

## City of Gaithersburg FFY07 Annual Action Plan for CDBG

### **EXECUTIVE SUMMARY:**

This Action Plan of the City of Gaithersburg, Maryland covers the federal fiscal year (FFY) 2007, which begins July 1, 2007 and ends June 30, 2008.<sup>1</sup> The annual submission of an Action Plan is required by Title I of the Housing and Community Development Act of 1974 in order for Gaithersburg to continue to be eligible for funding through the U.S. Department of Housing and Urban Development (HUD) formula grant programs covered by this application.

The Action Plan identifies how funds received this year will be spent to meet priority needs identified in the City's Consolidated Plan. Funded activities must tie into one of HUD's three prescribed goals:

To provide decent housing.

To provide a suitable living environment.

To expand economic opportunities, particularly for low- and moderate-income persons.

The City proposes to fund three public service grants for a total of \$63,500, slightly less than the 15% of the authorized grant award which will provide valuable services to approximately 120 low-income households. The City will undertake two eligible capital projects: the rehabilitation of two historic buildings and a roof replacement at the Wells/Robertson Transitional Housing property in the amount of \$306,738. Remaining funds will be used for administration of the CDBG program. City grant funds will support an additional 15,547 (not an unduplicated number) number of low-income City residents.

In FFY07 the City will not be the HOPWA grantee for the Bethesda-Frederick-Gaithersburg Metropolitan Division, which includes all of Montgomery and Frederick Counties. These HUD funds will be provided to the City of Frederick as it is now the most populous jurisdiction in the Division. However, as there will be FFY05 HOPWA funds remaining during a portion of FFY07, this Plan will provide an update on HOPWA and other activities that support persons with HIV/AIDS in these two counties.

An *SF-424, Application for Federal Assistance*, for CDBG is attached on the preceding pages. Certifications (general, CDBG) are also included.

The upcoming program year is the fifth year of the City of Gaithersburg's annual allocation as a direct recipient of CDBG funds. For this entitlement program, a jurisdiction's level of funding is based on a formula that examines the jurisdiction's

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<sup>1</sup> Please note that this time period corresponds to the City of Gaithersburg's fiscal year (FY) 2008. However, to prevent confusion and to be consistent with HUD's labeling of fiscal years, the City refers to the time period interchangeably as "the upcoming program year" and "FFY 2007" throughout this Action Plan.

population, extent of poverty, level of housing overcrowding, age of housing, and population growth lag.

The City has been notified by HUD that it is eligible to receive \$462,187 in CDBG funds for the program year July 1, 2007 to June 30, 2008. Gaithersburg’s award for its first year as a direct entitlement community for CDBG was \$549,000. Although CDBG funding declined during the City’s second year as an entitlement community (from \$549,000 to \$545,000), Gaithersburg’s CDBG awards for FFY05 and FFY06 represented dramatic funding cuts. Although the funding level for the upcoming program year constitutes a smaller percentage decrease from those two years, the downward trend remains.

The table below compares Gaithersburg’s CDBG allocation for the upcoming year with its FFY 2003, FFY 2004, FFY 2005 and FFY 2006 allocations.

<b>Program</b>	<b>FFY 2007 Allocation</b>	<b>FFY 2006 Allocation</b>	<b>FFY 2005 Allocation</b>	<b>FFY 2004 Funding</b>	<b>FFY 2003 Allocation</b>
CDBG	\$462,187	\$465,438	\$517,174	\$545,000	\$549,000
HOPWA	<sup>-2</sup>	\$524,000 <sup>3</sup>	\$518,000	\$535,000	-

This Action Plan outlines activities the City intends to undertake with CDBG funds during the program year July 1, 2007 to June 30, 2008, to address priority needs and local objectives identified in its Strategic Plan. It describes efforts to inform and engage citizen participation in the process; describes other resources available for activities that benefit persons of low-moderate income and special needs and homeless persons, particularly in the area of affordable housing; outlines activities the City is taking to provide affordable rental and homeownership housing and reduce the number of poverty-level families, and to develop institutional structure; identifies outcome measures for CDBG funded activities; describes efforts to enhance coordination between public and private housing and social service agencies, and describes proposed development activities in the City’s historic Olde Towne core, which has the highest concentration of low-income residents within Gaithersburg. It also estimates the number and type of households to benefit from the proposed activities. In a table format prescribed by HUD (see Table 3: Action Plan Projects, FFY 2007), the Action Plan lists the activities to be undertaken, including proposed accomplishments and target dates for completion.

Under the HOPWA section of this Plan is a description of ongoing activities that support HIV/AIDS housing goals as well as an update on the several grantees of this program since the reconfiguration of the Metropolitan Statistical Areas (MSAs) in 2003. Prior to

<sup>2</sup> City of Frederick is the designated grantee for the Bethesda-Frederick-Gaithersburg Metropolitan Division.

<sup>3</sup> State of Maryland has a formal agreement with the City of Gaithersburg to be the Grantee for FY06 HOPWA funds

that reconfiguration, the District of Columbia had been the grantee for the region for many years.

Since becoming an entitlement community for CDBG funds in FFY03 and for HOPWA funds in FFY04, the vast majority of these funds have been used to support extremely low and low income households at or below 50 percent of area median income (\$90,300 for four-person household in 2006). Funds have also been used for special needs households, particularly for seniors through home health care services, assistance with shopping and food preparation, and services that allow elderly persons to age in place. Between CDBG and City non-profit grants, funded programs have included health care for uninsured City residents, food programs, mental health counseling for youth and adults, homeless shelters, transitional housing programs and eviction prevention programs, employment assistance programs, and more recently, gang and crime prevention programs, particularly for at-risk youth. As gang-related criminal activity has been on the increase within Gaithersburg, and throughout the DC metropolitan region, the City has made this a priority funding area, as many of the Gaithersburg youth involved in delinquent activities are also from low-income households.

As CDBG and HOPWA funds are limited each year, other funding resources are made available from a number of other state and local agencies. Although true to some degree for CDBG, it is particularly true for HOPWA, as persons with HIV/AIDS often have medical and other needs that cannot be addressed by HOPWA funds, which are used primarily for long-term rental assistance.

**Other Resources:**

**CDBG** The vast majority of CDBG funds received by the City of Gaithersburg is leveraged by other funding sources, including financial support from the City, Montgomery County, the State of Maryland, private non-profit corporations and other federal agencies.

For example, CDBG funds for design and construction of the new Olde Towne Youth Center make up less than 15 percent of the total cost of the project. Furthermore, the City did not need to purchase the land for the Center. After a lengthy negotiation process between the City and the Montgomery County Public School System (MCPS), MCPS and the City executed a 20-year ground lease in March 2007 which requires a per annum fee of \$1.00. The City will also cover all operating costs for the Center, estimated at \$180,000 per year including programming and staffing.

CDBG funds for the Rolling Stock project, also in Olde Towne, are estimated to comprise just over 26 percent of the total cost of this project, with City and federal SAFETEA-LU funds from the Federal Transportation Administration providing matching funds.

Public service grants, totaling \$63,500 (capped by statute at 15 percent of the \$462,187 award) will be used for a range of services to benefit homeless, low-income, and

vulnerable youth populations, in the upcoming year. Each CDBG public service grant will be leveraged by City, County, State, other federal, and/or private funds. For example, CDBG public service funds that Stepping Stones Shelter receives to provide housing counseling to low-income City residents are leveraged by the organization's donation of project supervision and administrative costs, thereby allowing CDBG funds to be used entirely for housing counseling and eviction prevention services for approximately 40 low-income City households each year. Although \$4,500 in eviction prevention funds are part of this contract, those funds are leveraged by County and private non-profit funds as well. For example, in the 24-month period between December 2004 and December 2006, a total of \$37,820 was needed for emergency relief for 25 households to prevent eviction. Of that total, CDBG funds accounted for \$9,539, Montgomery County Department of Health and Human Services contributed \$14,750, the Upper Montgomery Assistance Network provided \$4,150 and individual households made up the \$9,381 difference. This counseling is intended to help residents obtain or maintain suitable affordable housing, prevent eviction, and/or address emergency housing needs. Since becoming a CDBG entitlement community, the City has considered subgrantees' ability to leverage other non-federal funds a significant ranking factor in determining public service grant awards.

**HOPWA** HOPWA funds are leveraged by non-HOPWA federal funds, State funding, and other resources. As of July 1, 2007, Frederick County will receive \$118,664 and Montgomery County expects to receive approximately \$700,000 (which is "level funding") in Ryan White (Part B, formerly Title II) and State funds from the Maryland AIDS Administration for HIV services. Such funds help provide home and community-based health care and HIV/AIDS support services, pharmacy support through the AIDS Drug Assistance Program, and medical care.

Montgomery and Frederick Counties each also receive Ryan White Part A (formerly Title I) funds through the District of Columbia Metropolitan Statistical Area. Major services funded under Part A are outpatient health care and support services including; case management, home health, hospice care, housing, transportation, and nutrition, oral health, pharmaceutical assistance, mental health and substance abuse counseling. In addition, for the upcoming year, Montgomery County's award for Emergency Financial Assistance (EFA) for rental assistance is \$36,950.

In FFY 2007, in addition to the Ryan White and State funds, a range of other Federal, State, and local programs provide assistance to help meet the housing needs of residents of Montgomery and Frederick Counties, including low-income persons with HIV/AIDS. Resources available through the following programs can be used to address housing needs for persons with HIV/AIDS and other eligible low-income households:

OHEP (Office of Home Energy Programs), a federally-funded program, administered by the State of Maryland Department of Human Resources, helps low-income Maryland citizens pay their heating bills, minimize heating crises, and make energy costs more affordable. Through its comprehensive energy package, which includes the Maryland Energy Assistance Program and the Electric Universal Service Program, OHEP promotes energy conservation, customer financial responsibility and energy independence.

According to the supervisor of the OHEP program, there is no annual maximum, as an individual's benefits are based on fuel consumption.

The Maryland Energy Assistance Program (MEAP) provides assistance with home heating bills. Limited assistance is available to replace broken or inefficient furnaces.

The Universal Service Protection Program (USPP) protects low-income families from utility cut-offs and allows MEAP-eligible households enter into a year-round even monthly payment program with their utility company.

The Maryland Eviction Prevention (EP) Program helps keep people housed through a combination of State and county funds. The maximum annual grant a client may receive through this program is \$750.

Frederick County Utility Assistance Program is open to all County residents, including those with HIV/AIDS.

Frederick County Emergency Housing Assistance is also available, according to the Executive Director of the Housing Authority of the City of Frederick and staff at the Frederick Department of Social Services, and has been used to provide housing assistance to persons with HIV/AIDS.

Montgomery County Emergency Services funds are available to all Montgomery County residents. These funds are limited to \$700 per calendar year per client and may be used for rent and/or utility assistance.

Montgomery County Department of Health and Human Services, Dennis Avenue Health Center has limited HIV Expendable Trust Funds that are earmarked for housing assistance to clients affected by HIV disease

### **Proposed Activities**

**CDBG** The City of Gaithersburg plans to undertake several projects during the upcoming year to address priority needs and local objectives identified in the City's Strategic Plan. All projects using CDBG funds will meet the national objective of benefiting low- to moderate-income persons and special needs populations as defined by HUD.

