

# HOC MPDU/Property Acq Fund -- No. 768047

Category  
Subcategory  
Administering Agency  
Planning Area

Housing Opportunities Commission  
Housing  
Housing Opportunities Commission  
Countywide

Date Last Modified  
Required Adequate Public Facility  
Relocation Impact  
Status

January 08, 2010  
No  
None.  
On-going

## EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY09	Est. FY10	Total 6 Years	FY11	FY12	FY13	FY14	FY15	FY16	Beyond 6 Years
Planning, Design, and Supervision	0	0	0	0	0	0	0	0	0	0	0
Land	11,105	11,105	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	1,263	1,263	0	0	0	0	0	0	0	0	0
Other	139	0	139	0	0	0	0	0	0	0	0
<b>Total</b>	<b>12,507</b>	<b>12,368</b>	<b>139</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## FUNDING SCHEDULE (\$000)

Revolving Fund - Current Revenue	107	107	0	0	0	0	0	0	0	0	0
Revolving Fund - G.O. Bonds	12,400	12,261	139	0	0	0	0	0	0	0	0
<b>Total</b>	<b>12,507</b>	<b>12,368</b>	<b>139</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### DESCRIPTION

This is a revolving loan fund which authorizes 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 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.

### JUSTIFICATION

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 out new development opportunities, as well as, the acquisition of existing multi-family 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 has been changed to include all properties and not just those built before 1981. The result is that HOC is likely to have more acquisition opportunities but, in order to preserve affordability, there is more potential for gap and bridge financing than prior to the change in law. HOC sets aside revolving funds to capitalize on opportunities to acquire and preserve rental units as they are offered under the revised law.

### 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.

### FISCAL NOTE

On June 14, 2005, the County Council appropriated an additional \$2 million to this revolving fund.

Outstanding draws as of June 30, 2009, totaled \$12.4 million. Repayment of \$4.0 million is expected in FY10 for the repayment of bridge financing for the Metropointe at Wheaton Metro. A repayment of \$66,500 will also be made in FY10 and is projected in each subsequent year until the loan for Pooks Hill midrise is repaid. HOC anticipates continued utilization of the revolving fund for the Housing Opportunities Commission Homeownership Program (HOC/HOP). As of June 30, 2009, \$486,184 of the revolving fund was outstanding which is a part of the \$12.4 million balance for the HOC/HOP program. Units in this program are purchased and resold within 90 days. As such, the outstanding balance as of June 30, 2009 will be repaid in FY10, and will be drawn down again and repaid throughout the year.

### APPROPRIATION AND EXPENDITURE DATA

Date First Appropriation	FY80	(\$000)
First Cost Estimate	FY08	12,507
Current Scope		12,507
Last FY's Cost Estimate		12,507
Appropriation Request	FY11	0
Appropriation Request Est.	FY12	0
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		12,507
Expenditures / Encumbrances		12,368
Unencumbered Balance		139
Partial Closeout Thru	FY08	0
New Partial Closeout	FY09	0
Total Partial Closeout		0

### COORDINATION

Department of Finance  
Department of Housing and Community Affairs

### MAP

