

KING FARM O&A

Why King Farm and why not wait for work force housing to come through as required by the legislation?

DHCA, in response to the County and the County Executive's priority for affordable housing for the work force, is taking advantage of all opportunities to address that priority. The W/F housing units that come through the system, as required by the legislation, are just beginning the journey through the planning and development process. We won't see those units for a few years.

In the meantime the county is moving aggressively. We just awarded the development rights for nine W/F housing units and six MPDUs on a small county owned parcel in Bethesda. We are in the final stage of a process to award the development rights to a county owned parcel in Olney that will produce up to 117 units, 30% of which will be W/F and 30% will be MPDUs. Additional proposals will be solicited next winter for development on other county owned parcels. The demand is so great that the County is taking advantage of all opportunities to produce housing for these segments of our population. The King Farm opportunity is just one of many we are actively pursuing.

What are the time constraints impacting this proposal?

The County and HOC, under the law, have sixty days to respond to the offer to purchase under their right of first refusal. The sixty day time limit was set to expire on November 19. DHCA was, however, able to get an extension until November 21 due to the fact that the earliest the City Council could act was November 19. Since the City Council meeting is now scheduled for November 26, DHCA is seeking an extension of the deadline until November 30. I am not sure whether we will get it or if we do, whether there will be a cost attached to it.

How many units and what prices are proposed?

The purchase offer that the county and its partner, HOC are matching is for 49 residential units above the retail in the village center. The contract price offered to the current owner, by a third party, averages \$195,000 per unit. The county plan is for our partner, HOC, to acquire the property under the provisions of the law that gives the county and HOC the right of first refusal to match an offer. The units will then be sold to work force eligible households as described below. It should be noted that the numbers listed below are subject to modification based on income ranges, interest rates and condo fees at time of offering of units for sale. Any variance will most likely not be substantial.

King Farm Unit Type, Income Ranges and Sales Prices

Unit Type	Household Size	Household Income Range	Unit Count	Sales Price Per Unit	Condo Fee
2-bdrm	3	\$59,535 to \$68,040	16	\$171,818	\$431
2-bdrm	3	\$68,041 to \$85,050	16	\$223,804	\$431
2-bdrm	3	\$85,051 to \$102,060	13	\$293,117	\$431
2-bdrm + den	3 to 4.5	\$85,051 to \$117,940	2	\$313,230 *	\$520 *
3-bdrm	4.5	\$98,280 to \$117,940	2	\$333,340	\$568
Total/Average			49	\$232,129	

*Approximate

What assurance is there that purchasers can afford the units and responsibilities of homeownership?

The unit purchase price is set at a level that a household within the indicated income range will be able to meet the financial obligations of homeownership (mortgage, condo fee, utilities etc) by spending 33-36% of their income. Purchasers will also be subject to standard underwriting requirements of local banks as a precursor to receiving a mortgage.

What will be the conditions of sale and what enforcement will there be of those conditions?

The units will be sold generally under the conditions and controls described in the Montgomery County Workforce housing program regulations number 18-06AM. The controls spelled out in that regulation will be covered by covenants attached to the deeds transferring title. Those covenants, and any other requirements imposed by the condo association will be enforced by the condo association, HOC, and the County, as appropriate. E.g. The County will enforce the covenants that will require owner occupancy. The condo association of the 49 residential units, the King Farm Assembly, and the King Farm Conservancy will have the same responsibilities and enforcement roles over these units as is the case with other condo associations within the King Farm community.

Primary conditions of sale are that purchasers must meet income qualifications described above. Units sold within 20 years of purchase must be sold at a DHCA established price to a, then, workforce eligible purchaser. The equity appreciation of the workforce seller is limited by DHCA regulation. Units must be owner occupied. Under extraordinary circumstances, DHCA may grant a waiver of this provision for a period of up to 24 months.

What are residency or job location requirements?

To be eligible for the program, an applicant must be a County resident and employed at an establishment located in the County, or have a written job offer to work at an establishment in the County. There will be no requirements for continued employment in the City or County after sale of the unit to the individual purchasers.

Will the County give preference to Rockville residents/employees and/or fire rescue personnel, teachers, and police?

The County will give absolute preference for 12 units for Rockville residents/employees. The County will also give priority and preference to fire/rescue personnel, police and teachers for at least 50% of the units.

What authority does the DHCA Director have to bind the county and insure these conditions are adhered to?

HOC is the County's partner in this effort and has agreed to these conditions. Moreover, HOC is dependent upon funding by the County for this project and must agree to these conditions to receive funding. The Director of DHCA has the authority, with no further approval required of the County Executive or County Council, to commit the funds and execute the appropriate agreements to effectuate this project.

What is the process from this point forward?

HOC, acting on behalf of the County and HOC will execute a contract with the seller to purchase the property. Closing must occur within 120 days. DHCA and HOC will reach an agreement, during the interim period, with the City of Rockville and King Farm on the issues to be addressed in the covenants to go with the property and the requirements to be imposed by the condo association formed for the 49 residential units. The details of the random selection process will be developed in consultation with the City and King Farm.

What is the impact on current occupants? (35 as of this date)

There are a number of rights given by law to current occupants. e.g. All occupants will be advised of the plans for the property. All occupants will have six months or until the end of their current lease, whichever is longest, to remain in their units. All occupants will be given the opportunity to purchase their individual unit.

Does the County have other options to purchase this property without receiving the concurrence of the City of Rockville?

Yes, there are other options under the law available to the County but they are not under consideration, at this time. The County and HOC are solely focused on working with the City and King Farm to accomplish this important goal of providing affordable housing to our workforce in a manner that is satisfactory to all.