**MEMORANDUM**

**DATE:** December 7, 2001

**TO:** Montgomery County Planning Board

**FROM:** Sally Roman, Research and Technology Center *SR*

**SUBJECT:** Priority Funding Area Designation for Senior Housing on Newbridge Drive in Potomac

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**Recommendation:** Transmit to the County Council a recommendation of approval of a Priority Funding Area designation for the Victory Terrace Senior Apartment site in Potomac.

The Department of Housing and Community Affairs (DHCA) is currently working with Victory Housing to obtain financing for the 72 unit Victory Terrace senior housing project on Newbridge Drive in Potomac. The goal for the project is to provide independent living for seniors with limited incomes.

To qualify for State administered Low Income Housing Tax Credits, a project must be located in a designated Priority Funding Area. These tax credits could contribute more than \$4 million to this project, greatly enhancing the affordability of the units. As you may recall, the Planning Board recommended approval of the special exception for this project last spring. The Board of Appeals subsequently approved it.

The site meets the criteria for a Priority Funding Area. The State's web site says that "counties may designate new residential communities which will be served by water and sewer and meet density standards." More specifically, a site must have a density of 3.5 units or more per acre and sewer service must be planned in the 10-year Sewer Plan. The use of the site must also "represent a long term policy for orderly development and efficient use of land and public services." (See circles 5 and 6.)

The 72 units approved for this 16 acre site represent a density of 4.5 units per acre, comfortably exceeding the required minimum density. The Sewer category for the

property is S-2<sup>1</sup>. Again, exceeding the minimum. In addition, this project represents infill development in a community developed more than 15 years ago. The project conforms to the Potomac Master Plan recommendation of affordable housing on the site.

Therefore, a Priority Funding Area designation for the site conforms with State criteria and local policy.

Attachments:

1. Resolution in Support of State Financing for the Acquisition and Rehabilitation of the Victory Terrace Senior Apartments in Potomac
2. Approval of an Allocation of Low Income Housing Tax Credits from the Maryland Community Development Administration for the Acquisition and Rehabilitation of the Victory Terrace Senior Apartments
3. Housing Development Summary
4. Priority Funding Areas
5. Summary of Criteria for County PFA Designations

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<sup>1</sup> S-2 – Areas served by extensions of existing community and multi-use systems which are in the final planning stages, and service has been authorized. These are well within the 10 Year Plan.




OFFICE OF THE COUNTY EXECUTIVE  
ROCKVILLE, MARYLAND 20850

Douglas M. Duncan  
County Executive

MEMORANDUM

November 20, 2001

TO: Blair G. Ewing, President  
Montgomery County Council

FROM:   
Douglas M. Duncan, County Executive

SUBJECT: Resolution in Support of State Financing for the Acquisition and Rehabilitation of the Victory Terrace Senior Apartments in Potomac

I am requesting the approval by the County Council of a resolution that supports the request by Victory Housing, Inc. for state financing for the construction of the Victory Terrace Senior Apartments on Newbridge Drive in Potomac, a proposed 72-unit development that will provide affordable housing for elderly residents. I have approved the sale of this site to Victory Housing, and the Department of Housing and Community Affairs is considering a loan request for this project. I am also requesting that this site be designated as a Priority Funding Area. This is required in order for this project to be eligible for Low Income Housing Tax Credits from the State. The property, with the approved Special Exception, meets the Smart Growth Areas Act of 1997.

Victory Housing, Inc. is proposing to construct the housing using private financing and nine-percent Low Income Housing Tax Credits from the State. Eighty percent of the property (58 units) will be affordable. Victory Housing already has obtained the Special Exception and Preliminary Plan of Subdivision approval for this site.

The State Community Development Administration requires that the County Executive and the County Council sign a local resolution of support before the State approves any assistance to a property. The attached resolution will allow this property to obtain an allocation of Low Income Housing Tax Credits. This resolution also designates that this site is a Priority Funding Area. Because this property has access to water and sewer and will have sufficient development density, it qualifies for this designation.

Thank you for your consideration of this resolution.

