



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 Fiscal Year 2025 Operating Budget Montgomery Housing Alliance

April 9, 2024

Good evening 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.

As you take up the County Executive's proposed budget, MHA strongly encourages you to include the highest possible level of funding for affordable housing. The proposed budgets has record levels of funding for affordable housing programs, especially the HIF and other capital programs. We commend the Council and the County Executive for budgeting consistent increases for housing funding over the past several years. To truly and meaningfully address need, however, the county must significantly increase the scope of funding for housing preservation and development.

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 over 30,000 of housing over the next decade, including 20,000 units outside of Rockville and Gaithersburg, the majority of which must be affordable to low to moderate-income households. The County Executive's proposed budget includes historic levels of funding for affordable housing production and preservation, but funding need for projects far exceeds even this level of funding. We know that there are projects in need of at least \$200 million in funding – the true need is likely even higher. MHA member organizations alone have pipeline projects in need of over \$170 million (see attached chart). Further, with higher construction costs, labor costs, insurance costs, and interest rates, each dollar of funding builds less today than it did a year ago. As projects wait for funding, costs compound, jeopardizing whether projects can move forward. In order to meet the county's targets, housing providers need a variety of capital at a much higher level than is included in the proposed budget.

Several additional budget priorities critically support affordable housing. We urge you to:

- Support the Planning Department's full budget request. Updated master plans and other supportive efforts are important to aligning our land use policies with our housing needs, and it is critical to ensure that Planning has adequate funding and staffing.



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- Support the Department of Environmental Protection's request for funding for under-resourced buildings that are required to comply with Building Energy Performance Standards (BEPS). Funding for audits could help ensure more equitable building decarbonization, reduce costs for affordable housing owners, and identify opportunities for climate resilient building upgrades.
- Fully fund the Green Bank with 10% of revenues from the fuel energy tax. We appreciate all of the Council's efforts to increase funding for the Green Bank. They will play a critical role in helping under-resourced and affordable housing buildings comply with BEPS.

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. Affordable housing remains one of the county's most pervasive and persistent challenges. 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. It is critical to provide a scope of funding that will deepen the investments the county has made in affordable housing over the past several years. Maximizing resources will allow us 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. Without a transformative level of investment in housing development and preservation, we will fall short of addressing all our housing needs. We strongly urge you to pass a budget that includes the highest possible levels of funding for the HIF, the Nonprofit Preservation Fund, and other important housing priorities.

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



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Affordable Housing Projects and Programs with Funding Need

Organization	Project / Program	Funding Need	Households / Units	Contact
AHC	Charter House 2.0 – gap financing	\$20,000,000	200+ units	Alan Goldstein alan.goldstein@ahcinc.org
	Preservation of communities	\$10,000,000 - \$20,000,000	300 – 600 units	
Enterprise Community Development	Springvale Terrace – gap financing (senior)	\$26,000,000	235 units	Melissa Bondi mbondi@enterprisecommunity.org
	Parkside Terrace – gap financing (preservation)	\$8,000,000	87 units	
Habitat for Humanity Metro Maryland	7 new development projects	\$5,250,000	70 homes	Sarah Reddinger sarah.reddinger@habitatmm.org
	1 rehab project	\$900,000	12 homes	

	Home preservation for low income homeowners	\$2,600,000	130 homes	
Housing Unlimited	Acquisitions – 4-6 homes	\$1,000,000	4 – 6 homes	Abe Schuchman aschuchman@housingunlimited.org
	Major repairs / replacements – 10 homes	\$200,000	10 homes	
MHP	Rollingwood Apartments (renovation)	\$8,000,000 – gap financing		Robert Goldman rgoldman@mhpartners.org
	Nebel St. (new construction)	\$5,000,000 – gap financing		
	Amherst/ Pembridge Phase 1 (rental)	\$22,000,000		
	Amherst/ Pembridge Phase 2 (homeownership)	\$13,000,000		
	Franklin Apartments (renovation)	\$7,000,000		
Victory Housing	Viva White Oak – gap financing (senior,	\$7,000,000	90 – 110 units	Jeff Blackwell blackwell@victoryhousing.org

	independent living)			
	Victory Station – gap financing (senior, independent living)	\$12,200,000	104 units	
	Hampshire Village – gap financing (senior, independent living)	\$4,000,000	110 units	
Additional	Silver Spring United Methodist Church – gap financing	\$20 million	200 units (rental and new construction)	
TOTAL		\$172,150,000-182,150,000	1,552 – 1,852 homes	