



Revised: Mar. 1, 2016

Feb. 29, 2016

10400 Detrick Avenue  
Kensington, Maryland 20895  
240-627-9425

**EXPANDED AGENDA**

March 2, 2016

4:00 p.m.	<b>I. <u>CONSENT ITEMS</u></b>	<b>Res. #</b>
Page 4 27	A. Approval of Minutes of February 3, 2016 B. Authorization to Submit the FFY 2016 Capital Fund Program Grant Annual Contributions Contract Amendment and Supporting Documentation	<b>Res. #16-13</b>
4:05 p.m.	<b>II. <u>INFORMATION EXCHANGE</u></b>	
Page 50 54	A. Report of the Executive Director B. Calendar and Follow-up Action C. Correspondence and Printed Matter D. Commissioner Exchange E. Resident Advisory Board F. Community Forum G. Status Report	
4:25 p.m.	<b>III. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u></b>	
Page 58 75 83 97	<b>A. Budget, Finance and Audit Committee – Com. Nelson, Chair</b> 1. Acceptance of Second Quarter FY'16 Budget to Actual Statements 2. Approval of FY'16 Second Quarter Budget Amendment <b>B. Development and Finance Committee – Com. Simon, Chair</b> 1. Approval of Revised Development Budget and Approval to Draw up to \$41.5MM from the PNC Bank, N.A. Line of Credit to Fund the Renovation of the 669 Scattered Site Former Public Housing Units (the "669 Property") Approval of Aggregate Draws of up to \$41.5MM from the \$60 Million Line of Credit from PNC Bank, N.A. and the Advance of such Funds to VPC One Corporation ("VPC One") and VPC Two Corporation ("VPC Two" and together with VPC One, the "Corporations") as Interim Financing for the Renovation of the 669 Scattered Site Former Public Housing Units (the "669 Property") <b>C. Legislative and Regulatory Committee – Com. Hatcher, Chair</b> 1. Authorization to Implement the Community Choice Homes Pilot Project	<b>Res. #16-14</b> <b>Res. #16-15</b> <b>Res. #16-16a</b> <b>Res. #16-16b</b> <b>Res. #16-17</b>
4:45 p.m.	<b>IV. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u></b>	
	<b>V. <u>*FUTURE ACTION ITEMS</u></b>	
	<b>VI. <u>INFORMATION EXCHANGE (continued)</u></b> A. Community Forum	
	<b>VII. <u>NEW BUSINESS</u></b>	
	<b>VIII. <u>EXECUTIVE SESSION FINDINGS</u></b>	
	<b><u>ADJOURN</u></b>	
4:50 p.m.	<b><u>VPC CORPORATION MEETINGS</u></b> <b><u>VPC One Corporations</u></b>	

Page 110	<ul style="list-style-type: none"> <li>Approval of a Revised Budget to Complete the Renovation of the Scattered Site Units for VPC One Corporation and the Acceptance of a Loan from HOC Drawn on the PNC Bank, N.A. Line of Credit to Fund the Renovations</li> </ul>	Res. 16-002VP <sub>1</sub>
Page 119	<p><b><u>VPC Two Corporations</u></b></p> <ul style="list-style-type: none"> <li>Approval of Revised Budget to Complete the Renovation of the Scattered Site Units for VPC Two Corporation and the Acceptance of a Loan from HOC Drawn on the PNC Bank, N.A. Line of Credit to Fund the Renovations</li> </ul>	Res. 16-002VP <sub>2</sub>
	<b><u>RECESS</u></b>	
5:00 p.m.	<b><u>ADJOURN</u></b>	
	<b><u>EXECUTIVE SESSION</u></b>	

NOTES:

1. This Agenda is subject to change without notice.
2. Public participation is permitted on Agenda items in the same manner as if the Commission was holding a legislative-type Public Hearing.
3. Times are approximate and may vary depending on length of discussion.
4. \*These items are listed "For Future Action" to give advance notice of coming Agenda topics and not for action at this meeting.
5. Commission briefing materials are available in the Commission offices the Monday prior to a Wednesday meeting.

If you require any aids or services to fully participate in this meeting, please call (240) 627-9425 or email [commissioners@hocmc.org](mailto:commissioners@hocmc.org).

# Consent Items

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY**

10400 Detrick Avenue  
Kensington, Maryland 20895  
(240) 773-9025

**Minutes**

February 3, 2016  
16-02

The Annual meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, February 3, 2016 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:00 p.m. Those in attendance were:

**Present**

Sally Roman, Chair  
Jackie Simon, Vice Chair  
Richard Y. Nelson, Jr., Chair Pro Tem  
Christopher Hatcher  
Linda Croom  
Margaret McFarland

**Also Attending**

Stacy Spann, Executive Director	Carol April
Kelly McLaughlin, General Counsel	Susan Smith
Kayrine Brown	Shauna Sorrells
Elizabeth Arrington	Paulette Dudley
Jim Atwell	Lorie Seals
Jonathan Cartagena	Lola Knight
Fred Swan	Bill Anderson
Danette Lawrence	Angela McIntosh-Davis
Ugonna Ibebuchi	David Brody
Sheryl Hammond	Rita Harris
Hyunsuk "Wilson" Choi	Veronica Childers
Saundra Boujai	Ruth Jorge
Zachary Marks	Bobbie DaCosta
Anita Inman	Jose Garcia
Vivian Benjamin	Sal Dangamuwa
Belle Seyoum	Patrick Mattingly
Lynn Hayes	Darcel Cox
Gina Smith	Brian Selden
Ethan Cohen	
Stephanie Semones	

**Commission Support**

Patrice Birdsong, Spec. Asst. to the Com

**IT Support**

Irma Rodriguez

**Guests**

Suzanne Lofhjelm, Cong. Chris Van Hollen's Office

Jeff Samuel, Cong. John Delaney's Office

Kim Ball, HHS

Yvonne Caughman, RAB

David Lou

Sisera Daniel

Chair Roman convened the annual meeting of the Housing Opportunities Commission by first welcoming guest and staff. During this time she introduced the 2016 Housing Honor Roll recipient.

**HOUSING HONOR ROLL AWARD**

HOC gives the Housing Honor Roll Award annually to recognize outstanding efforts to provide a fair and affordable housing supply in Montgomery County. The honoree will receive an engraved plaque from the Commission and have their name engraved on the list of Housing Honor Roll Award Winners.

**Jean Banks** – Ms. Banks served as a Resident Commissioner for eight years, including several years as Chair Pro Tem. Ms. Banks also served on the Hearing Board, Legislative and Regulatory Committee. She was the Catalyst for HOC Works, the restructuring of the Resident Advisory Board, and our Youth Summer Internships. Ms. Banks' character, pleasant demeanor and outstanding work ethic were deeply appreciated by clients and staff. She was a consistent and tireless advocate on behalf of the families served by HOC. On behalf of Ms. Banks, her son, Tony received the award.

**SPECIAL RECOGNITION AWARD**

HOC gives the Special Recognition Awards annually to recognize outstanding efforts on behalf of HOC, its residents and affordable housing in our community. Honorees will receive a Plaque Certificate of Recognition from the Comm. This year's recipients are:

**Roberto Piñero** – Mr. Piñero served the commission for two and a half terms. He was appointed to an unprecedented three terms starting 2003. He served his community in many capacities on the Commission for Children and Youth, the Budget Committee of the Montgomery County Public School system and the Welfare Reform Task Force. During his tenure with the Commission, he served as Chair Pro Tem, Vice Chair and he was Chair for four years from 2011-2015.

**Dr. DeRionne Pollard** – Dr. Pollard, the President of Montgomery College has partnered with HOC Academy and HOC Works. Through HOC's partnership with Montgomery College, more than \$21,000 in tuition assistance has helped 27 HOC residents pursue degree and certification programs. Education has the power to change lives and that is exactly what is happening.

## **YEAR IN REVIEW**

Stacy Spann, Executive Director, opened by extending thanks to the Commission, staff, Honorees, and the many community partners for their support of HOC. As an extended appreciation to this year's award recipients, Suzanne-Lofhjelm of Congressman Chris Van Hollen's Office, presented each honoree with Congressional Citations.

### **2016 Annual Meeting Speech**

#### **Re-Imagine, Re-Invent, Re-Position**

- Tonight, my responsibility is to tell you about the amazing impact HOC had in 2015 with the leadership of our commissioners, the support of our volunteers, community partners as well as the hard work of each and every HOC staff member all on behalf of the families and individuals we serve who – by the way -represent some of the most vulnerable populations in this community. We looked at the challenges that needed to be confronted, and we faced them head-on to find new, innovative and more efficient ways to serve our clients.
- I also want to assure you that HOC remains a good steward of the community's trust. This organization is on sound financial footing and we are taking steps to ensure that our affordable housing resources remain available for this community over the long haul.
- Today, the state of public and affordable housing is at a crossroads. Nationally, the demand is higher than ever while the supply of available quality units is shrinking, affecting more than four million working, elderly, disabled and vulnerable families across the country. Rents are skyrocketing while wages remain stagnant.
- This crisis reaches every corner of the United States. Nationwide, nearly 25% of all renters spend more than half their income on rent. The need for affordable housing is overwhelming the capacity of federal, state and local governments to meet the demand. There are 11 million extremely low-income households competing for seven million affordable housing units. And the number of available units is shrinking each year because needed improvements and repairs go unmet, units fall into disrepair until they are

ultimately uninhabitable. Federal budgets simply can't keep up – and quite frankly have never sufficiently met the needs of public housing. That reality leaves four million households out in the cold. Where do they go? How are they supposed to not only survive but create their vision of success for themselves and their children?

- When we look at our own community, right here in Montgomery County, because we live in such a high-cost area, a family needs to earn \$28 an hour just to afford a two-bedroom apartment - and I'm not talking about a luxury apartment with all the bells, whistles and stainless steel appliances but simply a moderately priced unit – something decent and safe in which you can comfortably put your children to bed at night. That's what all of us want, right? But how is a working class family, working 40 hours at a minimum wage job – which by the way is \$8 an hour in Maryland – or a near minimum wage job going to afford to live in the community in which they work or anywhere close for that matter?
- Although wages in Montgomery County have risen 17% since 2001, the cost of housing has increased **62%** over the same period. The staggering gap between wages and rents puts affordable housing out of reach for thousands of people right here in our community.
- I could read off more statistics and give you more trends to try to convince you of the challenges we face – but you don't need any of that. We all know what lingers on the other side of those doors.
- In order to meet these challenges, HOC will have to continue to create its own path forward. We cannot be satisfied with doing business the way it has always been done. Old strategies of the past didn't always prioritize service with respect to how we assist clients. Old strategies certainly never delivered on meeting the full capital needs of public housing units leading to properties that proved unable to keep pace with current housing standards – instead relying on the notion that good enough was simply good enough. Old strategies did not always provide effective programs that supported client needs or their access to jobs and educational opportunities.

- At HOC, we decided that we needed to re-invent, re-position and re-imagine how we meet the affordable housing needs for the approximately 14,500 families we serve - families that depend on our efforts every day.
- In 2015, we had to **reinvent** what it meant to advance our mission in support of our clients and this community. Finding affordable housing is becoming more dire and much more difficult. At HOC, we found ways to make housing opportunities in Montgomery County easier by making use of technology, exploiting every opportunity to leverage our real estate assets, and creating partnerships that increase access to opportunity for the clients we serve who are striving to do the same for their families.
- First, people need access to the affordable housing resources that exist in Montgomery County – *Housing Opportunities* cannot be a reality in name only.
- Once we provided access, we needed to ensure that we actually have housing units available. And not just housing that is “good enough” but quality housing that is on a sustainable trajectory for the long haul. To accomplish this we had to **re-position** our real estate portfolio, and specifically our Public Housing units through significant investments to address their backlog of capital needs. And, we needed to invest in a way that will ultimately increase the overall supply of affordable units in the county.
- Finally, we had to **re-imagine** client and resident services and how we assist clients who are working hard to reach their vision of success for their families, by extending access to greater opportunities through employment training, educational access, internet connectivity and by unlocking opportunity wherever we see a closed door. Helping our clients achieve greater success, ultimately leads to HOC being able to serve more families on our wait list – a wait list that reflects a community that is growing and becoming more diverse.



- That is how we spent 2015: Re-inventing how we serve, Re-positioning our real estate for the long term and re-imagining how we create greater access to opportunities for our clients. You have heard me refer continuously to serving our clients – because that is what drives us to be more creative, to be more aggressive.

### **Re-Inventing How We Serve**

- Housing Path
- One year ago, I stood here and said we would open the wait list in 2015. One of the ways we needed to re-invent our work was with our wait list and that's exactly we did. To put this work into perspective, HOC's wait list had been closed for eight years. Having a static wait list creates inefficiency and delay. Why would we assume that need remains static and unchanged? That makes no sense. If our waiting list is closed for years on end, how can we possibly say we are meeting the needs of our community today? So we used an "All Hands on Deck" approach and everyone at HOC worked as a team and designed and implemented a new online portal called HOC Housing Path.
- Through HOC Housing Path, a potential client now has one-stop shop access. Once a client registers on the wait list, they can be automatically matched against all housing opportunities within our properties as long as they qualify. Rather than managing multiple wait lists, requiring households to register against multiple lists and figure it out on their own, there is now **one** online application and those who register can update their information at anytime, ensuring that the data remains fresh. By going online, we increase client access and keep the wait list open continuously. A person in need of housing can apply today, tomorrow, next month or next year. Every person has that opportunity not just those who were in need 8 years ago. As of Monday, almost **29,000** applications have been submitted to the wait list.
- While that number sounds staggering, knowing true need with more certainty allows HOC and the county to have a more accurate reflection of the demand for affordable housing

within Montgomery County and challenges us to use our resources as efficiently and effectively as we possibly can if we are ever going to address those needs.

- We re-invented what it means to serve the housing needs of this community.

### Compliance

- We also re-examined how we use HOC's staff expertise to best serve our clients. We realized that within our Compliance Division, we had built considerable knowledge expertise around best practices. So we took an "All Hands on Deck" approach to serving, that's exactly what I mean.
- We tapped this expertise to address vacancy and lease up within our properties. Compliance worked hard in 2015 to lease up units within HOC's housing portfolio. Beginning in April 2015, HOC leased a total of 203 units, and the team really hit their stride in the fall of 2015 averaging nearly a lease up a day each month in October, November and December.
- The impact of their hard work cannot be overstated. Every time they are successful and hand someone a set of keys, that means an elderly person, someone with a disability, a family were no longer housing insecure, homeless or at risk of homelessness. Remember, the majority of households in Montgomery County with an income of \$35,000 or less spend more than half of their pre-tax income on housing alone – that's an entire pay check including taxes just to rent a two bedroom apartment. HOC must continue to do whatever it takes to help families in need find quality, affordable housing and every member of the team will continue to make that happen.
- The Compliance team was also busy behind the scenes looking for ways to use technology to make their work more efficient and increase their productivity around conducting compliance reviews. That is why Compliance, along with IT, developed a new Quality Control Access Database solution. HOC saved money by tapping into the talents of our team and doing the work in-house. This new database allows Compliance to complete

reviews in a more timely and efficient manner, which benefits clients and ensures the agency is holding itself accountable.

- In order to serve this community now and going forward, HOC must think outside the box. We will always seek new leading-edge approaches to better connect people to affordable housing resources.

### Re-Position

- Connecting people to affordable housing requires that we ensure our units are available and habitable. In order to do that we realized that we needed to re-position our housing stock and get the most out of every property and every unit.
- By extracting equity from our properties, we can pour it into other properties giving them new life. It is imperative that we do this now. How do we do that? HUD's RAD program has been a significant part of our strategy.
- **<Take Video - RAD>**
- The Rental Assistance Demonstration Program, RAD, is providing HOC with the necessary tools to preserve its deeply affordable housing stock and increase our housing portfolio, thereby, improve the lives of our current and future families.
- I am proud to say that HOC has closed on the conversion of nine of the eleven-approved multifamily sites from Public Housing to Project-Based Section 8 properties. Conversion through the Rental Assistance Demonstration program represents not only modernizing or entirely redeveloping our housing, it places it on a more reliable and sustainable funding platform.
- In 2015, HOC completed financing for the RAD conversion of two senior public housing properties: Arcola Towers and Waverly House. Both properties will begin renovations in the coming weeks. There are nearly 300 units at those two properties. Residents will have new energy-efficient appliances, new flooring, new kitchens, new bathrooms and windows when work is complete. The Real Estate team has seen residents break down in tears at the sight of their new modernized unit. Taking advantage of these tools has allowed HOC to change

the game when it comes to recapitalizing affordable real estate. Improving our properties physically can have meaningful and profound impacts on the lives of people who call it home. Arcola and Waverly both serve senior citizens, a vulnerable and growing population. The United States Census Bureau expects the number of people aged 65 and older to more than double by the year 2030 from 33 million to 74 million people, and one third of senior renters spend more than half their income on housing. Many live on a fixed income; they cannot afford a rent increase or utility spike. It is that simple.

- Another property undergoing investment, Elizabeth House, one of the last two RAD properties, received approval of its preliminary project plan in 2015 and is now on track to close this year. Holly Hall, the other remaining property, benefitted from the Montgomery County Council's approval of the White Oak Science Gateway Master Plan which conveyed a significant increase in density and laid the foundation for HOC to replace and increase the number of affordable units once this project is complete.
- In 2015, HOC collaborated with two private developers (Conifer Development of Woodfield Commons in Damascus, and Shelter Group of Park View Aspen Hill) who together have secured an allocation of nine percent Low-Income Housing Tax Credits from the state, bringing important resources to Montgomery County. Tax credits make the possibility of affordable housing in Montgomery County more economically feasible.
- When I first came to HOC, I told people my vision for Chevy Chase Lake. Nobody believed me. Everyone said it couldn't be done. Well, HOC is doing it. Our dream is becoming a reality. Chevy Chase Lake is now empty, the mortgage is prepaid and ongoing negotiations with a local developer, EYA are expected to conclude on February 5 (this coming Friday) with the transfer of two-thirds of the site. The remaining one-third will continue to be owned by HOC and is proposed as a 200-unit multifamily building that will produce 80 affordable and workforce housing units. This project demonstrates HOC's strategy for collaboration or leveraging its strength with private developers to increase the supply of housing units in the county. This is only the beginning!

- We cannot re-position without funding.
- Mortgage Finance recently closed on the financing for Arcola Towers and Waverly House in the amount of \$35 million in short-term and long-term tax-exempt bonds. It's a lot of money. Every dollar raised by these two transactions will be spent to acquire and rehab both properties, and if you have been inside either one of those properties, you know the buildings absolutely needed renovations and systems upgrade that were long overdue. The rewards of this financing will be realized for many years to come. The agency increases the value of its assets and, most importantly, is giving residents a modern, comfortable place to live so they can be proud of the place they call home.
- HOC also closed on financing for projects at Lakeview House in Bethesda, The Crossings at Olde Towne in Gaithersburg, Tanglewood and the Mortgage Finance division is working on the interim financing for Alexander House and Greenhills Apartments.
- HOC is re-positioning our housing stock while maintaining accountability. In 2015, HOC had 40 separate unqualified, audits for our properties and an unqualified audit for the agency overall. HOC basically got a clean bill of health and while we are undertaking a significant amount of refinancing and investment activity, we are doing so in a way that preserves the fiscal integrity and health of the commission. Know that our operations are sound; we are moving in ways that are fiscally responsible and our bottom line will remain strong.

#### Re-Imagine

- As times change, so must affordable housing. The industry is constantly evolving. HOC will have to re-imagine its programs and services because clients and their needs are changing. By re-imagining, we can create greater access to opportunity.

### Housing Resources

- Housing Resources has streamlined processes to create internal controls and worked with IT to create better workflows and reports which ultimately benefit the client – and HOC continues to be a SEMAP high performer.

### Resident Services

- Resident Services has worked diligently in the past year to ensure that residents retain their housing—once you are housed, you stay housed.
- We have formed partnerships with property management, outside agencies and residents to ensure housing stability and security. HOC is connecting clients to important services so they get the support they need whether it is mental health resources or disability issues. Because of their hard work last year, 100 percent of the residents of Supportive Housing Programs stayed in their homes. In other HOC programs, the retention rate was 96 percent. That is stability.
- We have also re-imagined HOC's role in the stability of family units. Mothers and fathers have a long-lasting impact on their children's lives; kids need role models. Unfortunately, not every father is involved 100 percent. It's a reality for too many of our clients. Forty percent of HOC's three-thousand Housing Choice Voucher households with children are led by single female adults. Those children need fathers to step up and HOC can provide men an important step. Resident Services has secured the first Fatherhood Initiative Grant ever awarded to a housing authority in the amount of \$695,000, renewable for 5 years. This grant will provide fatherhood classes and relationship counseling to families and allow HOC to offer workforce development training to each dad. HOC also held a Fatherhood Initiative event last June. Families spent the day together, played games, ate lunch and had the opportunity to engage in meaningful conversation. No texting, but actual talking. Quality time between a father and his children is priceless. This grant will help HOC cultivate those relationships.

