

**City of Gaithersburg
Community Development Block Grant
Annual Action Plan**

July 1, 2016 – June 30, 2017

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Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The Community Development Block Grant Program (CDBG), authorized under Title I of the Housing and Community Development Act of 1974, as amended, has, as its primary objective, the development of viable urban communities. In order to receive CDBG formula funds from the U.S. Department of Housing and Urban Development (HUD), the City of Gaithersburg is required to prepare a Consolidated Plan, which shall state in one document its plan to pursue its goals and objectives for the community planning and development programs, as well as housing programs within the City. At a minimum, these goals include decent housing, a suitable living environment, and expanded economic opportunities, principally for low-to moderate-income households.

Under this program, a jurisdiction's level of funding is based on a formula that examines population, extent of poverty, housing overcrowding, and age of housing and population growth lag. The required Five-Year Consolidated Plan (for the period July 2013 – June 2018) was prepared in accordance with 24 CFR Part 91, and describes needs, resources, priorities and proposed activities to be undertaken over the next five years. An Annual Action Plan must be submitted in subsequent years. Within 90 days of the end of the program year (June 30), a Consolidated Annual Performance Evaluation Report (CAPER) is due to HUD following a 15-day public comment period.

The City of Gaithersburg is currently an entitlement community, and receives CDBG funds directly from HUD. Prior to 2003, Montgomery County distributed CDBG funds to the City. From 2004 through 2008, the City was also the grantee for Housing Opportunities for Persons with AIDS (HOPWA) funds on behalf of Montgomery and Frederick Counties. The City of Frederick is the current grantee for that program, although the State of Maryland is charged with administering the program for both Counties.

Once the Action Plan has been approved, the City shall receive \$353,710 for the FFY 2016 program year (July 1, 2016 – June 30, 2017). For the program year July 2015 – June 2016, the City received an award of \$06,242 in CDBG funds. Gaithersburg receives no other "entitlement" funds. (Montgomery County receives HOME and ESG funds, but those funds are not subgranted to the municipalities). Through the Continuum of Care process with Montgomery County, the City receives Supportive Housing funds for a 14-bed transitional housing program as part of a competitive application to HUD under the HEARTH Act.

2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

Under this program, a jurisdiction's level of funding is based on a formula that examines population, extent of poverty, housing overcrowding, and age of housing and population growth lag. The Consolidated Plan (the "Plan") is prepared in accordance with 24 CFR Part 91, and describes needs, resources, priorities and proposed activities to be undertaken over the next five years. An Annual Action Plan must be submitted in subsequent years. Within 90 days of the end of the program year (June 30), a Consolidated Annual Performance Evaluation Report (CAPER) is due to HUD following a 15-day public comment period.

The City's Consolidated Plan for the period 2013 – 2018 outlined a number of important priorities for our residents. They include:

1. Disperse affordable housing throughout the City, particularly outside of areas with a preponderance of market-rate affordable housing, and those that are racially and ethnically concentrated areas of poverty (RECAP).
2. Assist homeless individuals and families, and those at risk of homelessness.
3. Increase the supply and availability of affordable homeownership to low and moderate income residents.
4. Acquire real properties within the urban core to support redevelopment opportunities that add affordable housing units to the City housing stock.
5. Rehabilitation of historic properties.
6. Infrastructure improvements to public facilities, private nonprofit and publicly or privately owned buildings that support low-income households and communities.
7. Eligible code enforcement activities for deteriorating properties within low income areas.
8. Clearance, demolition or removal of buildings deemed blighted and remediation of environmental contamination.

3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

HUD has established a timeliness test for its grantees to ensure that funds awarded are getting out into the community without long delays. That "test" requires that grantees have no more than 18 months funds in the disbursement account by May 2nd of each year. Although the City has met this requirement for the last five years, there is an ongoing struggle with identifying eligible projects, and getting those projects underway quickly. This is due to several factors, including a large number of City

projects underway during any fiscal year; losing critical staff and getting new program staff familiarized with the regulatory requirements.

The City continues to face significant hurdles in completing infrastructure projects within a single grant year. However, since developing the Gaithersburg Homebuyer Assistance Loan Program (GHALP) in 2009, the City has seen tremendous growth in this program. Using CDBG and City funds, the program experienced its highest use of CDBG funds in FFY15. Expending \$774,457 overall, \$400,217 (52%) in City funds and \$374,240 (48%) in HUD funds, the City issued xx number of zero percent deferred loans to first-time homebuyers with incomes up to 100 percent of AMI. CDBG and City funds are used for purchasers with incomes up to 80 percent and City funds alone for buyers with incomes between 80 and 100 percent of AMI. Table 1below:

Fiscal Year 15 (July 14 – June 15)				
Race	Under 50% AMI	50-80% AMI	80-100 AMI	Total
Asian				
Black				
Hispanic				
White				
Other				
Totals				
Fiscal Year 16 (July 15 – April 16)				
Race	Under 50% AMI	50-80%AMI	80-100% AMI	Total
Asian				
Black				
Hispanic				
White				
Totals				

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

Updated most recently in March 2015, the City has a Citizen Participation Plan in accordance with federal requirements. As a local municipality highly responsive to its residents, the Mayor and Council encourage citizen participation and provide many opportunities for residents to offer their suggestions and input. The Council holds public meetings twice a month; regularly attend community meetings; and participates in dozens of public forums and gatherings year round.

