



Innovating the Future
of Affordable Housing

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Hot Topics in Single Family – Navigating Unchartered Territories

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Rachel Sanchez, Morgan Stanley

Ken Silverman, Housing Opportunities Commission





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Mike Airhart, Managing Director
Stifel



Multi-Mortgage Product Strategy

Successful local HFAs have executed multiple mortgage products to gain market share in their local market

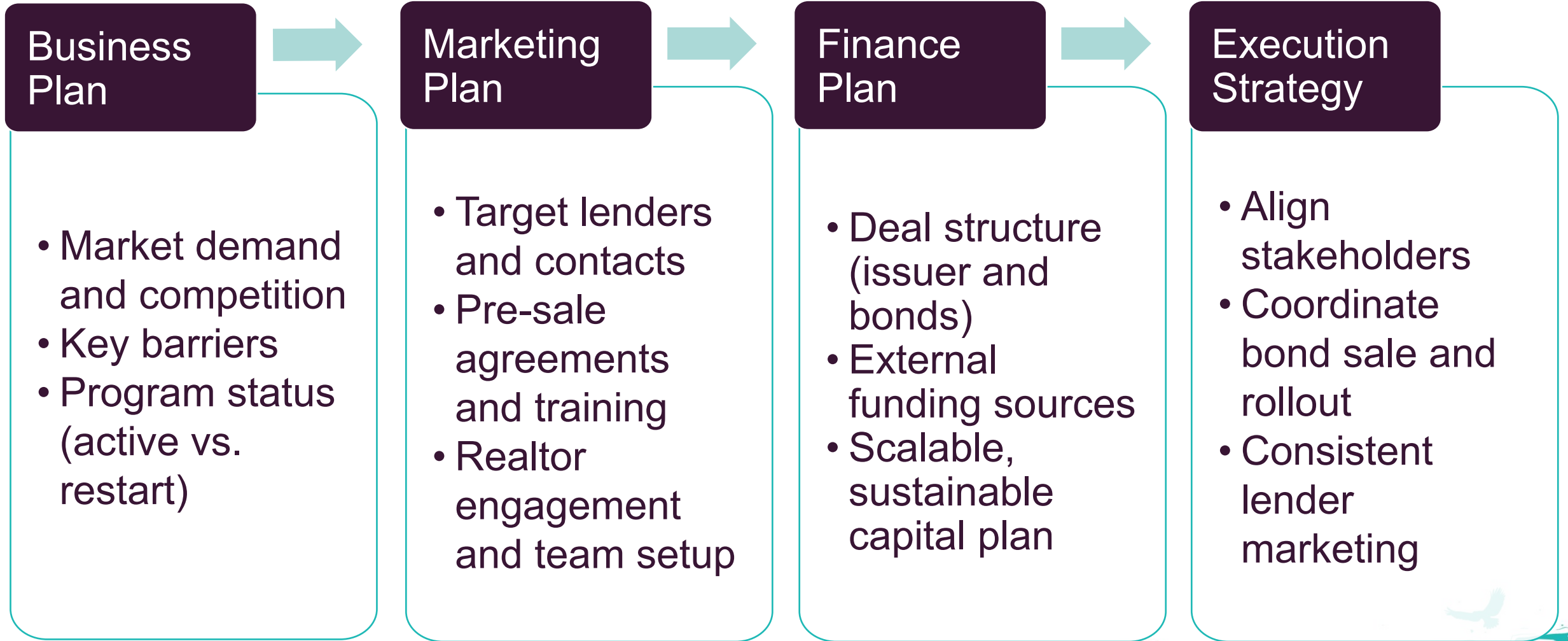


Excess Servicing Remittance Program

- TBA product with adding excess servicing remittance
 - HFA investment into the second lien in exchange for excess servicing
 - Keeps interest rates low
 - Generates upfront and ongoing revenue
 - Can blend HFA investment and premium pricing
 - Requires HFA contribution
 - Potentially fund with a second lien bond



Mortgage Revenue Bond Program 2.0



Case Study 1 – Capital Area Finance Authority



- Series 2023, 2025A, 2025B and 2026A Tax Exempt MRB Program
 - \$140 million par amount total, rated Aa1
 - 5.88%-6.58% borrower note rates
 - 689 families are new homeowners to date
 - 2.5X oversubscribed in 2026
 - Rotating Senior Manager
- Extensive lender and Realtor program training, recorded 24/7 link
- 4-5% assistance, 5-10 year forgivable, second lien
- FHA, VA and USDA – RD and Conventional loan products