- In 2015, Community Partners secured more than \$100,000 in funding to offer job training, reliable transportation and savings account assistance. This funding comes from outside donors and 100% of it goes directly to our clients. Since the creation of Community Partners 15 years ago, HOC has helped hundreds of clients.
- We are also re-imagining responsible homeownership and helping families unlock the door to their own home. In Montgomery County, 1 in 5 homeowners spend 35% or more of their income on housing. HOC is working with prospective homeowners so they not only own a home, but they stay in that home, and they can afford that home. Last year, HOC, using its Single Family Mortgage Purchase Program, created 126 new homeowners and funded 300 new closing cost and down payment assistance loans. Homeownership is very important. When you are able to purchase your own home, it gives you a sense of pride and accomplishment. Your hard work has paid off. You no longer need housing assistance because you have your own home. Families can put down roots here in Montgomery County, give their children a permanent place to live and attend school. This is their home, with their name on it. That is powerful. Further, every renter, particularly one who moves up from rental assistance, avails that unit for someone else to receive rental assistance.
- We have also re-imagined our role in the lives of clients and their families through workforce development and education.

#### HOC Academy

- One of HOC's new and exciting initiatives is HOC Academy which gives clients the tools and training to assume a more active role in improving their future and their family's future. HOC Academy added a multitude of classes and programs in 2015. I wish I could talk in detail about each one but I would be here all night, instead I'll share the highlights. The first Construction 101 course was held last year from February to April. The eight-week course taught students the basics of the construction industry. It was followed by HOC Academy's Building Trades Construction Course in the fall. Students received hands-on training in

drywall, plumbing, painting, soldering and cabinetry. They also had the opportunity to earn certifications necessary to work in the construction industry.

- **<Take Video - Shabazz>**
- HOC Academy partnered with the non-profit A Wider Circle to offer clients a one-week Job PREP Boot Camp which focused on resume writing, interview skills and job searching. Participants were also matched with a career coach who will spend the next year with them as they secure a position in their desired field or seek a promotion in their current career. HOC Academy formed partnerships with First Transit, D.C. Central Kitchen and other entities to offer clients career training and job opportunities.
- **<Take Video – Job P.R.E.P.>**
- Families need more than a voucher to succeed. HOC offers opportunities to people to change their lives and break the cycle of intergenerational poverty. We are investing in their future, their children’s future and the future of Montgomery County “by teaching them to fish”. An investment in knowledge pays the best interest.
- HOC Academy launched several new programs in 2015 for our youth including robotics clubs, chess camps and an IT club for girls.
- Most of the programs focused on STEM education– Science, Technology, Engineering and Math. That is where the future is headed. Children need to be presented with opportunities to experience STEM material in a fun and educational manner. Studies show that non-school related STEM education plays a prominent role in whether a low-income student chooses a career in a STEM field. Give them the tools, and they will learn. HOC youth are the next scientists, engineers, professors and programmers; they can do anything they want and we can give them the chance.
- **<Take Video – Youth Programs>**
- These programs are created, managed and led by HOC staff. We want them to excel. When staff performs at their very best, our clients reap the rewards.



### Leadership Tomorrow

- Leadership is defined as someone who offers guidance or direction to a group. Everyone here has the ability to become a leader. In 2015, the first class of Leadership Tomorrow graduated. The Alpha class spent two years working on new projects and assignments. The same investment HOC makes every day on behalf of clients, we also do for employees. The goal is to create the next generation of supervisors, managers and executives. I am committed to cultivating employee talents and skills; they are the future of HOC. Beta Class is starting its second year and the new Gamma Class begins its program this month. We are re-imagining opportunities for staff to demonstrate and show their full potential. No other agency or company has a program like Leadership Tomorrow. It's an intense, challenging but rewarding program.

### Future

- Now the question is what are we going to do next? 2015 was a success but we have no intention of slowing down in 2016. We will continue to re-imagine what it means to serve this county and our clients and how we use technology to enhance our ability to serve.
- As we bring our repositioned portfolio back on line we will continue to reimagine what it means to serve. We are in the process of standing up a Customer Relationship Management System that goes beyond the traditional call center. Rather than simply responding to inquiries and routing callers through our system, we will position the agency to turn those client contacts, at every turn into business knowledge. That means that whether a request comes in by phone, by email, through our website or through the front door, we want to track not only who made the request but what does it tell us about our business. Are we seeing trends, is this an area in which we can improve? Are maintenance requests being turned around in a way that meets our standards of excellence? And, are clients and the public getting their questions answered when they visit our website?

- This will enable us to get ahead of problems and continuously improve our business which is critical as we bring our properties back online and re-open developments over the next year and beyond.
- Speaking of our website....that will see improvements as well, as will all of our social media platforms. This community has long been at the forefront of ingenuity in terms of using its land use policy to expand the supply of integrated affordable housing and we want to do a better job of telling that story and advocating for our clients.
- And we will continue to aggressively seek opportunities to help our clients and young people get greater connectivity, more productively use the internet for knowledge based learning and build partnerships that create internships for our youth – whether those internships are here at HOC creating internet and media content or working with our partners like PNC bank.

#### Closing

- 2015 was a year of re-inventing, re-imaging and re-positioning to meet the growing needs of this community, our clients and the increasing demand for affordable housing. We achieved our goals but there's still more work to be done.
- I want to thank the Commission for your service and dedication. I look forward to working with you in 2016. Together, we are making a positive impact on the community and the people we serve now and in the future.

Mr. Spann introduced HOC's newest Commissioner, Linda Croom. Ms. Croom serves on the Board as Resident Commissioner. Ms. Croom is a member of HOC's Resident Advisory Board (RAB), and was President for eight years.

Immediately following the Executive Director's Year-In-Review presentation, the Commissioners took a brief recess.

The meeting reconvened at 5:00 p.m. with the election of officers.

#### Election of Officers

Mr. Spann opened the floor for the election of officers. Commissioner Hatcher made a nomination to reappoint the current officers - Sally Roman, Chair, Jackie Simon, Vice Chair, and Richard Y. Nelson, Jr., Chair Pro Tem. Being no other nominations, the officers were

unanimously elected. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, Croom, Hatcher and McFarland.

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The Consent Calendar was then approved upon a motion by Vice Chair Simon and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, Croom, Hatcher and McFarland.

**I. CONSENT ITEMS**

**A. Approval of Minutes of January 13, 2016** – The minutes were approved as submitted.

**B. Consent to Property Operations Assistance Between Commission and Edgewood Management Corporation Relating to Hampden Lane, MHLP VII, MHLP VIII, MHLP IX, and MHLP X Properties** – The following resolution was approved.

**RESOLUTION: 16-09**

**RE: Consent to Property Operations Assistance Between Commission and Edgewood Management Corporation Relating to Hampden Lane, MHLP VII, MHLP VIII, MHLP IX, and MHLP X Properties**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (the “Commission”) is or controls the general partner of 4913 Hampden Lane Limited Partnership (the “Hampden Lane Owner”), Montgomery Homes Limited Partnership VII (the “MHLP VII Owner”), Montgomery Homes Limited Partnership VIII (the “MHLP VIII Owner”), Montgomery Homes Limited Partnership IX (the “MHLP IX Owner”) and Montgomery Homes Limited Partnership X (the “MHLP X Owner” and collectively, the “Owners”), each a Maryland limited partnership and the owner of housing units located in Montgomery County; and

**WHEREAS**, the Commission is the property manager of the property owned by the Owners pursuant to Management Agreements between each respective Owner and the Commission (collectively, the “Management Agreements”); and

**WHEREAS**, the Commission recognizes the need to market and operate the Portfolio with a brand that is positively perceived by the general market and, at the same time, administered in compliance with restrictions and Commission policies; and

**WHEREAS**, the Commission desires to continue to serve as manager of the Portfolio but wishes to subcontract certain property operations functions to another party; and

**WHEREAS**, the Commission issued a Request for Proposal to qualified firms to provide certain services in marketing and operating the Portfolio utilizing the brand of private company; and

**WHEREAS**, by Resolution No. 15-92, passed on November 3, 2015, the Commission authorized negotiation of and entry into a contract for property operations assistance services (the "Contract") with Edgewood Management Corporation ("Edgewood") for Commission-managed properties that are managed through the following five (5) Commission management hubs: Arcola Towers, Emory Grove, Seneca Ridge, Towne Centre Place and Waverly House (collectively, the "Management HUBs"); and

**WHEREAS**, the Management HUBs manage, among other units, 12 units owned by the Hampden Lane Owner, 33 units owned by the MHLP VII Owner, 40 units owned by the MHLP VIII Owner, 84 units owned by the MHLP IX Owner, and 48 units owned by the MHLP X Owner (collectively, the "Portfolio"); and

**WHEREAS**, the Commission has completed negotiation of the Contract with Edgewood and the parties are prepared to commence operations with respect to the Portfolio under its terms; and

**WHEREAS**, under the Contract, the Commission will retain direct supervision of Edgewood, review reports submitted in Yardi format, perform audit and reporting to third parties, provide technical support for Yardi, provide tenant services, perform the compliance function, and continue to manage and maintain discipline among the Commission's maintenance employees under the Commission's Personnel Policy and Collective Bargaining Agreement; and

**WHEREAS**, the Commission believes that contracting these property operations functions will be cost efficient, providing quicker lease up and re-letting of units in the Portfolio.

**NOW, THEREFORE, BE IT RESOLVED** by the Commission, acting for itself and for and on behalf of each Owner, as its general partner or the sole member of its general partner, that the Owners consent to the Commission's entry into the Contract with Edgewood to provide certain property operation services for the Portfolio, with the Commission continuing to serve as the manager of the Portfolio.

**BE IT FURTHER RESOLVED** by the Commission, acting for itself and for and on behalf of each Owner, as its general partner or the sole member of its general partner, that the Executive Director of the Commission is authorized to execute a consent to the Contract on behalf of each of the Owners, and without further action on their respective parts, to take such other actions as may be necessary and proper to carry out the transactions contemplated herein.

**C. Approval of Selection of 2016 Housing Honor Roll and Special Recognition Award Recipients** – The following resolutions were approved.

**RESOLUTION: 16-10a**

**RE: Approval of Selection of 2016  
Housing Honor Roll Recipient**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County annually honors people and organizations that have made outstanding contributions to affordable housing, the well-being of our residents and clients, or HOC operations; and

**WHEREAS**, the 2016 Housing Honor Roll award recipient is Jean Banks, a former HOC Commissioner and Chair Pro Tem; and

**WHEREAS**, Ms. Banks tirelessly advocated for affordable housing in Montgomery County; and

**WHEREAS**, Ms. Banks was dedicated and committed to serving the HOC clients, providing families and youth opportunities to succeed.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Jean Banks is the recipient of the 2016 Housing Honor Roll award.

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**RESOLUTION: 16-10b**

**RE: Approval of Selection of 2016  
Special Recognition Award  
Recipient**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County annually honors people and organizations that have made outstanding contributions to affordable housing, the well-being of our residents and clients, or HOC operations; and

**WHEREAS**, a 2016 Special Recognition Award is given to Roberto Pinero, a former Commissioner who served as Chair Pro Tem, Vice Chair and Chair; and

**WHEREAS**, Mr. Pinero has demonstrated an unwavering commitment to the clients of the Housing Opportunities Commission; and

**WHEREAS**, Mr. Pinero used his experience, leadership and expertise to ensure HOC balanced its capital needs, continued its excellent customer service and made responsible fiscal decisions to benefit clients and the agency.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Roberto Pinero is a recipient of a 2016 Special Recognition Award.

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**RESOLUTION: 16-10c**

**RE: Approval of Selection of 2016  
Special Recognition Award  
Recipient**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County annually honors people and organizations that have made outstanding contributions to affordable housing, the well-being of our residents and clients, or HOC operations; and

**WHEREAS**, a 2016 Special Recognition Award is given to Dr. DeRionne Pollard, President of Montgomery College; and

**WHEREAS**, her leadership and vision bolstered a partnership between Montgomery College and HOC; and

**WHEREAS**, the partnership has provided HOC residents with tuition assistance to pursue degree and certification programs.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Dr. Pollard is a recipient of a 2016 Special Recognition Award.

## **II. INFORMATION EXCHANGE**

**A. Report of the Executive Director** – No additional reports

### **B. Commissioners Exchange**

The Commissioners expressed their appreciation of all the hard work staff performed during the snow storm.

### **C. Community Forum**

Yvonne Caughman, RAB President, updated on progress of the RAB and the newly elected Board.

## **III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**

### **A. Development and Finance Committee – Com. Simon, Chair**

- 1. Approval to Select Miner Feinstein Architects as Interior Unit Architect, Authorization for the Executive Director to Negotiate and Execute a Contract, and Approval to fund the Predevelopment Expenditure for Alexander House Development Corporation**

Kayrine Brown, Chief Investment and Real Estate Officer, and Hyunsuk Choi, Senior Financial Analyst, were presenters.

The following resolution was adopted upon a motion by Vice Chair Simon and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, Croom, Hatcher and McFarland.

**RESOLUTION: 16-11**

**RE: Approval of the Selection by Alexander House Development Corporation (AHDC) of Miner Feinstein Architects as Interior Unit Architect and AHDC's Execution of an Architect Contract, and Approval to fund a Predevelopment Loan to AHDC**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, is authorized thereby to effectuate the purpose of providing affordable housing, including providing financing for the construction of rental housing properties which provide a public purpose; and

**WHEREAS**, Alexander House Apartments (the "Development") was originally constructed in 1992 at 8560 Second Avenue, near the Silver Spring Metro Station as a single sixteen-story building with 311 units, 203 parking spaces in a tri-level underground parking garage, management offices, maintenance and engineering rooms, as well as a common outdoor pool shared with Elizabeth House Apartments, the property adjacent to the north ; and

**WHEREAS**, the Development is an important element of the redevelopment of Elizabeth Square; and

**WHEREAS**, the preliminary and project plan for Elizabeth Square, which was approved on July 23, 2015, includes amendments to the Development; and

**WHEREAS**, minor site plan amendment approval was achieved for the Development on June 9, 2015, incorporating it seamlessly into the overall plan for Elizabeth Square; and

**WHEREAS**, on November 2, 2015, HOC issued a request for proposal ("RFP") #1975 for Architectural Services, Scope of Work and Design Documents for modernizing units of the Development (the "RFP"); and

**WHEREAS**, there were four respondents to the RFP, of which, Miner Feinstein Architects scored highest in the average of the evaluators' scores on the criteria with an average score of 94.67%; and

**WHEREAS**, HOC wishes to approve the engagement by AHDC of Miner Feinstein Architects as the architect for the interior unit renovations for the Development; and

**WHEREAS**, the Commission wishes to fund \$1,025,420 for predevelopment expenses at the Development with a loan to the Alexander House Development Corporation (the "Predevelopment Loan") from the Opportunity Housing Reserve Fund (OHRF"), to cover among other expenses, preliminary architectural services and the preparation of a LIHTC application for submission to the Maryland Department of Housing and Community Development ("DHCD"), which Predevelopment Loan will be repaid to the Commission at the time that AHDC closes on its construction financing; and

**WHEREAS**, the Commission will review and approve a Final Development Plan once the costs and budget are more fully understood and developed; and

**NOW, THEREFORE, BE IT RESOLVED, BY** the Housing Opportunities Commission of Montgomery County that:

1. It hereby approves the selection by Alexander House Development Corporation of Miner Feinstein Architects as Interior unit architect for the renovations of Alexander House Apartments and AHDC's execution of a contract for up to \$206,300 with Miner Feinstein Architects.
2. It presently intends and reasonably expects to finance certain predevelopment expenditures for Alexander House (the "Development") with money's currently contained in its OHRF.
3. It approves use of the OHRF to fund predevelopment expenditure of approximately \$1,025,420 as a loan to AHDC to be repaid from permanent tax-exempt bond financing or other proceeds
4. All of the capital expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings were made not earlier than 60 days prior to the date of this Resolution except preliminary expenditures related to the Development as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).
5. It presently intends and reasonably expects to participate in tax-exempt borrowings of which a portion of the proceeds will be applied to reimburse the Commission for its expenditures in connection with the Development.
6. All prior acts and doings of the officials, agents and employees of the Commission which are in conformity with the purpose and intent of this Resolution, and in furtherance of the Development, shall be and the same hereby are in all respects ratified, approved and confirmed.
7. All other resolutions of the Commission, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the *extent* of such inconsistency.

2. Approval to Select Miner Feinstein Architects as Interior Unit Architect, Authorization



for the Executive Director to Negotiate and Execute a Contract, and Approval to fund the Predevelopment Expenditure for Alexander House Development Corporation

Kayrine Brown, Chief Investment and Real Estate Officer, and Zachary Marks, Asst. Director of New Developments, were presenters.

The following resolution was adopted upon a motion by Vice Chair Simon and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, Croom, Hatcher and McFarland.

**RESOLUTION: 16-12**

**RE: Waiver of the Procurement Process in Extending Contract #14-1883B for Two Years for Advisory Services in Support of HOC's Participation in the RAD Program**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") issued RFP #1883 on May 10, 2013, to solicit proposals from qualified consultants capable of providing expertise in support of HOC's potential disposition efforts via the Renal Assistance Demonstration ("RAD") program; and

**WHEREAS**, on October 2, 2013, the Commission approved the selection of the Morrison Avenue Capital Partners/Censeo team ("MACP & C") to provide advisory services in support of HOC's participation in the RAD program; and

**WHEREAS**, the terms of the contract included a per-converted unit fee payable at various milestones for the conversion of each property and a duration of two years beginning upon execution, which occurred on November 4, 2013; and

**WHEREAS**, HOC has converted nine of its 11 Public Housing properties via the RAD program and has two unconverted properties which have received CHAPs and for whom plans have been determined for conversion; and

**WHEREAS**, HOC is satisfied with the quality of the advisory services provided by MACP & C.

**NOW, THEREFORE, BE IT RESOLVED**, by the Housing Opportunities Commission of Montgomery County that it waives its procurement process in extending contract #14-1883B for two years for advisory services with no other changes to the terms of the original contract.

**BE IT FURTHER RESOLVED**, by the Housing Opportunities Commission of Montgomery County that the Executive Director, without further action on its part, is hereby authorized and directed to take any and all other actions necessary and proper to carry out the transaction

contemplated herein including but not limited to the execution of any amendment to the original service contract.

IV. **\*FUTURE ACTION ITEMS**  
None

V. **NEW BUSINESS**  
None

VI. **EXECUTIVE SESSION FINDINGS**  
None

Based upon this report and there being no further business to come before this session of the Commission, a motion was made, seconded and unanimously adopted to adjourn.

The meeting adjourned at 5:35 p.m.

Respectfully submitted,

Stacy L. Spann  
Secretary-Treasurer

/pmb

# **AUTHORIZATION TO SUBMIT THE FFY 2016 CAPITAL FUND PROGRAM GRANT ANNUAL CONTRIBUTIONS CONTRACT AMENDMENT AND SUPPORTING DOCUMENTATION**

**MARCH 2, 2016**

- The Commission has been notified by the Department of Housing and Urban Development (HUD) that it has been awarded \$593,944 as part of the FFY 2016 Capital Fund Program (CFP) grant for Public Housing.
- CFP grant funds are used to make capital improvements to the Commission's public housing stock.
- This award amount is \$1,195,019 less than the \$1,788,963 award amount received from HUD in FFY 2015. This significant decrease is due to the RAD conversions over this past year.
- HUD has directed the Commission to submit to HUD a Capital Fund Grant Annual Statement, HOC's Capital Fund Grant Five-Year Action Plan, a signed Annual Contributions Contract Amendment, and a supporting Commission Resolution by March 10, 2016 to reserve the CFP grant funds.
- The Annual Statement details the contemplated expenditure categories of the CFP grant funds based on those previously estimated in the Agency's CFP Five-Year Action Plan.
- Staff recommends that the Executive Director or his designee be authorized to submit to HUD the Annual Statement outlining how the CFP grant funds will be expended; the Agency's CFP Five-Year Action Plan; the signed Annual Contributions Contract Amendment; and the supporting Commission Resolution.