City staff holds regular community meetings, and the City has developed numerous social media outlets (twitter/facebook/web postings) to engage our citizenry. That being said, many of the City's low-income households are likely not accessing services through a multi-media process. Therefore, the City must reach out to these populations in more traditional ways including community meetings in various locations during the year. Until recently, these have been announced in the City's free weekly newspaper (The Gaithersburg Gazette) and in a Spanish language newspaper that is also free and available throughout the City in many locations. The Gazette is no longer published in Montgomery County, and no longer available.

5. Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

The City put the Draft FFY16 Action Plan out for public comment on April 7, 2016 in The Washington Post and in El Pregonera, a free Spanish language newspaper. Notice was also posted on the City's website and in all City facilities. The Draft Action Plan was made available throughout the City, and the Housing and Community Development Chief received XX inquiries about the Plan. Each of the inquiries, however, was not related to the Plan itself, but was to inquire about affordable housing within the City.

6. Summary of comments or views not accepted and the reasons for not accepting them

There were no formal comments made to the Plan.

7. Summary

PR-05 Lead & Responsible Agencies – 91.200(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

Describe the agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
Lead Agency	GAITHERSBURG	
CDBG Administrator	GAITHERSBURG	Department of Finance and Administration (Housing and Community Development Division)
HOPWA Administrator	State of Maryland	DHMH
HOME Administrator	Montgomery County	DHCA
HOPWA-C Administrator		

Table 1 – Responsible Agencies

Narrative (optional)

The City of Gaithersburg's Housing and Community Development Division in the Department of Finance and Administration is responsible for preparing the Consolidated Plan. The Department of Planning and Code Administration assists by providing detailed housing and demographic data, and assisting with analysis and project descriptions. The Community Services Division of the Department of Community and Public Information is the initial point of contact for most City residents with housing and other financial and health concerns. This division prepared, distributed and collated the survey data described in this Plan. The Homeless Services Division manages the Supportive Housing Grant from HUD through the Montgomery County Continuum of Care Consortium, and oversees the City's transitional housing program at Wells/Robertson House. This division is also responsible for the City's permanent supportive housing facility, DeSellum House; coordinates the County HIP program, and comprises the street outreach team that works with the local business community, police and area-wide non-profit agencies. Staff also works with the Youth Services Division of the Department of Parks, Recreation and Culture to ensure that low-income youth are able to take advantage of all City programs, regardless of family income or ability to pay.

Consolidated Plan Public Contact Information

Annual Action Plan
2015

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Annual Action Plan
2015

6

AP-10 Consultation – 91.100, 91.200(b), 91.215(l)

1. Introduction

Gaithersburg actively participates and consults with its neighboring jurisdictions and with agencies that address needs of the low and moderate income communities and residents of the City. The Housing and Community Development Chief has worked in this field for more than 25 years, including ten years with the Housing Opportunities Commission. She is the Chair of the Montgomery County Interagency Fair Housing Coordinating Committee, represents the Mayor on the Montgomery County Interagency Commission on Homelessness, sits on the County's Health and Human Services Victim Services Advisory Board, and is a member of MWCOG Housing Directors' Group.

Provide a concise summary of the jurisdiction's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(l))

The City partners with many agencies, non-profits, local community agencies, and through City and County committees to support the goals to provide affordable, safe and sanitary housing; a suitable living environment, and expanded economic opportunities for low and moderate income persons within the City.

Explicit in these goals is the City's commitment to providing coordinated housing and supportive services to its low-income residents through partnerships with the following government and quasi-government agencies.

- Montgomery County Department of Health and Human Services
- Montgomery County Department of Housing and Community Affairs
- Maryland National Capital Park and Planning Commission (MNCPPC)
- Housing Opportunities Commission (Public Housing Authority)
- Maryland Department of Planning
- Maryland Department of Housing and Community Development
- Montgomery County Housing Fair Committee
- Montgomery County Office of Human Rights Interagency Fair Housing Coordinating Committee
- Metropolitan Washington Council of Governments (COG)
- Montgomery County Continuum of Care (COC)

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

The City is a long-time member of the Montgomery County Continuum of Care (COC), the planning body that coordinates the community's policies, strategies, and activities toward preventing and ending homelessness through a collaboration of public and private groups. Further, several staff of the City participate on the Committees as well as on the ICH Board.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