In FFY 2007, its fifth year as a direct entitlement community, Gaithersburg will receive \$462,187 in CDBG funds to support national objectives that include decent housing, a suitable living environment, and expanded economic opportunities, principally for low- to moderate-income persons. Twenty percent (\$92,437) of the City's CDBG award will be used for administration and planning, and \$63,500 for public service projects. The balance (\$306,250) will be used for two capital projects, the rehabilitation of the historic B&O train station and Freight Shed in Olde Towne, and a roof replacement at the City's transitional housing facility, Wells-Robertson House. The B&O Railroad Station and Freight House were designated a National Register Site on October 5, 1978 and a

Maryland Historic Trust site on December 12, 1983. The site is adjacent to the City's Olde Towne Park Plaza, a critical element of the City's Olde Towne revitalization, and is located within a significant "low-mod" census area. The Wells/Robertson House is a homeless facility; all of its residents are low-income and meet the HUD definition of "special needs."

Although it will spend most of its annual CDBG allocation this year on its capital projects, the City will also fund a range of public service projects. These projects include continued funding for a housing counseling and eviction prevention program, funding for a civic education and professional internship program for low-income immigrant youth and support for a youth development program targeted toward Latino youth at Gaithersburg High School, which has had several gang-related incidents this year.

A detailed description of each of the projects to be undertaken in the upcoming program year (July 1, 2007 to June 30, 2008) appears in Table 3 at the end of this Action Plan, and is further described under the "allocation of CDBG award" section of this document. Contracts with the public service grantees will be executed July 1, 2007. All public service contracts for the upcoming program year will be for 12 months to expire June 30, 2008, but may be extended for an additional six months for good cause.

**HOPWA** Since becoming the formula grantee for HOPWA effective July 2004, the City has worked closely with the Maryland AIDS Administration and its two project sponsors on the administration, oversight and management of HOPWA for the Bethesda-Frederick-Gaithersburg Metropolitan Division. For FFY04, the City and the Maryland AIDS Administration executed an 18-month agreement (which expired December 31, 2006) in which the AIDS Administration agreed to "monitor and report on the implementation of the City's HOPWA formula funds by the two project sponsors." As the State was no longer willing to provide those administrative duties at the termination of that Agreement, the City assumed all oversight responsibilities for the FFY05 award.

Pursuant to a Memorandum Of Understanding ("MOU") executed between the City and the Maryland AIDS Administration of the Department of Health and Mental Hygiene in August 2006, the State of Maryland agreed to assume all grantee responsibilities for the program year FFY06. Due to staff changes within the Maryland AIDS Administration, as of March 2007, the State had not undertaken the required Consolidated Plan amendment. However, after consultation with the City, the AIDS Administration has contacted its Department of Housing and Community Development to amend the State's Five Year Consolidated Plan as is required as this grant award represents a significant change to the approved Con Plan. The State's Draft Con Plan is expected to go out for public comment on April 13, 2007; the State is also working with its HUD Field Office to ensure that all appropriate steps are taken so that the Maryland AIDS Administration can be the approved grantee for FFY06 federal funds. Failing approval from HUD, the City will remain the grantee; otherwise, HUD has informed the City that FFY06 HOPWA funds, in the amount of \$524,000, will be recaptured and reallocated outside of the Bethesda-Frederick-Gaithersburg Metropolitan Division. Such an action would mean the loss of affordable housing for approximately 45 households.

As previously noted, the City of Frederick will be the FFY07 HOPWA grantee. The City has offered its assistance to Frederick as it undertakes activities required to become the grantee.

**HOPWA Project Sponsors**

After becoming the HOPWA formula grantee for the Bethesda-Frederick-Gaithersburg Metropolitan Division, the City of Gaithersburg also identified project sponsors in Frederick and Montgomery Counties who would work with the City and the State to work directly with HOPWA clients in each county. At the request of the Maryland AIDS Administration, the Montgomery County Department of Health and Human Services became the HOPWA project sponsor for Montgomery County effective July 1, 2005. The Montgomery County Department of Health and Human Services' experience providing HIV/AIDS services and offering case management services to HOPWA recipients was a factor in choosing this Department as the Montgomery County project sponsor and, furthermore, prevented any interruption of services for HOPWA clients in Montgomery County. The Housing Authority of the City of Frederick has been the project sponsor for Frederick County since before the City became the HOPWA grantee in FFY04.

The tables below outline line item expenditures for both the FFY04 award, which has been fully expended, and the FFY05 award, which is underway. Resulting from an overall grant reduction, both project sponsors received a 3 percent reduction in funding in FFY05.

<b>5.2 Montgomery County Department Of Health And Human Services</b>		
<b>Service Type</b>	<b>FFY 04 budget (fully expended Jan 07)</b>	<b>FFY05 budget (January 07 - 07)</b>
Tenant based rental assistance (TBRA)	\$417,658	421,071
Housing coordinator salary	\$34,110	21,617
Fringe benefits	\$9,905	6,367
mileage	\$1,800	1,000
Administration	\$3,582	2,159
<b>Total</b>	<b>\$467,055</b>	<b>\$452,214</b>

<b>5.3 Housing Authority of City of Frederick (Frederick County)</b>		
<b>Service Type</b>	<b>FFY04 budget (fully expended (September 06)</b>	<b>FFY05 budget (September 06 - 06)</b>
Tenant based rental assistance (TBRA)	\$48,262	\$46,728

Administration	\$3,633	\$3,517
Total	\$51,895	\$50,245

By using HOPWA funds to provide tenant-based rental assistance to eligible, low-income persons with HIV/AIDS in Frederick and Montgomery Counties, Gaithersburg will continue to meet the urgent housing needs of persons with HIV/AIDS that are not being addressed by other public and private resources. With the demand for affordable housing in the Metropolitan Division far outstripping the supply of affordable units, the tenant-based rental assistance meets an urgent need. Montgomery County’s Housing Opportunities Commission, for example, has over 15,000 households on its Housing Choice Voucher Waiting List. Like those receiving Housing Choice Vouchers, households receiving TBRA through HOPWA in Frederick and Montgomery County are responsible for 30 percent of the unit rent. Absent such assistance, many would risk becoming homeless.

As described earlier in this Action Plan, Gaithersburg was awarded \$518,000 in HOPWA FFY05 formula funds. As a formula grantee, Gaithersburg is entitled to a 3-percent administrative fee (\$15,540), for eligible planning and administrative activities.

Although the waiting lists for HOC’s Housing Choice and Housing Choice Voucher programs are currently closed, case managers for Montgomery County clients take all necessary steps to ensure that Montgomery County clients sign up when the HOC waiting lists are open – which generally takes place biannually for one week only. As there are more than 15,000 families on the Section 8 waiting list, with an annual turnover of approximately 400 units, it is most likely that these households will need to remain on HOPWA rent rolls indefinitely.

In Frederick County, the Housing Authority of the City of Frederick (HACF) is the HOPWA project sponsor, with the Frederick County Department of Social Services (FCDSS) continuing to act as the point of first access for HOPWA assistance. FCDSS maintains a HOPWA waiting list for Frederick County and completes an intake and screening process for applicants, prior to referring them to HACF to issue the tenant-based rental assistance (TBRA). FCDSS and the Frederick County Health Department provide case management, as needed, upon enrollment, and the Housing Authority of the City of Frederick certifies client income.

**AFFORDABLE HOUSING**

**Low-Income and Special Needs Housing:**

Although the City of Gaithersburg has no public housing units within its corporate boundaries, families use Housing Choice Vouchers (i.e., Section 8), issued by the Housing Opportunities Commission, City wide, and a project based Section 8 Property (Forest Oak Towers Apartments) is located within the City. Furthermore, there are several tax credit properties located throughout Gaithersburg, which restrict rents to households at 50 – 60 % of median income. Because Gaithersburg has a large stock of

affordable multi-family rental units, many low-income County residents are able to use their housing choice vouchers within the City.

The City works closely with the Housing Opportunities Commission (HOC) of Montgomery County, the County's housing authority and local housing finance agency. For example, HOC recently acquired Forest Oak Towers, a high-rise apartment building in Gaithersburg where all 175 units are restricted to low-income elderly and disabled residents. The City assisted HOC with its application to the State for tax-credit financing for the building, and has just executed a PILOT (Payment in Lieu of Taxes) Agreement with HOC, in which the City agrees to waive all but \$1.00 per annum in taxes on the property as long as HOC remains the general partner of the limited liability corporation, which would otherwise be required to pay property taxes. It is estimated that the loss of revenue to the City is \$45,000 in the first year. The City had been working with HOC and the Montgomery County Department of Housing and Community Affairs for a number of years to ensure that the property be preserved for this special needs population.

The City owns two homeless facilities which are operated by the City's Human Services Division. The Wells/Robertson House, a transitional housing facility that serves approximately 28 homeless men and women in recovery from chronic alcohol and substance abuse each year, has a current operating budget of \$339,000. In addition to McKinney funds through HUD, the City receives \$9,300 and \$6,300 from Montgomery County and the State of Maryland, respectively. This year, Gaithersburg is contributing \$195,400 towards staffing and operating costs for the facility. The City is proposing to use CDBG funds to replace the failing roof, gutters and downspouts on this building in the upcoming program year, estimated to cost \$140,000. This locally designated historic building (circa 1870s) is a beautifully restored Victorian home.

The DeSillum House, another City owned facility, provides long-term (i.e., permanent) affordable housing to four male graduates of Wells/Robertson House. This year, the City applied to the Montgomery County Department of Health and Human Services for grant funds under the County's new Supportive Housing Rental Assistance Program (SHRAP) for five homeless and extremely low-income residents (up to 30% of Area Median Income) living in the City.

Seneca Heights Apartments is also located within the City of Gaithersburg. This apartment complex offers permanent housing to 40 single adults, and transitional housing and case management services to 17 families. Along with the Montgomery County Department of Housing and Community Affairs, Health and Human Services and County Executive's Office, the City is a non-voting member of the Board of Governors for this facility.

### **Housing-Related Consultation**

City staff meet regularly with representatives from private industry, nonprofit agencies, and other public and government organizations to address housing-related and other

priorities and objectives identified in the City's Strategic Plan. Through involvement with the Gaithersburg Coalition of Providers, a group of 80 non-profit and government agencies providing services to Gaithersburg residents, the City remains in close communication with organizations that provide services and work with the City's low- and moderate-income residents.

City staff this year continued to participate in a range of housing-related committees and organizations, including those listed in this Plan under "Develop Institutional Structure" and communicated with other CDBG entitlement grantees throughout the State (including the Cities of Bowie, Frederick, and Annapolis). Pursuant to its obligations under HUD Regulations 24 CFR 91.100(a)(2) and 91.110, the City will consult with State and local health and child welfare agencies on the hazards of lead-based paint and the extent of childhood lead poisoning reported in Montgomery County, including the addresses of housing units in which children have been identified as lead poisoned.

### **Actions Leading to Moderately Priced Dwelling Units and Workforce Housing Units Ordinance (Ordinance No. 0-12-06)**

Gaithersburg began the process of developing an affordable housing policy in early 2006. Following a November 2005 housing work session, the Mayor and Council brought the issue of affordable housing to its January 2006 retreat. During the retreat, Council directed staff to examine the City's current housing stock and determine the availability and affordability of rental and homeownership units in the market for households at a range of income levels. The Mayor and Council also asked staff to examine other jurisdictions' affordable housing programs and to explore subsidy and other programs already available to City residents and to make recommendations based on this information.

Staff consulted with local jurisdictions throughout Maryland, across the Washington Metropolitan area, and nationwide as we explored statutes, policies, and other approaches localities had adopted to increase the stock of affordable housing, particularly for low- to moderate-income residents. The City's consideration and review of inclusionary zoning ordinances in place across the country, in particular, provided an opportunity to discuss such legislation with staff from several counties, states, and local governments.