**M E M O R A N D U M**

**TO:** Housing Opportunities Commission of Montgomery County

**VIA:** Stacy L. Spann, Executive Director

<b>FROM:</b>	Ethan Cohen	Division: Executive	Ext. 9764
	Bobbie DaCosta	Property Management	Ext. 9524
	Zachary Marks	Real Estate	Ext. 9613
	Belle Seyoum	Finance	Ext. 9476

**RE:** Authorization to Submit the FFY 2016 Capital Fund Program Grant Annual Contributions Contract Amendment and Supporting Documentation

**DATE:** March 2, 2016

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**STATUS:** Consent  Deliberation  Status Report  Future Action

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**OVERALL GOAL & OBJECTIVE:**

To authorize the Executive Director or his designee to submit to the U.S. Department of Housing and Urban Development (HUD) the Federal Fiscal Year (FFY) 2016 Capital Fund Program (CFP) Annual Statement outlining the ways in which the CFP grant funds will be expended to make improvements to public housing units during FFY 2016; HOC's CFP Five-Year Action Plan outlining the Agency's expectations for Capital Fund expenditures from FFY 2015-FFY 2019; the signed FFY 2016 Annual Contributions Contract (ACC) Amendment; and the supporting Commission Resolution.

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**BACKGROUND:**

Annually, HOC is awarded Capital Fund Program (CFP) grant funds based upon a HUD formula. These CFP funds are then used to make capital improvements to the Commission's public housing stock. CFP grant funds cannot be used for properties that are not public housing.

The FFY 2015 CFP grant award was \$1,788,963.

The FFY 2016 CFP grant award is \$593,944, which represents a decrease of \$1,195,019.

Implementation of the CFP grant funds will be coordinated by the Real Estate Division according to the CFP Five-Year Action Plan and the CFP Annual Statement, as summarized below:

Physical Improvements	\$221,369.00
Administration	\$59,394.00
RAD Rental Assistance Payments	\$313,181.00

**Grand Total**

**\$593,944.00**

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to authorize the Executive Director or his designee to submit to HUD the FFY 2016 Annual Statement outlining the way the CFP grant funds will be expended to make improvements to public housing units during FFY 2016; HOC's CFP Five-Year Action Plan outlining the Agency's expectations for Capital Fund expenditures from FFY 2015-FFY 2019; the signed FFY 2016 Annual Contribution Contract Amendment; and the supporting Commission Resolution?

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**PRINCIPALS:**

Housing Opportunities Commission of Montgomery County (HOC) and the U.S. Department of Housing and Urban Development (HUD).

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**BUDGET IMPACT:**

The funds will be restricted to the Public Fund and used solely for public housing capital improvements.

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**TIME FRAME:**

Action at the Commission meeting held March 2, 2016.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff recommends that the Executive Director or his designee be authorized to submit to HUD the CFP Annual Statement outlining how the CFP grant funds will be expended; the Agency's CFP Five-Year Action Plan; the signed ACC Amendment; and the supporting Commission Resolution.

**RESOLUTION: 16-13**

**RE: Authorization to Submit the  
FFY 2016 Capital Fund Program  
Grant Annual Contributions  
Contract Amendment and  
Supporting Documentation**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“Commission”) will receive \$593,944 in FFY 2016 Capital Fund Program grant funds from the U.S. Department of Housing and Urban Development (HUD); and

**WHEREAS**, staff has identified \$593,944 in needs based upon the Commission’s Five Year Capital Fund Program Plan; and

**WHEREAS**, by submitting the FFY 2016 CFP Annual Statement, the CFP Five-Year Action Plan, and the signed FFY 2016 ACC Amendment, the Commission is agreeing that capital and management activities will be carried out in accordance with all HUD regulations.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director or his designee is hereby authorized to submit to the U.S. Department of Housing and Urban Development the FFY 2016 Annual Statement outlining how the Capital Fund Program grant funds will be expended to make improvements to public housing units during FFY 2016; HOC’s CFP Five-Year Action Plan outlining the Agency’s expectations for Capital Fund expenditures from FFY 2015-FFY 2019; the signed FFY 2016 Annual Contributions Contract Amendment in the amount of \$593,944; and the supporting Commission Resolution.

**BE IT FURTHER RESOLVED**, that the Executive Director is hereby authorized and directed to take all actions necessary and proper to accomplish the activity contemplated herein.

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on March 2, 2016.

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**Patrice Birdsong  
Special Assistant to the Commission**

**2016 Capital Fund**

**Capital Fund Program  
(CFP) Amendment  
To The Consolidated Annual Contributions  
Contract (form HUD-53012)**

**U.S. Department of Housing  
and Urban Development  
Office of Public and Indian Housing**

<b>Whereas,</b> (Public Housing Authority)	HOUSING OPPRTY COM OF MONTGOMERY CO	MD004	(herein called the "PHA")
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and the United States of America, Secretary of Housing and Urban Development (herein called "HUD") entered into Consolidated Annual Contributions Contract(s) ACC(s) Numbers(s) P-189 dated 7/10/1967

**Whereas,** HUD has agreed to provide CFP assistance, upon execution of this Amendment, to the PHA in the amount to be specified below for the purpose of assisting the PHA in carrying out development, capital and management activities at existing public housing projects in order to ensure that such projects continue to be available to serve low-income families. HUD reserves the right to provide additional CFP assistance in this FY to the PHA. HUD will provide a revised ACC Amendment authorizing such additional amounts.

\$ 593,944.00 for Fiscal Year 2016 to be referred to under Capital Fund Grant Number MD39P00450116  
 PHA Tax Identification Number (TIN): On File DUNS Number: On File

**Whereas,** HUD and the PHA are entering into the CFP Amendment Number 2016 - 1

**Now Therefore,** the ACC(s) is (are) amended as follows:

1. The ACC(s) is (are) amended to provide CFP assistance in the amount specified above for development, capital and management activities of PHA projects. This CFP Amendment is a part of the ACC(s).
2. The PHA must carry out all development, capital and management activities in accordance with the United States Housing Act of 1937 (the Act), 24 CFR Part 905 (the Capital Fund Final rule) published at 78 Fed. Reg. 63748 (October 24, 2013), as well as other applicable HUD requirements, except that the limitation in section 9(g)(1) of the Act is increased such that of the amount of CFP assistance provided for under this CFP amendment only, the PHA may use no more than 25 percent for activities that are eligible under section 9(e) of the Act only if the PHA's HUD-approved Five Year Action Plan provides for such use; however, if the PHA owns or operates less than 250 public housing dwelling units, such PHA may continue to use the full flexibility in section 9(g)(2) of the Act.
3. The PHA has a HUD-approved Capital Fund Five Year Action Plan and has complied with the requirements for reporting on open grants through the Performance and Evaluation Report. The PHA must comply with 24 CFR 905.300 of the Capital Fund Final rule regarding amendment of the Five Year Action Plan where the PHA proposes a Significant Amendment to the Capital Fund Five Year Action Plan.
4. For cases where HUD has approved a Capital Fund Financing Amendment to the ACC, HUD will deduct the payment for amortization scheduled payments from the grant immediately on the effective date of this CFP Amendment. The payment of CFP funds due per the amortization scheduled will be made directly to a designated trustee within 3 days of the due date.
5. Unless otherwise provided, the 24 month time period in which the PHA must obligate this CFP assistance pursuant to section 9(j)(1) of the Act and 48 month time period in which the PHA must expend this CFP assistance pursuant to section 9(j)(5) of the Act starts with the effective date of this CFP amendment (the date on which CFP assistance becomes available to the PHA for obligation). Any additional CFP assistance this FY will start with the same effective date.
6. Subject to the provisions of the ACC(s) and paragraph 3, and to assist in development, capital and management activities, HUD agrees to disburse to the PHA or the designated trustee from time to time as needed up to the amount of the funding assistance specified herein.
7. The PHA shall continue to operate each public housing project as low-income housing in compliance with the ACC(s), as amended, the Act and all HUD regulations for a period of twenty years after the last disbursement of CFP assistance for modernization activities for each public housing project or portion thereof and for a period of forty years after the last distribution of CFP

assistance for development activities for each public housing project and for a period of ten years following the last payment of assistance from the Operating Fund to each public housing project. However, the provisions of Section 7 of the ACC shall remain in effect for so long as HUD determines there is any outstanding indebtedness of the PHA to HUD which arose in connection with any public housing project(s) under the ACC(s) and which is not eligible for forgiveness, and provided further that, no disposition of any project covered by this amendment shall occur unless approved by HUD.

8. The PHA will accept all CFP assistance provided for this FY. If the PHA does not comply with any of its obligations under this CFP Amendment and does not have its Annual PHA Plan approved within the period specified by HUD, HUD shall impose such penalties or take such remedial action as provided by law. HUD may direct the PHA to terminate all work described in the Capital Fund Annual Statement of the Annual PHA Plan. In such case, the PHA shall only incur additional costs with HUD approval.

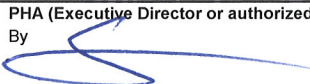
9. Implementation or use of funding assistance provided under this CFP Amendment is subject to the attached corrective action order(s).  
 (mark one) :  Yes  No

10. The PHA is required to report in the format and frequency established by HUD on all open Capital Fund grants awarded, including information on the installation of energy conservation measures.

11. If CFP assistance is provided for activities authorized pursuant to agreements between HUD and the PHA under the Rental Assistance Demonstration Program, the PHA shall follow such applicable statutory authorities and all applicable HUD regulations and requirements. For total conversion of public housing projects, the provisions of Section 7 of the ACC shall remain in effect for so long as HUD determines there is any outstanding indebtedness of the PHA to HUD which arose in connection with any public housing projects(s) under the ACC(s) and which is not eligible for forgiveness, and provided further that, no disposition or conversion of any public housing project covered by these terms and conditions shall occur unless approved by HUD. For partial conversion, the PHA shall continue to operate each non-converted public housing project as low-income housing in accordance with paragraph 7.

12. CFP assistance provided as an Emergency grant or a Safety and Security grant shall be subject to a 12 month obligation and 24 month expenditure time period. CFP assistance provided as a Natural Disaster grant shall be subject to 24 month obligation and 48 month expenditure time period. The start date shall be the date on which such funding becomes available to the PHA for obligation. The PHA must record the Declaration(s) of Trust within 60 days of the effective date or HUD will recapture the funds.

The parties have executed this CFP Amendment, and it will be effective on 4/13/2016. This is the date on which CFP assistance becomes available to the PHA for obligation.

<b>U.S. Department of Housing and Urban Development</b> By _____ Date: _____	<b>PHA (Executive Director or authorized agent)</b> By  Date: <u>2/24/2016</u> Title Stacy L. Spann, Executive Director
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**Annual Statement/Performance and Evaluation Report**  
**Capital Fund Program, Capital Fund Program Replacement Housing Factor and**  
**Capital Fund Financing Program**

2/19/2016

U.S. Department of Housing and Urban Development  
 Office of Public and Indian Housing  
 OMB No. 2577-0226  
 Expires 06/30/2017

**Part I: Summary**

PHA Name: Housing Opportunities Commission of Montgomery County	Grant Type and Number Capital Fund Program Grant No.: MD39-P004-501-16 Date of CFFP:	Replacement Housing Factor Grant No.:	FFY of Grant: 2016 FFY of Grant Approval:
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**Type of Grant**

Original Annual Statement   
  Reserve for Disasters/Emergencies   
  Revised Annual Statement revision no.: \_\_1 (ONE)  
 Performance and Evaluation Report for Program Year Ending   
  Final Performance and Evaluation Report

Line No.	Summary by Development Account	Total Estimated Cost		Total Actual Cost (2)	
		Original	Revised (1)	Obligated	Expended
1	Total Non-CFP Funds and Bond Proceeds				
2	1406 Operations (may not exceed 20% of line 20)				
3	1408 Management Improvements				
4	1410 Administration (may not exceed 10% of line 20)	59,394.00			
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement	75,000.00			
10	1460 Dwelling Structures	100,000.00			
11	1465.1 Dwelling Equipment-Nonexpendable	46,369.00			
12	1470 Non-dwelling Structures				
13	1475 Non-dwelling Equipment				
14	1485 Demolition				
15	1492 Moving to Work Demonstration				
16	1495.1 Relocation Costs				
17	1499 Development Activities				
18a	1501 Collateralization or Debt Service paid by PHA				
18b	1502 Contingency (may not exceed 8% of line 20)				
19	1503 RAD - Operating Activity	313,181.00			
20	<b>Amount of Annual Grant (Sum of lines 2 - 19)</b>	593,944.00	0.00	0.00	0.00
21	Amount of line 20 Related to LBP Activities	0.00	0.00		
22	Amount of line 20 Related to Section 504 Compliance	0.00	0.00		
23	Amount of line 20 Related to Security - Soft Costs	0.00	0.00		
24	Amount of line 20 Related to Security - Hard Costs	0.00	0.00		
25	Amount of line 20 Related to Energy Conservation Measures	0.00	0.00		

Signature of Executive Director: <u>Stacy L. Spann, Executive Director</u>	Date: <u>2/29/16</u>	Signature of Public Housing Director: _____	Date: _____
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**Annual Statement/Performance and Evaluation Report**  
**Capital Fund Program and Capital Fund Program Replacement Housing Factor and**  
**Capital Fund Financing Program**  
 02/19/16

U.S. Department of Housing and Urban Development  
 Office of Public and Indian Housing  
 OMB No. 2577-0226  
 Expires 06/30/2017

**Part II: Supporting Pages - CFP YEAR TWENTY-FIVE 2016**

<b>PHA Name:</b> Housing Opportunites Commission of Montgomery County, Maryland	<b>Grant Type and Number</b> Capital Fund Program No: MD39-P004-501-15 Replacement Housing Factor Grant No:	<b>Federal FFY of Grant:</b> 2015
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Development Number/Name PHA-Wide Activities:	Development Account Number	Quantity	Total Estimated Cost		Total Actual Cost		Status of Work
			Original	Revised (1)	Funds Obligated (2)	Funds Expended (2)	
General Description of Major Work Categories							
<b>PHA-Wide Management Improvements</b>	1408						
Modernization - Project Manager							
Travel							
<b>HA-Wide Administration</b>	1410						
COCC - Management Fee			59,394				
<b>HA-Wide Fees and Costs</b>	1430						
Outside Architectural/Engineering/Consultant Staff							
<b>Total Physical Needs for This Property</b>			59,394.00	0.00	0.00	0.00	

form HUD-50075.1(07/2014)

**Annual Statement/Performance and Evaluation Report  
 Capital Fund Program and Capital Fund Program Replacement Housing Factor and  
 Capital Fund Financing Program  
 02/19/16**

**U.S. Department of Housing and Urban Development  
 Office of Public and Indian Housing  
 OMB No. 2577-0226  
 Expires 06/30/2017**

**Part II: Supporting Pages - CFP YEAR TWENTY-Five 2016**

PHA Name:		Grant Type and Number				Federal FFY of Grant:	
Housing Opportunites Commission of Montgomery County, Maryland		Capital Fund Program No: MD39-P004-501-16		CFFP (Yes/No):		2016	
		Replacement Housing Factor Grant No:					
MD 4-2 ELIZABETH HOUSE	Development Account Number	Quantity	Total Estimated Cost		Total Actual Cost		Status of Work
			Original	Revised (1)	Funds Obligated (2)	Funds Expended (2)	
General Description of Major Work Categories							
Site Improvements							
Lighting, Walks/Parking Lot, Landscaping, Fencing, etc.	1450						
504 Compliance - Common Areas	1450						
Dwelling Structures							
504 Compliance - Unit retrofit, etc.	1460						
Lead Base Paint and Asbestos	1460						
Roofs and Aluminum Siding	1460						
Windows, Doors and Entry Locks	1460						
Kitchen Renovation	1460						
Bath Renovation	1460						
Floor Coverings - Carpet, Vinyl, Wood, Refinishing	1460		50,000.00				
Window Coverings - Roller Shades, Venetian Blinds	1460						
Painting - Interior and Exterior/Code Violations	1460						
HVAC - Boiler, Chiller, Furnance, Heatpump, etc.	1460						
Mechanical/Plumbing-Valves, Guages, Pipes, Sprinklers, Controls	1460						
Electrical - Lights, GFI's, Re-wiring, Security Systems	1460						
Elevator Safety	1460						
Smoke Detectors	1460						
Retail Metering	1460						
Structural - Foundation, Beams, Joists, Trusses, Masonry, etc.	1460						
Dwelling Equipment							
Ranges/Refrigerators	1465.1						
Garbage Disposals	1465.1						
Washers and Dryers	1465.1						
Water Heaters	1465.1						
Non-Dwelling Structures							
Management Office/Community Rooms	1470						
Non-Dwelling Equipment							
Vehicles	1475						
RAD - Operating Activity							
	1503						
Total Physical Needs for This Property			50,000.00	0.00	0.00	0.00	

form HUD-50075.1(07/2014)

**Annual Statement/Performance and Evaluation Report**  
**Capital Fund Program and Capital Fund Program Replacement Housing Factor and**  
**Capital Fund Financing Program**  
 02/19/16

**U.S. Department of Housing and Urban Development**  
**Office of Public and Indian Housing**  
**OMB No. 2577-0226**  
**Expires 06/30/2017**

**Part II: Supporting Pages - CFP YEAR TWENTY- FIVE 2016**

PHA Name:		Grant Type and Number				Federal FFY of Grant:	
Housing Opportunites Commission of Montgomery County, Maryland		Capital Fund Program No: MD39-P004-501-16		CFFP (Yes/No):		2016	
		Replacement Housing Factor Grant No:					
MD 4-11 TOBY TOWN	Development Account Number	Quantity	Total Estimated Cost		Total Actual Cost		Status of Work
			Original	Revised (1)	Funds Obligated (2)	Funds Expended (2)	
General Description of Major Work Categories							
<b>Site Improvements</b>							
Lighting, Walks/Parking Lot, Landscaping, Fencing, etc.	1450						
504 Compliance - Common Areas	1450		75,000.00				
<b>Dwelling Structures</b>							
504 Compliance - Unit retrofit, etc.	1460						
Lead Base Paint and Asbestos	1460						
Roofs and Aluminum Siding	1460						
Windows, Doors and Entry Locks	1460						
Kitchen Renovation	1460						
Bath Renovation	1460						
Floor Coverings - Carpet, Vinyl, Wood, Refinishing	1460						
Window Coverings - Roller Shades, Venetian Blinds	1460						
Painting - Interior and Exterior/Code Violations	1460						
HVAC - Boiler, Chiller, Furnance, Heatpump, etc.	1460						
Mechanical/Plumbing-Valves, Guages, Pipes, Sprinklers, Controls	1460						
Electrical - Lights, GFI's, Re-wiring, Security Systems	1460						
Elevator Safety	1460						
Smoke Detectors	1460						
Retail Metering	1460						
Structural - Foundation, Beams, Joists, Trusses, Masonry, etc.	1460						
<b>Dwelling Equipment</b>							
Ranges/Refrigerators	1465.1						
Garbage Disposals	1465.1						
Washers and Dryers	1465.1						
Water Heaters	1465.1						
<b>Non-Dwelling Structures</b>							
Management Office/Community Rooms	1470						
<b>Non-Dwelling Equipment</b>							
Vehicles	1475						
<b>RAD - Operating Activity</b>							
	1503						
Total Physical Needs for This Property			75,000.00	0.00	0.00	0.00	

form HUD-50075.1(07/2014)

**Annual Statement/Performance and Evaluation Report  
 Capital Fund Program and Capital Fund Program Replacement Housing Factor and  
 Capital Fund Financing Program  
 02/19/16**

**U.S. Department of Housing and Urban Development  
 Office of Public and Indian Housing  
 OMB No. 2577-0226  
 Expires 06/30/2017**

**Part II: Supporting Pages - CFP YEAR TWENTY-FIVE 2016**

PHA Name:		Grant Type and Number				Federal FFY of Grant:	
Housing Opportunités Commission of Montgomery County, Maryland		Capital Fund Program No: MD39-P004-501-16		CFFP (Yes/No):		2016	
		Replacement Housing Factor Grant No:					
MD 4-13 HOLLY HALL	Development Account Number	Quantity	Total Estimated Cost		Total Actual Cost		Status of Work
			Original	Revised (1)	Funds Obligated (2)	Funds Expended (2)	
General Description of Major Work Categories							
<b>Site Improvements</b>							
Lighting, Walks/Parking Lot, Landscaping, Fencing, etc.	1450						
504 Compliance - Common Areas	1450						
<b>Dwelling Structures</b>							
504 Compliance - Unit retrofit, etc.	1460						
Lead Base Paint and Asbestos	1460						
Roofs and Aluminum Siding	1460						
Windows, Doors and Entry Locks	1460						
Kitchen Renovation	1460						
Bath Renovation	1460						
Floor Coverings - Carpet, Vinyl, Wood, Refinishing	1460		50,000.00				
Window Coverings - Roller Shades, Venetian Blinds	1460						
Painting - Interior and Exterior/Code Violations	1460						
HVAC - Boiler, Chiller, Furnance, Heatpump, etc.	1460						
Mechanical/Plumbing-Valves, Guages, Pipes, Sprinklers, Controls	1460						
Electrical - Lights, GFI's, Re-wiring, Security Systems	1460						
Elevator Safety	1460						
Smoke Detectors	1460						
Retail Metering	1460						
Structural - Foundation, Beams, Joists, Trusses, Masonry, etc.	1460						
<b>Dwelling Equipment</b>							
Ranges/Refrigerators	1465.1						
Garbage Disposals	1465.1						
Washers and Dryers	1465.1						
Water Heaters	1465.1		46,369.00				
<b>Non-Dwelling Structures</b>							
Management Office/Community Rooms	1470						
<b>Non-Dwelling Equipment</b>							
Vehicles	1475						
<b>RAD - Operating Activity</b>							
	1503						
<b>Total Physical Needs for This Property</b>							
			96,369.00	0.00	0.00	0.00	

form HUD-50075.1(07/2014)