Effective July 10, 2014, the Montgomery County Council created the Interagency Commission on Homelessness (Montgomery County Code, Ch.24-62 through 24-70). The Commission serves as the governing board for the Continuum of Care, and by doing so, fulfills the federal requirements governing the COC program. Twenty-five appointed members include representatives of the County's Departments of Health and Human Services, Correction and Rehabilitation and Housing and Community Affairs; Police; Offices of the County Executive; County Council; Housing Opportunities Commission; Montgomery County Public Schools; Mayors of the City of Gaithersburg, Rockville and Takoma Park; and others. Four members of the public (at least one of whom must be a homeless or formerly homeless resident of Montgomery County) are also members of the Commission. Housing and Community Development Chief Louise Kauffmann was designated by the Mayor to represent the City on this body, which meets quarterly, and holds bi-monthly committee meetings. Duties of the Commission include promoting a community-wide goal to end homelessness, development of a strategic plan, and reviewing and monitoring programs that comprise the COC. Its Strategic Plan, a ten-year plan to end homelessness, lays out the following goals and objectives:

- Prevent and end homelessness among Veterans by the end of 2015
- Finish the job of ending homelessness by the end of 2017
- Prevent and end homelessness for families, youth and children by 2020. And
- Set a path to end all types of homelessness.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

The Homeless Management Information System is implemented within the single COC for Montgomery County (MD-601). All CoCs are expected to have a functioning HMIS System (HMIS). HMIS is a computerized data collection application that facilitates the collection of information on the homeless populations using residential or other homeless services and stores that information in an electronic format.

2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdiction's consultations with housing, social service agencies and other entities

Table 2 – Agencies, groups, organizations who participated

1	<p>Agency/Group/Organization</p> <p>Agency/Group/Organization Type</p> <p>What section of the Plan was addressed by Consultation?</p> <p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>Housing Opportunities Commission</p> <p>PHA</p> <p>Housing Need Assessment</p> <p>The City works closely with HOC on waiting list information; mortgage assistance program; consultation with Resident Services on families and single adults; on the Hoarding Task Force, and on Fair Housing issues, particularly related to the source of income protected category.</p>
2	<p>Agency/Group/Organization</p> <p>Agency/Group/Organization Type</p> <p>What section of the Plan was addressed by Consultation?</p> <p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>Interagency Fair Housing Coordinating Group (IAFHCG)</p> <p>Service-Fair Housing</p> <p>Housing Need Assessment</p> <p>The City's Housing Chief is the Chair of this Committee and regularly consults with both the Office of Human Rights and the IAFHCG. This Body meets monthly to discuss a range of issues related to Fair Housing, particularly through education, training, and consultation with other advisory groups and decision makers (including Montgomery County Council)</p>
3	<p>Agency/Group/Organization</p> <p>Agency/Group/Organization Type</p> <p>What section of the Plan was addressed by Consultation?</p> <p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>MONTGOMERY COUNTY DEPARTMENT OF HEALTH AND HUMAN SERVICES</p> <p>Services-homeless</p> <p>Homelessness strategy; homeless needs; families with children; veterans; unaccompanied youth</p> <p>Staff of the COC Planning Committee, annual point in time survey; ICH</p>

4	Agency/Group/Organization	Department of Housing and Community Affairs
	Agency/Group/Organization Type	Other government - County
	What section of the Plan was addressed by Consultation?	Housing Need Assessment
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	County Housing Initiative Fund program; coordination with tenants;
5	Agency/Group/Organization	MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Rental Housing Works; Community Legacy Grants; Sustainable Communities
6	Agency/Group/Organization	Linkages to Learning
	Agency/Group/Organization Type	Services-Children
	What section of the Plan was addressed by Consultation?	Education Support
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Coordination of Services, particularly with Schools and those on Free and Reduced Meals

Identify any Agency Types not consulted and provide rationale for not consulting – N/A

n/a

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	Montgomery County	Address the needs of homeless persons and families.
Community legacy/Sustainable Communities	State of Maryland	Promote improved urban communities/priority funding areas as designated by State.

Table 3 – Other local / regional / federal planning efforts

Narrative (optional)

AP-12 Participation – 91.105, 91.200(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

Housing and Community Development staff work closely with staff of other City Departments, including Parks, Recreation and Culture, Homeless Services and Community Services to ensure that outreach is as expansive as possible. Meetings are held throughout the year in a variety of locations and times in order to attract more residents and community leaders. Community Services coordinates a quarterly meeting for its 80+ member Coalition of Gaithersburg Providers. The Housing and Community Development Chief provides regular updates to this group on housing availability for low and moderate income families in the City, and other programs and opportunities that most affect this population.

The City does not limit its citizen participation process to any one time of year. Our inclusionary policy of working with residents year round is reflected in Gaithersburg's active resident volunteer participation process. Numerous committees review the goals and objectives of Gaithersburg's Consolidated Plan year round. In coordination with staff, these committees meet regularly to evaluate and address the needs of low-income, special needs populations, and the City's multi-cultural heritage.