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Hot Topics in Single Family: Navigating Uncharted Territories

Ken Silverman, VP Government Affairs
Housing Opportunities Commission
Montgomery County, Maryland

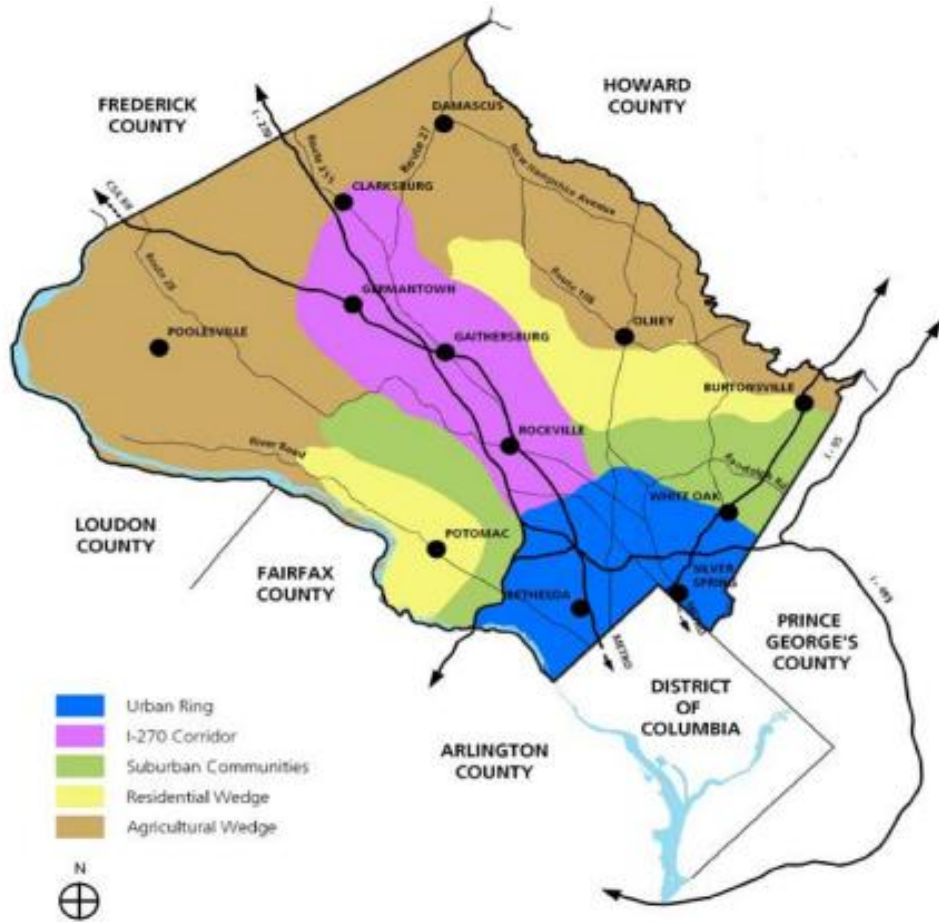


About HOC





Montgomery County is...



...a large suburb of Washington DC
500 square miles and 1.1 million residents



... racially and culturally diverse
Majority people of color; 41% speak a language other than English at home



...economically diverse
Median income of \$125,583, but more MCPS students receive Free & Reduced Price Meals than there are total students in DCPS



...urban, suburban, and rural
County has dense urban centers like Bethesda and Silver Spring, extensive suburban development, and a 300 acre Agricultural Reserve



...expensive to live in
Median owner-occupied home value of \$588,000



HOC is a PHA and a local HFA

Public Housing Authority
Since 1966

- 8,707 rental assistance vouchers
- Resident services
- Permanent supportive housing
- Housing Opportunities Community Partners - affiliated nonprofit providing youth and workforce development programs

Housing Finance Agency
Since 1974

- Governmental, Private Activity, 501(c)(3), and taxable bonds (Moody's A2)
- Multifamily: \$786m outstanding FHA Risk Share loans
- Single family: \$40m/year low-cost mortgages + down payment & closing cost assistance for moderate-income families

Public Developer
Since 1989

- HOC owns 9,416 rental units
 - 6,111 multifamily
 - 1,595 scattered sites
 - 1,710 senior
- 18 construction and renovation projects in pipeline: 4,344 units (2,715 affordable) with total investment of \$950 million