**Annual Statement/Performance and Evaluation Report**  
**Capital Fund Program and Capital Fund Program Replacement Housing Factor and**  
**Capital Fund Financing Program**  
 02/19/16

**U.S. Department of Housing and Urban Development**  
**Office of Public and Indian Housing**  
**OMB No. 2577-0226**  
**Expires 06/30/2017**

**Part II: Supporting Pages - CFP YEAR TWENTY-FIVE 2016**

PHA Name:		Grant Type and Number		Federal FFY of Grant:			
Housing Opportunitites Commission of Montgomery County, Maryland		Capital Fund Program No: MD39-P004-501-16 Replacement Housing Factor Grant No:		CFFP (Yes/No): 2016			
MD 4-15 ARCOLA TOWERS	Development Account Number	Quantity	Total Estimated Cost		Total Actual Cost		Status of Work
			Original	Revised (1)	Funds Obligated (2)	Funds Expended (2)	
General Description of Major Work Categories							
<b>Site Improvements</b>							
Lighting, Walks/Parking Lot, Landscaping, Fencing, etc.	1450						
504 Compliance - Common Areas	1450						
<b>Dwelling Structures</b>							
504 Compliance - Unit retrofit, etc.	1460						
Lead Base Paint and Asbestos	1460						
Roofs and Aluminum Siding	1460						
Windows, Doors and Entry Locks	1460						
Kitchen Renovation	1460						
Bath Renovation	1460						
Floor Coverings - Carpet, Vinyl, Wood, Refinishing	1460						
Window Coverings - Roller Shades, Venetian Blinds	1460						
Painting - Interior and Exterior/Code Violations	1460						
HVAC - Boiler, Chiller, Furnance, Heatpump, etc.	1460						
Mechanical/Plumbing-Valves, Guages, Pipes, Sprinklers, Controls	1460						
Electrical - Lights, GFIs, Re-wiring, Security Systems	1460						
Elevator Safety	1460						
Smoke Detectors	1460						
Retail Metering	1460						
Structural - Foundation, Beams, Joists, Trusses, Masonry, etc.	1460						
<b>Dwelling Equipment</b>							
Ranges/Refrigerators	1465.1						
Garbage Disposals	1465.1						
Washers and Dryers	1465.1						
Water Heaters	1465.1						
<b>Non-Dwelling Structures</b>							
Management Office/Community Rooms	1470						
<b>Non-Dwelling Equipment</b>							
Vehicles	1475						
<b>RAD - Operating Activity</b>							
	1503		147,028.00				
<b>Total Physical Needs for This Property</b>							
			147,028.00	0.00	0.00	0.00	

form HUD-50075.1(07/2014)

**Annual Statement/Performance and Evaluation Report**  
**Capital Fund Program and Capital Fund Program Replacement Housing Factor and**  
**Capital Fund Financing Program**

02/19/16

U.S. Department of Housing and Urban Development

Office of Public and Indian Housing

OMB No. 2577-0226

Expires 06/30/2017

**Part II: Supporting Pages - CFP YEAR TWENTY-FIVE 2016**

<b>PHA Name:</b> Housing Opportunities Commission of Montgomery County, Maryland	<b>Grant Type and Number</b> Capital Fund Program No: MD39-P004-501-15 Replacement Housing Factor Grant No:	CFFP (Yes/No):	<b>Federal FFY of Grant:</b> 2015
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MD 4-17 WAVERLY HOUSE General Description of Major Work Categories	Development Account Number	Quantity	Total Estimated Cost		Total Actual Cost		Status of Work
			Original	Revised (1)	Funds Obligated (2)	Funds Expended (2)	
<b>Site Improvements</b>							
Lighting, Walks/Parking Lot, Landscaping, Fencing, etc.	1450						
504 Compliance - Common Areas	1450						
<b>Dwelling Structures</b>							
504 Compliance - Unit retrofit, etc.	1460						
Lead Base Paint and Asbestos	1460						
Roofs and Aluminum Siding	1460						
Windows, Doors and Entry Locks	1460						
Kitchen Renovation	1460						
Bath Renovation	1460						
Floor Coverings - Carpet, Vinyl, Wood, Refinishing	1460						
Window Coverings - Roller Shades, Venetian Blinds	1460						
Painting - Interior and Exterior/Code Violations	1460						
HVAC - Boiler, Chiller, Furnace, Heatpump, etc.	1460						
Mechanical/Plumbing-Valves, Gauges, Pipes, Sprinklers, Controls	1460						
Electrical - Lights, GFI's, Re-wiring, Security Systems	1460						
Elevator Safety	1460						
Smoke Detectors	1460						
Retail Metering	1460						
Structural - Foundation, Beams, Joists, Trusses, Masonry, etc.	1460						
<b>Dwelling Equipment</b>							
Ranges/Refrigerators	1465.1						
Garbage Disposals	1465.1						
Washers and Dryers	1465.1						
Water Heaters	1465.1						
<b>Non-Dwelling Structures</b>							
Management Office/Community Rooms	1470						
<b>Non-Dwelling Equipment</b>							
Vehicles	1475						
<b>RAD - Operating Activity</b>	1503		166,153.00				
<b>Total Physical Needs for This Property</b>			166,153.00	0.00	0.00	0.00	

form HUD-50075.1(07/2014)

Annual Statement/Performance and Evaluation Report  
 Capital Fund Program and Capital Fund Program Replacement Housing Factor and  
 Capital Fund Financing Program  
 02/19/16

U.S. Department of Housing and Urban Development  
 Office of Public and Indian Housing  
 OMB No. 2577-0226  
 Expires 06/30/2017

Part II: Supporting Pages - CFP YEAR TWENTY-FIVE 2016

PHA Name:		Grant Type and Number				Federal FFY of Grant:	
Housing Opportunites Commission of Montgomery County, Maryland		Capital Fund Program No: MD39-P004-501-16		CFFP (Yes/No):		2016	
		Replacement Housing Factor Grant No:					
***SUMMARY OF PHYSICAL NEEDS ONLY***	Development Account Number	Quantity	Total Estimated Cost		Total Actual Cost		Status of Work
			Original	Revised (1)	Funds Obligated (2)	Funds Expended (2)	
General Description of Major Work Categories							
Site Improvements							
Lighting, Walks/Parking Lot, Landscaping, Fencing, etc.	1450	0	0.00	0.00	0.00	0.00	
504 Compliance - Common Areas	1450	0	75,000.00	0.00	0.00	0.00	
Dwelling Structures							
504 Compliance - Unit retrofit, etc.	1460	0	0.00	0.00	0.00	0.00	
Lead Base Paint and Asbestos	1460	0	0.00	0.00	0.00	0.00	
Roofs and Aluminum Siding	1460	0	0.00	0.00	0.00	0.00	
Windows, Doors and Entry Locks	1460	0	0.00	0.00	0.00	0.00	
Kitchen Renovation	1460	0	0.00	0.00	0.00	0.00	
Bath Renovation	1460	0	0.00	0.00	0.00	0.00	
Floor Coverings - Carpet, Vinyl, Wood, Refinishing	1460	0	100,000.00	0.00	0.00	0.00	
Window Coverings - Roller Shades, Venetian Blinds	1460	0	0.00	0.00	0.00	0.00	
Painting - Interior and Exterior/Code Violations	1460	0	0.00	0.00	0.00	0.00	
HVAC - Boiler, Chiller, Furnance, Heatpump, etc.	1460	0	0.00	0.00	0.00	0.00	
Mechanical/Plumbing-Valves, Guages, Pipes, Sprinklers, Controls	1460	0	0.00	0.00	0.00	0.00	
Electrical - Lights, GF's, Re-wiring, Security Systems	1460	0	0.00	0.00	0.00	0.00	
Elevator Safety	1460	0	0.00	0.00	0.00	0.00	
Smoke Detectors	1460	0	0.00	0.00	0.00	0.00	
Retail Metering	1460	0	0.00	0.00	0.00	0.00	
Structural - Foundation, Beams, Joists, Trusses, Masonry, etc.	1460	0	0.00	0.00	0.00	0.00	
Dwelling Equipment							
Ranges/Refrigerators	1465.1	0	0.00	0.00	0.00	0.00	
Garbage Disposals	1465.1	0	0.00	0.00	0.00	0.00	
Washers and Dryers	1465.1	0	0.00	0.00	0.00	0.00	
Water Heaters	1465.1	0	46,369.00	0.00	0.00	0.00	
Non-Dwelling Structures							
Management Office/Community Rooms	1470	0	0.00	0.00	0.00	0.00	
Non-Dwelling Equipment							
Vehicles	1475	0	0.00	0.00	0.00	0.00	
	1475	0	0.00	0.00	0.00	0.00	
RAD - Operating							
	1503		313,181.00	0.00	0.00	0.00	
				0.00	0.00	0.00	
				0.00	0.00	0.00	
Total Physical Needs for This Property			534,550.00	0.00	0.00	0.00	

	ORIGINAL	REVISED	OBLIGATED	EXPENDED	form HUD-50075.1(4/2008)
site	1450	75,000.00	0.00	0.00	0.00
dwelling	1460	100,000.00	0.00	0.00	0.00
dwelling equip	1465.1	46,369.00	0.00	0.00	0.00
non-dwelling	1470	0.00	0.00	0.00	0.00
nd-equipment	1475	0.00	0.00	0.00	0.00
RAD Operatio	1501	313,181.00	0.00	0.00	0.00
		534,550.00	0.00	0.00	0.00
OVERHD		59,394.00	0.00	0.00	0.00
Op sub		0.00	0.00	0.00	0.00
total		593,944.00	0.00	0.00	0.00
tot grant		593,944.00	0.00	0.00	0.00
diff		0.00	0.00	0.00	0.00

# Capital Fund Program Five-Year Action Plan

## Part I: Summary

03/13/15

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27

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PHA Name:		Locality: (City/County & State)				<input type="checkbox"/> Original 5-Year Plan <input type="checkbox"/> Revision No:
Housing Opportunities Commission		Kensington/ Montgomery County, Maryland				
A. Development Number/Name	Year 1	Work Statement for Year 2 FFY Grant: 2016 PHA FY: 2017	Work Statement for Year 3 FFY Grant: 2017 PHA FY: 2018	Work Statement for Year 4 FFY Grant: 2018 PHA FY: 2019	Work Statement for Year 5 FFY Grant: 2019 PHA FY: 2020	
SEE ATTACHED PAGE(S)	SEE ANNUAL STATEMENT	SEE ATTACHED PAGE(S)	SEE ATTACHED PAGE(S)	SEE ATTACHED PAGE(S)	SEE ATTACHED PAGE(S)	
B. Physical Improvements Subtotal		810,000	810,000	812,000	812,000	
C. Managements Improvements		48,000	48,000	49,000	49,000	
D. PHA-Wide Nondwelling Structures and Equipment						
E. Administration		27,000	27,000	27,000	27,000	
F. Other A & E		100,000	100,000	100,000	100,000	
G. Operations		200,000	200,000	200,000	200,000	
H. Demolition						
I. Development		610,000	610,000	612,000	612,000	
J. Capital Fund Financing - Debt Service						
K. Total CFP Funds		1,795,000	1,795,000	1,800,000	1,800,000	
L. Total Non-CFP Funds		1,125,000	1,125,000	1,125,000	1,125,000	
M. Grand Total		4,715,000	4,715,000	4,725,000	4,725,000	



Capital Fund Program Five-Year Action Plan  
 Part II: Supporting Pages-Work Activities

Prepared March 13, 2015

Activities for Year 1	Development Number/Name:	25	26	27	28
		Activities for Year 3 FFY Grant: 2016 PHA FY: 2017	Activities for Year 4 FFY Grant: 2017 PHA FY: 2018	Activities for Year 5 FFY Grant: 2018 PHA FY: 2019	Activities for Year 5 FFY Grant: 2019 PHA FY: 2020
	MD4-2 ELIZABETH HOUSE				
	Major Work Categories	Estimated Cost	Estimated Cost	Estimated Cost	Estimated Cost
SEE  ANNUAL  STATEMENT	<b>Site Improvements</b> Lighting, Walks/Parking Lot, Landscaping, Fencing, etc. 504 Compliance - Common Areas <b>Dwelling Structures</b> 504 Compliance - Unit Retrofit, etc. Lead Base Paint and Asbestos Roofs and Aluminum Siding Windows, Doors, and Entry Locks Kitchen Renovation Bath Renovation Floor Coverings - Carpet, Vinyl, Wood, Refinishing Window Coverings - Roller Shades and Venetian Blinds Painting - Interior and Exterior HVAC - Boiler, Chiller, Furnance, Heatpump, etc. Mechanical/Plumbing-Valves, Guages, Pipes, Sprinklers, Controls Electrical - Lights, GFI's, Re-wiring, Security Systems Elevator Safety Life Safety Retail Metering Structural - Foundations, Beams, Joists, Trusses, Masonry, etc. <b>Dwelling Equipment</b> Ranges/Refrigerators Garbage Disposals Washers/Dryers Water Heaters <b>Non-Dwelling Structures</b> Management Office/Community Rooms <b>Non-Dwelling Equipment</b> Computers, etc. Vehicles <b>Development</b> New Construction				
	Capital Fund Financing and Debt Service	305,000	305,000	306,000	306,000
	<b>Total CFP Estimated Cost for this Property</b>	305,000	305,000	306,000	306,000

Part II: Supporting Pages-Work Activities

Prepared March 13, 2015

Activities for Year 1	Development Number/Name:	25 Activities for Year 2 FFY Grant: 2016 PHA FY: 2017	26 Activities for Year 3 FFY Grant: 2017 PHA FY: 2018	27 Activities for Year 4 FFY Grant: 2018 PHA FY: 2019	28 Activities for Year 5 FFY Grant: 2019 PHA FY: 2020
	Major Work Categories	Estimated Cost	Estimated Cost	Estimated Cost	Estimated Cost
SEE  ANNUAL  STATEMENT	<p style="text-align: center;"><b>MD4-4 EMORY GROVE</b></p> <p style="text-align: center;"><b>Site Improvements</b> Lighting, Walks/Parking Lot, Landscaping, Fencing, etc. 504 Compliance - Common Areas</p> <p style="text-align: center;"><b>Dwelling Structures</b> 504 Compliance - Unit Retrofit, etc. Lead Base Paint and Asbestos Roofs and Aluminum Siding Windows, Doors, and Entry Locks Kitchen Renovation Bath Renovation Floor Coverings - Carpet, Vinyl, Wood, Refinishing Window Coverings - Roller Shades and Venetian Blinds Painting - Interior and Exterior HVAC - Boiler, Chiller, Furnance, Heatpump, etc. Mechanical/Plumbing-Valves, Guages, Pipes, Sprinklers, Controls Electrical - Lights, GFI's, Re-wiring, Security Systems Elevator Safety Smoke Detectors and CO-2 Detectors Retail Metering Structural - Foundations, Beams, Joists, Trusses, Masonry, etc.</p> <p style="text-align: center;"><b>Dwelling Equipment</b> Ranges/Refrigerators Garbage Disposals Washers/Dryers Water Heaters</p> <p style="text-align: center;"><b>Non-Dwelling Structures</b> Management Office/Community Rooms</p> <p style="text-align: center;"><b>Non-Dwelling Equipment</b> Computers, etc. Vehicles</p> <p style="text-align: center;"><b>Development</b> New Construction</p> <p style="text-align: center;"><b>Capital Fund Financing and Debt Service</b></p>				
	<b>Total CFP Estimated Cost for this Property</b>	0	0	0	0

Capital Fund Program Five-Year Action Plan  
 Part II: Supporting Pages-Work Activities

Prepared March 13, 2015

Activities for Year 1	Development Number/Name:	25 Activities for Year 2 FFY Grant: 2016 PHA FY: 2017	26 Activities for Year 3 FFY Grant: 2017 PHA FY: 2018	27 Activities for Year 4 FFY Grant: 2018 PHA FY: 2019	28 Activities for Year 5 FFY Grant: 2019 PHA FY: 2020
	<b>MD4-11 TOBY TOWN</b>				
	Major Work Categories	Estimated Cost	Estimated Cost	Estimated Cost	Estimated Cost
SEE  ANNUAL  STATEMENT	<b>Site Improvements</b> Lighting, Walks/Parking Lot, Landscaping, Fencing, etc. 504 Compliance - Common Areas <b>Dwelling Structures</b> 504 Compliance - Unit Retrofit, etc. Lead Base Paint and Asbestos Roofs and Aluminum Siding Windows, Doors, and Entry Locks Kitchen Renovation Bath Renovation Floor Coverings - Carpet, Vinyl, Wood, Refinishing Window Coverings - Roller Shades and Venetian Blinds Painting - Interior and Exterior HVAC - Boiler, Chiller, Furnance, Heatpump, etc. Mechanical/Plumbing-Valves, Guages, Pipes, Sprinklers, Controls Electrical - Lights, GFI's, Re-wiring, Security Systems Elevator Safety Smoke Detectors and CO-2 Detectors Retail Metering Structural - Foundations, Beams, Joists, Trusses, Masonry, etc. <b>Dwelling Equipment</b> Ranges/Refrigerators Garbage Disposals Washers/Dryers Water Heaters <b>Non-Dwelling Structures</b> Management Office/Community Rooms <b>Non-Dwelling Equipment</b> Computers, etc. Vehicles <b>Development</b> New Construction Capital Fund Financing and Debt Service				
	<b>Total CFP Estimated Cost for this Property</b>	0	0	0	0

Capital Fund Program Five-Year Action Plan  
 Part II: Supporting Pages-Work Activities

Prepared March 13, 2015

Prepared March 13, 2015		25	26	27	28
Activities for Year 1	Development Number/Name:	Activities for Year 2 FFY Grant: 2016 PHA FY: 2017	Activities for Year 3 FFY Grant: 2017 PHA FY: 2018	Activities for Year 4 FFY Grant: 2018 PHA FY: 2019	Activities for Year 5 FFY Grant: 2019 PHA FY: 2020
	MD4-13 HOLLY HALL				
	Major Work Categories	Estimated Cost	Estimated Cost	Estimated Cost	Estimated Cost
SEE  ANNUAL  STATEMENT	<b>Site Improvements</b> Lighting, Walks/Parking Lot, Landscaping, Fencing, etc. 504 Compliance - Common Areas <b>Dwelling Structures</b> 504 Compliance - Unit Retrofit, etc. Lead Base Paint and Asbestos Roofs and Aluminum Siding Windows, Doors, and Entry Locks Kitchen Renovation Bath Renovation Floor Coverings - Carpet, Vinyl, Wood, Refinishing Window Coverings - Roller Shades and Venetian Blinds Painting - Interior and Exterior HVAC - Boiler, Chiller, Furnance, Heatpump, etc. Mechanical/Plumbing-Valves, Guages, Pipes, Sprinklers, Controls Electrical - Lights, GFI's, Re-wiring, Security Systems Elevator Safety Life Safety Retail Metering Structural - Foundations, Beams, Joists, Trusses, Masonry, etc. <b>Dwelling Equipment</b> Ranges/Refrigerators Garbage Disposals Washers/Dryers Water Heaters <b>Non-Dwelling Structures</b> Management Office/Community Rooms <b>Non-Dwelling Equipment</b> Computers, etc. Vehicles <b>Development</b> New Construction Capital Fund Financing and Debt Service				
		305,000	305,000	306,000	306,000
<b>Total CFP Estimated Cost for this Property</b>		<b>305,000</b>	<b>305,000</b>	<b>306,000</b>	<b>306,000</b>

Capital Fund Program Five-Year Action Plan  
 Part II: Supporting Pages-Work Activities