In addition to analyzing demographic information and researching federal, state, and local programs currently available to Gaithersburg residents, City staff examined inclusionary zoning ordinances and other housing programs in neighboring jurisdictions as well as in other parts of the country. In particular, we contacted and/or consulted with staff from the following agencies and jurisdictions:

- Montgomery County's Department of Housing and Community Affairs;
- The Montgomery County Housing Opportunities Commission;
- The Cities of Annapolis, Takoma Park, Rockville, Westminster, Hagerstown, Frederick, and Bowie, Maryland;
- Frederick, Washington, Prince George's, and Carroll Counties, Maryland;

- Fairfax County, Virginia;
- Denver, Colorado; and
- Davis, California.

Staff then prepared a detailed table summarizing each jurisdiction's legislation and programs. This table, together with information on other housing programs available in local jurisdictions and a summary of federal, state, and local programs already available to City residents, was presented to the Mayor and Council on March 1, 2006.

Following the March 1, 2006 Mayor and Council meeting, staff held a number of meetings with County housing officials, representatives from the Housing Opportunities Commission, developers, nonprofit organizations, and housing activists as part of its broad-based information-gathering efforts. Staff also attended meetings with Montgomery County officials and staff to better understand how the County's affordable housing system functions. Staff reported these findings to the Mayor and Council in a May 8, 2006 housing work session, and based on these meetings and research, offered a menu of different housing policies for the Mayor and Council to consider adopting as part of a comprehensive housing policy.

Pursuant to the May 8 work session, staff began to create a developer set-aside program as the initial prong of the City's comprehensive affordable housing policy. To that end, staff outlined legislation requiring developers of new residential housing to set-aside a percentage of units as affordable to families earning between 60 and 120 percent of area median income ("AMI"). In an August 14, 2006 Mayor and Council work session, staff presented a number of alternative policy options for the Council to consider as part of a potential developer set-aside regime. Among the issues addressed were control period duration, owner equity, eligibility, applicability, percentage of units to be set-aside, pricing and alternative payment procedures. Based on this presentation, the Mayor and City Council agreed to consider a base ordinance to establish a 15% developer set-aside requirement as an initial measure to be followed by the adoption of comprehensive implementing regulations.

On October 3, 2006 staff presented two alternative set-aside ordinances at a public hearing of the Mayor and Council. Both versions required developers building 20 or more for-sale dwelling units to construct 7.5% of the units as Moderately Priced Dwelling Units ("MPDUs"), affordable to households earning between 60 and 80 percent AMI, and 7.5% of the units as Workforce Housing Units ("WFHUs") affordable to households earning between 80 and 120 percent of AMI. Each alternative also required developers who construct 20 or more rental units to lease 15% of the units as MPDUs only for a period of 30 years. The main difference between the ordinances was the treatment of affordable housing in the Olde Towne section of Gaithersburg. Alternative 1 provided that new construction in Olde Towne be treated in the same manner as the rest of the City. Alternative 2 exempted developments in Olde Towne from including MPDUs and WFHUs, but required developers to pay a fee to an affordable housing fund that would be used to provide additional affordable housing opportunities throughout the City. On November 6, 2006, the City Council approved Alternative 2. Effective November 27,

2006, the ordinance requires developers of all new residential projects containing 20 or more units, with the exception of those in the Olde Towne Central Business District, to set-aside 15% of those units as affordable.

Pursuant to Section 24-256 of the ordinance, the Council was required to adopt regulations to implement the developer set-aside program. The ordinance required that the regulations address, but not be limited to, the following topics: administration, enforcement, pricing, eligibility requirements for purchasers and renters, control period for ownership units, procedures governing waiver requests and resale restrictions.

On November 13, 2006, the Mayor and Council held a work session to discuss draft regulations prepared by staff, focusing on a number of key issues. Those issues included control period duration, appreciation of owner equity throughout the control period, disposition of equity upon termination of the control period, eligibility for participation, the purchase process and the appropriate fee for builders in Olde Towne exempt from the requirements of the ordinance.

Following the work session, staff revised the regulations in response to Council guidance. The final regulations were adopted by the Council on January 16, 2007 following a public hearing on January 2. In addition to providing an administrative framework for the affordable housing program, the regulations establish a 30 year control period that runs continuously. Applicable to both homeownership and rental units, the 30 year control period will not be re-set upon the sale of a unit. The regulations also establish the amount of equity an owner will realize when a unit is sold, both during the control period and when the control period expires. If a unit is sold while the control period is still in effect, the price will be the sum of the original acquisition price plus the change in Consumer Price Index ("CPI") for the period the seller has owned the unit. A seller will also receive a credit for the fair market value of any capital improvements made to the property. For the first sale of a unit after the control period expires, an owner may sell a unit at market price but the amount of equity a seller may earn will depend on how long that seller owned the property. For every year of ownership, the seller will earn 2.5% of the profit, accruing up to a 50% share if a unit is owned by the same household for 20 or more years. The remaining 50% of the profit will be dedicated to a City Affordable Housing Fund for the purpose of developing additional affordable housing throughout the City.

### **Other City Housing Initiatives**

**Homeownership Assistance Program** In addition to the developer set aside ordinance adopted by the Mayor and Council, several other City housing initiatives are intended to meet under-served needs of City residents. Among its most innovative housing initiatives is Gaithersburg's homeownership and down payment assistance program to provide qualified residents up to \$10,000 City funds for down payment and/or closing cost assistance in the form of a grant. Funded with \$220,000 to provide assistance for up to 20 City residents, all of whom are first-time homebuyers who would otherwise be unable to afford a house in Montgomery County, this is a pilot program administered by the

Housing Opportunities Commission (HOC) of Montgomery County under an agreement executed with the City in December 2005. To date, seven City residents have received down payment assistance through this program. Although the original agreement with HOC required that funds not disbursed by December 31, 2006 be recaptured by the City, the City recently extended the terms of the program to allow four additional families who have been working to improve their credit over the past year, to remain eligible for City grant funds until May 31, 2007. Although a considerable number of residents met the program's income guidelines, the City has found that many have poor credit and other financial issues (e.g., IRS tax liens and bankruptcy filings) that must be addressed before they can pursue homeownership. Unlike Montgomery County's moderately priced dwelling unit (MPDU) program, Gaithersburg's homeownership and down payment assistance program requires a minimum credit report score of 500. In light of the time needed to resolve credit difficulties, the City agreed to extend the term in which funds under this program would be available.

**Tenant Displacement and Relocation Assistance** In addition to providing down payment and closing cost assistance under this program, the City adopted an ordinance in August 2006 to assist families faced with relocation as a result of demolition or redevelopment. Under the terms of the ordinance, lease holders forced to vacate due to demolition or redevelopment of a property are entitled to receive one and one-half months rent in relocation assistance to supplement the two months relocation assistance already required under County law, for a total of 3 ½ months rent. These funds assist families with security deposits, moving costs, and first month's rent.

Based on the success of the down payment and closing cost assistance program initiated last year, City staff is currently considering plans to implement a similar program for residents of a rental complex whose owners are seeking redevelopment approval from the City. While no decisions have been reached with respect to the redevelopment application, City staff has already met several times with groups of residents to discuss potential issues so that, should redevelopment proceed, those residents will receive full and appropriate assistance. In that regard, the City has assured residents that they will receive, in accordance with City and County law, 3 1/2 months rent to assist with moving expenses and the cost of obtaining replacement housing and that it will consider implementing a down payment and closing cost program similar to the pilot program currently underway. In addition, this redeveloped property will be subject to the City's recently adopted set-aside requirements, meaning that 15% of the units will be made available to households earning between 60 and 120 percent of AMI. Pursuant to regulations adopted by the Mayor and Council, any tenants displaced as a result of redevelopment, and who apply for and otherwise qualify for an affordable unit, may be permitted to purchase a unit in the new development before those units may be made available to other eligible participants.

City staff has committed to meet regularly with residents and housing advocates acting on their behalf as the redevelopment application process unfolds.

### **Meeting Under-Served Needs**

To meet under-served needs in the City during the upcoming program year, the City will fund a range of public agencies with both CDBG funds (\$63,500) and City funds (\$627,525). These projects will support low-income and special needs (e.g., homeless and frail elderly) households through mental health and health care services; services to homeless persons and families living in emergency shelters and transitional housing facilities; eviction prevention activities; programs to support at-risk, low-income youth; and programs that support increased self-sufficiency through employment training and education programs.

Of the three public service projects that will receive funding in the upcoming program year, two focus on youth development, mental health, youth and family counseling and support in response to the growing trend toward gang involvement and affiliation in our region and City. Police estimates indicate that eight active street gangs, with 183 validated members, currently operate in Gaithersburg. Furthermore, City figures demonstrate that gang involvement is not limited to a particular ethnic group but stretches across a diverse cross-section of student populations. In light of the increasing numbers of young people involved in criminal activity, the City convened an internal gang task force in order to develop strategies for prevention and intervention that would help reduce the need for suppression in the future. Funding programs designed to engage students in meaningful activities and offer positive alternatives to gang activity and other delinquent behavior represents an outgrowth of the prevention and intervention strategy endorsed by the City's internal gang task force.

Through a fourth-year grant to Stepping Stones Shelter in the amount of \$23,500, low-income residents will receive housing counseling through the services of an experienced housing counselor, who will work closely with residents to help them obtain and maintain appropriate housing, prevent eviction, and become better tenants. The housing counseling program has been a successful tool in helping families resolve housing crises, become better educated about how to avoid problems in the future and to maintain stability and self-sufficiency. As there are no other agencies in Montgomery County offering this type of housing assistance<sup>4</sup>, continued funding will allow Stepping Stones to maintain these services, critical to a segment of the population, which often have emergency needs as a result of temporary loss of employment or family illness or other crises within the household.

In addition to Stepping Stones Shelter, the City will fund Liberty's Promise in the amount of \$20,000 in CDBG funds. Liberty's Promise will offer civic education classes and professional internship programs to low-income immigrant youth in Gaithersburg. Through the Liberty's Promise internship program, low income immigrant youth will be given the opportunity to work with mentors to learn how to prepare resumes and conduct interviews followed by employment in a professional office environment. In addition, Liberty's Promise will offer interactive civic education classes in which they will provide these youth first-hand knowledge of government through trips to government offices, courts, media outlets, government employment agencies as well as police and fire stations. The mission of Liberty's Promise is to sustain and support young immigrants

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<sup>4</sup> HOC has a housing counselor who provides such assistance only to residents of HOC housing.

while at the same time encouraging them to be active and conscientious American citizens prepared to participate in local community life in Gaithersburg.

Finally, the City will fund a Latino Youth Leadership Development Program through Identity, Inc. an organization whose mission is to empower Latino youth to reach their full potential and to assist them, and their families, gain access to needed services. With the assistance of \$20,000 in funds, the Youth Leadership Program is aimed at preventing delinquent behavior among Latino youth at risk for gang involvement by providing skill development and support needed to successfully transition to adulthood. Through after-school activities, the program will address issues of leadership, substance abuse, health promotion, conflict resolution and anger management. In addition to working with students at Gaithersburg High School, the Youth Leadership Development Program will work with at least one member of each youth enrolled in its program in order to reinforce its goals and achieve greater success.

### **Selection of CDBG Projects**

An internal team, consisting of Gaithersburg's City Manager, Assistant City Manager, Director of Community Development, and Grants Administrator – and in consultation with staff of the Human Services Division -- carefully reviews proposals for CDBG public service funding. The team considers factors including eligibility, timeliness, cost-effectiveness, and benefit to the population. Between February and March 2007, the City received 4 applications for CDBG public service funding, three of which are being recommended for funding (see description below). The fourth, an application from GUIDE Youth Services, will be funded through the City's nonprofit grant program in the amount of \$50,000.

