



Montgomery
County Council

Committee: PHED
Committee Review: Completed
Staff: Linda McMillan, Sr. Legislative Analyst
Purpose: To receive testimony/final action - vote expected
Keywords: HOME, DHCA

AGENDA ITEM #7
November 26, 2019
Public Hearing/Action

SUBJECT

Supplemental Appropriation to the FY20 Operating Budget; Montgomery County Government; Department of Housing and Community Affairs; HOME Investment Partnership Program; \$4,000,000 (Source of Funds: Federal Grant/HOME Program)

EXPECTED ATTENDEES

Aseem Nigam, Director, Department of Housing and Community Affairs (DHCA)
Tim Goetzing, Chief, DHCA Division of Finance and Administration

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- PHED Committee held a worksession on November 18 and recommends (3-0) approval.
- PHED Committee discussed the importance of leveraging Federal funds first before using local dollars from the Housing Initiative Fund.
- PHED Committee clarified that the appropriation authorizes up to an additional \$4 million but any spending must be fully backed by Federal funds.
- Noted that worksession was being held prior to the public hearing and Committee could reconvene if it needs to consider any further information.

DESCRIPTION/ISSUE

Loan repayments from investments made with Federal HOME Program funds are higher than the \$1 million expected in the originally approved FY20 budget. Appropriation is needed to allow DHCA to spend these funds in the current fiscal year.

SUMMARY OF KEY DISCUSSION POINTS

- The HOME Investment Partnership Program is a Federal program that provides funds to build, buy, and rehabilitate affordable housing for low-income households. Most often this is accomplished in partnership with non-profit organizations and the Housing Opportunities Commission.
- FY20 original HOME appropriation is \$2,932,285; \$1,932,285 in new funds and \$1 million from program income. An additional \$4 million in program income is now available from repayments in FY19 and FY20. Two of the repayments come from Clopper Mill Manor senior housing (\$1.23 million repayment) and Churchill senior housing (\$1.88 million repayment).
- Supplemental was introduced at the Council's November 12, 2019 session.

This report contains:

Memo from County Executive

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Resolution to approve Supplemental Appropriation

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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Marc Elrich
County Executive

MEMORANDUM

November 1, 2019

TO: Nancy Navarro, President, County Council

FROM: Marc Elrich, County Executive *Marc Elrich*

SUBJECT: Supplemental Appropriation #20-447 to the FY20 Operating Budget
Montgomery County Government
Department of Housing and Community Affairs
HOME Investment Partnerships (HOME) Program, \$4,000,000

I am recommending a supplemental appropriation to the FY20 Operating Budget of the Department of Housing and Community Affairs (DHCA) in the amount of \$4,000,000 for the HOME Investment Partnerships Program. Funds will be used to provide affordable housing loans.

This increase is needed because the amount of HOME Program loan repayments is higher than expected. The HOME Program is a federal grant that includes two parts, an entitlement grant amount and an estimate for program income, which is generated through loan repayments. DHCA annually budgets \$1,000,000 for HOME program loan repayments; however, due to several projects paying off early and/or refinancing loans, this amount is higher. This does not impact County General Government Reserves.

I recommend that the County Council approve this supplemental appropriation in the amount of \$4,000,000 and specify the source of funds as federal grants/program income.

I appreciate your prompt consideration of this action.

ME:tjg

Attachment: Supplemental Appropriation #20-447

c: Aseem Nigam, Director, Department of Housing and Community Affairs
Richard S. Madaleno, Director, Office of Management and Budget
Jerome Fletcher, Assistant Chief Administrative Officer
Ikhide Roland Iheola, Chief of Staff to Council President

RECEIVED
MONTGOMERY COUNTY

2019 NOV -1 PM 2:03

Resolution No: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: Supplemental Appropriation #20-447 to the FY20 Operating Budget
Montgomery County Government
Department of Housing and Community Affairs
HOME Investment Partnerships (HOME) Program, \$4,000,000

Background

1. Section 307 of the Montgomery County Charter provides that any supplemental appropriation shall be recommended by the County Executive who shall specify the source of funds to finance it. The Council shall hold a public hearing on each proposed supplemental appropriation after at least one week's notice. A supplemental appropriation that would comply with, avail the County of, or put into effect a grant or a Federal, State or County law or regulation, or one that is approved after January 1 of any fiscal year, requires an affirmative vote of five Councilmembers. A supplemental appropriation for any other purpose that is approved before January 1 of any fiscal year requires an affirmative vote of six Councilmembers. The Council may, in a single action, approve more than one supplemental appropriation. The Executive may disapprove or reduce a supplemental appropriation, and the Council may reapprove the appropriation, as if it were an item in the annual budget.
2. The County Executive has requested the following FY20 Operating Budget appropriation increases for the Department of Housing and Community Affairs:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$4,000,000	\$0	\$4,000,000	Federal Grant / HOME Program

3. This increase is needed because the amount of HOME Program loan repayments is higher than expected. The HOME Program is a federal grant that includes two parts, an entitlement grant amount and an estimate for program income, which is generated through loan repayments. DHCA annually budgets \$1,000,000 for HOME program loan repayments; however, due to several projects paying off early and/or refinancing loans, this amount is higher.
4. The County Executive recommends a supplemental appropriation to the FY20 Operating Budget in the amount of \$4,000,000 for HOME Investment Partnerships Program and specifies that the source of funds will be federal grant – program income.
5. Notice of public hearing was given, and a public hearing was held.

Action

The County Council for Montgomery County, Maryland, approves the following action:

A supplemental appropriation to the FY20 Operating Budget of the Department of Housing and Community Affairs is approved as follows:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$4,000,000	\$0	\$4,000,000	Federal Grant / HOME Program

This is a correct copy of Council Action.

Mary Anne Paradise, Acting Clerk of the Council