Prepared March 13, 2015

Prepared March 13, 2015		25	26	27	28
Activities for Year 1	Development Number/Name:	Activities for Year 2 FFY Grant: 2016 PHA FY: 2017	Activities for Year 3 FFY Grant: 2017 PHA FY: 2018	Activities for Year 4 FFY Grant: 2018 PHA FY: 2019	Activities for Year 5 FFY Grant: 2019 PHA FY: 2020
	MD4-15 ARCOLA TOWERS				
	Major Work Categories	Estimated Cost	Estimated Cost	Estimated Cost	Estimated Cost
SEE  ANNUAL  STATEMENT	<b>Site Improvements</b> Lighting, Walks/Parking Lot, Landscaping, Fencing, etc. 504 Compliance - Common Areas <b>Dwelling Structures</b> 504 Compliance - Unit Retrofit, etc. Lead Base Paint and Asbestos Roofs and Aluminum Siding Windows, Doors, and Entry Locks Kitchen Renovation Bath Renovation Floor Coverings - Carpet, Vinyl, Wood, Refinishing Window Coverings - Roller Shades and Venetian Blinds Painting - Interior and Exterior HVAC - Boiler, Chiller, Furnance, Heatpump, etc. Mechanical/Plumbing-Valves, Guages, Pipes, Sprinklers, Controls Electrical - Lights, GFI's, Re-wiring, Security Systems Elevator Safety Life Safety Retail Metering Structural - Foundations, Beams, Joists, Trusses, Masonry, etc.	100,000	100,000	100,000	100,000
	<b>Dwelling Equipment</b> Ranges/Refrigerators Garbage Disposals Washers/Dryers Water Heaters <b>Non-Dwelling Structures</b> Management Office/Community Rooms <b>Non-Dwelling Equipment</b> Computers, etc. Vehicles <b>Development</b> New Construction <b>Capital Fund Financing and Debt Service</b>	305,000	305,000	306,000	306,000
<b>Total CFP Estimated Cost for this Property</b>		405,000	405,000	406,000	406,000

Capital Fund Program Five-Year Action Plan  
 Part II: Supporting Pages-Work Activities

Prepared March 13, 2015

Activities for Year 1	Development Number/Name:	25	26	27	28
		Activities for Year 2 FFY Grant: 2016 PHA FY: 2017	Activities for Year 3 FFY Grant: 2017 PHA FY: 2018	Activities for Year 4 FFY Grant: 2018 PHA FY: 2019	Activities for Year 5 FFY Grant: 2019 PHA FY: 2020
	MD4-17 WAVERLY HOUSE				
	Major Work Categories	Estimated Cost	Estimated Cost	Estimated Cost	Estimated Cost
SEE  ANNUAL  STATEMENT	<b>Site Improvements</b> Lighting, Walks/Parking Lot, Landscaping, Fencing, etc. 504 Compliance - Common Areas <b>Dwelling Structures</b> 504 Compliance - Unit Retrofit, etc. Lead Base Paint and Asbestos Roofs and Aluminum Siding Windows, Doors, and Entry Locks Kitchen Renovation Bath Renovation Floor Coverings - Carpet, Vinyl, Wood, Refinishing Window Coverings - Roller Shades and Venetian Blinds Painting - Interior and Exterior HVAC - Boiler, Chiller, Furnance, Heatpump, etc. Mechanical/Plumbing-Valves, Guages, Pipes, Sprinklers, Controls Electrical - Lights, GFI's, Re-wiring, Security Systems Elevator Safety Life Safety Retail Metering Structural - Foundations, Beams, Joists, Trusses, Masonry, etc.	100,000	100,000	100,000	100,000
	<b>Dwelling Equipment</b> Ranges/Refrigerators Garbage Disposals Washers/Dryers Water Heaters <b>Non-Dwelling Structures</b> Management Office/Community Rooms <b>Non-Dwelling Equipment</b> Computers, etc. Vehicles <b>Development</b> New Construction Capital Fund Financing and Debt Service	305,000	305,000	306,000	306,000
	<b>Total CFP Estimated Cost for this Property</b>	405,000	405,000	406,000	406,000

Capital Fund Program Five-Year Action Plan

Part III: Supporting Pages

Management Needs Work Statement(s)

Prepared March 13, 2015

Prepared March 13, 2015		25	26	27	28
Year 1		Work Statement for Year 2 FFY Grant: 2016 PHA FY: 2017	Work Statement for Year 3 FFY Grant: 2017 PHA FY: 2018	Work Statement for Year 4 FFY Grant: 2018 PHA FY: 2019	Work Statement for Year 5 FFY Grant: 2019 PHA FY: 2020
	General Description of Major Work Categories	Estimated Cost	Estimated Cost	Estimated Cost	Estimated Cost
SEE  ANNUAL  STATEMENT	Modernization - Project Manager	48,000	48,000	49,000	49,000
	<b>Total Estimated Cost</b>	48,000	48,000	49,000	49,000

Capital Fund Program Five-Year Action Plan  
 Part II: Supporting Pages-Work Activities

Prepared March 13, 2015

Activities for Year 1	Development Number/Name:	25	26	27	28
		Activities for Year 2 FFY Grant: 2016 PHA FY: 2017 Estimated Cost	Activities for Year 3 FFY Grant: 2017 PHA FY: 2018 Estimated Cost	Activities for Year 4 FFY Grant: 2018 PHA FY: 2019 Estimated Cost	Activities for Year 5 FFY Grant: 2019 PHA FY: 2020 Estimated Cost
	<b>****SUMMARY PHYSICAL NEEDS ONLY****</b>				
	Major Work Categories				
SEE  ANNUAL  STATEMENT	<b>Site Improvements</b>				
	Lighting, Walks/Parking Lot, Landscaping, Fencing, etc.	200,000	200,000	200,000	200,000
	504 Compliance - Common Areas	0	0	0	0
	<b>Dwelling Structures</b>				
	504 Compliance - Unit Retrofit, etc.	0	0	0	0
	Lead Base Paint and Asbestos	0	0	0	0
	Roofs and Aluminum Siding	0	0	0	0
	Windows, Doors, and Entry Locks	0	0	0	0
	Kitchen Renovation	0	0	0	0
	Bath Renovation	0	0	0	0
	Floor Coverings - Carpet, Vinyl, Wood, Refinishing	0	0	0	0
	Window Coverings - Roller Shades and Venetian Blinds	0	0	0	0
	Painting - Interior and Exterior	0	0	0	0
	HVAC - Boiler, Chiller, Furnance, Heatpump, etc.	0	0	0	0
	Mechanical/Plumbing-Valves, Guages, Pipes, Sprinklers, Controls	0	0	0	0
	Electrical - Lights, GFI's, Re-wiring, Security Systems	0	0	0	0
	Elevator Safety	0	0	0	0
	Smoke Detectors and CO-2 Detectors	0	0	0	0
	Retail Metering	0	0	0	0
	Structural - Foundations, Beams, Joists, Trusses, Masonry, etc.	610,000	610,000	612,000	612,000
	<b>Dwelling Equipment</b>				
	Ranges/Refrigerators	0	0	0	0
	Garbage Disposals	0	0	0	0
	Washers/Dryers	0	0	0	0
	Water Heaters	0	0	0	0
<b>Non-Dwelling Structures</b>					
Management Office/Community Rooms	0	0	0	0	
<b>Non-Dwelling Equipment</b>					
Computers, etc.	0	0	0	0	
Vehicles	0	0	0	0	
<b>Development</b>					
New Construction	610,000	610,000	612,000	612,000	
Capital Fund Financing and Debt Service	0	0	0	0	
	<b>Total CFP Estimated Cost for this Property</b>	<b>1,420,000</b>	<b>1,420,000</b>	<b>1,424,000</b>	<b>1,424,000</b>
	Physical Improvements	810,000	810,000	812,000	812,000
	Non-Dwelling Structures	0	0	0	0
	Non-Dwelling Equipment	0	0	0	0
	Development	610,000	610,000	612,000	612,000
		<u>1,420,000</u>	<u>1,420,000</u>	<u>1,424,000</u>	<u>1,424,000</u>



# Information Exchange

### **HOC Welcomes New Commissioner**

*Linda Croom is an advocate and leader for clients and their families*

On Wednesday, February 3, 2016, the Housing Opportunities Commission (HOC) of Montgomery County welcomed Linda Croom as its newest Commissioner.

Linda Croom was appointed to the Commission in January 2016. Ms. Croom is HOC's Resident Commissioner and, as a client, brings insights and a perspective to the Board that will help HOC fulfill its mission to provide affordable housing and supportive services that enhance the lives of low- and moderate-income families and individuals throughout Montgomery County.



Ms. Croom has a long history advocating for low- and moderate-income families in Montgomery County, serving as President of HOC's Resident Advisory Board (RAB) for eight years. Through her service, she is highly regarded by HOC clients for her dedication and commitment to enhancing services and crafting solutions to resident concerns. As RAB President, Commissioner Croom fought rising utility costs and worked collaboratively with HOC to improve its responsiveness to addressing maintenance requests. She served as a representative of clients and advocated on their behalf at committee meetings, Town Hall Meetings and other public events.

In 2014, Ms. Croom received a Special Recognition Award from HOC honoring her volunteer work as a voice for the clients served by the Commission.

Ms. Croom fills the position left vacant by the passing of Commissioner Jean Banks.

### **New Chief Technology Officer**

*Ian Williams Joins HOC*

**Ian Williams** is the Chief Technology Officer at the Housing Opportunities Commission of Montgomery County. He joined the Commission in February 2016.



Prior to joining HOC, Mr. Williams served as Technical Project Manager and Procurement & Budget Analyst for the Washington Metropolitan Area Transit Authority (WMATA) Rail Operations Information Technology (IT) Support Division which is responsible for developing, implementing and supporting all technology used to ensure safety.

Mr. Williams has extensive experience in IT for various government agencies in the District of Columbia (DC). He previously served as Chief Technology Officer for DC where he oversaw its IT infrastructure, maintained continuity of operations and restoration of any service interruption.

Mr. Williams also served as Chief Information Officer for the District's Department of Parks and Recreation. During his tenure, Mr. Williams streamlined several agency processes to improve customer service, facilities maintenance, mapping and expansion to more network locations in the nation's capital. He is also credited with bringing new technology to DC Public Schools as Chief Information Officer including a software system to better serve students with special needs.

Mr. Williams holds a B.S. degree in Electrical Engineering from the State University of New York at Buffalo.

### **Annual Speech**

#### *Re-Invent, Re-Imagine, Re-Position*

As you know, HOC held its Annual Meeting on Wednesday, February 3rd. As an agency, we could not serve our clients and the residents of Montgomery County without the support, hard work and dedication by you, the commissioners, our partners and staff. HOC achieved many successes this past year and some highlights include:

- For the first time in eight years, HOC opened its new online, one-stop shop wait list. As of Friday, February 5, HOC Housing Path has **32,930** applicants;
- HOC is redeveloping all of its public housing properties to improve the overall quality and stability of the funding. The agency leveraged nearly \$100 million in modernization investments through HUD's RAD program and other development projects;
- HOC remains a SEMAP high performer for its Housing Choice Voucher Program;
- We secured our first Fatherhood Initiative Grant – the first ever awarded to a housing authority;
- Helped 126 families become homeowners and funded 300 new closing cost and down payment assistance loans; and finally

- HOC Academy is helping clients and their families reach their goals of success with new classes and programs in 2015 including Construction 101, Building Trades Construction Course, Job P.R.E.P. Boot Camp, robotics camps for students and Girls Got IT!.

## **Mortgage Finance**

### *Chevy Chase Lake Negotiations*

I am pleased to report that HOC concluded negotiations with EYA on Friday, February 5, 2016, closing on the sale of a portion of the property. This project began two years ago when the Commission gave its approval to execute a Purchase and Sale Agreement for the transfer of a portion of the Chevy Chase Lake site to Bethesda-based residential developer Eakin-Youngentob Associates, Inc. (EYA). The portion being sold is approximately 3.8 acres (two-thirds), which will be redeveloped to produce 62 luxury townhouses, 52 of which will be market rate units and 10 will be MPDUs. One-third of the site will be retained by HOC and developed as 40 affordable housing units, 40 workforce housing units and 120 unrestricted market rate units.



Here are more updates regarding the project:

**Entitlement:** The project has received preliminary project plan and site plan approvals. A certified Site Plan was resubmitted four weeks ago and the receipt of signed copies is imminent. Once received, the record plat will be submitted and is projected to be complete by June 2016.

**Townhouse Update:** EYA recently started demolition. The townhouse community will be named The Brownstones at Chevy Chase Lake with the sales office opening in June 2016. Currently, there are 75 people on the waiting list. Settlement on the first sale unit is expected in February 2017; sell out period is approximately 19 months ending in September 2018. Based on projections, HOC should expect \$8.56 million in gross sales proceeds in 2017 and \$6 million in 2018.

**Multifamily Update:** Staff is preparing the development and exploring financing options to close around June 2016 when the construction will commence for approximately 24 months, opening in July 2018.

## *RAD Renovations*



Harkins Builders started renovation work at Arcola Towers last week and is scheduled to begin construction at Waverly House in mid-March. Both communities have converted from Public Housing to Project Based Rental Assistance (PBRA) contracts under the Rental Assistance Demonstration (RAD) program. The communities have a total of 298 units and serve low-income senior citizens and people with disabilities. Work is expected to be finished in 12 to 13 months.

## **HOC Academy**

### *Robotics Camp*



I am excited to announce another first for HOC Academy. Last year, we partnered with Richard Montgomery High School's award-winning Robotics Team to offer a robotics club to clients and their children. The club quickly filled up and was a big success with participants and their families. The Robotics Team's curriculum was also used by HOC Academy as a prerequisite to forming a First Lego League at Stewartown Homes.

Recently, the Robotics Team announced that their new curriculum was selected by three states for use in their housing divisions. It will also be taught to other high school robotics teams through a series of webinars.

HOC has the honor of being the first to utilize and craft this program which has now gained national recognition.

Our partnership with the Richard Montgomery's Robotics Team gave them an opportunity to start the program and make revisions to better help students succeed.

I am proud of HOC Academy's hard work and innovation. The team wasn't afraid to try something new. They saw an opportunity and succeeded.

# HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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## March 2016

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2	HOC Regular Meeting ( <i>All</i> )	4:00 p.m.
1-2	<b>MAHRA 2016 Spring Leadership Caucus (<i>All</i>)</b> (Radisson Hotel at Cross Keys, 5100 Falls Rd., Baltimore, MD 21210)	
4	<b>HOC Success Through RAD (<i>All</i>)</b> (Waverly House, 4521 East-West Hwy., Bethesda, MD 20814)	10:00 a.m.
15	Legislative and Regulatory Committee Meeting ( <i>Hatcher, Croom, Simon</i> )	2:00 p.m.
16-19	<b>National Community Reinvestment Coalition (NCRC) Washington Conference (<i>All</i>) – re: Creating a Just Economy</b> (1001 16th St., NW, Washington, DC 20036)	
18	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	9:30 a.m.
21	<b>Agenda Formulation (<i>Roman, Simon</i>)</b>	12:00 noon
21	Resident Advisory Board Meeting ( <i>Croom</i> )	6:00 p.m.
30	Bauer (Banor) Board Meeting ( <i>Hatcher, Nelson</i> )	7:30 p.m.

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## April 2016

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6	Public Hearing – ( <i>Roman</i> ) re: HOC's Proposed Fiscal Year 2017 Annual Public Housing Agency Plan	3:30 p.m.
6	HOC Regular Meeting ( <i>All</i> )	4:00 p.m.
10-12	<b>NAHRO – Washington Conference (<i>All</i>)</b> (Crystal Gateway Marriott, 1700 Jefferson Davis Hwy., Arlington, VA 22202)	
13	Budget, Finance and Audit Committee Meeting ( <i>Nelson, Roman</i> )	10:00 a.m.
13	Town Center Board Meeting ( <i>Simon, Roman</i> )(Kensington Hearing Room)	2:30 p.m.
13-16	<b>NALHFA 2016 Annual Conference</b> (Dallas Fairmont, 1717 N. Akard St., Dallas, TX 75201)	
18	Resident Advisory Board Meeting ( <i>Croom</i> )	6:00 p.m.
21	Budget, Finance and Audit Committee Meeting ( <i>Nelson, Roman</i> )	10:00 a.m.
22	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	9:30 a.m.
22	Status/Lunch Meeting w/Executive Director ( <i>All</i> ) – Location TBD	12:00 noon
25	Agenda Formulation ( <i>Roman, Nelson</i> )	12:00 noon
28-29	<b>National Housing Conference (<i>All</i>)</b> (Baruch College, 55 Lexington Ave., New York, NY 10010)	

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## May 2016

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4	HOC Regular Meeting ( <i>All</i> )	4:00 p.m.
5	Budget, Finance and Audit Committee Meeting ( <i>Nelson, Roman</i> )	10:00 a.m.
11	Budget, Finance and Audit Committee Meeting ( <i>Nelson, Roman</i> )	10:00 a.m.
13	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	9:30 a.m.
16	Affordable Housing Conference Summit 2016 ( <i>All</i> )	8:00 a.m. – 3:00 p.m.
16	Agenda Formulation ( <i>Roman, Nelson</i> )	12:00 noon
16	Resident Advisory Board Meeting ( <i>Croom</i> )	6:00 p.m.
19	Budget, Finance and Audit Committee Meeting ( <i>Nelson, Roman</i> )	10:00 a.m.
24	Legislative and Regulatory Committee Meeting ( <i>Hatcher, Croom, Simon</i> )	2:00 p.m.
30	Memorial Day (HOC Offices Closed)	

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## June 2016

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1	HOC Regular Meeting ( <i>All</i> )	4:00 p.m.
2	HOC Staff Appreciation Day ( <i>All</i> )	11:00 a.m.
10	Tony Davis Scholarship Committee Meeting ( <i>Simon</i> )	10:00 a.m.
10	Status/Lunch Meeting w/Executive Director ( <i>All</i> ) – Location TBD	12:00 noon
13	Town Hall Meeting ( <i>All</i> ) – Montgomery Village Middle School, 19300 Watkins Mill Rd., Montgomery Village, MD 20866	6:30 p.m.
17	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	9:30 a.m.
20	Resident Advisory Board Meeting ( <i>Croom</i> )	6:00 p.m.
27	Agenda Formulation ( <i>Roman, McFarland</i> )	12:00 p.m.

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## July 2016

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4	Independence Day (HOC Offices Closed)	
13	Tony Davis Award Reception ( <i>All</i> ) – Kensington Atrium	3:00 p.m.
13	HOC Regular Meeting ( <i>All</i> )	4:00 p.m.
18	Resident Advisory Board Meeting ( <i>Croom</i> )	6:00 p.m.
19	Legislative and Regulatory Committee Meeting ( <i>Hatcher, Croom, Simon</i> )	2:00 p.m.
22	Development and Finance Committee Meeting ( <i>Simon, McFarland, Nelson</i> )	9:30 a.m.

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Activities of Interest

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# Committee Reports and Recommendations for Action



# Budget, Finance & Audit Committee

# **ACCEPTANCE OF SECOND QUARTER FY'16 BUDGET TO ACTUAL STATEMENTS**

**March 2, 2016**

- **The Agency ended the second quarter with a net cash surplus of \$1,024,745 which resulted in a second quarter budget to actual positive variance of \$122,185.**
- **The General Fund experienced the receipt of higher than anticipated financing fee income from both Arcola Towers and Waverly House coupled with savings in expenses through the second quarter.**
- **At the end of the second quarter, the majority of the unrestricted properties in the Opportunity Housing Fund exceeded budget expectations; however, the recognizable cash flow to the Agency did not meet budget due to shortfalls in some of the unrestricted properties.**
- **The Public Housing Program ended the quarter with a surplus primarily as a result of greater than anticipated subsidy due to a higher pro-ration factor coupled with the continued receipt of Asset Repositioning Fees for some of the converted scattered site units. The surplus will be restricted to the program.**
- **The Housing Choice Voucher (HCV) Program experienced higher administrative fees coupled with savings in expenses which resulted in an administrative surplus through December 31, 2015. The surplus will be restricted to the program.**

**MEMORANDUM**

**TO:** Housing Opportunities Commission

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Staff: Gail Willison                          Division: Finance                  Ext. 9480  
                Terri Fowler    Ext. 9507

**RE:** Acceptance of Second Quarter FY'16 Budget to Actual Statements

**DATE:** March 2, 2016

**STATUS:** Committee Report: Deliberation

**OVERALL GOAL & OBJECTIVE:**

Acceptance of the Second Quarter FY'16 Budget to Actual Statements.

**BACKGROUND:**

In accordance with the Commission's budget policy, the Executive Director will present budget to actual statements and amendments to the Budget, Finance and Audit Committee on a quarterly basis. The Budget, Finance and Audit Committee will review any proposed budget amendments and make a recommendation to the full Commission.

**ISSUES FOR CONSIDERATION:**

To assess the financial performance of the Agency for the second quarter of FY'16.

**BUDGET IMPACT:**

A second quarter budget amendment was discussed with the Budget, Finance and Audit Committee at the February 23, 2016 meeting. The Commission will be asked to approve the second quarter budget amendment at the March 2, 2016 Commission meeting. Future amendments will be presented to the Commission as necessary.

**TIME FRAME:**

The Budget, Finance and Audit Committee reviewed the Second Quarter Budget to Actual Statements at the February 23, 2016 Committee meeting. Action is requested at the March 2, 2016 Commission meeting.