In addition to the public service projects, CDBG funds in the year ahead will be used to make needed improvements to the B&O train station and Freight House in Olde Towne, including brick re-pointing at the historic facilities. In addition, rest room facilities at the B&O Station will be upgraded under the Americans With Disabilities Act ("ADA"). These are the only public restrooms in Olde Towne, and are open Monday – Friday, 8:00 am – 4:00 pm and Saturdays 10:00 am – 2:00 pm.

### **Allocation of CDBG Award**

Of Gaithersburg's \$462,187 CDBG award for the year beginning July 1, 2007, 20 percent of the funds (\$92,437) will be allocated to planning and administration, \$63,500 to public service projects (capped by statute at 15 percent), and the balance (\$306,738) to eligible capital projects.

### **Public service projects:**

**(1) Stepping Stones Shelter: \$23,500 (4th year of funding, 12-month period)**

Housing stability for low- and moderate-income Gaithersburg residents remains very tenuous. Rising rents, poor credit, and insufficient income combine to make this population susceptible to housing crises. According to the Comprehensive Housing Affordability Strategy (CHAS) report prepared by HUD using 2000 Census data for Gaithersburg, 54 percent of elderly and small related City households at or below median household income pay an unacceptably high monthly housing cost (rent and utilities) in relation to their income. Thirty-six percent of all households (renter and homeowner occupied) at or below median household income pay too much towards their housing costs.

Given the significant need for housing counseling services to obtain or maintain housing or avoid eviction, the City decided to fund Stepping Stones' housing counseling program for a fourth year. Stepping Stones Shelter initially received public service funding (in FFY 2004) to replace the loss of the Upper Montgomery Assistance Network's housing counseling program for renters. During its first year as a grantee, Stepping Stones provided 15 hours of housing counseling service a week, 10 of which were devoted to working with and on behalf of homeless families and families facing eviction to obtain and maintain housing. Five hours a week were spent developing relationships with landlords, management companies, and realtors to benefit both City residents and staff. Outreach to landlords included holding a landlord breakfast and providing City landlords with comprehensive information on housing and utilities.

Over the course of an 18 month period, from July 2005 through December 2006, a total of 58 households were served under the Housing Counseling program. Of those, 29 households obtained appropriate housing, 11 maintained current housing, 14 were assisted with eviction prevention while 4 households were evicted. In addition to providing housing counseling, Stepping Stones also provided direct advocacy on behalf of clients and/or recommended that clients receive direct financial assistance through emergency housing assistance made available through this program. During Stepping Stones' first year of funding, \$3,545 in emergency assistance was provided to 9 clients. From July 2005 to December 2006, 25 households received emergency assistance, totaling \$9,539. Emergency assistance funds have helped clients with rent payments and moving and storage costs and have also been used for eviction prevention.

**(2) Liberty's Promise: \$20,000 (1<sup>st</sup> Year of Funding, 12 month contract).**

Liberty's Promise is an organization whose goal is to sustain and support young immigrants while at the same time encouraging them to be active and conscientious American citizens prepared to participate in local community life in Gaithersburg. With the support of CDBG funds, Liberty's Promise will offer civic education classes and professional internship programs to low-income immigrant youth in Gaithersburg. Through the Liberty's Promise internship program, low income immigrant youth will be given the opportunity to work with mentors to learn how to prepare resumes and conduct interviews followed by employment in a professional office environment. The youth targeted for this program often find it difficult to secure professional experience of this nature due to economic and cultural barriers and this program is designed to enable them

to transcend those barriers. In addition, Liberty's Promise will offer an interactive civic education class entitled *Civics and Citizenship*. This is a 10-week 30-hour course that will be held in both the fall and spring. Throughout the course, immigrant youth will be offered first-hand knowledge of government through trips to government offices, courts, media outlets, government employment agencies as well as police and fire stations. As a result of these visits and through classes taught by local community leaders and officials, young immigrants will learn about Gaithersburg civic life and become more aware of, and engaged in, community issues.

**(3)Identity, Inc. \$20,000 (1<sup>st</sup> year of funding, 12 month contract)**

Identity is an organization whose mission is to empower Latino youth to reach their full potential and to assist them, and their families, gain access to needed services. With funds from a CDBG public service grant, Identity will fund a Youth Leadership Program aimed at preventing delinquent behavior among Latino youth at Gaithersburg High School. These students, many of whom are at risk for gang involvement, will be offered the skill development and support necessary to successfully transition to adulthood. Through after-school activities, the program will address issues of leadership, substance abuse, health promotion, conflict resolution and anger management. In addition to working with students at Gaithersburg High School, the Youth Leadership Development Program aims to work with at least one member of each youth enrolled in its program in order to reinforce its goals and achieve greater success.

**GUIDE Program Services \$25,000 – not funded**

One CDBG application was not selected for funding. GUIDE Program Services, which provides counseling services to youth and their families was, however, awarded \$50,000 in City grant funds through the City's own non-profit program, which provides approximately \$650,000 annually to non-profit agencies working with low-income and special needs populations. Last year, the City awarded GUIDE \$15,000 for rent and \$10,000 in relocation assistance when the agency moved out of a City-owned building in advance of a proposed redevelopment that would have required the agency to move. Although that redevelopment has been delayed, once the City notified GUIDE of its intent to sell the property, GUIDE was able to locate offices nearby and signed a lease with Family Services Agency, Inc. in May 2006. CDBG funds in the amount of \$25,000 offset the increased rent costs associated with the agency's relocation into a larger facility.

**Eligible Capital Projects (\$306,250)**

In addition to the public service projects, CDBG funds in the program year ahead will be used to make needed improvements to the B&O train station in Olde Towne, including brick pointing for the station and freight shed. In addition, rest room facilities, which are not currently accessible, will be upgraded under the Americans With Disabilities Act ("ADA"). The City will also use CDBG funds for a much-needed roof replacement at

Wells/Robertson House, located at 1 Wells Avenue, the City-owned transitional housing facility for 14 single disabled adults.

These capital projects are located within the City's Olde Towne Central Business District, where the vast majority of the families, many of whom live in aging multi-family apartment buildings, are low and moderate income (See Map)

The third largest municipality in the State, Gaithersburg has the highest percentage of Hispanic households in Maryland. Based on the 2000 Census, nearly 20 percent of City residents are Hispanic, and the percentage is much higher for Olde Towne, where approximately 43 percent of residents are Hispanic. According to information gathered by the schools and non-profit agencies working in this community, many immigrants arrive in this country without their children. When children join their parents—often after more than a year—such “reunification” can pose tremendous challenges to both parents and children. The successful efforts of school and community can, however, help mitigate these challenges.

The attached maps indicate the location of the proposed capital projects and provides demographic information on the Census tract (7007.08) and Block Groups 2 where the historic renovation projects are located, confirming that the area includes significant percentages of low- to moderate-income families and minority residents. As shown on the map, in Census tract 7007.08, Block Group 2, more than half of the families (52.16 percent) are low to moderate income and most residents are minorities. Information available from the 2000 Census provides additional detail on the demographics of the residents in Census tract 7007.08, revealing that approximately 70 percent are non-white (29.84 percent are non-Hispanic white, according to such data).

### **Olde Towne Revitalization Efforts**

Olde Towne Gaithersburg is in its twelfth year of a 20-year term revitalization plan begun in 1995. Although significant progress was made in the late 1990s, the past several years have seen little real improvement in Olde Towne. Instead, much of the focus has been on planning for development/redevelopment of several key projects that would serve to further goals identified in the Gaithersburg Olde Towne District Master Plan, updated in 2004. Several of these development opportunities have been delayed as a result of a significant downturn in the real estate market, particularly for condominium sales. Although the Mayor and Council have made homeownership a priority in Olde Towne and surrounding areas, one major Olde Towne redevelopment, involving both private and City owned property, has languished as developers and City staff and officials have not agreed on a number of aspects of the development and on-going negotiations have not been resolved.

In an effort to spur revitalization in Olde Towne, the City is working with another local developer to encourage home ownership at a new residential development planned for North Summit Avenue in the heart of the Olde Towne District. The developer proposed 45 units to include townhouses and two-over two condominiums starting at the mid-300s.

After more than a year in which two sales contracts were executed (and then withdrawn), the developer approached the City for financial assistance. As an incentive to homebuyers, the City is offering grant funds of up to \$7,500 to anyone who purchases a unit at the Summit Crossing Development. Those funds are intended to assist buyers with down payment and/or closing costs associated with a purchase. The developer, Bozzuto Homes, will match the amount awarded by the City and will also direct interested purchasers to a number of other programs through which they may receive additional assistance, such as deferred loans offered through the State Community Development Administration. The City has also enrolled in the State-administered House Keys for Employees Program, through which City employees may receive a \$5,000 zero percent deferred loan to assist with closing costs and/or down payment when they purchase a home at Summit Crossing. Through these programs, the City seeks to encourage homeownership in Olde Towne, where economic development activities have flagged.

Two City-owned properties are currently under consideration for development. The first is a 1.5± acre parcel which houses a modest two-story brick building at 315 East Diamond Avenue named the Fishman Building. The second is a vacant 2± acre parcel known as the “Y” site. The Master Plan envisions replacing the existing two-story Fishman Building with an up-to-three-story mixed use facility and constructing an up-to-nine-story signature tower (residential or commercial in nature) along with an up-to-five story retail/residential or retail/office structure on the “Y” site. In an effort to effectively communicate the City’s vision to the development community and to reach a broad network of potential purchasers/developers, the City has contracted with a commercial real estate consulting firm for both properties. Information is currently being gathered in preparation for issuing a Request for Proposal.

Restoring the historic B&O Railroad Station and bringing it into compliance with ADA requirements are important components of the City’s ongoing efforts to revitalize Olde Towne Gaithersburg. Since adopting its first Olde Towne Revitalization Plan in 1995, the City has worked steadily to revitalize the area and transform it into a vibrant, safe, and renewed urban center. In 1998, a four-story garage was constructed in Olde Towne offering free parking; and the City entered into numerous public-private partnerships, resulting in increased commercial, office, and retail space and nearly 500 new rental housing units—all within walking distance of public transportation. These revitalization efforts brought educational opportunities to Olde Towne, with Montgomery College locating an adult education campus here; improved aesthetics, and pedestrian safety measures as new eight-foot wide brick sidewalks were installed along South Summit Avenue; and the construction of the Gaithersburg outdoor Arts Pavilion, which showcases local and national talent during the spring and summer months.

The Gaithersburg Olde Towne District Master Plan also includes significant alterations to the Olde Towne Plaza. Once completed, this highly visible area, which includes the Plaza, History Park, B&O Station and Freight Shed/Community Museum, and restored Rolling Stock, will serve as Olde Towne’s primary public space. The focal point of this park will be a clock and bell tower showcasing the historic four-dial clock owned by the

City. Although fund-raising efforts are underway for this important structure, the City has pledged \$334,000 in its FY08 CIP budget towards the project costs.

### **Program Income**

Although the City did not receive program income during its first four years as an entitlement community, it may receive some program income in the upcoming year. Such income would result only if a pending sale of City-owned property in Olde Towne Gaithersburg originally acquired with CDBG funding the City received as “pass through” funding from Montgomery County were to take place. The City purchased this property, at 402-402B and 404 East Diamond Avenue, in 1998, using \$575,357 in CDBG funds toward the \$690,000 purchase price. These funds were part of the City’s annual allocation from Montgomery County’s Department of Housing and Community Affairs (DHCA) for a five-year period during which funds had been unexpended. Negotiations for this redevelopment have stalled and in the event that a sales price is determined, the City will contact DHCA on the distribution of federal program share and notify HUD of any program income received.