HOC

HOC's Homeownership Programs

- Low-Cost Mortgages for First-Time Homebuyers
 - Income and sales price limits
 - 30 year fixed rate, up to 97% LTV
- Down Payment and Closing Cost Assistance
 - Variety of programs, funded with bond proceeds and County-funded
- MPDU Program (inclusionary zoning)
 - Set-aside units for HOC customers
- Housing Choice Voucher Homeownership Program
 - + Family Self-Sufficiency Program
- Financial Literacy and Credit Counseling
 - Classes, workshops, and 1-on-1 coaching

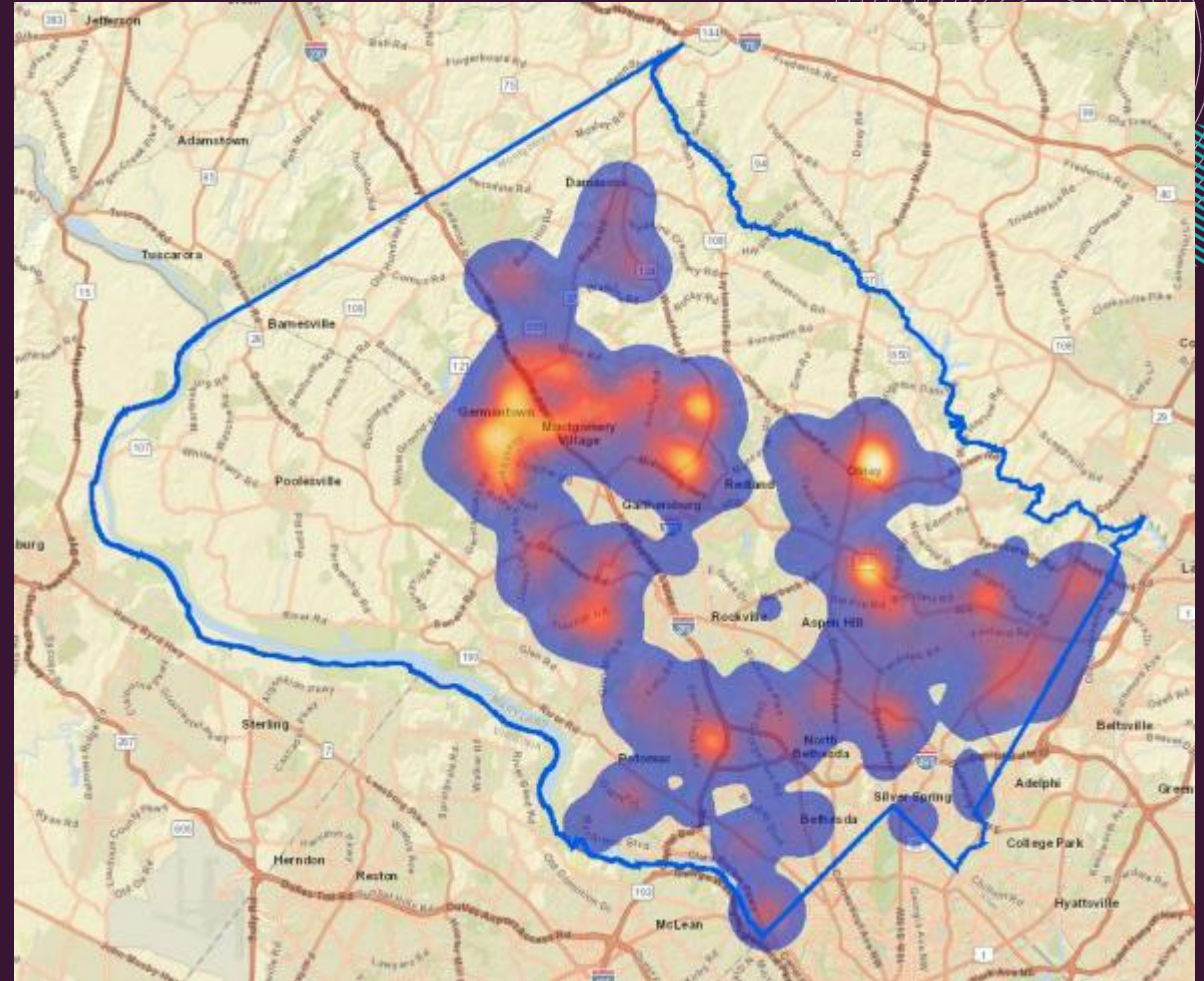


Disposition of Scattered Sites



HOC's Scattered Site portfolio is a great asset

- HOC owns 1,595 scattered site units
 - 75% are townhomes
 - Vast majority at least 30 years old
 - Primarily inclusionary zoning units acquired with variety of federal, state and local funding sources
 - Provides a valuable source of rental housing for larger low-and-moderate income households, including in areas of the county with few other affordable rental options
- Portfolio has become more difficult to manage as units age
 - Fewer options to finance growing maintenance needs
 - Serve a range of incomes; many units have deep restrictions