**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

The Budget, Finance and Audit Committee recommends to the full Commission approval of the Budget to Actual Statements to the FY'16 Budget.

## **DISCUSSION – SECOND QUARTER BUDGET TO ACTUAL STATEMENTS**

This review of the Budget to Actual Statements for the Agency through the second quarter of FY'16 consists of an overall summary and additional detail on the Opportunity Housing properties, the Development Corporation properties, the Public Housing and Housing Choice Voucher (HCV) Programs and all Capital Improvements Budgets.

### **HOC overall (see Attachment A)**

Please note the Agency's Audited Financial Statements are presented on the accrual basis which reflects non-cash items such as depreciation and the mark-to-market adjustment for investments.

The Commission approves the Operating Budget at the fund level based on a modified accrual basis which is similar to how other governmental organizations present their budgets. The purpose is to ensure that there is sufficient cash income and short-term receivables available to pay for current operating expenditures.

The Commission approves the revenue and expenses and unrestricted net cash flow from operations for each fund. Unrestricted net cash flow in each fund is what is available to the Commission to use for other purposes. The Budget to Actual Comparison Summary Statement (Attachment A) shows unrestricted net cash flow or deficit for each of the funds. Attachment A also highlights the FY'16 Second Quarter Capital Budget to Actual Comparison.

The Agency ended the second quarter with a net cash surplus of \$1,024,745. This surplus resulted in a second quarter budget to actual positive variance of \$122,185. The primary contributors to this positive variance were lower than anticipated expenses in the General Fund (see General Fund) as well as additional Housing Choice Voucher (HCV) administrative fees, based on a higher pro-ration factor, coupled with savings in the administrative costs of the program which eliminated the projected deficit in the program (see Public Fund). These positive variances were almost entirely offset by lower recognizable income in the Opportunity Housing portfolio (see Opportunity Housing Fund). Staff is continuing to monitor the property performance to determine any potential negative year-end impact on the Agency; however, it is believed at this time that the partial cash flow restrictions that have been established at several of the properties will aid in mitigating the severity of the affect on the Agency's year-end financial position.

### **Explanations of major variances by fund**

The General Fund consists of the basic overhead costs for the Agency. This fund ended the quarter with a deficit of \$2,994,552, which resulted in a positive variance of \$886,260 when compared to the projected deficit of \$3,880,812.

As of December 31, 2015, income in the General Fund was \$119,160 more than budget. The primary contributor to the positive income variance was the receipt of a 2% financing fee on both Arcola Towers and Waverly House that was originally budgeted conservatively at 1%.

Expenses in the General Fund were \$767,100 less than budget. The positive variance was primarily the result of savings in administrative salaries and benefits as well as maintenance contract expenses. A portion of these savings are the result of timing issues and staff does not anticipate the full savings to be realized at year end.

The Multifamily Bond Fund and Single Family Bond Fund are budgeted to balance each year. Both income (the bond draw downs that finance the operating costs for these funds) and expenses are in line with the budget.

#### The Opportunity Housing Fund

Attachment B is a chart of the Development Corporation properties. This chart divides the properties into two groups.

- The first group includes properties that were budgeted to provide unrestricted net cash flow toward the Agency's FY'16 Operating Budget. This group ended the quarter with cash flow of \$3,628,277 or \$730,893 less than projected. It should be noted that we can only recognize revenue up to the amount budgeted for each property. Almost half of the properties in this portfolio exceeded budgeted cash flow; however, when we exclude the extra income earned on properties exceeding their budgets, the quarter's recognizable cash flow is \$3,512,537 or \$846,633 below budget.

**Unrestricted Development Corporations**

	<b>(6 Months)</b> <b><u>Budget</u></b>	<b>(6 Months)</b> <b><u>Actual</u></b>	<b><u>Variance</u></b>	<b>(6 Months)</b> <b><u>Adjusted</u></b>
Alexander House .....	\$814,353	\$777,074	(\$37,279)	\$777,074
The Barclay .....	\$68,537	(\$16,039)	(\$84,576)	(\$16,039)
Chevy Chase Lake .....	(\$51,959)	(\$218,775)	(\$166,816)	\$0
Glenmont Westerly .....	\$125,554	\$178,375	\$52,821 <sup>(1)</sup>	\$125,554
Magruder's Discovery .....	\$286,679	\$236,354	(\$50,325)	\$236,354
The Metropolitan .....	\$967,033	\$1,036,317	\$69,284 <sup>(1)</sup>	\$967,033
Montgomery Arms .....	\$163,232	\$141,899	(\$21,333)	\$141,899
TPM - 59 MPDUs .....	\$102,964	\$132,652	\$29,688 <sup>(1)</sup>	\$102,964
Paddington Square .....	\$208,330	\$203,312	(\$5,018)	\$203,312
TPM - Pomander Court .....	\$37,478	\$47,951	\$10,473 <sup>(1)</sup>	\$37,478
Pooks Hill High-Rise .....	\$182,871	\$178,513	(\$4,358)	\$178,513
Scattered Site One Dev. Corp. ..	\$81,459	\$134,479	\$53,020 <sup>(1)</sup>	\$81,459
Scattered Site Two Dev. Corp. .	(\$23,124)	\$12,324	\$35,448 <sup>(2)</sup>	\$0
Sligo Development Corp. ....	\$22,714	\$29,245	\$6,531 <sup>(1)</sup>	\$22,714
TPM - Timberlawn .....	\$301,459	\$401,833	\$100,374 <sup>(1)</sup>	\$301,459
VPC One Dev. Corp. ....	\$654,096	\$311,637	(\$342,459)	\$311,637
VPC Two Dev. Corp. ....	\$417,494	\$41,126	(\$376,368)	\$41,126
<b>Subtotal</b>	<b>\$4,359,170</b>	<b>\$3,628,277</b>	<b>(\$730,893)</b>	<b>\$3,512,537</b>
<b>Recognizable Cash Flow</b>				<b>(\$846,633)</b>

**Notes:**

(1) - Properties exceeding budgeted cash flow.

(2) - Properties generating income that were projected to have a deficit at year end.

- Cash flow for **Alexander House** was \$37,279 lower than anticipated primarily due to higher than anticipated vacancy as units were not released in anticipation of the upcoming renovations. This loss in revenue was partially offset by savings in administrative, utility and maintenance expenses. **The Barclay** had a negative variance of \$84,576 driven primarily by higher than projected concessions and vacancy loss at the property coupled with lower than anticipated retail income. **Chevy Chase Lake** experienced a negative cash flow variance of \$166,816. The FY'16 Amended Budget assumed that the mortgage would be prepaid in July. The authorization to prepay the existing mortgage was not authorized until October 2015; therefore, the property continued to bear the full cost of the mortgage through October with less than a 30% average occupancy as tenants vacated the property in anticipation of the impending development plans. Although higher than anticipated, the budget assumes that deficits at the property will be absorbed by existing cash at the property. Cash flow at **Magruder's Discovery** was \$50,325 less than budget as a result of lower gross rental income and higher vacancies coupled with higher than anticipated maintenance expenses resulting from required repairs based on the County inspection. **The Metropolitan** had a positive cash flow variance of \$69,284. Although gross rental income was lower as a result of using Yieldstar to determine the current rents in the submarket, the resulting vacancy at the property was lower than anticipated. In addition, the property

experienced savings in administrative salary and benefits and utility costs coupled with a lower than anticipated loss from the tax credit units that is covered by the market units. **Scattered Site One Development Corporation** experienced a positive cash flow variance of \$53,020 as a result of savings in administrative salary and benefits and tax expense. The cash flow from **TPM - Timberlawn** was \$100,374 more than anticipated primarily as a result of higher occupancy as a result of a delay in the start of planned renovations coupled with savings in utility and maintenance costs. The cash flow from both **VPC One** and **VPC Two Development Corporations** was less than anticipated primarily as a result of higher vacancies at both properties coupled with higher than anticipated overall expenses. Cash flow for the quarter at **VPC One** was \$311,637 resulting in a negative variance of \$342,459. **VPC Two** experienced cash flow of \$41,126 for the quarter resulting in a negative variance of \$376,368. During the development of the FY'16 Budget Amendment, a Debt Service Reserve was established in the Opportunity Housing Bond Fund for those properties that are temporarily funding debt on the PNC Lines of Credit (LOC). While the draws on the LOCs bear interest only at rates tied to LIBOR, when stressed at a fully amortizing 6.5% rate over a 30-year term, the properties demonstrate that they can support a full debt service payment. The difference between the actual interest cost and the stressed scenario is being set aside in the established Debt Service Reserve. This practice is being applied to both **VPC One** and **VPC Two**. If you were to remove the amounts being contributed to the Debt Service Reserve from the expenses, the properties would show cash flow of \$836,677 and \$535,055 respectively.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'16 Operating Budget. Cash flow from this group of Development Corporation properties was \$299,637 less than budgeted. Cash flow at **Glenmont Crossing** exceeded budget by \$86,678 primarily as a result of savings in administrative salary and benefits, utility, and maintenance costs. The anticipated deficit at **MetroPointe** was \$72,308 more than anticipated as a result of lower gross rent due to Yieldstar pricing adjustments made to maintain residential occupancy coupled with the erroneous exclusion of the budget for property insurance. The **RAD 6** Properties (Ken Gar, Parkway Woods, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place, and Washington Square), which are currently under renovation, experienced a combined deficit of \$58,548 through quarter-end largely due to higher than anticipated vacancies coupled with higher utility costs. Staff is reviewing the utility costs to see if it is directly related to the renovations and will adjust the funding for the expenses accordingly. In addition, the development budget for the RAD 6 properties has money set aside for operational deficits during renovations should the properties experience a deficit at year-end.

Attachment C is a chart of the Opportunity Housing properties. This chart divides the properties into two groups.

- The first group consists of properties whose unrestricted net cash flow will be used for the Agency's FY'16 Operating Budget. This group ended the quarter with cash flow of \$686,093 or \$33,583 less than budget. As noted above for the Development Corporations, we can

only recognize revenue up to the amount budgeted for each property. When we exclude the extra income earned on those properties exceeding budget, the quarter's recognizable cash flow for this group is \$646,884 or \$72,792 below budget.

**Unrestricted Opportunity Housing Properties**

	<b>(6 Months)</b> <b><u>Budget</u></b>	<b>(6 Months)</b> <b><u>Actual</u></b>	<b><u>Variance</u></b>	<b>(6 Months)</b> <b><u>Adjusted</u></b>
64 MPDUs .....	\$17,053	\$24,122	\$7,069 <sup>(1)</sup>	\$17,053
Chelsea Towers .....	\$3,271	(\$8,737)	(\$12,008)	\$0
Fairfax Court .....	\$54,277	\$51,407	(\$2,870)	\$51,407
Holiday Park .....	(\$32,724)	(\$19,357)	\$13,367 <sup>(1)</sup>	\$0
Jubilee Falling Creek .....	\$5,385	\$7,901	\$2,516 <sup>(1)</sup>	\$5,385
Jubilee Hermitage .....	\$3,628	\$6,128	\$2,500 <sup>(1)</sup>	\$3,628
Jubilee Horizon Court .....	\$3,797	(\$1,971)	(\$5,768)	(\$1,971)
Jubilee Woodedge .....	\$4,494	\$8,127	\$3,633 <sup>(1)</sup>	\$4,494
McHome .....	\$45,496	\$49,853	\$4,357 <sup>(1)</sup>	\$45,496
McKendree .....	\$7,432	\$13,481	\$6,049 <sup>(1)</sup>	\$7,432
MHLP III .....	\$0	(\$2,132)	(\$2,132)	(\$2,132)
MHLP VII .....	\$29,436	\$31,667	\$2,231 <sup>(1)</sup>	\$29,436
MHLP VIII .....	\$122,779	\$57,872	(\$64,907)	\$57,872
MPDU 2007 Phase II .....	\$12,410	\$14,723	\$2,313 <sup>(1)</sup>	\$12,410
Pooks Hill Mid-Rise .....	\$78,008	\$97,615	\$19,607 <sup>(1)</sup>	\$78,008
Southbridge .....	\$26,582	\$43,610	\$17,028 <sup>(1)</sup>	\$26,582
Strathmore Court .....	\$338,352	\$311,784	(\$26,568)	\$311,784
<b>Subtotal</b>	<b>\$719,676</b>	<b>\$686,093</b>	<b>(\$33,583)</b>	<b>\$646,884</b>
		<b>Recognizable Cash Flow</b>		<b>(\$72,792)</b>

**Notes:**

(1) - Properties exceeding budgeted cash flow.

- Several properties in this portfolio experienced small negative income variances that were almost entirely offset by savings in expenses. Where this is not the case, explanations follow. Both **Chelsea Towers** and **Holiday Park** are reflecting a deficit at quarter end; however, this is the result of timing as the debt service payments occur in the first part of the year. It is not anticipated that the properties will have an operating deficit at year-end. Although the remaining two units in **MHLP III** were sold last November, the financials reflect tax bills that were issued to and paid by the Agency in error. Staff is working on securing refunds for the payments. **MHLP VIII** experienced a negative cash flow variance of \$64,907 primarily due to higher maintenance expenses resulting from unit turnover and higher tax expenses. The negative variance was further impacted by slightly higher vacancies at the property. Cash flow for **Strathmore Court** was \$26,568 lower than anticipated as a result of lower gross rent due to Yieldstar pricing adjustments made to maintain residential occupancy. The loss in revenue was partially offset by savings in administrative and maintenance expenses



- The second group consists of properties whose cash flow will not be used for the Agency's FY'16 Operating Budget. Some of these properties have legal restrictions on the use of cash flow; others may have needs for the cash flow. Cash flow for this group of properties was \$533,038 higher than budget for the quarter. Three properties included in the report that do not currently have budgets are included in the FY'16 Second Quarter Budget Amendment. **617 Olney Sandy Spring Road** and **Avondale Apartments** were acquired in April 2015. In addition, the remaining long-term tenancy unit at **King Farm Village** recently came under HOC's management. **The Ambassador** experienced a positive cash flow variance of \$111,004 mainly due to lower than projected vacancies coupled with savings in maintenance expenses. **Brookside Glen** experienced a positive cash flow variance of \$42,185 as a result of lower vacancies coupled with savings in utility and maintenance expenses through quarter-end. Cash flow for **Diamond Square** exceeded budget by \$40,404 primarily as a result of savings in administrative, utility, maintenance and security expenses. **Greenhills Apartments** had a positive cash flow variance of \$50,998 for the quarter due to lower vacancies coupled with savings in administrative and maintenance costs. The **CDBG, NCI** and **NSP Units** have individual budgets for each unit that include a standard annual amount for maintenance related expenses. Any cash flow at year-end resulting from savings in expenses and/or additional earned income is restricted to the respective property's Operating Reserves. If a property experiences a deficit at year-end, funds will be drawn from the respective property's reserve to cover the shortfall. Cash flow for **State Rental Combined** was \$51,169 less than budget as a result of lower gross rents coupled with higher maintenance costs. **Westwood Towers** had a positive variance of \$256,555 as a result of lower vacancies coupled with savings in all expense categories. The expense savings includes permanent savings in taxes due to the receipt of the PILOT agreement on the property.

#### The Public Fund (Attachment D)

- The Public Housing Rental Program ended the quarter with a surplus of \$928,175, which resulted in a positive variance of \$994,450 when compared to the projected shortfall of \$66,275. Income was \$2,061,845 more than budget largely due to the receipt of higher than anticipated operating subsidy. Several factors impacted the positive variance. The budget assumed a pro-ratio of 82.35% for CY'15. The actual pro-ratio for CY'15 was increased to 85.36%. In addition, the Agency continued to receive subsidy for some of the scattered sites that converted to the **VPC One** and **VPC Two Development Corporations**. The majority of this subsidy was received as Asset Repositioning Fees (ARF). Finally, the funding to pay for the vouchers at the **RAD 6** properties (Ken Gar, Parkway Woods, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place, and Washington Square) was received as operating subsidy through December 2015 resulting in continued income at the old Public Housing properties. There is a corresponding expense recorded to reflect the subsidy being moved to the development corporation properties as voucher revenue which is the primary cause for the negative expense variance of \$1,067,395. In addition, a delay in the closing of Arcola Towers and Waverly House under the Rental Assistance Demonstration

(RAD) Program resulted in their continuing to be reported in the Public Housing Portfolio for the second quarter.

It should be noted that the two grants previously received to support the Family Self Sufficiency (FSS) Program for Public Housing and voucher participants were consolidated into one grant beginning in January 2015. We continued to draw from the unspent funds from the former Public Housing FSS grant which is reflected as equal positive variances for both income and expenses. In addition, the delay in the closing of Arcola Towers and Waverly House under the Rental Assistance Demonstration (RAD) Program resulted in their continuing to be reported in the Public Housing Portfolio for the second quarter.

- The Housing Choice Voucher Program (HCVP) ended the quarter with a surplus of \$180,872, which resulted in a positive variance of \$695,546 when compared to the projected shortfall of \$514,674. The shortfall was comprised of Housing Assistance Payments (HAP) that exceeded HAP revenue by \$64,891 offset by an administrative surplus of \$245,763. The HAP shortfall was funded with a draw from the HCVP Net Restricted Assets (NRA), which is cash that was recognized but not spent in prior years. The program ended the quarter with an administrative surplus due to higher than anticipated revenue of \$282,585 and savings in administrative expenses of \$190,836. The higher revenue was the result of a higher proration factor of 79% through October 2015 and 81% for November and December of 2015 compared to the budgeted proration factor of 75% and higher administrative fees received on incoming portables. The savings in expenses were primarily due to savings in administrative salaries and benefits, and lower management fee expenses which are now based on utilization.

#### Tax Credit Partnerships

The Tax Credit Partnerships have a calendar year end. Quarterly Budget to Actual Statements are reported to the Budget, Finance, and Audit Committee.

#### The Capital Budget (Attachment E)

Attachment E is a chart of the Capital Improvements Budget for FY'16. The chart is grouped in two sections – General Fund and Opportunity Housing properties. This report is being presented for information only. Most of the variances in the capital budgets reflect timing issues. Capital projects are long-term; therefore, it is very difficult to analyze each project on a quarterly basis. We will keep the Commission informed of any major issues or deviations from the planned Capital Improvements Budget.

The **Avondale Apartments** experienced a few capital expenditures related to improvements to unit interiors that will be funded by cash generated at the property. There were nominal capital appliance expenses at **Brooke Park** that will be funded by existing property reserves. **MHLP VIII** exceeded its capital budget for the year as a result of improvements during unit turnover. Since the property was already budgeted to use funds from the Opportunity Housing Property Reserve Fund (OHPRF) for its approved capital budget, staff will work to identify potential savings in the other commitments from this fund to cover the overage. As mentioned

previously, budgeting for the **CDBG, NCI** and **NSP Units** is standardized and as such did not include plans for any capital improvements. Nominal capital expenditures have occurred at a few NCI and NSP units and will be covered by existing property reserves.

**VPC TWO** exceeded its capital budget primarily due to HVAC and roof related expenditures. Staff is reviewing the expenditures to determine if they are related to the scope of the planned renovations and will move the costs to the development budget where appropriate. Finally, capital costs have been reflected on three of the converted RAD 6 properties (Seneca Ridge, Towne Center Place, and Washington Square). Staff is reviewing the expenditures to determine if reclasses are warranted. If the capital items at VPC Two and the RAD 6 properties remain on the property budgets, they will be covered by established property Replacement Reserves.

**WHEREAS**, the budget policy for the Housing Opportunities Commission of Montgomery County states that quarterly budget to actual statements will be reviewed by the Commission; and

**WHEREAS**, the Commission reviewed the Second Quarter FY'16 Budget to Actual Statements during its March 2, 2016 meeting.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Second Quarter FY'16 Budget to Actual Statements.