Education Enrichment Committee: Members include education professionals, business community representatives, PTA and cluster volunteers, interested civic minded citizens, and City staff. The Educational Enrichment Committee implements the City's school grants, nonprofit youth grants, and CHARACTER COUNTS! ethics program, the Martin Luther King, Jr. Essay Contest, the Maryland Municipal League "If I Were Mayor" essay/ City's Junior Mayor contest, recommends to the Mayor and City Council funding for successful educational programs, conducts schools supply drives, and promote partnerships between the business community, nonprofits, and schools.

Community Advisory Committee Explores gaps in services for residents and makes recommendations to the Mayor and City Council for providing funding to nonprofit agencies that can meet this community needs.

Multi-Cultural Affairs Committee: Promotes understanding, respect and appreciation for the many cultures in Gaithersburg by serving as a liaison to the Mayor and City Council on diversity issues. The committee coordinates the Martin Luther King, Jr. Literary Arts Contest and cultural celebrations including Hispanic Heritage Month, African American History Month, American Indian Native Alaskan History Month, Arab American Heritage Month, and Asian Pacific Heritage Month.

Commission on Landlord-Tenant Affairs Oversees the landlord-tenant relations in the City by hosting public hearings and investigating landlord and tenant complaints, ordering repairs, and performing other duties as outlined in the City's Landlord Tenant Ordinance.

Economic and Business Development Committee Local industry leaders share information gathered through their business and community activities regarding economic trends, opportunities to target industrial, commercial or retail businesses, and observations from visits to other jurisdictions.

Ad Hoc Affordable Housing Committee: In lieu of a workforce housing requirement at Crown Village Property, the Owners were required to contribute a \$3 million payment for the creation of a Gaithersburg Housing Initiatives Fund (HIF) to further the City's affordable housing objectives. The City received \$1.2 million in June of 2012, and payments of \$600,000 each will be made in 2013, 2014 and 2015. In December 2011, the Mayor and Council appointed an Ad Hoc Affordable Housing Committee comprised of seven members, who represented a wide range of housing providers and policy makers from Gaithersburg and Montgomery County. This Committee held monthly meetings from January – August 2012. Recommendations were made to the Mayor and Council in September 2012. Those recommendations are part of the City's Housing Needs Assessment.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (if applicable)
1	Public Meeting	Low mod income households	No attendance	none received	None received in writing	
2	Public Meeting	Low-Mod income hh				
3	Public Meeting	Others interested in the Plan				

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.220(c) (1, 2)

Introduction

The City receives annual CDBG funds as an entitlement community. These funds are generally used to support affordable housing, economic revitalization, infrastructure redevelopment and to prevent and eliminate blight. Over the five-year period of the Gaithersburg Consolidated Plan, funds will be used to support first time homeownership for low and moderate income households; to assist families at risk of eviction and utility disconnection; to renovate and restore historic properties – particularly those on the National Register or on the State or locally designated historic resources. These funds are coupled with other government funding sources. The City is in the process of a substantial amendment to add “rental rehabilitation” to its Consolidated Plan goals. This will allow Gaithersburg to use CDBG funds to meet the goal of decent affordable rental housing for low-income residents.

Priority Table

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1			Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	\$353,710	0	453,710	0	

Annual Action Plan
2015

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1			Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$		
Other	public - state	Economic Development	250,000	0	0	250,000	1. Smart Growth \$100,000. Storm water management and natural resources \$150,000.

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

It would not be possible to meet the objectives set by the City to improve the housing, economic and social well-being of its low income residents with CDBG and City funds alone. The City dedicates approximately one million dollars a year in direct services, grants to non-profit agencies, and other internal programs that support low income residents (e.g., scholarships to City camps for every household that meets the income requirements), without leveraging other State and County funds.

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

The City has regular discussions about using CDBG and its own Housing Initiatives Funds (HIF) to purchase housing units for formerly homeless and/or low income households that would be located in areas outside of concentrated areas of poverty. The Mayor and Council have expressed support of pursuing opportunities as they arise.

Discussion

Annual Goals and Objectives

AP-20 Annual Goals and Objectives - 91.420, 91.220(c)(3)&(e)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Closing Cost and Down Payment Program	2013	2017	Affordable Housing	Olde Towne and City wide Gaithersburg	Affordable Housing	CDBG: \$230,000	Direct Financial Assistance to Homebuyers: 20 Households Assisted
4	Emergency Assistance	2013	2017	Affordable Housing	Olde Towne Gaithersburg	Affordable Housing Emergency Assistance	CDBG: \$53,000	Public service activities for Low/Moderate Income Housing Benefit: 35 Households Assisted

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	Closing Cost and Down payment program
	Goal Description	Assist first time home buyers acquire their first home through closing cost and down payment assistance
2	Goal Name	Emergency Assistance
	Goal Description	Rental and utility financial assistance to prevent evictions and keep low income renters stay housed

3	Goal Name	Historic Preservation
	Goal Description	
	Goal Description	

Table 7 – Goal Descriptions

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.215(b):

The City anticipates providing assistance to 20 – 25 first-time homebuyers and 35 households at risk of eviction and displacement.

