



### **Spring is in the Air!**

Longer days, Flowers, and Budgets - now it is officially Spring.

## **Montgomery County**

### **FY16 Operating Budget Released**

On March 16th, County Executive Leggett released his proposed FY16 Operating Budget (amendments to the Capital Budget were released in January). The budget only increased by 1.4 percent, with a total projected spending of over \$5 billion. With almost half of the budget going to MCPS, other departments are still struggling to meet demand. Most departments saw level funding, or cuts, including the Department of Housing and Community Affairs. However, given the additional funding that County Executive Leggett placed in the Affordable Housing, Acquisition and Preservation Capital Fund (an additional \$8.5 million) the total funding does remain level, compared to FY15, with just under \$44 million dedicated to housing affordability between the two budgets. The \$44 million covers preservation, acquisition, shelters, emergency rent support, and neighborhood level interventions. County Executive Leggett did acknowledge at the release of the budget, that this budget does not meet his intended commitment of dedicating 2.5 percent of property taxes to support affordable housing initiatives.

### **Impact Tax Bill, Exemption**

On February 3rd, Council Vice-President Nancy Floreen introduced Bill 8-15. She is joined by her colleagues Councilmembers Riemer, Rice, Katz, and Navarro. Bill 8-15 proposes an exemption from impact tax requirements for projects which provide at least 25 percent affordable units. Projects developed on County owned-land, or utilizing the public benefits through the Commercial/Residential Zone would not be eligible. The bill had a public hearing on March 3rd, with another one scheduled for May 5th.

## State of Maryland

### **FY16 Budget moves through the Legislation**

The FY16 Operating and Capital Budget continues to move through the Legislature. The House has passed a capital budget for the Department of Housing and Community Development, which restores most of the cuts to major programs. This includes adding over \$10 million to the Rental Housing Works Program, bringing the total program budget to within \$5 million of its FY15 level, and adding \$2.5 million to the Strategic Demolition and Smart Growth fund, bringing this fund back to its FY15 funding level. The Senate's Budget and Taxation Committee is scheduled to vote on this budget this week. The House also restored geographical indexing for education funding, which if passed, will restore about \$17 million, in previously anticipated cuts, to Montgomery County.

### **Purple Line Decisions Delayed**

The Hogan administration has delayed the deadline for the four contending teams to submit proposals for the public-private partnership to build and operate the Purple Line. The new deadline is August 19, 2015. This is to allow the teams more time to propose additional cost-savings measures. A report from the Secretary for the Department of Transportation, Pete Rahn, is anticipated to be released in May. The report is expected to outline a recommendation to Governor Hogan whether to keep this project going as is, make changes, or cancel the project.

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## Federal

### **Bill to Strengthen Low-Income Housing Tax Credit Introduced**

Representatives Pat Tiberi (R-Ohio-12th) and Richard Neal (D-Mass-1st) recently introduced H.R. 1142 to create permanent minimum rates for the Low-Income Housing Tax Credit program. They are joined by [36 colleagues](#) who have signed on as co-sponsors. Previously, Congress has enacted a minimum 9 percent credit rate for new construction and substantial rehab. However, that legislation expired in 2014. Currently, all projects are underwritten with a floating rate, resulting in 15-20 percent less equity available. Senators Pat Roberts (R-Kan) and Maria Cantwell (D-Wash) are expected to introduce companion legislation in the coming weeks.

### **Pay for Success**

Senators Rob Portman (R-OH) and Jeanne Shaheen (D-NH) [introduced bipartisan legislation](#) that would revamp the federal government's strategy for improving energy efficiency. Among other things, the Energy Savings and Industrial Competitiveness Act of 2015 (S.720) would authorize a "pay-for-success" (PFS) demonstration within HUD to improve the energy efficiency of government-supported multifamily properties. You can view a write up of the bill on Enterprise's [blog](#).

### **Modifications to Mortgage Interest Deduction Introduced**

On March 26th, Congressman Keith Ellison (D-MN) introduced his Common Sense Housing Investment Act of 2015, H.R. 1662. The bill aims to save \$230 billion over 10 years, which would then be invested in the National Housing Trust Fund, Housing Choice Vouchers, and the Low-Income Housing Tax Credit program. The savings would be achieved by lowering the current cap on the credit from a max of \$1 million mortgages to a maximum of \$500,000, and converting the deduction to a non-refundable mortgage interest tax credit.

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## Upcoming Events

### April

7 - The Housing Affordability Opportunity: Lowering Costs and Expanding Supply, HUD Office of Policy Development and Research, Enterprise Community Partners and Habitat for Humanity International (HUD headquarters and online)

14, 15, & 16 - Montgomery County Council Public Hearings FY16 Operating Budget and CIP Amendments

### May

4 - Affordable Housing Conference of Montgomery County Annual meeting, North Besda, MD

5 - Public hearing, Bill 8-15, Montgomery County Council

29 - MHP Golf Classic, Silver Spring, MD

### June

23 - HAND Annual Meeting, Washington, DC

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