**I HEREBY CERTIFY** that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, March 2, 2016.

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Patrice Birdsong  
Special Assistant to the Commission

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## FY 16 Second Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow		
	(6 Months) Budget	(6 Months) Actual	Variance
<b>General Fund</b>			
General Fund .....	(\$3,880,812)	(\$2,994,552)	\$886,260
<b>Administration of Multifamily and Single Family Fund</b>			
Multifamily Fund .....	\$0	\$330,708	\$330,708
Single Family Fund .....	\$0	\$106,027	\$106,027
Excess Bond Fund Cash Flow .....	\$0	(\$436,735)	(\$436,735)
<b>Opportunity Housing Fund</b>			
Opportunity Housing Properties .....	\$719,676	\$646,884	(\$72,792)
Development Corporation Property Income .....	\$4,359,170	\$3,512,537	(\$846,633)
Restricted Development Corporation Properties .....	(\$67,816)	(\$140,124)	(\$72,308)
<b>OHRF</b>			
OHRF Balance .....	\$701,506	\$529,691	(\$171,815)
Excess Cash Flow Restricted .....	(\$701,506)	(\$529,691)	\$171,815
Draw from existing funds .....	\$0	\$0	\$0
<b>Net -OHRF</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing</b>	<b>\$1,130,218</b>	<b>\$1,024,745</b>	<b>(\$105,473)</b>
<b>Public Fund</b>			
Public Housing Rental (1) .....	(\$66,275)	\$928,175	\$994,450
Housing Choice Voucher Program HAP (2) .....	(\$287,016)	(\$64,891)	\$222,125
Housing Choice Voucher Program Admin (3) .....	(\$227,658)	\$245,763	\$473,421
<b>Total -Public Fund</b>	<b>(\$580,949)</b>	<b>\$1,109,047</b>	<b>\$1,689,996</b>
<b>Public Fund - Reserves</b>			
(1) Public Housing Rental - Draw from / Restrict to Program .....	\$66,275	(\$928,175)	(\$994,450)
(2) Draw from / Restrict to HCV Program Cash Reserves .....	\$287,016	\$64,891	(\$222,125)
(3) Draw from / Restrict to HCV Program Excess Admin Fee .....	\$0	(\$245,763)	(\$245,763)
<b>Total -Public Fund Reserves</b>	<b>\$353,291</b>	<b>(\$1,109,047)</b>	<b>(\$1,462,338)</b>
<b>SUBTOTAL - Public Funds</b>	<b>(\$227,658)</b>	<b>\$0</b>	<b>\$227,658</b>
<b>TOTAL - All Funds</b>	<b>\$902,560</b>	<b>\$1,024,745</b>	<b>\$122,185</b>

## FY 16 Second Quarter Capital Budget to Actual Comparison

	Capital Expenses		
	(12 Months) Budget	(6 Months) Actual	Variance
<b>General Fund</b>			
East Deer Park .....	\$187,800	\$128,170	\$59,630
Kensington Office .....	\$367,466	\$72,412	\$295,054
Information Technology .....	\$1,679,129	\$466,162	\$1,212,967
<b>Opportunity Housing Fund</b>	<b>\$4,452,366</b>	<b>\$2,307,907</b>	<b>\$2,144,459</b>
<b>TOTAL - All Funds</b>	<b>\$6,686,761</b>	<b>\$2,974,651</b>	<b>\$3,712,110</b>

## FY 16 Second Quarter Operating Budget to Actual Comparison

### Development Corp Properties - Net Cash Flow

	(6 Months)	Variance		(6 Months)	Variance
	<u>Budget</u>	<u>Income</u>	<u>Expense</u>	<u>Actual</u>	
<b>Properties with unrestricted cash flow for FY14 operating budget</b>					
Alexander House .....	\$814,353	(\$192,512)	\$155,233	\$777,074	(\$37,279)
The Barclay .....	\$68,537	(\$61,925)	(\$22,651)	(\$16,039)	(\$84,576)
Chevy Chase Lake .....	(\$51,959)	\$9,985	(\$176,801)	(\$218,775)	(\$166,816)
Glenmont Westerly .....	\$125,554	(\$1,925)	\$54,745	\$178,375	\$52,821
Magruder's Discovery .....	\$286,679	(\$23,808)	(\$26,517)	\$236,354	(\$50,325)
The Metropolitan .....	\$967,033	(\$53,791)	\$123,075	\$1,036,317	\$69,284
Montgomery Arms .....	\$163,232	(\$7,692)	(\$13,640)	\$141,899	(\$21,333)
TPM - 59 MPDUs .....	\$102,964	\$3,481	\$26,208	\$132,652	\$29,688
Paddington Square .....	\$208,330	\$2,167	(\$7,185)	\$203,312	(\$5,018)
TPM - Pomander Court .....	\$37,478	(\$4,582)	\$15,055	\$47,951	\$10,473
Pooks Hill High-Rise .....	\$182,871	(\$48,760)	\$44,402	\$178,513	(\$4,358)
Scattered Site One Dev. Corp. ....	\$81,459	(\$3,204)	\$56,224	\$134,479	\$53,020
Scattered Site Two Dev. Corp. ....	(\$23,124)	\$15,943	\$19,505	\$12,324	\$35,448
Sligo Development Corp. ....	\$22,714	(\$1,053)	\$7,585	\$29,245	\$6,531
TPM - Timberlawn .....	\$301,459	\$39,399	\$60,975	\$401,833	\$100,374
VPC One Dev. Corp. ....	\$654,096	(\$410,720)	\$68,261	\$311,637	(\$342,459)
VPC Two Dev. Corp. ....	\$417,494	(\$419,429)	\$43,061	\$41,126	(\$376,368)
<b>Subtotal</b>	<b>\$4,359,170</b>	<b>(\$1,158,426)</b>	<b>\$427,535</b>	<b>\$3,628,277</b>	<b>(\$730,893)</b>
<b>Properties with restricted cash flow (external and internal)</b>					
Glenmont Crossing .....	\$83,737	(\$6,683)	\$93,361	\$170,415	\$86,678
Ken Gar .....	\$35,606	(\$42,853)	\$9,456	\$2,209	(\$33,397)
MetroPointe .....	(\$67,816)	(\$52,910)	(\$19,399)	(\$140,124)	(\$72,308)
Oaks at Four Corners .....	(\$15,233)	(\$14,051)	\$27,016	(\$2,268)	\$12,965
Parkway Woods .....	\$28,532	(\$31,494)	\$1,235	(\$1,728)	(\$30,260)
Sandy Spring Meadow .....	\$86,797	(\$23,159)	(\$4,292)	\$59,346	(\$27,451)
Seneca Ridge .....	\$109,008	(\$167,895)	(\$31,688)	(\$90,575)	(\$199,583)
Towne Centre Place .....	\$52,397	\$4,139	\$15,839	\$72,376	\$19,979
Washington Square .....	(\$43,916)	(\$53,968)	(\$2,292)	(\$100,176)	(\$56,260)
<b>Subtotal</b>	<b>\$269,112</b>	<b>(\$388,874)</b>	<b>\$89,236</b>	<b>(\$30,525)</b>	<b>(\$299,637)</b>
<b>TOTAL ALL PROPERTIES</b>	<b>\$4,628,282</b>	<b>(\$1,547,300)</b>	<b>\$516,771</b>	<b>\$3,597,752</b>	<b>(\$1,030,530)</b>

# FY 16 Second Quarter Operating Budget to Actual Comparison

## For Opportunity Housing Properties - Net Cash Flow

	(6 Months) <u>Budget</u>	Variance		(6 Months) <u>Actual</u>	<u>Variance</u>
		<u>Income</u>	<u>Expense</u>		
<b>Properties with unrestricted cash flow for FY14 operating budget</b>					
64 MPDUs .....	\$17,053	(\$18,837)	\$25,907	\$24,122	\$7,069
Chelsea Towers .....	\$3,271	(\$6,310)	(\$5,698)	(\$8,737)	(\$12,008)
Fairfax Court .....	\$54,277	(\$2,027)	(\$843)	\$51,407	(\$2,870)
Holiday Park .....	(\$32,724)	(\$222)	\$13,589	(\$19,357)	\$13,367
Jubilee Falling Creek .....	\$5,385	(\$21)	\$2,537	\$7,901	\$2,516
Jubilee Hermitage .....	\$3,628	(\$243)	\$2,743	\$6,128	\$2,500
Jubilee Horizon Court .....	\$3,797	(\$7,543)	\$1,775	(\$1,971)	(\$5,768)
Jubilee Woodedge .....	\$4,494	\$9	\$3,624	\$8,127	\$3,633
McHome .....	\$45,496	(\$4,241)	\$8,598	\$49,853	\$4,357
McKendree .....	\$7,432	\$3,386	\$2,663	\$13,481	\$6,049
MHLP II .....	\$0	\$0	\$0	\$0	\$0
MHLP III .....	\$0	\$0	(\$2,132)	(\$2,132)	(\$2,132)
MHLP VII .....	\$29,436	\$6,389	(\$4,159)	\$31,667	\$2,231
MHLP VIII .....	\$122,779	(\$16,838)	(\$48,069)	\$57,872	(\$64,907)
MPDU 2007 Phase II .....	\$12,410	(\$208)	\$2,521	\$14,723	\$2,313
Pooks Hill Mid-Rise .....	\$78,008	\$5,404	\$14,203	\$97,615	\$19,607
Southbridge .....	\$26,582	\$2,603	\$14,425	\$43,610	\$17,028
Strathmore Court .....	\$338,352	(\$53,713)	\$27,144	\$311,784	(\$26,568)
<b>Subtotal</b>	<b>\$719,676</b>	<b>(\$92,412)</b>	<b>\$58,828</b>	<b>\$686,093</b>	<b>(\$33,583)</b>
<b>Properties with restricted cash flow (external and internal)</b>					
617 Olney Sandy Spring Road .....	\$0	\$0	(\$1,897)	(\$1,897)	(\$1,897)
The Ambassador .....	(\$52,819)	\$68,940	\$42,065	\$58,185	\$111,004
Avondale Apartments .....	\$0	\$149,861	(\$90,769)	\$59,092	\$59,092
Brooke Park .....	(\$4,309)	(\$5,331)	\$20,466	\$10,827	\$15,136
Brookside Glen (The Glen) .....	\$90,027	\$6,990	\$35,194	\$132,212	\$42,185
CDBG Units .....	(\$599)	\$1,018	\$143	\$562	\$1,161
Dale Drive .....	\$4,512	\$18	\$2,506	\$7,036	\$2,524
Diamond Square .....	\$68,688	(\$5,180)	\$45,584	\$109,092	\$40,404
Greenhills Apartments .....	\$118,991	\$22,507	\$28,492	\$169,989	\$50,998
King Farm Village .....	\$0	\$8,766	(\$10,640)	(\$1,874)	(\$1,874)
NCI Units .....	(\$2,762)	(\$4,674)	(\$7,800)	(\$15,236)	(\$12,474)
NSP Units .....	(\$1,863)	\$1,688	\$5,247	\$5,072	\$6,935
Paint Branch .....	\$16,981	(\$115)	\$14,574	\$31,439	\$14,458
State Rental Combined .....	\$56,730	(\$18,285)	(\$32,884)	\$5,561	(\$51,169)
Westwood Tower .....	\$12,978	\$56,640	\$199,915	\$269,533	\$256,555
<b>Subtotal</b>	<b>\$306,555</b>	<b>\$282,843</b>	<b>\$250,196</b>	<b>\$839,593</b>	<b>\$533,038</b>
<b>TOTAL ALL PROPERTIES</b>	<b>\$1,026,231</b>	<b>\$190,431</b>	<b>\$309,024</b>	<b>\$1,525,686</b>	<b>\$499,455</b>

## FY 16 Second Quarter Operating Budget to Actual Comparison

For HUD Funded Programs

	(6 Months) <u>Budget</u>	(6 Months) <u>Actual</u>	<u>Variance</u>
<b>Public Housing Rental</b>			
Revenue	\$1,293,050	\$3,354,895	\$2,061,845
Expenses	\$1,359,325	\$2,426,720	(\$1,067,395)
<b>Net Income</b>	<b>(\$66,275)</b>	<b>\$928,175</b>	<b>\$994,450</b>

<b>Housing Choice Voucher Program</b>			
HAP revenue	\$41,368,188	\$39,176,383	(\$2,191,805)
HAP payments	\$41,655,204	\$39,241,274	\$2,413,930
<b>Net HAP</b>	<b>(\$287,016)</b>	<b>(\$64,891)</b>	<b>\$222,125</b>
Admin.fees & other inc.	\$2,887,364	\$3,169,949	\$282,585
Admin. Expense	\$3,115,022	\$2,924,186	\$190,836
<b>Net Administrative</b>	<b>(\$227,658)</b>	<b>\$245,763</b>	<b>\$473,421</b>
<b>Net Income</b>	<b>(\$514,674)</b>	<b>\$180,872</b>	<b>\$695,546</b>



**FY 16 Second Quarter Operating Budget to Actual Comparison**  
**For Public Housing Rental Programs - Net Cash Flow**

	(6 Months) <u>Budget</u>	Variance		(6 Months) <u>Actual</u>	<u>Variance</u>
		<u>Income</u>	<u>Expense</u>		
Elizabeth House .....	(\$90,077)	(\$29,536)	\$121,521	\$1,908	\$91,985
Holly Hall .....	\$22,835	(\$11,888)	\$31,530	\$42,477	\$19,642
Arcola Towers .....	(\$11,684)	\$325,793	(\$227,913)	\$86,196	\$97,880
Waverly House .....	\$12,651	\$358,006	(\$242,498)	\$128,159	\$115,508
Seneca Ridge .....	\$0	\$225,518	(\$225,475)	\$43	\$43
Emory Grove / Washington Square .....	\$0	\$227,175	(\$166,926)	\$60,250	\$60,250
Towne Centre Place / Sandy Spring Meadow .....	\$0	\$152,692	(\$151,995)	\$696	\$696
Ken Gar / Parkway Woods .....	\$0	\$88,264	(\$93,546)	(\$5,282)	(\$5,282)
Scattered Sites Central .....	\$0	\$70,649	(\$7,629)	\$63,020	\$63,020
Scattered Sites East .....	\$0	\$58,918	(\$7,065)	\$51,853	\$51,853
Scattered Sites Gaithersburg .....	\$0	\$327,328	(\$9,036)	\$318,292	\$318,292
Scattered Sites North .....	\$0	\$189,760	(\$10,006)	\$179,754	\$179,754
Scattered Sites West .....	\$0	\$91	(\$7,435)	(\$7,344)	(\$7,344)
Resident Services .....	\$0	\$70,922	(\$70,922)	\$0	\$0
<b>TOTAL ALL PROPERTIES</b>	<b>(\$66,275)</b>	<b>\$2,053,692</b>	<b>(\$1,067,395)</b>	<b>\$920,022</b>	<b>\$986,297</b>

**FY 16 Second Quarter Operating Budget to Actual Comparison**  
**For Capital Improvements**

	(12 Months) <u>Budget</u>	(6 Months) <u>Actual</u>	<u>Variance</u>
<b>General Fund</b>			
East Deer Park .....	\$187,800	\$128,170	\$59,630
Kensington Office .....	\$367,466	\$72,412	\$295,054
Information Technology .....	\$1,679,129	\$466,162	\$1,212,967
<b>Subtotal</b>	<b>\$2,234,395</b>	<b>\$666,744</b>	<b>\$1,567,651</b>
<b>Opportunity Housing</b>			
Ambassador .....	\$25,020	\$17,995	\$7,025
Alexander House .....	\$189,458	\$67,660	\$121,798
Avondale Apartments .....	\$0	\$6,035	(\$6,035)
The Barclay .....	\$42,254	\$10,224	\$32,030
Brooke Park .....	\$0	\$577	(\$577)
Brookside Glen (The Glen) .....	\$109,932	\$37,146	\$72,786
CDBG Units .....	\$0	\$0	\$0
Chelsea Towers .....	\$14,008	\$4,453	\$9,555
Chevy Chase Lake .....	\$2,833	\$0	\$2,833
Dale Drive .....	\$3,003	\$602	\$2,401
Diamond Square .....	\$237,401	\$24,684	\$212,717
Fairfax Court .....	\$30,140	\$7,542	\$22,598
Glenmont Crossing .....	\$93,312	\$72,218	\$21,094
Glenmont Westerly .....	\$81,061	\$55,303	\$25,758
Greenhills Apartments .....	\$52,950	\$26,549	\$26,401
Holiday Park .....	\$39,835	\$2,882	\$36,953
Jubilee Falling Creek .....	\$515	\$0	\$515
Jubilee Hermitage .....	\$3,427	\$0	\$3,427
Jubilee Woodedge .....	\$2,704	\$0	\$2,704
Ken Gar .....	\$2,500	\$0	\$2,500
King Farm Village .....	\$0	\$0	\$0
Magruder's Discovery .....	\$117,961	\$20,485	\$97,476
McHome .....	\$97,469	\$34,406	\$63,063
McKendree .....	\$19,117	\$8,492	\$10,625
MetroPointe .....	\$34,712	\$30,700	\$4,012
The Metropolitan .....	\$172,470	\$68,842	\$103,628
Montgomery Arms .....	\$121,049	\$49,871	\$71,178
MHLP VII .....	\$19,201	\$12,696	\$6,505
MHLP VIII .....	\$41,476	\$49,385	(\$7,909)
MPDU 2007 Phase II .....	\$4,600	\$1,282	\$3,318
617 Olney Sandy Spring Road .....	\$0	\$0	\$0
64 MPDUs .....	\$112,821	\$70,473	\$42,348
TPM - 59 MPDUs .....	\$146,342	\$85,088	\$61,254
Oaks at Four Corners .....	\$182,893	\$22,966	\$159,927
NCI Units .....	\$0	\$14,975	(\$14,975)
NSP Units .....	\$0	\$1,834	(\$1,834)
Paddington Square .....	\$92,270	\$28,176	\$64,094
Paint Branch .....	\$24,967	\$758	\$24,209
Parkway Woods .....	\$5,000	\$0	\$5,000
TPM - Pomander Court .....	\$20,662	\$1,634	\$19,028
Pooks Hill High-Rise .....	\$876,105	\$676,897	\$199,208
Pooks Hill Mid-Rise .....	\$97,100	\$64,111	\$32,989
Sandy Spring Meadow .....	\$5,000	\$0	\$5,000
Scattered Site One Dev. Corp. ....	\$184,781	\$179,631	\$5,150
Scattered Site Two Dev. Corp. ....	\$71,173	\$40,263	\$30,910
Seneca Ridge .....	\$5,000	\$13,800	(\$8,800)
Southbridge .....	\$4,867	\$1,118	\$3,749
Sligo Development Corp. ....	\$92,462	\$14,809	\$77,653
State Rental Combined .....	\$126,346	\$116,083	\$10,263
Strathmore Court .....	\$192,669	\$172,379	\$20,290
Towne Centre Place .....	\$5,000	\$6,196	(\$1,196)
TPM - Timberlawn .....	\$33,814	\$19,682	\$14,132
VPC One Dev. Corp. ....	\$58,500	\$39,878	\$18,622
VPC Two Dev. Corp. ....	\$49,700	\$69,183	(\$19,483)
Washington Square .....	\$5,000	\$24,441	(\$19,441)
Westwood Tower .....	\$501,486	\$33,503	\$467,983
<b>Subtotal</b>	<b>\$4,452,366</b>	<b>\$2,307,907</b>	<b>\$2,144,459</b>
<b>TOTAL</b>	<b>\$6,686,761</b>	<b>\$2,974,651</b>	<b>\$3,712,110</b>

# **APPROVAL OF FY'16 SECOND QUARTER BUDGET AMENDMENT**

**March 2, 2016**

- **The net effect of the FY'16 Second Quarter Budget Amendment is a shortfall of (\$3,930).**
- **The FY'16 Budget Amendment that was approved June 3, 2015 required a draw of \$344,985 from the General Fund Operating Reserve (GFOR) in order to maintain a balanced budget. The General Fund Operating Reserve (GFOR) continues to restrict \$600,000 for Agency shortfalls. The Budget, Finance and Audit Committee recommends that the anticipated draw be increased by \$3,930 in order to maintain a balanced budget.**
- **Total operating budget for the Agency has increased from \$238.4 million to \$238.9 million.**
- **Total capital budget for the Agency has increased from \$129.5 million to \$129.7 million.**
- **Personnel Complement remains unchanged.**
- **No policy changes are reflected in the budget amendment.**

**MEMORANDUM**

**TO:** Housing Opportunities Commission

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Staff: Gail Willison                      Division: Finance                      Ext. 9480  
Terri Fowler    Ext. 9507

**RE:** Approval of FY'16 Second Quarter Budget Amendment

**DATE:** March 2, 2016

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**STATUS:** Committee Report: Deliberation [ X ]

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**OVERALL GOAL & OBJECTIVE:**  
To amend the FY'16 Budget so that it reflects an accurate plan for the use of the Agency's financial resources for the remainder of the year.

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**BACKGROUND:**  
The HOC Budget Policy provides for the Executive Director to propose any budget amendments for the Commission to consider that may better reflect the revenues and expenses for the remainder of the year.

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**ISSUES FOR CONSIDERATION:**

**Operating Budget Amendments:** Attachment I is a detailed chart of the following proposed transactions. Below is a description of the proposed amendment:

- **Opportunity Housing Fund:**
  - Three new properties are now being reported in the Opportunity Housing Fund. **617 Olney Sandy Spring Road** and **Avondale Apartments** were acquired in April 2015. In addition, the remaining long-term tenancy unit at **King Farm Village** recently came under HOC's management. This budget amendment reflects the addition of these properties to the portfolio.
    - **617 Olney Sandy Spring Road** is currently being used as a hospitality suite during the RAD 6 renovations and, therefore, is not expected to generate any revenue for FY'16. However, there will be nominal operational costs for the property. Expenses in the Opportunity Housing Fund will increase by \$3,930 to reflect the inclusion of the property.