### **Monitoring**

**Overseeing Public Service Grantees** Once this year’s public service projects are approved for funding, the City will begin executing contracts with each sub-grantee. Such contracts will include compliance requirements for Federal and local funding. As in previous years, agencies will be required to submit quarterly or semi-annual reports indicating number of persons, households, or families served and income classifications, as defined by HUD, of those served. An annual report from each agency also will be required, and the City will conduct semi-annual on-site monitoring visits to review procedures and files. An A-133 single audit will be completed by an independent audit firm at the end of each fiscal year. Agencies must also meet with the requirements of all Federal agencies, including HUD, the U.S. Department of Labor, and the Environmental Protection Agency.

**Meeting Goals of Consolidated Plan** The City undertakes various activities to ensure that it is meeting the goals identified in its Consolidated Plan. In addition to careful monitoring and oversight of CDBG public service grantees, through quarterly and annual reporting, the City requires grantees to complete a Performance Outcomes Measures form, identifying initial, intermediate, and long-term outcomes and indicators, as well as project outputs. Each grantee’s contract requirements and the performance measures listed in Table 2C of this Action Plan are based on this form. The Outcomes Measures form, along with information provided in quarterly reports and gathered during site visits, helps City staff meet the goals of the Consolidated Plan.

### **Ensuring Compliance With Program Requirements, Including Timeliness of Expenditures**

This year, the City has not met HUD's timeliness standard, and is in danger of having CDBG funds recaptured. The City's inability to complete three capital projects with prior year CDBG funds has resulted in this threat.

FFY05: \$125,500 in CDBG funds reallocated to a space study of the existing Gaithersburg Senior Center, which is facing severe overcrowding over the next decade. City funds were used to pay for the space study; instead CDBG funds were allocated for roof replacement at the Center. The roof replacement, just recently completed, cost \$78,065, with \$47,435 unspent. The City is currently considering the construction of a new Senior Center in another area of Gaithersburg; however, a site has not yet been identified for the facility, and it is not expected to be constructed for a number of years. In the meanwhile, urgent work will need to be undertaken at the Gaithersburg Upcounty Senior Center.

FFY 06: \$336,163 for the design and construction of the City's new Olde Towne Youth Center. After more than a year of negotiations with Montgomery County Public Schools, a ground lease agreement was executed in March 2007 permitting the City to construct its new Olde Towne Youth Center (Agreement attached – Pages XXX) This facility is now under design, and will be constructed to meet LEEDS certification.

FFY07: \$232,535 for the City's Towne Rolling Stock Restoration Project and \$70,000 for the Olde Towne Youth Center. The City is working with the Maryland State Highway Administration on a Memorandum of Understanding for the Rolling Stock for over a year; until that MOU has been fully executed, no work may proceed on this project.

### **Ensuring Compliance With Housing Codes**

Gaithersburg also undertakes steps to ensure compliance with housing codes. The City's Neighborhood Services Division, under the Department of Planning and Code Administration, is responsible for administering and enforcing City codes regarding property maintenance, rental housing, landlord-tenant relations, and other housing-related matters.

All rental properties, including apartments and single-family dwellings, must be licensed every two years. Prior to issuing a final rental license, staff members conduct a complete interior and exterior inspection to ensure that a dwelling is safe and complies with applicable housing codes. In addition, all multi-family rentals units are inspected bi-annually. Housing Choice Voucher units are inspected annually by the public housing authority (HOC) in compliance with Housing Quality Standards. The inspections include the following: general property maintenance; condition of each mechanical unit; condition of plumbing systems and fixtures; condition of foundations, roof, walls, and floors; working order of appliances; functioning of electrical system and outlets; installation and functioning of smoke detectors; paint condition (interior and exterior); and evidence of insect or rodent infestation. Project sponsors for the City's HOPWA program—the Montgomery County Department of Health and Human Services (DHHS)

and the Housing Authority of the City of Frederick (HACF)—are required to conduct Housing Quality Standards reviews of all units supported by the HOPWA program, as outlined in 24 CFR Part 574. Both HACF and the Montgomery County DHHS conduct these reviews at least annually.

**Foster and Maintain Affordable Housing**

The table below demonstrates the lack of potentially affordable rental units for City residents with incomes at or below 80 percent of median. For purposes of this table, the City has updated last year’s table which used the Montgomery County median income of \$79,115 to determine affordability under a variety of programs available to all County residents, including, of course, City residents. For purposes of this year’s Plan, we have revised these figures using the Area Median Income of \$90,300 based on HUD’s 2006 AMI figures.

**Table 5.4: Affordability Gap Based On Area Median Income (\$90,300)**

Income as percent of Area Median	Percent of median	30 percent for rent and utilities	Rental Units Potentially Affordable
Up to \$27,090	Up to 30 %	Up to \$677	None
\$27,091 - \$45,150	31 – 50%	\$678 – \$1,129	Significant Number
\$ 45,151 - \$72,240	51 – 80 %	\$1,130 - \$1,806	Vast Majority
\$72,241 - \$90,300	81 - 100%	\$1,807 - \$2,258	All
\$90,301 - \$108,360	101 – 120%	\$2,259 - \$2,709	All

Given sharply rising housing costs in the area and redevelopment plans under way City wide, in late 2005 Gaithersburg’s Mayor and Council asked staff to examine the City’s housing stock and determine the availability and affordability of its housing inventory relative to the incomes of Gaithersburg residents. Staff also was asked to review housing programs offered in other cities and jurisdictions and to bring an affordable housing strategy before the Council in early spring. At a Mayor and Council meeting in March 2006, staff presented information on what families could and could not afford in the City. Staff also outlined housing policy issues for the Mayor and Council’s consideration and described various housing programs the City could implement for households with incomes at or below 120 percent of median family income. Following that meeting, City staff developed a multi-prong Affordable Housing Program, the first part of which, a develop set-aside requirement, was adopted by the Mayor and Council in November 2006.

**City of Gaithersburg Affordable Housing Program**

As discussed previously in this Action Plan, given the extremely limited stock of affordable housing available to low- and moderate-income residents, the City of Gaithersburg put together a housing policy designed to better meet the housing needs of our residents and to address the housing effects of redevelopment projects taking place in Gaithersburg, many of which involve the demolition of affordable apartment complexes City-wide. City staff appeared before the Mayor and City Council in March 2006 and provided an overview of different types of housing programs and approaches and highlighting policy questions for the Mayor and Council to consider. Following that

meeting, staff members developed specific recommendations and presented those recommendations to the Mayor and Council at a public work session in May 2006.

Pursuant to the May 8 work session, staff began to create a developer set-aside program as the initial prong of the City's comprehensive affordable housing policy. To that end, staff outlined legislation requiring developers of new residential housing to set-aside a percentage of units as affordable to families earning between 60 and 120 percent of area median income ("AMI"). In an August 14, 2006 Mayor and Council work session, staff presented a number of alternative policy options for the Council to consider as part of a potential developer set-aside regime. Among the issues addressed were control period duration, owner equity, eligibility, applicability, percentage of units to be set-aside, pricing and alternative payment procedures. Based on this presentation, the Mayor and City Council elected to consider a base ordinance to establish a 15% developer set-aside requirement as an initial measure to be followed by the adoption of comprehensive implementing regulations.

On October 3, 2006 staff presented two alternative set-aside ordinances at a public hearing of the Mayor and Council. Both versions required developers building 20 or more for-sale dwelling units to construct 7.5% of the units as Moderately Priced Dwelling Units ("MPDUs"), affordable to households earning between 60 and 80 percent AMI, and 7.5% of the units as Workforce Housing Units ("WFHUs") affordable to households earning between 80 and 120 percent of AMI. Each alternative also required developers who construct 20 or more rental units to lease 15% of the units as MPDUs for a period of 30 years. The main difference between the ordinances was the treatment of affordable housing in the Olde Towne section of Gaithersburg. Alternative 1 provided that new construction in Olde Towne be treated in the same manner as the rest of the City. Alternative 2 exempted developments in Olde Towne from including MPDUs and WFHUs, but required developers to pay a fee to an affordable housing fund that would be used to provide additional affordable housing opportunities throughout the City. On November 6, 2006, the City Council approved Alternative 2. Effective November 27, 2006, the ordinance requires developers of all new residential projects containing 20 or more units, with the exception of those in Olde Towne, to set-aside 15% of those units as affordable.

Pursuant to Section 24-256 of the ordinance, the Council was required to adopt regulations to implement the developer set-aside program. The ordinance required that the regulations address, but not be limited to, the following topics: administration, enforcement, pricing, eligibility requirements for purchasers and renters, control period for ownership units, procedures governing waiver requests and resale restrictions.

On November 13, 2006, the Mayor and Council held a work session to discuss draft regulations prepared by staff, focusing on a number of key issues. Those issues included control period duration, appreciation of owner equity throughout the control period, disposition of equity upon termination of the control period, eligibility for participation, the purchase process and the appropriate fee for builders in Olde Towne exempt from the requirements of the ordinance.

Following the work session, staff revised the regulations in response to Council guidance. The final regulations were adopted by the Council on January 16, 2007 following a public hearing on January 2. In addition to providing an administrative framework for the affordable housing program, the regulations establish a 30 year control period that runs continuously. Applicable to both homeownership and rental units, the 30 year control period will not be re-set upon the sale of a unit. The regulations also establish the amount of equity an owner will realize when a unit is sold, both during the control period and when the control period expires. If a unit is sold while the control period is still in effect, the price will be the sum of the original acquisition price plus the change in Consumer Price Index (“CPI”) for the period the seller has owned the unit. A seller will also receive a credit for the fair market value of any capital improvements made to the property. For the first sale of a unit after the control period expires, an owner may sell a unit at market price but the amount of equity a seller may earn will depend on how long that seller owned the property. For every year of ownership, the seller will earn 2.5% of the profit, accruing up to a 50% share if a unit is owned by the same household for 20 or more years. The remaining 50% of the profit will be dedicated to a City Affordable Housing Fund for the purpose of developing additional affordable housing throughout the City.

**Other City-wide Affordable Housing Proposals:**

In addition to the developer set-aside program adopted by the Mayor and Council in November 2006, staff has recommended that Gaithersburg’s Affordable Housing Policy consist of several different program elements, all intended to significantly increase the stock of housing in the City that is affordable to low- and moderate-income residents. In particular, staff developed the following four elements of a comprehensive affordable housing policy:

Creation of Affordable Housing in Existing Neighborhoods The Gaithersburg Housing Initiatives Fund (HIF) will be used to subsidize home purchases in existing neighborhoods. This subsidy will allow a unit to be purchased at a price comparable to MPDU or workforce housing pricing. Via lottery drawing with same 25 percent public employee set-aside outlined above, individuals will be selected, and assistance will be provided at settlement. As a requirement of receiving this subsidy, purchasers will be required to place a deed restriction on the property rendering it an MPDU or workforce housing unit as outlined in Program I above.

Rehab and Conversion of Low-Income Apartments to Affordable Housing Units The City’s housing program may include partnerships with Montgomery County and the State of Maryland under which the City would offer developers incentives to purchase existing apartments and convert them to affordable condominiums. Incentives could include low-interest financing from the Maryland Community Development Agency (CDA) or County housing initiative funds, expedited planning and permitting and/or fee waivers from the City. Depending on the level of public subsidy, control period for workforce and MPDU units would be negotiated.