AP-35 Projects – 91.220(d)

Introduction

The City’s primary objective under CDBG is to assist low-moderate income households and to improve their living situation through viable urban communities.

#	Project Name
1	Homeownership Assistance
2	Emergency Assistance
3	Historic Preservation
4	Rehabilitation of City owned Community Center
5	Administration

Table 8 – Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

Ownership housing is often out of the question for low and moderate income households, particularly those with poor credit. The City requires that all applicants for homeownership assistance complete a comprehensive housing counseling course. After several years of underutilization of the program, in FFY14, it experienced enormous growth and the City has had to curtail the amount of funds a borrower can receive, which can jeopardize their ability to be approved for a first trust loan. This program is also extremely time intensive, requiring a significant amount of staff oversight and the ability to be flexible with the funds so that it reaches a large number of interested buyers.

Projects

AP-38 Projects Summary Project Summary Information

Table 9 – Project Summary

1	Project Name	Homeownership Assistance
	Target Area	Olde Towne Gaithersburg
	Goals Supported	Closing Cost and Down Payment Program
	Needs Addressed	Affordable Housing
	Funding	CDBG: \$200,000
	Description	Ownership housing is often out of the question for low and moderate income households, particularly those with poor credit. The City requires that all applicants for homeownership assistance complete at least a three-hour housing counseling course. With the upsurge in MPDU sales, and ongoing promotion of the program with residents, realtors and lenders, the City saw a large upswing in interest in the current program year. In addition to HUD funds, City funds are also used towards each purchase, and for those households whose incomes exceed the HUD maximums, City funds are used exclusively for households between 80 and 100 percent of AMI.
	Target Date	6/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	20 - 25 households
	Location Description	City wide, with an emphasis on assisting buyers purchase homes outside of traditional low-moderate income households

	Planned Activities	Downpayment and closing costs.
2	Project Name	Emergency Assistance
	Target Area	Olde Towne Gaithersburg and City wide
	Goals Supported	Emergency Assistance
	Needs Addressed	Affordable Housing Emergency Assistance
	Funding	CDBG: \$44,994
	Description	The City's subsistence payment program includes both one month's rent to stave off an eviction, assistance with utility costs to avoid disconnection, and to pay up to three months' rent for households that have been determined to need longer-term financial assistance. This is the City's number one priority for low-income and special needs households.
	Target Date	6/30/2016
	Estimate the number and type of families that will benefit from the proposed activities	35 – 40 households – most of whom are at or below 50 percent AMI. The City does allow funds to be used for households up to 80 percent of AMI, but the focus is on the lowest income households who are most at risk of homelessness.
	Location Description	City-wide, although concentrated in communities with affordable market rents.
	Planned Activities	Emergency payments for rent and utilities on a short term basis.
3	Project Name	
	Target Area	
	Goals Supported	
	Needs Addressed	
	Funding	
	Description	

	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	
4	Project Name	
	Target Area	
	Goals Supported	
	Needs Addressed	
	Funding	
	Description	
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	
5	Project Name	
	Target Area	

Goals Supported	Closing Cost and Down Payment Program Rehabilitation of City Facilities Historic Preservation Emergency Assistance
Needs Addressed	Affordable Housing Non Residential Historic Preservation Public Facility and Infrastructure Improvements Child Care Centers Transportation Services Emergency Assistance Renovation & Rehabilitation of Homeless Facilities Parks and Recreation Facilities Rehabilitation of Non Profit Facilities
Funding	CDBG: \$70,742
Description	Program administration.
Target Date	6/30/2017
Estimate the number and type of families that will benefit from the proposed activities	
Location Description	
Planned Activities	

AP-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

Olde Towne Gaithersburg and other LMAs are mostly on the east side of the City. The western portion of Gaithersburg (generally considered west of Interstate 270, which bisects the City) has many fewer low and moderate income households, and no LMAs (with 51 percent or more of the residential neighborhood qualifying by income). However, the City does encourage homebuyers to purchase outside of traditional low-income areas of the City in its efforts to reduce concentrations of lower income housing.

Geographic Distribution

Target Area	Percentage of Funds
Olde Towne Gaithersburg	20

Table 10 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

The census tracts within and adjacent to Olde Towne have the highest percentages of low and moderate income and minority concentrations of families; additionally, these areas benefit from additional investment to improve the housing stock and neighborhood vitality.

