



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 the Montgomery County FY25 Capital Budget Montgomery Housing Alliance

February 7, 2023

Good afternoon Council President Friedson and members of the Council. My name is Mary Kolar, and I am testifying on behalf of Montgomery Housing Alliance (MHA), a county-wide coalition of affordable housing providers and advocates across the housing continuum.

The County Executive's proposed capital budget includes historic levels of funding for affordable housing production and preservation. As you take up the budget, Montgomery Housing Alliance strongly urges you to retain this level of funding, in order to meet housing targets.

Over the past several years, the Council has prioritized housing, especially affordable housing, and made major strides on the issue. Yet we know we still must add tens of thousands of units of housing over the next decade, the majority of which must be affordable to low to moderate-income households. The scope of funding included in the proposed CIP will allow the county to meaningfully build on the important progress we have made.

As housing providers and advocates, we know that this level of funding is needed now. MHA members and development partners have projects in the pipeline with funding needs that even exceed the historic increases in the proposed budget. We know that the Department of Housing and Community Development is fielding funding requests for FY25 that far outpace available funds. Over the past few years, rising interest rates, labor shortages, and dramatically rising construction costs have resulted in major funding gaps that threaten to derail or significantly delay pipeline projects.

The Council is well aware of the on-the-ground effects of the housing shortage. Half of Montgomery County households are housing cost burdened, paying over 30% of their income toward housing costs. Further, over 20,000 renter households pay more than *half* of their incomes toward rent. Every day these families must make impossible choices between paying for housing and paying for other critical priorities like education, health care, and reliable transportation. The level of funding in the proposed CIP deepens the investments the county has made in affordable housing over the past several years; this scope of funding is critical in



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order to produce affordable units at the necessary scale to ensure a diverse, vibrant, and economically robust Montgomery County where all residents have homes they can afford.

We applaud the Council's ongoing commitment to housing, and your efforts to craft innovative policy tools to address the real and significant need that persists. But without a transformative level of investment in housing development and preservation, we will fall short of addressing all our crucial housing needs. We strongly urge you to pass a budget that includes the proposed levels of funding for the HIF, the Nonprofit Preservation Fund, and other housing priorities.

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



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