ROCKVILLE HOUSING ENTERPRISES

ATTACH B

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REQUEST TO THE CITY OF ROCKVILLE MAYOR AND COUNCIL FOR ASSISTANCE TO ACQUIRE FIRESIDE PARK APARTMENTS

Who/What is Rockville Housing Enterprises (RHE)?

- Established by the Mayor and Council of the City of Rockville in 1957 as a state-chartered municipal housing agency.
- RHE is a government entity, operating separately from the City of Rockville, whose Board of Commissioners, its governing body, is appointed by the Mayor and Council.
- RHE's mission is to provide affordable housing for the citizens of Rockville.

What does RHE do?

- Owns 105 rental units for extremely low income households (with incomes below 30% of Area Median Income (AMI), currently at $32,250 for a family of four). These units are operated with rental assistance from the U.S. Department of Housing and Urban Development (HUD).
- Owns 58 rental units for moderate income households (households with incomes at or below 60% of AMI, or $64,500 for a family of four). These units were created under the City's Moderately-Priced Dwelling Unit program, are self-sustaining, and receive no ongoing government rental subsidy.
- Operates a 414-unit Housing Choice Voucher Program that provides rental assistance payments on behalf of program participants to private landlords in Rockville. RHE pays an average $500,000 per month to private landlords throughout the city.

What is RHE requesting from the Mayor and Council?

- A $2,000,000 loan to assist RHE to acquire Fireside Park Apartments to be repaid when RHE refinances the development after 7 years. In the interim, the City will be paid annual interest at 3% as well as up to 15% of the property's cash flow each year as payment toward principal.
- As a non-profit, government entity, RHE is exempt from property taxes and instead establishes Payment in Lieu of Taxes (PILOT) agreements with the City for any property it owns. RHE is asking for a 100% waiver of PILOT payments for Fireside in order to keep rents affordable to moderate income households.

Why?

- To preserve Fireside Park as mixed-income housing and a long-term source of moderately priced rental housing in the City of Rockville.
- RHE's proposal is for 60% of the units to be rented at market rate and 40% of the units to be rented at rates affordable to households at or below 60% of AMI, currently $64,500.00 for a family of four.

Does RHE have other funding commitments for the purchase of Fireside?

- $500,000 of RHE's own resources
- $32.4 million mortgage loan commitment
- Requested a $2.8 million loan from Montgomery County. The County will make a final decision on September 26, 2012; County funding is contingent on a combined City/RHE commitment of $2.5 million.

What will happen to current Fireside residents?

- There will be no displacement of current residents.
- There will be no rent increases other than the annual percentage limits set by the City.

How will RHE operate the development?

- With third-party private property management, as has been the practice of previous owners.