Redevelopment of Existing Housing Under this program, the City would require a developer to pay an amount equal to 3 ½ months' rent as a relocation payment. Additionally, those tenants displaced by the redevelopment would have first priority for the affordable units created at the project via Program I. In some cases, it is likely that it would be desirable to have a larger percentage of MPDUs than workforce housing units on a redevelopment project. Additionally, the permit revenues generated by the redevelopment could be added as a restricted account in the Gaithersburg HIF and displaced tenants, by lottery, could receive a subsidy as outlined in Program II above to purchase MPDUs or workforce housing units in existing neighborhoods.

Other Public Private Funding Rental OpportunitiesThe City could identify apartment complexes that it wants to remain affordable, and work with HOC and DHCA to finance major renovations or refinance the mortgage in exchange for a contractual obligation to maintain rents at affordable rents.

**Proposed MPDU/WFHU Developments:**

In the next several years, the City anticipates a number of new residential developments to commence and, in accordance with County and City requirements, affordable homeownership and rental units will be constructed at these sites in order to provide accessible housing opportunities to low and moderate income families. The following offers a summary of affordable units expected to be produced in the City over the course of the next several years.

(1) Crown Farm

Pursuant to the Crown Farm Annexation agreement entered into by the City in 2006, the standards and requirements of the County MPDU Law will govern the construction of affordable units at this location. Under County law, the developer is required to set-aside 12.5 percent of constructed units as MPDUs and, by the terms of the Annexation Agreement, is also required to construct 4 percent of the units as workforce housing. As the development of this project remains in the planning stages, the total number of units that will be built has been determined for only 2 out of 5 expected neighborhoods of the project. The following information reflects the number of units to be included in those 2 neighborhoods only. Of the 610 units expected to be constructed, 79 of those will be designated as MPDUS available to households earning up to 70% of AMI (County MPDU law sets a 70% cap whereas City law makes MPDUs available to households earning between 60 and 80 percent of AMI). An additional 18 units will be offered as workforce housing units and will be available to households earning between 80 and 120 percent of AMI (City law will govern WFHUs because the County does not have a comparable WFHU law in place).

(2) Casey East:

Casey East is a 382 unit condominium development project scheduled to proceed in the upcoming months. Although this project was approved prior to the passage of the developer set-aside requirement adopted by the Mayor and Council in November 2006, City negotiations with the developer resulted in an agreement by which the developer

voluntarily agreed to set-aside affordable units in this development despite no statutory requirement to do so. Pursuant to that agreement, 24 units will be designated as MPDUS and 24 units will be sold as WFHUs. An additional 19 workforce units will be set-aside for Public Safety Workers, Montgomery County Teachers and City employees for a total of 67 affordable units in the development.

(3) Broadstone:

The owners of the Broadstone Apartment complex are currently seeking approval from the City to redevelop that property, creating a mix of rental and home ownership units. Although that process is in the early stages and no decisions have been made with respect to the approval of the application, the following figures provide data on the number of affordable units expected to be created should redevelopment of that project proceed. Of the 334 proposed multi-family rental units, 15 percent, or 50 units, would be designated as MPDUS affordable to households earning between 60 and 80 percent of AMI. Based on 2006 income levels, rent for an MPDU unit would be \$846 for a one bedroom unit and \$959 for a two bedroom unit, excluding utilities.

Of the 81 single family town homes and condominiums planned, 7.5 percent, or 6 units, would be offered as MPDUs. At 2006 income levels, prices would range from \$157,809 for a one bedroom unit to \$200,000 for three bedrooms. An additional 6 units (7.5 %) would be designated as WFHUs affordable to households earning between 80 and 120 percent of AMI, and, based on 2006 figures, prices would range from \$202,897 to \$257,143.

The following table summarizes the number of affordable units reasonably expected to be produced in the City as a result of upcoming residential developments.

**Table 5.5: Anticipated Affordable Units Produced in New Construction**

<b>DEVELOPMENT</b>	<b>MPDUS</b>	<b>WFHUS</b>	<b>TOTAL</b>
CROWN FARM	79	18	97
CASEY EAST	24	43	67
BROADSTONE	56	6	62
<b>TOTAL</b>	<b>159</b>	<b>67</b>	<b>226</b>

**Environmental Initiatives In Residential Developments and Public Facilities:**

Over the course of the past year, the City has developed a comprehensive plan to integrate environmental stewardship into its overall housing policy. The positive environmental impact, along with savings in energy and money, will benefit all City residents but will have an especially salutary effect on low and moderate income residents in the form of reduced energy bills and a healthier living environment.

To provide a baseline educational tool for our residents, the City has partnered with the Montgomery County Departments of Environmental Protection and Permitting Services and the Montgomery County National Parks and Planning Commission in launching a regional initiative, Going Green at Home. Designed to educate homeowners, builders,

and contractors about green building methods, the program offers free lectures and informational seminars to help residents save money on utility bills, live in healthier homes, and benefit the environment.

In addition, changes to the City's residential building code that would affect energy use are currently under consideration. These changes would require new homes to meet guidelines for energy efficiency and indoor air quality set by the U.S. Environmental Protection Agency under the ENERGY STAR qualified homes program. Homes meeting these requirements are at least 15 percent more energy efficient than homes built to the 2004 International Residential Code (IRC). ENERGY STAR qualified homes can include a variety of energy-efficient features, such as effective insulation, high performance windows, tight construction and ducts, efficient heating and cooling equipment, and ENERGY STAR qualified lighting and appliances. Homes may also be required to incorporate components of the ENERGY STAR Indoor Air Package to protect them from moisture and mold, pests, combustion gases, and other airborne pollutants. These features contribute not only to improved home quality and homeowner comfort, but to lower energy demand, reduced utility costs, and improved air quality.

By considering the adoption of these components into its housing policies and codes, the City is extending its embrace of environmental awareness that began with the construction of the Gaithersburg Youth Center at Robertson Park, Gaithersburg's first green building. The building, which received official LEED certification from the U.S. Green Building Council in 2006, includes a geothermal heating and cooling system that saves energy and reduces air pollution, cabinets made from rapidly-renewable wheatboard, floors made from recycled tires and rubber, ENERGY STAR windows, light sensors to control lighting and save energy, forest certified wood to promote sustainable forestry techniques, and insulation made from recycled blue jeans. The building also features an educational signage program to highlight its environmentally friendly features and to provide tips on how everyone can include green features in their homes.

Building upon the success of the Youth Center, the City is now in the design phase of a second Youth Center in Olde Towne as well as at the West Side Aquatic and Recreation Center and will be seeking an even higher level of environmental performance and sustainability goals in these projects. Furthermore, the City is currently considering legislation requiring future public buildings to achieve LEED certification by the U.S. Green Building Council. Currently, the City requires new commercial, institutional, or multi-family developments to complete and submit a LEED checklist as part of the site plan and building permit application process and, pursuant to its Commercial Green Building Incentive Program, offers permit fee discounts depending on the level of LEED certification achieved. (LEED Platinum: 50% refund; LEED Gold: 40% refund; LEED Silver: 30% refund; and LEED Certified: 20% refund.).

### **Remove Barriers to Affordable Housing**

As discussed in the Housing Market Analysis chapter of the City's Amended Consolidated Plan, market factors such as the high cost of land suitable for residential development and high construction costs tend to be the most significant constraints on the development of affordable housing in Gaithersburg. Market forces in the Washington,

DC metropolitan area continue to drive up both rental and homeownership costs. As described in the City's Consolidated Plan, median gross rent in Gaithersburg in 1999 was \$904 per month, which exceeds the highest affordable rent for extremely low- and low-income households (\$500 and \$833, respectively). It is this population that is most at risk of eviction, and which eventually overburdens the shelter and emergency services systems in the County.

Gaithersburg has made substantial progress and satisfied its regulatory obligations in the area of fair housing and removing barriers to affordable housing. This section of the Action Plan describes activities and programs within Gaithersburg corporate limits and across the County and State, all of which further fair housing choice and/or seek to remove barriers to fair housing. These recent efforts, together with the City's multi-component Affordable Housing Program now under development, reflect our strong commitment to protecting fair housing.

***City Efforts.*** Gaithersburg is working hard to further fair housing choice and improve the stock of affordable housing within City limits. Among the City's most innovative housing initiatives is its homeownership and down payment assistance program to provide qualified residents up to \$10,000 in down payment and/or closing cost assistance in the form of a grant from the City. Funded with \$220,000 to provide assistance for up to 20 City residents, most of whom are first-time homebuyers who would otherwise be unable to afford a house in Montgomery County, this is a pilot program administered by the Housing Opportunities Commission (HOC) of Montgomery County under an agreement executed with the City in December 2005. To date, seven City residents have received down payment assistance through this program. Although the original agreement with HOC required that funds not disbursed as of December 31, 2006 be recaptured, the City recently extended the terms of the program to allow four additional families currently working with HOC to have access to City grant funds until May 31, 2007.

Although a considerable number of residents meet the program's income guidelines, the City has found that many have poor credit and other financial issues (e.g., IRS tax liens and bankruptcy filings) that must be addressed before they can pursue homeownership. Unlike Montgomery County's moderately priced dwelling unit (MPDU) program, Gaithersburg's homeownership and down payment assistance program requires a minimum credit report score of 500. In light of the time needed to resolve credit difficulties, the City agreed to extend the term in which funds under this program would be available.

In addition to providing down payment and closing cost assistance under this program, the City adopted an ordinance in August 2006 to provide support to families faced with relocation as a result of demolition or redevelopment. Under the terms of the ordinance, lease holders forced to vacate due to demolition or redevelopment of a property are entitled to receive one and one-half months rent in relocation assistance to supplement the two months relocation assistance already required under County law.

Based on the success of the down payment and closing cost assistance program initiated last year, City staff is currently considering plans to implement a similar program for residents of a rental complex whose owners are currently seeking redevelopment approval from the City. While no decisions have been reached to date with respect to the redevelopment application, City staff has met with concerned residents to discuss potential housing and relocation issues so that, should redevelopment proceed, those residents will receive full and appropriate assistance. In that regard, the City has assured residents that they will receive 3 1/2 months rent to assist with moving expenses and the cost of obtaining replacement housing and that it will consider implementing a down payment and closing cost program similar to the pilot program currently underway. In addition, this redeveloped property will be subject to the City's recently adopted developer set-aside requirements, meaning that 15% of the units will be made available to households earning between 60 and 120 percent of AMI. Pursuant to regulations adopted by the Mayor and Council, any tenants who are displaced as a result of redevelopment, and who apply for and otherwise qualify for an affordable unit, may be permitted to purchase a unit in the new development before those units may be made available to others.

City staff has committed to meet regularly with residents and housing advocates acting on their behalf as the redevelopment application process unfolds.

As discussed previously, given dramatic increases in housing prices across the area, Gaithersburg is developing its own Affordable Housing Policy, which will include several different components, including the requirement, adopted in November 2006, that developers set aside 15% of units in new developments as affordable to households earning between 60 and 120% of AMI. The developer set-aside program mandates that developers of new construction containing 20 or more for-sale units provide 7.5% of the units to qualified households earning between 60 and 80 percent of AMI and 7.5% of units to qualified households earning between 80 and 120 percent of AMI. Developers of new residential rental units must set-aside 15% of the units to households earning between 60 and 80 percent of AMI. In turn, residents purchasing or leasing such units will be required to occupy them as their sole residence throughout a 30 year control period and must abide by other restrictions placed on the property, such as re-sale price limitations and equity-sharing. Gaithersburg residents currently may also take advantage of Montgomery County's MPDU program for properties that are within the County, but outside corporate City limits.

Fair housing activities within the City also include the efforts of several Gaithersburg area nonprofit organizations that provide housing counseling, fair housing education, homeownership education, legal assistance, and information on tenant rights and responsibilities. Information on a range of housing-related issues, including fair housing and discrimination, avoiding consumer scams, and buying a home, is distributed to residents at the Annual Montgomery County Housing Fair, co-sponsored by the City of Gaithersburg each fall. Approximately 1,000 persons attended the sixth annual fair, held October 2, 2006 at the City's Activity Center.