DMD:sek  
Attachment

Resolution No: \_\_\_\_\_  
 Introduced: \_\_\_\_\_  
 Adopted: \_\_\_\_\_

COUNTY COUNCIL  
 FOR MONTGOMERY COUNTY, MARYLAND

By: County Council

Subject: Approval of an Allocation of Low Income Housing Tax Credits from the Maryland Community Development Administration for the Acquisition and Rehabilitation of the Victory Terrace Senior Apartments

Background

1. The County Executive and the Council of Montgomery County, Maryland recognize that there is a significant need for quality housing in Montgomery County for households of limited income.
2. Victory Housing, Inc., or an entity to be formed, proposes to construct the 72-unit Victory Terrace Apartments.
3. The Community Development Administration of the State of Maryland has received an application for Low Income Housing Tax Credit for this property.
4. The Montgomery County Department of Housing and Community Affairs has committed funds from the Housing Initiative Fund totaling \$200,000 for predevelopment activities for this property. The department is considering other financial assistance.
5. This site is designated as a Priority Funding Area under the guidelines of the State of Maryland's Smart Growth Initiative. The proposed development has a density of 4.5 units per acre. The site has access to long-standing water and sewer systems and is an infill development in a community developed more than fifteen years ago. The Potomac Master Plan recommends that affordable housing be considered for this site.
6. The regulations of the State Community Development Administration (CDA) require that the chief elected executive official and the governing body of the locality in which the project is located approve all projects financed with CDA programs.

Resolution No: \_\_\_\_\_

Action

The County Council for Montgomery County, Maryland, approves the following resolution:

The County Council and County Executive of Montgomery County endorse the construction of the Victory Terrace Apartments by Victory Housing, Inc., or an entity that they will form later, and the allocation of Low Income Housing Tax Credits by the Maryland Community Development Administration. This property is designated as a Priority Funding Area.

This is a correct copy of Council action.

\_\_\_\_\_  
Mary Edgar, CMC  
Clerk of the Council

I approve this Resolution.

\_\_\_\_\_  
Douglas M. Duncan, County Executive

\_\_\_\_\_  
Date

### HOUSING DEVELOPMENT SUMMARY

Property Name Victory Terrace Apartments

Developer Victory Housing, Inc. or an entity that they will form later

Location Newbridge Drive, Potomac

Description Victory Housing, Inc. will construct the 72-unit Victory Terrace Apartments, providing mixed-income independent living for seniors

Financing Sources

HUD First Mortgage	\$4,815,000
Low Income Housing Tax Credits	4,227,366
Deferred Development Fee	384,135
County Pre-development Loan	200,000
County Loan	<u>1,260,000</u>
Total	\$10,886,502

County Contact Stephanie Killian  
 Multifamily Housing Manager, DHCA  
 240-777-3693

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# Priority Funding Areas

Smart Growth and Neighborhood Conservation in Maryland



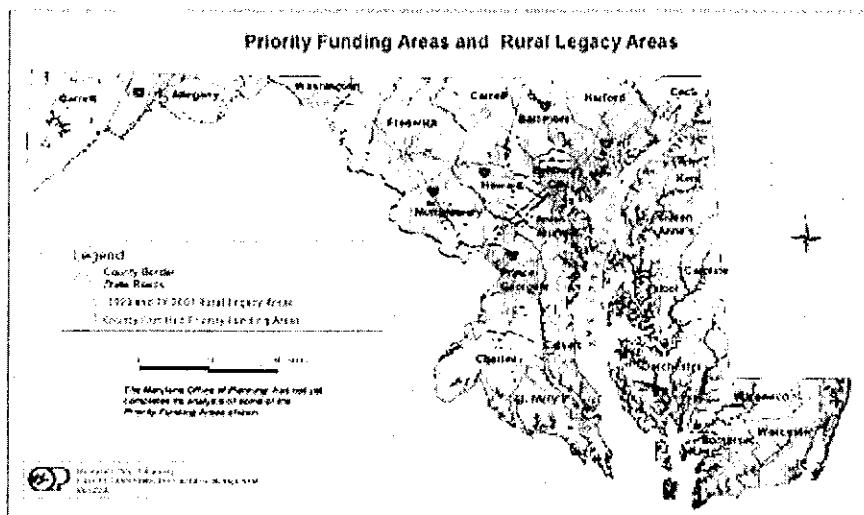
Contact: Maryland Department of Planning

