households with incomes at or below 50% of the area median income, and over the next two decades the percentage of households in the County with incomes below \$50,000 is expected to grow. Prior to the pandemic, half of tenants in Montgomery County were already cost burdened – paying more than 30% of adjusted income toward rent; over the past several months, need has only deepened. Additionally, the coronavirus crisis has further highlighted the racial and economic



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inequities that exist in the County's housing market, which are exacerbated by a lack of affordable units.

We applaud the Council's commitment to affordable housing programs, including emergency rental assistance, and your unanimous affirmation of the housing targets identified in the 2019 Council of Governments report. In order to make meaningful progress toward meeting these targets, housing providers need both short-term acquisition financing and longer-term bond financing that will provide take-out funds for loans obtained through the Affordable Housing Opportunity Fund. Robustly funding the HOC production fund, the HIF, and the Affordable Housing Opportunity Fund will provide ready resources to purchase and preserve affordable housing; this is critical in order to stem further loss of affordable units and to produce new units at the magnitude required to address growing need.

Thank you for the opportunity to provide input as you consider this matter.



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