

City leaders OK relocation assistance program

Gazette.Net

Maryland Community Newspapers Online

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August 22, 2017

http://www.gazette.net/stories/082207/gaitnew212320_32365.shtml

The Gaithersburg council on Monday unanimously approved allocating \$400,000 for a plan to provide financial assistance to residents displaced by redevelopment, \$100,000 more than was planned.

After discussing last month the possibility of using federal Community Development Block Grant funds to supplement the city's Homeownership Assistance Program, arrangements were made to include another \$100,000 in the federal money in the assistance program, Louise Kauffmann, Gaithersburg's director of community development, said Tuesday.

The program is aimed at providing for the hundreds of families that will be displaced as a redevelopment project moves forward to replace the 350-unit garden-style Broadstone Apartments, at the corner of West Deer Park Road and Route 355, with 415 new homes.

All tenants must be out by Nov. 15.

The county Housing Opportunities Commission will administer the program. They are expected to finalize the contract by early October, which is when payments through the program could first be made, Kauffmann said.

Recipients will receive zero-interest deferred loans to purchase a new home, with amounts varying based on their earnings and repayment coming after the home is sold or refinanced.

Families making up to 80 percent of the region's area median income, or \$75,600 for a family of four, are eligible for loans of \$20,000 for purchases within Gaithersburg and \$15,000 within the county.

Families making more than 80 percent are eligible for loans of \$15,000 for purchases within Gaithersburg and \$10,000 within the county.

While the program no doubt will help displaced tenants, even the maximum amount still comes up short of what is needed to purchase a \$300,000 house, said *Thomas Cowley*, a mortgage banker and a member of nonprofit *Action in Montgomery's* affordable housing task force.

A homeowner up front would need the 5 percent down payment and 3 percent for settlement cost, which is \$24,000 total on a \$300,000 home, he said.

“What they’re doing is beyond what anyone else would get, but if you’re going to do something, why not sit down and figure out what will really work,” he said Tuesday. “This is a step forward, but step up a little closer to the plate.”

The assistance program also includes a one-time home equity line of credit totaling \$10,000 without triggering repayment, according to city documents. Tenants are eligible to apply for the program up to three years after they are displaced.

Funding for the program includes \$300,000 in earmarked in the city’s 2008 operating budget and \$100,000 through the federal grant program.