A Partnership Opportunity

- In March 2024, HOC developed a new partnership with Habitat for Humanity Metro Maryland and the Montgomery County Department of Housing and Community Affairs (DHCA)
- HOC sold 20 scattered sites to Habitat, financed by a \$2 million loan from DHCA using CDBG funds
 - Homes average 1,200 sq ft and were built in the 1970s
 - Sale price was well below market to support affordability
 - Units were in an area where HOC had a large concentration
 - HOC reinvests revenue in remaining scattered site portfolio
 - Homes were vacant and required extensive renovations
 - Renovations included sustainability enhancements, cost an average of \$120,000 and took about one year
 - CDBG loan is repaid to DHCA when buyer purchases the home, allowing DHCA to recycle the funds
 - Sale proceeds to HOC are reinvested to support the remaining Scattered Site Portfolio



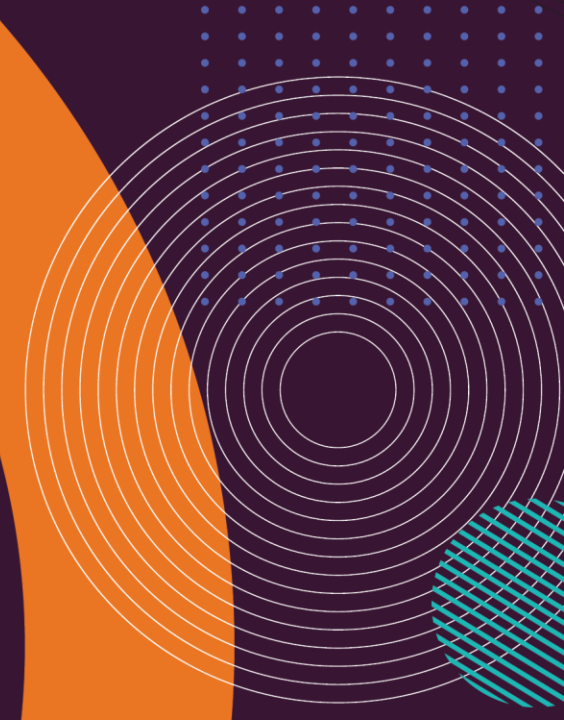
Homes were sold to low-income families

- Purchasers ranged from 35 to 63% of Area Median Income
- Purchasers provide “sweat equity” by assisting with renovations and completing extensive homebuyer education classes
- Habitat provides 0% interest, no down payment mortgage which allows the units to be much more deeply affordable