A City staff member serves on Montgomery County's Interagency Fair Housing Coordinating Group (IFHCG), which meets quarterly to review fair housing practices. IFHCG's actions affirmatively further housing choices for all County residents, including those residing in the City of Gaithersburg. IFHCG activities intended specifically to address impediments to fair housing include:

- Testing to identify and address discrimination in rental and sales housing and in lending practices;
- Education and outreach to increase general public awareness of fair housing laws;
- Training and technical assistance for real estate professionals, including builders, landlords, agents, and managers, on ways to provide equal housing opportunities and prevent housing discrimination;
- Support for the expansion and retention of housing that is affordable and accessible to lower income residents; and
- Continued efforts to identify and address impediments to housing choice through management and coordination of fair housing programs and activities and ongoing monitoring of legislation, policies, and procedures.

***County and State Efforts.*** In addition to the Montgomery County MPDU program, Gaithersburg residents may benefit from an affordable housing initiative approved by the Montgomery County Council in early 2006 and workforce housing legislation enacted in December 2006. The Shady Grove Sector Plan approved by the County Council January 16, 2006 calls for the addition of between 5,400 and 6,340 new residential units, including MPDUs and a variety of other affordable and workforce housing options, near Gaithersburg's Shady Grove Metro station.

The Montgomery County Council also enacted legislation in December 2006 (Workforce Housing 30-05) to create a workforce housing program to be administered by the Department of Housing and Community Affairs. The proposed program, whose implementing regulations remain under consideration by the County Council, requires that 10 percent of homes in developments built near Metro stations be set aside for middle-income households now being priced out of the County's soaring real estate market. The program is designed to benefit households with incomes between 80 and 120 percent of the area median income (\$72,000 to \$108,360 as area median income for a family of four is \$90,300) and is geared, in particular, to County employees—teachers, firefighters, police officers—whose earnings may be too high to qualify for other housing programs.

Furthermore, the County Council is currently considering a bill (Expedited Bill 1-07) that modifies the definition of a disabled individual for the purpose of determining eligibility for a life tenancy in cases where rental housing is converted to condominiums. Under the proposed legislation, the definition of disabled individuals is broadened to include individuals with mental and emotional disabilities as well as physical disabilities. In addition, the County bill would alter the income limits for extended tenancies, permitting the use of HUD income limits for federally assisted housing programs rather than the

current income limit of 80% of the median household income for the Washington Metropolitan Statistical Area.

City residents also stand to benefit from legislation introduced at the state level (House Bill 123) extending protections such as extended leases to tenants in rental facilities being converted to condominiums. The proposed law includes protections for senior citizens, individuals with disabilities, and households with incomes at or below 80 percent of applicable median income. Other County-level fair housing actions include training lenders, realtors, property managers, homeowners associations, and others; assigning staff to discuss reasonable accommodations for persons with disabilities and the placement of group homes; and implementing advertising campaigns that target minority residents and are produced in several languages, including Spanish and Vietnamese.

***Analysis of Impediments.*** In 1997, Montgomery County's Department of Housing and Community Affairs (DHCA) participated in the development of a regional Analysis of Impediments to Fair Housing; that analysis was updated in 1999 by DHCA and the County's Human Rights Commission. Impediments identified in this analysis included:

- Lack of current information about housing discrimination;
- Communities underserved by lending institutions;
- Lack of performance monitoring of County financial institution;
- Lack of County guidance on occupancy standards;
- Disparate treatment of group homes;
- Problems relating to siting of affordable housing (based on biases against minorities, low-income residents, and recent immigrants);
- Inadequate outreach to minority community;
- Insufficient efforts to affirmatively further Fair Housing; and
- Lack of affordable housing.

In November 2002, the Metropolitan Washington Council of Governments (COG) published an update to the 1997 report. This update, *Regional Analysis of Impediments Update: An Update of Fair Housing Activities in the Region*, provides a comprehensive review of the area's fair housing policies, actions, and plans of each jurisdiction in the area. Although not addressed separately, issues specific to Gaithersburg were included in the overview of Montgomery County's actions.

As reflected in the updated report, Montgomery County has made significant strides in addressing fair housing impediments since 1997. Efforts have included:

Establishing an in-house testing policy in 2000 (the County hired a testing coordinator).

Assigning an assistant county attorney to handle fair housing cases.

Conducting fair housing testing for rental and lending discrimination. (Tests have been conducted on the basis of race, national origin, source of income, and familial status.)

In addition, the County has initiated ongoing efforts aimed at lending discrimination. For example, a report examining the mortgage lending practices of banks and mortgage lending institutions was produced. This report, which focuses on the top 15 mortgage lenders and uses Home Mortgage Disclosure Act data and Community Reinvestment Act reports, is very useful in identifying problem areas.

Most recently, the County has scheduled a meeting with the Office of Human Rights, which receives \$40,000 in HOME funds, to discuss the possibility of using some portion of these funds to update the County's analysis of impediments. Such an update would analyze impediments in the context of ensuring full compliance with applicable HUD Regulations, 24 CFR 91.225, to further fair housing for County residents, including those residing in the City of Gaithersburg.

The innovative housing activities and initiatives now under way—as well as those still in the planning stage reflect Gaithersburg's and Montgomery County's concerted efforts to furthering fair housing choice and addressing any barriers to affordable housing.

### **Other Actions**

#### **Evaluate and Reduce Lead-Based Paint Hazards** Information on Lead-Based Paint Provided When Issuing Rental Housing Licenses.

Gaithersburg provides information on the hazards of lead-based paint when issuing rental housing licenses. The information provided describes the hazards of lead in the home and refers landlords to the Maryland Department of the Environment (MDE) for additional information on the safe removal of lead paint. The State of Maryland requires all rental property owners to register any units built prior to 1950 with MDE. Landlords owning units built before 1979 but after 1950 are not required to register their units; however, participating property owners receive liability relief. Under a State law that became effective June 1, 2004, an evidentiary hearing will now be held to determine whether the property owner has immunity before a case proceeds to trial.

Additional provisions of this law (effective October 1, 2004) require the City, as a local government that regulates residential rental property, to obtain certain written information from owners of residential rental property. Before receiving authorization to engage in the business of renting the property, the property owner must submit the following written confirmation:

That the property is not an affected property under the lead risk reduction provisions (an affected property is a residential rental property constructed before 1950 that is not exempted because it is lead-free or because it is a hotel, motel, or similar seasonal facility); or

If the property is an affected property, that it is registered as such and that the owner can provide the inspection certificate number for the property.

The statement submitted by the property owner must be made under the penalty of perjury before the City will be able to authorize rental of the property. Another provision of the new legislation, also effective October 1, 2004, authorizes local governments to forward to MDE any information regarding residential property, including any known noncompliance of an affected property. In the upcoming year, the City of Gaithersburg will continue to provide information on the hazards of lead-based paint when issuing rental housing licenses to property owners. Such information addresses the hazards of lead in the home and refers landlords to MDE for additional information on the safe removal of lead paint.

### **Consultation With State and Local Agencies.**

In addition to the actions described above, the City this year, pursuant to its obligations under HUD Regulations 24 CFR 91.100(a)(2) and 91.110, will continue to consult with State and local health and child welfare agencies regarding the hazards of lead-based paint and the extent of childhood lead poisoning reported in Montgomery County, including the addresses of housing units in which children have been identified as lead poisoned.

According to information the City received from Montgomery County's Office of Communicable Disease and Epidemiology of the Department of Health and Human Services, approximately 104 children from the City of Gaithersburg were identified as having elevated lead levels (10 + mcg/dl) and were case-managed by the County between 1993 and 2002.

Through communications with the County Office of Communicable Disease and Epidemiology, City staff learned of procedures in place whereby County staff are notified by the Maryland Department of the Environment (MDE) of all children within Montgomery County reported to have elevated lead levels (10 + mcg/dl). County staff, in turn, case-manage such children, communicating with families, making home visits, ensuring that blood lead tests are repeated within 3 months, and/or discussing dietary and environmental issues with the children's family. For Montgomery County children identified as lead poisoned (20 + mcg/dl), County staff work closely with MDE staff to ensure that necessary inspections and environmental follow-up take place. For such children, a Montgomery County nurse and a sanitation engineer from MDE conduct a home visit and complete necessary environmental testing and inspections. According to the most recent data available from MDE, 53 children from Montgomery County were identified as having elevated lead levels and 9 were identified as being lead poisoned in 2003.

**Reduce the Number of Poverty-Level Families** In addition to the CDBG funding available for nonprofit agencies that work with extremely low- and low-income households, the City of Gaithersburg annually awards City funds to nonprofit agencies. In the upcoming year, the City will award grants totaling \$626,750 under five broad program categories: shelter, food, health, gang prevention, and self-sufficiency.

The table below indicates, by program type, the total amount of nonprofit grant funding the City will award this year. It also lists the total number of grants for each program type and the projected number of clients to be served by those grants in the year ahead.

Type of Program	Total Number of Grants	Total Grant Funding	Projected Number of Clients to Be Served
Shelter (including permanent emergency, transitional, and eviction prevention )	10	\$154,000	315
Food	2	\$37,350	7,000
Health-related (including mental health)	6	\$181,900	1,450
Self-sufficiency and Job Training/ Education	7	\$180,000	6,629
Gang Prevention and Intervention	7	\$ 73,500	338
<b>TOTAL</b>	<b>32</b>	<b>\$626,750</b>	<b>15,547*</b>

\* Please note that this figure is not an unduplicated count.

### **Develop Institutional Structure**

During the period of this Action Plan, the City will continue to meet frequently with representatives from private industry, nonprofit agencies, and other public and government organizations. The City is well represented in Montgomery County through staff participation in a variety of housing-related committees and organizations, including the Interagency Fair Housing Coordinating Group, the Housing Policy Development Group of the Continuum of Care Planning Committee, the Montgomery County Housing Fair Planning Committee, the Montgomery County Coalition for the Homeless, Community Ministries of Montgomery County Emergency Assistance Coalition, the Montgomery County Homeless Teaming Committee, and the Montgomery County Department of Health and Human Services Econolodge Shelter Committee. In addition, City staff members are actively involved in the Germantown-Gaithersburg Chamber of Commerce, the Gaithersburg Latino Community Providers Group, the Gaithersburg Coalition of Providers, the School-Community Upcounty Partnership Annual Conference Planning Committee, the Upcounty Health Alliance, the Gaithersburg Judy Center Steering Committee, the Montgomery County Volunteer Center Holiday Basket Coordinating Group, the Montgomery County Martin Luther King Commemorative Committee, the Montgomery County Citizen Corps Committee, and the Montgomery County Organizational Development Group.

The City's consultation activities include continued participation in the CDBG Entitlement Grantees Working Group, which includes the Cities of Bowie, Takoma Park, Westminster, Gaithersburg, and Annapolis and the Montgomery County Department of

Housing and Community Affairs. Due to staffing changes and other job responsibilities among its members, the working group has not been able to set up a formal meeting schedule. However, members of the group are in regular communication via email and phone calls. In addition, City staff members have been communicating regularly with the Montgomery County Housing Opportunities Commission on housing needs within the City and across Montgomery County. As a result of City staff's more aggressive outreach, staff from HOC's Deer Park office regular attend Gaithersburg Coalition of Providers meetings.