Discussion

The City has long been a community where I-270 has been the dividing line between the affluent west and pockets of poverty and disinvestment on the east. The Mayor and Council have determined this to be unacceptable. Similar to the City's affordable housing law, which requires that 15 percent of all new housing construction outside of the Olde Towne Central District, Housing Initiatives Funds of \$3 million, coupled with other funding resources, will be used to deconcentrate RECAP and other low income housing outside of traditional urban centers. This benefits families on all levels, particularly in schools where the FARMS rates are especially high in elementary schools in and around Olde Towne.

Affordable Housing

AP-55 Affordable Housing – 91.220(g)

Introduction

Affordable housing is a top priority for the City under this Mayor and Council. Significant City and outside resources are targeted to address the lack of affordable housing in the City. The eviction prevention and utility disconnection prevention public service grants serve the very lowest income tier and provides wrap around services such as case management and financial and budget counseling.

Homeownership for first-time buyers is another top priority. CDBG funds and City funds are used together toward closing costs and downpayment assistance for eligible first time buyers. At settlement, the buyer is permitted to take back only his/her escrowed funds. Although moderately successful last year, this year, the program has seen enormous growth since July 2014.

One Year Goals for the Number of Households to be Supported	
Homeless	10
Non-Homeless	25
Special-Needs	15
Total	50

Table 11 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	35
The Production of New Units	15
Rehab of Existing Units	0
Acquisition of Existing Units	0
Total	50

Table 12 - One Year Goals for Affordable Housing by Support Type

Discussion

Eviction prevention funds are available under the City's public service allocation. In the past, up to three months (the limit imposed by HUD) of rental and utility assistance have been used to stabilize housing crises brought on by loss of income, unexpected medical expenses, and other financial emergencies. In 90 percent of the cases, the household must make some financial contribution and whenever possible, the City ensures that its HUD funds are used in combination with other resources. Two non-profit (501c3) agencies working in Gaithersburg administer the program. Once there is a reasonable plan that the household will be stable (i.e., can pay ongoing housing expenses), the City approves payment directly to the landlord or utility company. The client never receives the funds directly.

AP-60 Public Housing – 91.220(h)

Introduction

There is no public housing in the City, although staff works closely with the local PHA (The Housing Opportunities Commission) on housing for all its residents who live in Gaithersburg – scattered site, housing choice vouchers and through the Rent Supplement Program administered by HOC.

Actions planned during the next year to address the needs to public housing

Although there are no traditional public housing units in the City, staff works closely with the public housing authority throughout the year. Examples include: HOC, the City and Montgomery County are co-owners of Diamond Square Apartments; Forest Oak Towers, a project based Section 8 property for low income elderly, is owned by the housing authority; HOC is represented on the Inter Agency Fair Housing Committee, and is a member of the Housing Fair Committee.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

The City also works closely with HOC on its MPDU program. HOC is permitted to purchase MPDUs and resell them or lease them to its public housing residents and other eligible homebuyers. Of the 39 MPDU units at Crown, HOC and the non-profit community have purchased, or are under contract to purchase, seven for-sale units. They declined to master lease any of the MPDU rental units at that development.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

N/A

Discussion

The City consults regularly with the public housing authority on shared priorities. Further, the City's Housing Chief is the current Chair of the Interagency Fair Housing Coordinating Committee of Montgomery County and meets monthly with an HOC Commissioner to discuss activities related to fair housing and other shared objectives. HOC and the City also participate on the annual Housing Fair Committee, and HOC staff participate in the Gaithersburg Coalition of Providers quarterly meetings.

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

On its own, the City can do little to address homelessness. Gaithersburg spends more than \$750,000 of its own funds each year to support emergency shelters, transitional and permanent supportive housing for homeless and formerly homeless households. Another \$500,000 goes towards other special needs populations, including low-income and elderly persons. Whenever possible, the City leverages County and State dollars and pursues grants on behalf of these groups whenever possible.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including. The City is a member of the Inter Agency Commission on Homelessness, represented by the Housing and Community Development Chief and the Division Manager for Homeless Services (e.g., Wells/Robertson House). The Housing Chief is a voting member, and the Division Chief for Homeless Services is a member of the Operations Committee. They both fully participate in the ICH one-year goal to eliminate homelessness for Veterans (by the end of 2015). That goal was achieved. Longer term goals include ending chronic homeless by 2017, and end all homelessness for families, youth and children by 2020.

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The City's one-year goals for reducing homelessness include eviction prevention, a leading cause of homelessness; continued funding of Wells/Robertson House and DeSillum House for homeless and formerly homeless person in recovery; continued funding of County-wide shelters, and other transitional housing programs.

In consultation with its many local partners, Montgomery County has established short-term goals for eliminating homeless by the year 2020, including eliminating homelessness for veterans by the end of 2015; eliminating family homelessness by the end of 2016; and eliminating chronic homelessness by the end of 2017.

With prior year CDBG funds – matched by CDBG funds from Montgomery County - the Montgomery County Coalition for the Homeless is installing new kitchens at Seneca Heights Apartments for 17 formerly homeless families. These families have experienced homelessness and are now in permanent affordable housing.