Heritage Emory Grove

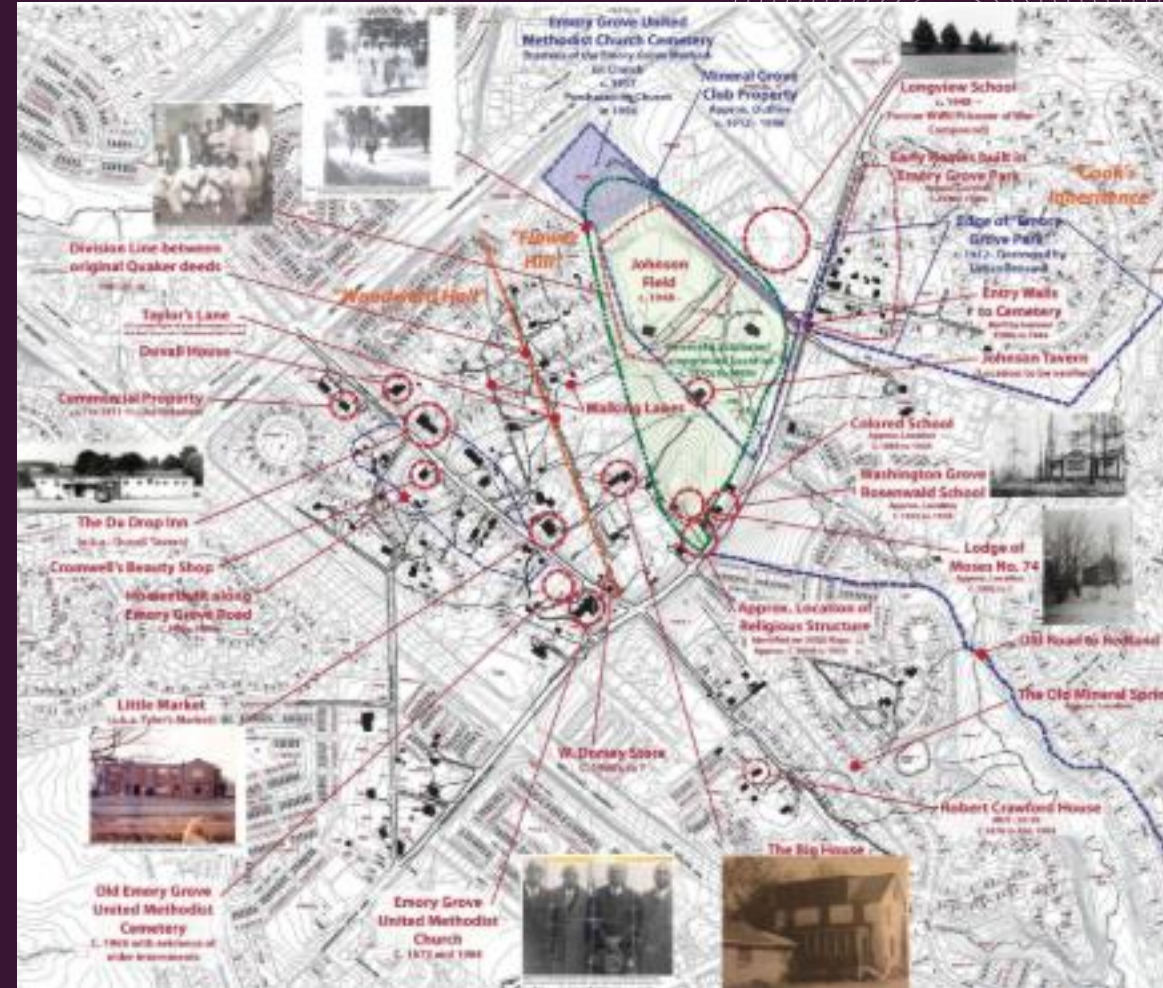
Rebuilding community with new affordable
for-sale housing



Findings from the Emory Grove Task Force

Created by the Maryland General Assembly in 2024, the Emory Grove Task Force published an [interim report](#) in December 2025.

- Emory Grove was a historically Black community founded in the 1860s by formerly enslaved African Americans. The self-sustaining community included a market, general store, beauty shop, entertainment venue, and other commercial establishments.
 - Johnson Field, one of the first lighted baseball fields in the region, hosted many prominent Negro League games.
 - The center of the community was Emory Grove United Methodist Church, which held large Camp Meetings bringing worshipers from many states around.
- Between 1960 and 1985, Montgomery County used the federal urban renewal program in Emory Grove. The program was justified by claims of “blight,” which were closely tied to decades of public infrastructure neglect, including the lack of sewer and water service. As a result, homes and land were acquired and demolished, and at least 112 households were displaced.
- HOC developed and operated two Section 8 properties that were intended to serve as replacement housing.