**Enhance Coordination Among Public and Private Housing and Social Service Agencies** As noted in the Housing Needs Assessment chapter of the City's Amended Consolidated Plan, the City established the Gaithersburg Coalition of Providers in 1995 to bring together public and social service agencies to discuss the needs of the low-income residents of the City. Coalition members are in regular contact via email with requests and information. This group, which meets quarterly, does an outstanding job of assessing the needs of the community and addressing those needs in a comprehensive manner.

As discussed earlier in this Action Plan, a program funded under this year's CDBG grant will continue to provide housing counseling services for homeless families and families facing eviction. That program also includes efforts to establish partnerships and more positive working relationships with the rental community (landlords, property management companies and realtors). In addition, the City's Human Services and Neighborhood Services Divisions conduct outreach and other activities to foster positive relationships with property owners, landlords, homeowners associations, and citizens.

### **Foster Public Housing Improvements and Resident Initiatives**

Although the City of Gaithersburg has no public housing units within its corporate limits, resident initiatives through the Housing Opportunities Commission, such as those under the Family Self-Sufficiency program with Housing Choice Vouchers, are supported by the City. In addition, the City owns and operates two facilities for the homeless, Wells/Robertson House and DeSellum House. Wells/Robertson House, which opened in 1988, is a transitional housing program for single adults in recovery from alcohol and chemical abuse. The program serves 14 adults, and 2 units are reserved for residents with physical disabilities. Fifty-nine percent of Wells residents who have graduated within the past 2 years remain clean and sober and in stable housing. DeSellum House provides permanent supportive housing for graduates of Wells/Robertson House. The four residents and one staff person at DeSellum share a City-owned house.

HOC prepares an annual action plan under the regulations set by HUD (24 CFR 903.5). This action plan outlines the goals and objectives set by the public housing authority for a one-year period. The City reviews this plan to ensure that it adequately addresses the needs of low-income and special needs populations within Gaithersburg.

Hispanics represent nearly 20 percent of Gaithersburg’s population, yet the public housing and Housing Choice Voucher waiting list maintained by HOC includes only a small number of Hispanic residents. HOC’s phone system is done entirely in English and, until recently, the preapplication for waiting list eligibility was printed only in English. The City will continue to work with HOC and staff of other government and private agencies to ensure that non-English speaking persons have access to the services for which they are eligible.

**Table 5.7 : Proposed CDBG Projects: July 1, 2007 – June 30, 2008**

<b>Organization Name/Sponsor</b>	<b>CDBG Funds</b>	<b>Program Description</b>	<b># City residents served (proposed)</b>	<b>Eligibility</b>
Stepping Stones Shelter	\$23,500	Housing counseling services and emergency assistance	40/year	Public service 570.201(e)
Liberty’s Promise	\$20,000	Civic education and internships for immigrant youth	50	Public service 570.201(e)
Identity	\$20,000	Leadership development for at-risk high school students	63	Public service 570.201(e)
Rehabilitation of historic facilities (B&O Railroad/Freight House), Wells/Robertson House	\$306,250	Roof replacement/brick repointing/ADA upgrades	200/28	
Planning and Administration	\$92,437	Administration of CDBG program	N/A	Administration 570.206
<b>Total</b>	<b>\$462,187</b>			

**Persons With HIV/AIDS**

Several supportive housing activities address the priority housing needs of persons in Montgomery and Frederick Counties with HIV/AIDS who are not homeless. To improve the housing opportunities for persons with HIV/AIDS, the Maryland AIDS Administration and other public and private agencies throughout Montgomery and Frederick Counties deliver and/or oversee the delivery of housing assistance and supportive services to persons with HIV/AIDS.

Low-income Montgomery and Frederick County residents with HIV/AIDS who receive HOPWA assistance receive case management services through their respective project sponsors. Through such case management, linkages with local social service providers are established, and these linkages, in turn, support the social service needs of persons with HIV/AIDS. These needs may include medical care, addiction services/treatment,

referrals for counseling, emergency financial assistance, home health care aide services, and assistance with rent, moving, utility, and other expenses.

In addition to linkages established through case management, persons with HIV/AIDS who are not homeless are also eligible for State and County rental assistance programs, the Housing Opportunities Commission's federal housing choice voucher program (not currently open), and rental assistance through the Ryan White Title II program. The Maryland Department of Housing and Community Development and Department of Human Resources also carry out State programs to provide supportive services and short-term housing assistance to Maryland residents with HIV/AIDS.

## **Citizen Participation and Community Consultation**

### **Timeline**

The timeline below identifies the public hearings that the City of Gaithersburg held and discusses other citizen participation and community consultation actions relating to CDBG the City took before submitting its FFY 2007 Action Plan to HUD. Copies of the legal notices referenced in the timeline are attached.

#### **January 2007: CDBG Public Service Application Materials Online**

Posted information on the CDBG public service grant application process (application, fact sheet, funding policies) on the Community Development page of the City's Web site at [www.gaithersburgmd.gov](http://www.gaithersburgmd.gov).

#### **January 2007: Notification to Current Grantees**

Contacted all FFY 2006 public service grantees, notifying them of upcoming CDBG application process and providing instructions on how to secure a hard copy of application materials or access such materials online. Notification also indicated due date for application, date of first public hearing, and approximate level of CDBG public service funding expected for upcoming program year.

*First Public Hearing, Community Location/Gaithersburg*

#### **Wednesday, January 10 and Wednesday January 17, 2007: Notice of First Public Hearing Published, *Gaithersburg Gazette***

Published two notices of first public hearing in *Gaithersburg Gazette* (for February 1 and February 8, 2007 hearings).

#### **Friday, January 19 and Friday, January 26, 2007: Notice of First Public Hearing Published, *El Tiempo Latino***

Published two notices of first public hearing in *El Tiempo Latino* (for February 1 and February 8 hearings.)

**Thursday February 1, and Thursday February 8, 2007: First/Second Public Hearing Held/Community Location in Gaithersburg**

Held two public hearings at the Activity Center at Bohrer Park, 506 S. Frederick Avenue, Gaithersburg, Maryland at 7 p.m. in order to:

Provide information on anticipated CDBG funding, eligible activities, level of funds City proposes to use to benefit low/mod persons in FFY 2007.

Allow residents to provide input on housing and community development, strategies for addressing the needs of low/mod residents, and use of CDBG funds.

**February 28, 2007: CDBG Public Service Grant Application Due Date**

*Third Public Hearing: Mayor & Council Meeting/Gaithersburg*

**--February 28, 2007: Notice of Third Public Hearing Posted Online**

Posted information relating to the City's March 19, 2007 public hearing on the front page of the City of Gaithersburg web site. The notice invited the public to attend this hearing to present proposals for community development activities that benefit persons of low and moderate income or prevent or eliminate slum or blight. It also identified the date and time of the hearing and provided contact information for those with questions or who wished to appear at the hearing.

**--February 28, 2007: Notice of Third Public Hearing, *Gaithersburg Gazette***

Published notice of third public hearing in *Gaithersburg Gazette* (more than 14 days before March 19, 2007 hearing) inviting interested organizations to present proposals for use of CDBG funding in the upcoming year; identifying the date, time, and location of the hearing; and providing contact information for the City's Director of Community Development for those who had questions or wished to appear at the hearing.

**--March 19, 2007: Third Public Hearing/ Mayor & Council Meeting**

Held third public hearing at a regularly scheduled Mayor and Council meeting on Monday, March 19, 2007 at 7:30 p.m. At the hearing, which was televised live to City residents, staff provided an overview of CDBG and interested nonprofits were invited to present CDBG public service proposals. The record would be closed April 13, 2007.

*Draft Action Plan: Availability for Review and Comment*

**April 4, 2007: Notice of Draft Action Plan's Availability for Review**

Publish summary of draft Action Plan in the *Gaithersburg Gazette*

**Thursday April 5, 2007 to Friday, May 4, 2007: 30-Day Comment Period**

In addition to being posted on the City's website, the draft Action Plan was available for review and comment at the following locations:

City of Gaithersburg (City Hall)

31 South Summit Avenue  
Gaithersburg, MD 20877

Gaithersburg Library  
18330 Montgomery Village Avenue  
Gaithersburg, MD 20877

Gaithersburg Division of Human Services  
1 Wells Avenue  
Gaithersburg, MD 20877

Gaithersburg Upcounty Senior Center  
80A Bureau Drive  
Gaithersburg, MD 20877

The Activity Center at Bohrer Park  
507 South Frederick Avenue  
Gaithersburg, MD 20877

Casey Community Center  
810 South Frederick Avenue  
Gaithersburg, MD 20877

Judy Center  
Summit Hall Elementary School  
101 West Deer Park Road  
Gaithersburg, MD 20877

Ed Bohrer Parent Resource Center  
Gaithersburg Elementary School  
35 North Summit Avenue  
Gaithersburg, MD 20877

**Monday, May 7, 2007:** Presentation of Action Plan to Mayor and Council

**Monday, May 14, 2007:** Submit approved Action Plan to HUD. Notify CDBG public service grant applicants of final funding decisions (pending HUD approval).

**July 1, 2007:** FY 2008/CDBG Program Year 5 begins

**Expanded Community Outreach Activities**

Given the lack of comments on previous Action Plans, last year staff significantly increased its citizen participation efforts and made the draft Plan available to additional community organizations, schools, businesses, social services providers, and others. Such expanded community outreach was conducted to increase public awareness of activities described in the Plan and encourage community members to provide input and comments. Continued outreach this year included making the draft Plan available for review and comment at the following additional locations throughout the City:

In addition to making hard copies of the draft Action Plan available at these locations, the City distributed an electronic copy of the draft Plan, via email, to members of the Gaithersburg Coalition of Providers and the Gaithersburg Interfaith Alliance. Staff also distributed the Plan via email to members of the City's Education and Multicultural Affairs Committees as well as to members of the Community Advisory Board. Each of these groups is committed to serving those in need. The Gaithersburg Coalition of Providers, established in 1995, is an alliance of more than 80 local public and social service organizations that coordinate efforts to better serve people in need in our community. Its activities include quarterly meetings, educational trainings, and the delivery of services. The Gaithersburg Interfaith Alliance, which consists of representatives from area congregations, meets monthly for fellowship, education, and an opportunity to reflect jointly on issues facing households in need. The City's Education and Multicultural Affairs Committees and the Community Advisory Board similarly work to serve our City's neediest residents, as reflected by their respective missions: Education Committee (to foster a climate of excellence within Gaithersburg schools), Multicultural Affairs Committee (to keep Mayor and Council aware of the needs and concerns of the City's diverse communities), and Community Advisory Board (to identify community needs, explore gaps in services, and recommend and gather support for programs).

### **Comments Received**

As required by 24 CFR Part 91, Sec. 105(b)(5), this section summarizes comments the City received on its draft Action Plan, which was available for public review and comment for 30 days. CDBG Regulations also require that the grantee state the reasons for not accepting any comment and the grantee's response to the comment.

#### **Community Consultation/Local Governments**

Citizen participation and community consultation were critical to the development of the City of Gaithersburg's Action Plan. While preparing the Plan, the City actively encouraged the participation of citizens, government agencies, and nonprofit organizations in the community.

**HOPWA.** The City conducted no public hearings on HOPWA during its preparation of the FFY07 Action Plan. As stated elsewhere, the City of Frederick is the FFY07 HOPWA grantee for the Bethesda-Frederick-Gaithersburg Metropolitan Division. In order to assure a smooth transition, the City provided the City of Frederick, the Housing Authority of the City of Frederick, the Montgomery County Department of Health and

Human Services and Department of Housing and Community Affairs as well as the Maryland AIDS Administration copies of the Plan for their review. Moreover, information for this Plan was solicited from and received by these agencies.

DRAFT