The Priority Funding Areas legislation builds on the foundation created by the Visions which were adopted as State policy in the 1992 Economic Growth, Resource Protection and Planning Act. Beginning October 1, 1998 Smart Growth established a policy for the use of State funds which support communities and influences the location of development. State funding for projects in Maryland municipalities, other existing communities, industrial areas, and planned growth areas designated by counties will receive priority funding over other projects. Priority Funding Areas are locations where the State and local governments want to target their efforts to encourage and support economic development and new growth.

The following areas would qualify as Priority Funding Areas:

- every municipality;
- areas inside the Washington Beltway and the Baltimore Beltway;
- areas already designated as enterprise zones, neighborhood revitalization areas, heritage areas and existing industrial land;

The Smart Growth legislation recognizes the important role local governments play in managing growth and determining the locations most suitable for State-funded projects. Counties may designate areas as Priority Funding Areas if they meet guidelines for intended use, availability of plans for sewer and water systems, and permitted residential density. As with the Priority Funding Areas listed in the legislation, areas eligible for county



designation are existing communities and areas where industrial or other economic development is desired. In addition, counties may designate areas planned for new residential communities which will be served by water and sewer systems and meet

density standards.

The map above shows the Priority Funding Areas that have been designated by the Counties, as well as the Rural Legacy Areas that were designated in 1999 and this year.

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Summary of Criteria for County PFA Designations					
		PFA Designation Criteria			
Types of Areas Eligible for PFA Designation		Comprehensive Plan Criteria	Density Criteria	Sewer	Additional Restrictions or Tests
Areas Zoned Industrial (for Garrett County, Areas Classified in the Comprehensive Plan as Industrial)	By Jan. 1, 1997	N/A	N/A	N/A	N/A
	After Jan. 1, 1997	Within a locally designated Growth Area	N/A	Existing	N/A
Areas Principally Used for Employment		Within a locally designated Growth Area	N/A	Existing or Planned in 10-year Sewer Pan	N/A
Existing Communities (as of January 1, 1997), including vacant land within the Community	With Sewer	Within a locally designated Growth Area	2.0 units per acre	(Existing Sewer)	N/A
	With Water Only	Within a locally designated Growth Area	2.0 units per acre	(Existing Water, but no Sewer)	Funded project must maintain community character and may not increase growth capacity except for in-fill and "limited peripheral development" <sup>5</sup>
	Expansions Beyond the Periphery of the Developed Community	The original "existing community" must be in a locally designated Growth Area	3.5 units per acre	If Sewer Serves the Area <sup>4</sup>	N/A
Areas Other Than Existing Communities		Within a locally designated Growth Area	3.5 units per acre	Planned in 10-year Sewer Plan	PFA designation must represent a long term policy for orderly development and efficient use of land and public services
Rural Villages  (The PFA boundary must be defined by the periphery of the developed portion of the village as of July 1, 1998)		The Village must be designated in the Comprehensive Plan by July 1, 1998	N/A	N/A	Funded project must maintain community character and may not increase growth capacity except for in-fill and "limited peripheral development" <sup>5</sup>

<sup>1</sup>Density refers to the portion of the Area designated by local government for residential use or development.

<sup>2</sup>For developed areas, density means average "actual" density. For vacant land, density means average "permitted"

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density, as defined by zoning.

<sup>3</sup>All sewer requirements may be satisfied by either public or community systems.

<sup>4</sup>The State may fund the sewer before the Area is certified as a PFA if permitted density is at least 3.5 units per acre.

<sup>5</sup>The law defines "limited peripheral development" as development contiguous to an existing community or village that does not increase the number of dwelling units by more than 10 percent.

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