Addressing the emergency shelter and transitional housing needs of homeless persons

The City's Homeless Services Director and a member of his staff are part of a street-outreach team that coordinates with police and local businesses to reach out to unsheltered homeless to ensure they are aware of the resources available to them. Any homeless person in the County would first get

connected to the Montgomery County Crisis Center, which would evaluate the person's appropriateness for shelter services. Although expensive, when the County shelters are full, homeless persons and families are put into hotels, so that they experience a safe place to be until resources are available.

The City and County (along with the entire CoC), work collaboratively to ensure that homeless persons have access to shelter and housing. Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

Montgomery County COC continues to provide a range of temporary and permanent housing options to address the needs of persons experiencing homeless and to assist them rapidly exit homelessness. Further, the COC continues to expand permanent housing options including Rapid Rehousing and permanent supportive housing. The Interagency Commission on Homeless recommends increased permanent supportive housing for persons experiencing chronic homelessness and to increase the supply of housing affordable to extremely low income families who do not have high service needs. Exploring additional funding resources is required to continue to expand housing.

The Montgomery County point in time count for 2015 (2016 results have not been released) reveals a 23.5 percent increase in the number of homeless (all categories). Although the count of "individuals" declined just 1 percent, the total number of families increased from 91 in 2014 to 159 in 2015, a 75 percent increase. Within those families, the total number of persons grew from 288 in 2014 to 502 in 2015.

Among individuals experiencing homelessness, 67 percent reported chronic substance abuse, serious mental health issues, or co-occurring disorders, while 48 percent reported a chronic health condition and/or physical disability.

Montgomery County COC continues to provide a range of shelter, transitional housing, and permanent

housing options. Further, the COC continues to expand permanent housing opportunities, including Rapid Rehousing and Permanent Supportive Housing.

The number of children in homeless families increased 70 percent since 2014, with 318 children counted this year compared to 187 in 2014.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

The County develops and implements local discharge planning policies for youth aging out of foster care. Per Maryland law, DHHS supports youth in foster care up to age 21, and it is against their policy to discharge youth into homelessness.

Discussion

The City receives no HOPWA funds. All HOPWA funds go directly to Montgomery County Department of Health and Human Services, and would be addressed in the County’s Consolidated Plan.

One year goals for the number of households to be provided housing through the use of HOPWA for:

1. Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family
2. Tenant-based rental assistance
3. Units provided in housing facilities (transitional or permanent) that are being developed, leased, or operated
4. Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds

One year goals for the number of households to be provided housing through the use of HOPWA for:
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family
Tenant-based rental assistance
Units provided in housing facilities (transitional or permanent) that are being developed, leased, or operated
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds
Total

AP-75 Barriers to affordable housing – 91.220(j)

Introduction

The greatest barrier to affordable housing is the high price of housing in this area. Although the area has largely recovered from the severe recession that began in 2008, many of our residents depend on low-wage work that does not provide benefits or long-term employment.

Although the large number of redevelopments that took place in the mid 2000s has ended, the City has experience several apartment conversions that result in non-renewals of leases. This is something that the city intends to address through changes to its zoning ordinances to add protections to residents being displaced.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

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 elsewhere, median gross rent in Gaithersburg in 2010 was \$1,344 per month, which exceeds the highest affordable rent for extremely low- and low-income households (\$625 for a household earning \$25,000). It is this population that is most at risk of eviction, and which eventually overburdens the shelter and emergency services systems in the County. Although the City is extremely limited in its ability to assist these residents in finding affordable housing, providing housing counseling and emergency assistance is one area where the City can put its resources through the provision of housing counseling and emergency rental assistance.

Gaithersburg continues to make progress in removing barriers to affordable housing. Most notable is the City's 2006 Affordable Housing Law, which requires that 15 percent of all residential properties in new developments with 20 + units be set aside for persons with incomes up to 80 percent of AMI. Since the passage of that law – and despite the downturn in the residential marketplace– more than 200 units of rental housing at moderate rents have been created. Simultaneously, more than 50 MPDUs and Work Force Housing Units have been sold or are under contract at new developments in the City.

Among the City's most innovative housing initiatives is its homeownership and down payment assistance program to provide qualified residents up to 15,000 (reduced from \$20,000 in March of this year) in down payment and/or closing cost assistance in the form of zero-percent loans. Many prospective buyers have poor credit and other financial issues (e.g., IRS tax liens and bankruptcy filings) that must be addressed before they can pursue homeownership. Gaithersburg's homeownership and

down payment assistance program requires a minimum credit report score of 640, unless the lender will approve the loan with lower credit score maximums. 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.