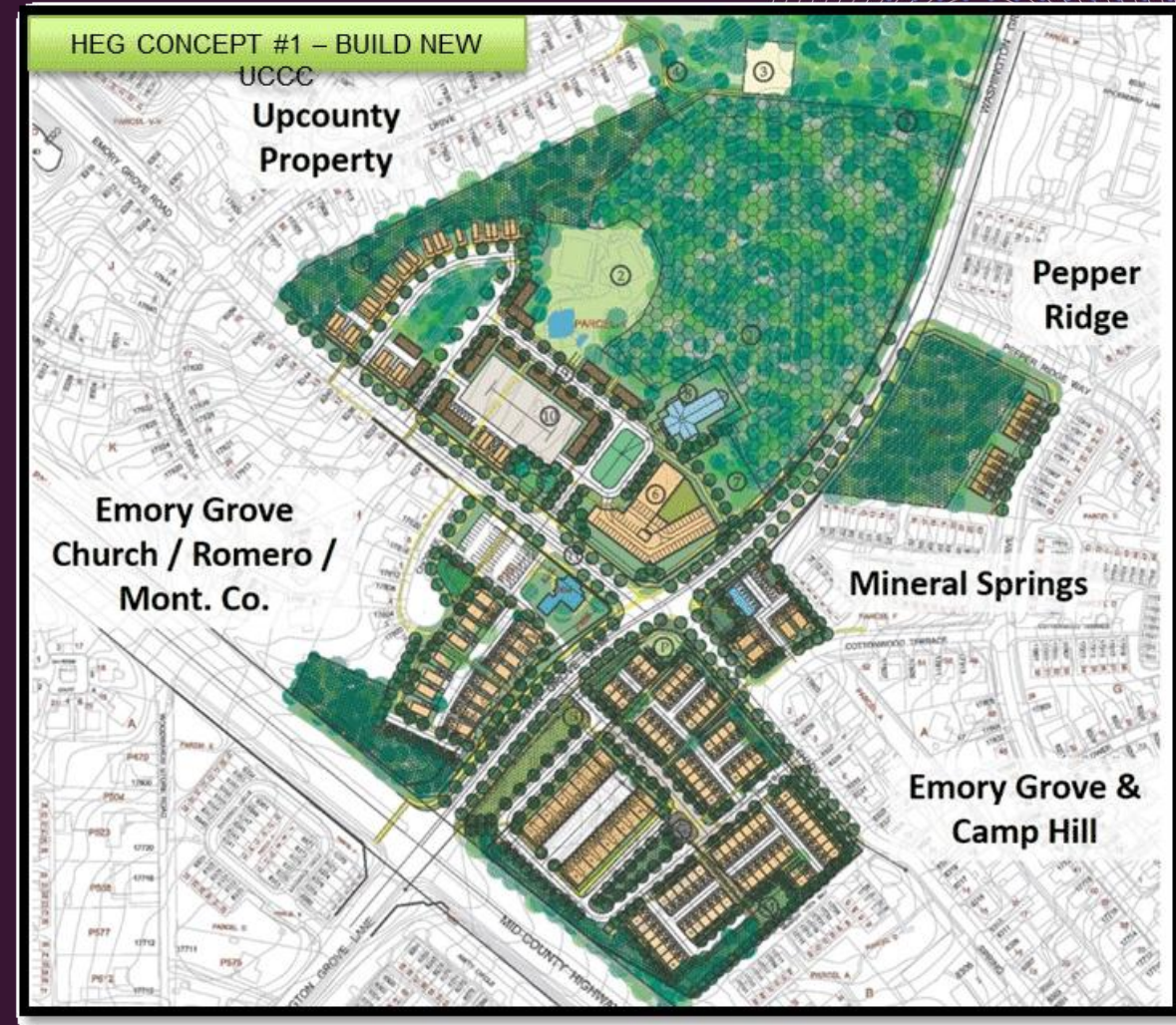
Heritage Emory Grove

- HOC has partnered with Emory Grove United Methodist Church, Montgomery County Government, and Habitat for Humanity Metro Maryland on a large, multi-phase development plan to rebuild the community of Emory Grove.
- HOC is redeveloping parcels it controls, assisting the Church with development on parcels it controls, and working with the County to transfer ownership of the Upcounty Parcel for future development.
- The community will include retail and multifamily rental, but is predominantly intended to produce for-sale homes, including a large number of affordable homes in partnership with Habitat for Humanity.
- The Emory Grove Task Force is working with legal experts to develop recommendations for programs to allow families who were displaced from Emory Grove to return.



Development Plan

- Phase 1: HOC-owned properties
 - Emory Grove Village (54 units) and Camp Hill Square (51 units) are obsolete and in disrepair. Emory Grove Village is already vacant, and HOC is now beginning the relocation process for Camp Hill Square.
 - In their place, HOC will develop approximately 80 new rental units and 82 for-sale townhomes. 30% of the units will be affordable in partnership with Habitat.
- Phase 2: Church-owned properties
 - Emory Grove United Methodist Church is developing additional for-sale housing on several parcels surrounding the church
- Phase 3: County-owned properties
 - HOC is working with the County on potential development opportunities on the remaining County-owned properties, along with efforts to renovate the existing County-owned recreation center and outdoor pool, and Johnson's Park, which is owned by Montgomery Parks (an independent agency).





Thank you for attending this session



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