Discussion

Montgomery County and its municipalities are high cost areas with lots of excellent reasons for people to live here. High-performing public schools are a primary reason for low-income families to live in Montgomery County. The County is also well known for its exceedingly generous public service agencies, including the Department of Health and Human Services, and the hundreds of non-profit agencies tackling the difficult work of supporting hundreds of thousands of vulnerable households. Montgomery County also has a very progressive social agenda that includes its expansive commitment to fair housing for all. Its protected classes are significantly more inclusive than those of the federal, or even state governments. In the past, people would come to this area for its quiet suburban communities. That is no longer the case. Gaithersburg is now mostly urban, and becoming more so. The greatest barrier to a good, stable life in this area is the lack of affordable housing. Whereas homelessness is on the decline, affordable housing remains out of reach for far too many people.

AP-85 Other Actions – 91.220(k)

Introduction

The City consults broadly with organizations throughout the County, including partnering with the Department of Health and Human Services and the Department of Housing and Community Affairs.

Although DHHS has been a long-time partner on supportive services to City residents, Gaithersburg has stepped up its partnerships with DHCA since the \$3 Million Housing Initiatives Fund gives the City more resources to create and support affordable housing in existing and new residential developments. For example, the City and County provided PILOTs (payment in lieu of taxes) and significant loan funds to a housing developer to purchase and rehabilitate two apartment complexes that were becoming blighted properties in a prime location along Route 355 just outside of Olde Towne.

Actions planned to address obstacles to meeting underserved needs

To address under-served needs in the upcoming program year, the City will fund a range of public agencies with local (i.e. City) funds of approximately \$850,000 including \$150,000 to support school-based programs. City residents also benefit from services available through Montgomery County, the Housing Opportunities Commission, MCSP, houses of worship and a multitude of non-profit and community based organizations. In addition to the HUD transitional housing grant at the Wells/Robertson House, City and other local funds account for approximately 75 percent of the total operating costs of that program.

Actions planned to foster and maintain affordable housing

Using the \$3 million HIF and leveraging those funds to encourage other partners to participate, the City intends to offer loans and grants to increase affordable housing in all areas of the City over the next three – five years, preserving affordable housing properties, improving the interior and exteriors, and keeping rents low.

Actions planned to reduce lead-based paint hazards

Any residential property constructed before 1978 must be tested for lead paint and remediated before the buyer can receive any GHALP funds. The City 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). The State requires all rental property owners to register any units built prior to 1950 with MDE. Landlords owning units constructed before 1979 but after 1950 are not required to do so; however, participating property owners receive liability relief. Under a 2004 State law, 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 require the City, as a local government that regulates residential rental

properties 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 information in writing: that the property is not an affected property under the lead risk reduction provisions; 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.

Actions planned to reduce the number of poverty-level families

In the upcoming year, the City will award approximately \$850,000 to non-profits and schools with high percentages of low income students under four program categories, all of which are designed to reduce poverty through a comprehensive approach. These broad categories are: Shelter; Food; Health; and Financial and Self-Sufficiency.

Moreover, the City's CDBG program targets many of the City's lowest income earners, including families receiving TANF.

The City works closely with other agencies to leverage funds and to ensure that families have their essential needs met. Unfortunately, there will never be sufficient housing affordable to families living in poverty, as the Housing Authority is unable to keep up with the demand, as evidenced by their waiting lists of 15,000 plus families and single adults.

Actions planned to develop institutional structure

During the period of this Action Plan, the City will continue to coordinate with representatives from private industry, nonprofit agencies, and other public and organizational groups. 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 Coalition for the Homeless, Community Ministries of Montgomery County, and the Montgomery County Departments of Health and Human Services and Housing and Community Affairs.

Generally, the City has an excellent institutional structure in place, and staff is committed to preserving that structure.

Actions planned to enhance coordination between public and private housing and social service agencies

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 meet quarterly, and are in regular contact via email to make referrals, provide resources and training opportunities. The City will continue to outreach to organizations not currently involved in this network. In fact, the City will not fund groups that are not members, and who do not actively participate in the quarterly meetings.

Discussion

The City and County have an outstanding record of coordination in providing comprehensive services to the affected populations. Although resources are always stretched – and there has been a loss of funding for many important programs even since the recession ended - the City has not reduced the amount of funds it provides on behalf of these populations.

Program Specific Requirements

AP-90 Program Specific Requirements – 91.220(l)(1,2,4)

Introduction

The City received no program income last year, and expects no program income in this current year.

Although the homeownership assistance program is a loan program, repayment is not required until the unit has been sold or no longer occupied. There is a provision for repayment when the loan is refinanced; however, the City Manager has the authority to waive that requirement when there are no funds provided at settlement. The City expects no urgent needs that would require CDBG funds, as it has sufficient reserves to address those needs immediately. All funds are directed solely to improve the lives of low-income persons by improved living conditions and viable urban communities.

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.220(l)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	0

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	70.00%

Discussion

The City has received no program income since 2009. Additionally, it does not use its CDBG allocation for urgent need.