- **Avondale Apartments**, located in Bethesda, was acquired under the right of first refusal to preserve the units as affordable. Staff recommends that the income from the property be restricted until future redevelopment plans for the site are finalized. Both income and expenses in the Opportunity Housing Fund will increase by \$288,723 to reflect the inclusion of the property.
  - **King Farm Village** generates revenue from the one remaining long-term tenant that covers the basic operational needs of the unit. Staff recommends that the income from the property be restricted during the duration of the tenancy. Both income and expenses in the Opportunity Housing Fund will increase by \$17,533 to reflect the inclusion of the property.
- **Public Fund:**
  - **Fatherhood Grant:** The Agency was recently awarded a one-year grant, from the U.S. Department of Health & Human Services (HHS), with the opportunity to renew for up to four additional years, for creating and administering the HOC Family Program. With the grant funds, HOC will reinforce parenting skills and advance child well being, while empowering fathers and mothers to improve their economic self-sufficiency and successfully resolve related issues and limitations that may affect father-child and/or family relationships. This budget amendment reflects the addition of one-half year in funding and expenses for the period of January through June of 2016. Both income and expenses in the Public Fund will be increased by \$347,600 for the six month period.
  - **County FY'16 2% Maximum Allowable Request Ceiling (MARC) Savings Plan:** The County 2% Savings Plan for FY'16 which equated to \$128,028 for HOC was approved in the FY'16 Second Quarter Budget Amendment. However, the chart erroneously excluded the reduction from the total. The reduction of \$128,028 to both income and expenses in the Public Fund is accurately accounted for in the attached chart.

**Capital Budget Amendments:** Attachment I is a detailed chart of the following proposed transactions. Below is a description of the proposed amendment:

- **Capital Improvements:**
  - **Capital Roll Over for the Oaks at Four Corners:** Each year, Property Management reviews capital budgets at year end and requests capital funds to roll forward to the next year. This is necessary as there are always capital projects that have not been completed by year end. Property Management has requested that \$121,730 for The Oaks at Four Corners be rolled forward and included in the FY'16 Budget. This work will be funded from property replacement reserves.

- **Avondale Apartments:** The property, located in Bethesda, was acquired under the right of first refusal to preserve the units as affordable. This budget amendment establishes a capital budget of \$11,000 to reflect the anticipated capital costs to maintain the site through the end of the fiscal year. The cash generated during the fiscal year that has been restricted at the property will be used to fund the capital work.

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**BUDGET IMPACT:**

The net effect of the FY'16 Second Quarter Budget Amendment is a shortfall of (\$3,930). The FY'16 Budget Amendment that was approved June 3, 2015 required a draw from reserves in order to maintain a balanced budget. The anticipated draw of \$344,985 was to be taken from the General Fund Operating Reserve (GFOR) which continues to restrict \$600,000 for Agency shortfalls. The Budget, Finance and Audit Committee recommends that the anticipated draw be increased by \$3,930 in order to maintain a balanced budget.

The total FY'16 Operating Budget for HOC increased from \$238,360,077 to \$238,889,835. This is an increase of \$529,758. The total FY'16 Capital Budget for HOC has increased from \$129,536,547 to \$129,669,277. This is an increase of \$132,730. Approval by the Commission of any budget amendments will revise the FY'16 Budget to reflect an accurate plan for the use of the Agency's resources for the remainder of the year.

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**TIME FRAME:**

The FY'16 Second Quarter Budget Amendment was reviewed by the Budget, Finance and Audit Committee at the February 23, 2016 meeting. Action is requested at the March 2, 2016 Commission meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

The Budget, Finance and Audit Committee recommends to the full Commission approval of the proposed amendments to the FY'16 Budget.

**WHEREAS**, the Housing Opportunities Commission adopted a budget for FY'16 on June 3, 2016; and

**WHEREAS**, the Commission's Budget Policy allows for amendments to the budget; and

**WHEREAS**, the Commission has reviewed several proposed budget amendments to the FY'16 Budget; and

**WHEREAS**, the net effect of the FY'16 Second Quarter Budget Amendment is a shortfall of (\$3,930) which will be covered by increasing the anticipated draw of \$344,985 that was to be taken from the General Fund Operating Reserve (GFOR) in order to maintain a balanced budget.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'16 Operating Budget by increasing total revenues and expenses for the Agency from \$238.4 million to \$238.9 million.

**BE IT ALSO RESOLVED** that the Housing Opportunities Commission of Montgomery County hereby amends the FY'16 Capital Budget by increasing revenues and expenses for the Agency from \$129.5 million to \$129.7 million.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on March 2, 2016.

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Patrice Birdsong  
Special Assistant to the Commission

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FY 2016 Adopted Operating Budget Second Quarter Amendment			First Quarter					Second Quarter
	Revenues	Expenses	Budget Amendment	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Budget Amendment
<b>General Fund</b>								
General Fund	\$21,046,406	\$22,448,978	(\$1,402,572)	\$0	\$0	\$21,046,406	\$22,448,978	(\$1,402,572)
Draw from GFOR	\$344,985	\$0	\$344,985	\$3,930	\$0	\$348,915	\$0	\$348,915
<b>Multi-Family &amp; Single Family Bond Funds</b>								
Multi-Family Fund	\$22,225,309	\$22,225,309	\$0	\$0	\$0	\$22,225,309	\$22,225,309	\$0
Single Family Fund	\$14,126,919	\$14,126,919	\$0	\$0	\$0	\$14,126,919	\$14,126,919	\$0
<b>Opportunity Housing Fund</b>								
Opportunity Housing Reserve Fund (OHRF)	\$1,376,937	\$1,108,320	\$268,617	\$0	\$0	\$1,376,937	\$1,108,320	\$268,617
Restricted to OHRF	\$0	\$268,617	(\$268,617)	\$0	\$0	\$0	\$268,617	(\$268,617)
Opportunity Housing & Development Corps	\$71,002,583	\$69,835,855	\$1,166,728	\$306,256	\$310,186	\$71,308,839	\$70,146,041	\$1,162,798
Draw from GFOR for MetroPointe Deficit	\$117,235	\$0	\$117,235	\$0	\$0	\$117,235	\$0	\$117,235
<b>Public Fund</b>								
Public Housing Fund	\$2,311,381	\$2,496,381	(\$185,000)	\$0	\$0	\$2,311,381	\$2,496,381	(\$185,000)
County Contributions towards Public Housing	\$185,000	\$0	\$185,000	\$0	\$0	\$185,000	\$0	\$185,000
Housing Choice Voucher Program	\$89,985,973	\$91,049,572	(\$1,063,599)	\$0	\$0	\$89,985,973	\$91,049,572	(\$1,063,599)
County Contributions towards HCVF Administration	\$837,223	\$0	\$837,223	\$0	\$0	\$837,223	\$0	\$837,223
Federal , State and Other County Grants	\$14,800,126	\$14,800,126	\$0	\$219,572	\$219,572	\$15,019,698	\$15,019,698	\$0
<b>TOTAL - ALL FUNDS</b>	<b>\$238,360,077</b>	<b>\$238,360,077</b>	<b>\$0</b>	<b>\$529,758</b>	<b>\$529,758</b>	<b>\$238,889,835</b>	<b>\$238,889,835</b>	<b>\$0</b>

FY 2016 Adopted Capital Budget Second Quarter Amendment			First Quarter					Second Quarter
	Revenues	Expenses	Budget Amendment	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Budget Amendment
<b>Capital Improvements</b>								
East Deer Park	\$187,800	\$187,800	\$0	\$0	\$0	\$187,800	\$187,800	\$0
Kensington Office	\$367,466	\$367,466	\$0	\$0	\$0	\$367,466	\$367,466	\$0
Information Technology	\$1,679,129	\$1,679,129	\$0	\$0	\$0	\$1,679,129	\$1,679,129	\$0
Opportunity Housing Properties	\$4,453,366	\$4,453,366	\$0	\$132,730	\$132,730	\$4,586,096	\$4,586,096	\$0
Public Housing Properties	\$1,604,834	\$1,604,834	\$0	\$0	\$0	\$1,604,834	\$1,604,834	\$0
<b>Capital Development Projects</b>								
Timberlawn / Pomander Court	\$17,929,873	\$17,929,873	\$0	\$0	\$0	\$17,929,873	\$17,929,873	\$0
Greenhills Apartments	\$19,308,061	\$19,308,061	\$0	\$0	\$0	\$19,308,061	\$19,308,061	\$0
Rental Assistance Demonstration (RAD) Properties	\$16,051,340	\$16,051,340	\$0	\$0	\$0	\$16,051,340	\$16,051,340	\$0
Arcola Towers	\$24,151,349	\$24,151,349	\$0	\$0	\$0	\$24,151,349	\$24,151,349	\$0
Waverly House	\$43,803,329	\$43,803,329	\$0	\$0	\$0	\$43,803,329	\$43,803,329	\$0
<b>TOTAL - ALL FUNDS</b>	<b>\$129,536,547</b>	<b>\$129,536,547</b>	<b>\$0</b>	<b>\$132,730</b>	<b>\$132,730</b>	<b>\$129,669,277</b>	<b>\$129,669,277</b>	<b>\$0</b>

Footnotes - explanation of changes

GF Increase draw from General Fund Operating Reserve (GFOR) - \$3,930

Capital Improvements

OH I Add budget for Avondale Apartments - \$288,723  
OH I Add budget for King Farm Village - \$17,533  
PF E Add budget for 617 Olney Sandy Spring Road - \$3,930  
PF E Add budget for Avondale Apartments - \$288,723  
PF E Add budget for King Farm Village - \$17,533

OH E Add roll over budgets from FY 2015 for The Oaks at Four Corners - \$121,730

Add capital Budget for Avondale Apartments - \$11,000

PF I Add Fatherhood Grant funding - \$347,600  
PF I Reduce County Grant for 2% MARC Savings Plan - (\$128,028)  
PF E Add Fatherhood Grant expenses - \$347,600  
PF E Add salary lapse to County Grant for 2% MARC Savings Plan - (\$128,028)





# Development and Finance Committee

# **APPROVAL OF REVISED DEVELOPMENT BUDGET AND ADDITIONAL FUNDING TO COMPLETE RENOVATION OF THE 669 SCATTERED SITE FORMER PUBLIC HOUSING UNITS**

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## **RENOVATION UPDATE**



**STACY L. SPANN, EXECUTIVE DIRECTOR**

**KAYRINE BROWN  
ZACHARY MARKS  
ELLEN GOFF**

**March 2, 2016**

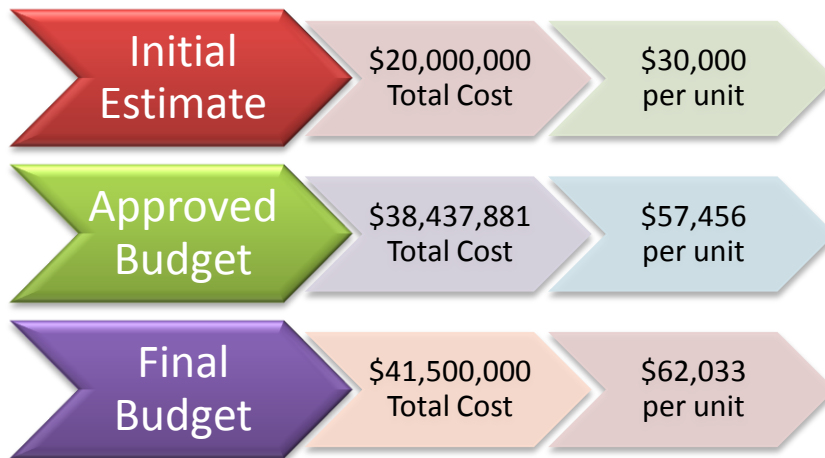
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# Executive Summary

HUD's approval of HOC's Section 18 disposition application for its 669 scattered site Public Housing units was granted in 2012. Conversion of the units from Public Housing status is complete and renovation is complete on 371 units (55%). The approval allowed the repositioning of assets and conferred on the HOC's balance sheet, a combined value (assessed) of more than \$150 million. The renovations began in 2014 and HOC is on track to deliver completely renovated units, consistent with the original plan. Renovations were completed on over half of the units while vacant and a majority of those units are now leased up with residents transferring from units that had not been renovated or new applicants.

The initial project plan had a scope that was deficient in several areas. A revised and more comprehensive scope of work was developed with an estimated cost per unit of \$68,900, but because not all units would require the entire scope of work the estimated the average hard cost per unit was \$56,978. As renovations have progressed, the average price per unit is now approximately \$59,776 in actual renovation costs. In addition, there will be an estimated \$2,257 per unit of related project costs for a final per unit amount of \$62,033.



HOC is now embarking on tenant in-place renovations for residents who wish to remain in their current unit or who cannot be transferred to a renovated unit. This will result in an increase in the per unit cost for temporary relocation or hoteling, packing and storage, and related costs. HOC has also engaged construction management services for this project.

# Cost Summary

On October 1, 2014, the Commission approved a final development plan that expanded the scope of work and increased the funding to \$38.5 million with an interim loan from the PNC Bank, N.A. line of credit. In August 21, 2015 an update was provided to the Development and Finance Committee with a total projected hard construction cost of \$40,539,647 without including the cost of tenant in-place renovations (see chart below) which would have brought the total project cost to approximately \$41.5M.

With the completion of 55% of the units, real time data is now available from which to project the cost of the remaining units. Staff estimates that the overall project will be 7% higher than the approved budget of \$38.5M, but believes that the scope and quality of work is justified and tenant in-place costs, construction management and unexpected costs are included in the revised budget.

Item	Approved Budget		8/21/2015 Update		Revised Budget	
		Per Unit		Per Unit		Per Unit
<b>Construction</b>						
Hard Costs	\$ 32,932,194	\$ 49,226	\$ 40,539,647	\$ 60,597	\$ 39,990,251	\$ 59,776
Contract Contingency (10%)	3,293,219	4,923				
Owner's Contingency (5%)	1,646,610	2,461				
<b>Construction</b>	<b>\$ 37,872,023</b>	<b>\$ 56,610</b>	<b>\$ 40,539,647</b>	<b>\$ 60,597</b>	<b>\$ 39,990,251</b>	<b>\$ 59,776</b>
<b>Soft Costs</b>						
Security Systems	83,625	\$ 125			33,250	950
Permits	117,075	\$ 175			175,811	920
Pepco Fees and Other Tap Fees	33,450	\$ 50			-	-
Soft Cost Contingency	11,708	\$ 18			11,725	18
<b>Soft Costs</b>	<b>\$ 245,858</b>	<b>\$ 368</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 220,786</b>	<b>\$ 1,888</b>
<b>Relocation Costs</b>						
Tenant In-Place Costs			\$ 950,453	\$ 1,421	722,050	1,079
Moving and Related Relocation Costs	250,000	\$ 374			100,000	149
Relocation Staff	70,000	\$ 105			100,000	149
Construction Management					110,000	164
Miscellaneous Costs					256,913	384
<b>Relocation Costs Subtotal</b>	<b>\$ 320,000</b>	<b>\$ 478</b>	<b>\$ 950,453</b>	<b>\$ 1,421</b>	<b>\$ 1,288,963</b>	<b>\$ 1,925</b>
<b>TOTAL USES OF FUNDS</b>	<b>\$ 38,437,881</b>	<b>\$ 57,456</b>	<b>\$ 41,490,100</b>	<b>\$ 62,018</b>	<b>\$ 41,500,000</b>	<b>\$ 62,003</b>

# Additional Consideration – Tenant in Place Renovation

While the current projected cost to completion is \$41,500,000 (7% above the approved budget), staff will continue to make efforts to reduce the costs further under the right circumstances.

However, as the project moves into tenant-in-place renovations, the costs will increase (temporary housing, storage, per diem, etc.). Staff estimates that this will add \$1,000 - \$4,000 per unit of cost to the renovation for 200 – 250 units (\$200,000 - \$1 million) – see chart below. These costs are now included in the projected \$41.5M cost to completion.

<b>Construction Costs</b>					
<b>Total Unit Renovations</b>					<b>\$ 39,990,251</b>
<b>Total Renovation Soft Costs</b>					
					<b>\$ 220,786</b>
<b>Cost of Tenant-in-Place Renovations</b>		<b>Units</b>	<b>Rate</b>	<b>Number</b>	<b>Amount</b>
Hotel - 1 Bedroom Units	(60 day renovation)	18	\$ 80.00	60	\$ 86,400
Hotel - 1 Bathroom Units	(Bathroom Days Only)	55	\$ 80.00	6	\$ 26,400
Hotel - Other	Unplanned	15	\$ 80.00	25	\$ 30,000
Per diem	Daily Rate	70	\$ 25.00	5	\$ 8,750
Moving / Packing	Same as Vacant	240	\$ 1,750.00	1	\$ 420,000
Storage / POD	Delivery & 3 Month Storage	215	\$ 700.00	1	\$ 150,500
<b>Total Tenant-in-Place Cost</b>					<b>\$ 722,050</b>
Moving Costs - Transfers					\$ 100,000
Construction Management					\$ 110,000
Temporary Services					\$ 100,000
Miscellaneous Costs					\$ 256,913
<b>Other Project Costs</b>					<b>\$ 566,913</b>
<b>Total Non-Construction Costs</b>					<b>\$ 1,288,963</b>
<b>Total Project Costs</b>					<b>\$ 41,500,000</b>

# Summary and Recommendations

- With the completion of 55% of the units, real time data is now available from which to project the cost of the remaining units. Staff estimates that the overall project will be 7% higher than the approved budget of \$38.5M, but believes that the scope and quality of work is justified.
- Hamel Builders has been engaged to complete the renovations on the remaining 191 VPC One units, 51 of which will be vacant unit renovations.
- CBP Constructors is currently in the process of completing the remaining 145 VPC Two units. They have recently completed renovations on 38 vacant units and are now starting the in-place renovations which are anticipated to be completed in the fall of 2016.
- The tenant in-place renovation costs were not included in the projected \$38.5 million cost to completion. The last update estimated \$40.5 million cost to completion which did not include tenant in-place renovation costs, construction management and unexpected costs which are now included in the revised budget.
- Based on current funding authorization, we will need an additional \$3,062,119 in funding to complete the project which is in line with the projected increase that was expected when the last update was provided in August 2015.
- Simultaneously, staff is exploring financing options for these units to coincide with the completion of the renovation.



# Summary and Recommendations

## ISSUES FOR CONSIDERATION

1. Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve the revised development budget and additional funding to complete the renovation of VPC One and VPC Two Corporation units?
2. Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve the additional funding of approximately \$3 million to be drawn from the original PNC Bank, N.A. line of credit?

## BUDGET IMPACT

There is no adverse impact for the current Agency operating budget. Debt service payments were anticipated and included in the development of the fiscal year 2016 budgets.

## TIME FRAME

Action at the March 2, 2016 meeting of the Commission.

# Summary and Recommendations

## STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

- Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and approve a revised development budget and additional funding to complete the renovation of VPC One and VPC Two Corporation units.
- Staff also recommends that the Commission accept the recommendation of the Development and Finance Committee and approve additional funding of approximately \$2.7 million to be drawn from the original PNC Bank, N.A. line of credit.
- Staff will work to judiciously complete the remaining units before December 2016. Hamel will be engaged to complete the remaining 191 VPC One units, starting with the vacant units, as they become available and then moving on to tenant in-place renovations.
- Staff will continue to provide periodic updates to the Commission on the status of the renovations (75% and 90% completion) as well as a preliminary financing plan when available.

**RESOLUTION No.: 16-16A**

**RE: Approval of Revised Development Budget and Approval to Draw up to \$41.5MM from the PNC Bank, N.A. Line of Credit to Fund the Renovation of the 669 Scattered Site Former Public Housing Units (the "669 Property")**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County ("HOC"), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and authorized thereby to effectuate the purpose of providing affordable housing, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

**WHEREAS**, on June 29, 2011, HOC submitted an application to the United States Department of Housing and Urban Development ("HUD") for the disposition the 669 Property under Section 18 of the U.S. Housing Act of 1937, as amended ("Section 18"); and

**WHEREAS**, in preparation for that submission, on June 7, 2011, HOC approved a rehabilitation program for the 669 Property; and

**WHEREAS**, on March 6, 2012, HUD approved HOC's Section 18 application for the disposition of the 669 Property conditioned upon, among other requirements, the comprehensive rehabilitation of the 669 Property; and

**WHEREAS**, the 669 Property is owned by VPC One Corporation (390 units) and VPC Two Corporation (279 units);

**WHEREAS**, on October 1, 2014, HOC approved a revised budget of \$38,500,000 for the rehabilitation of the 669 Property based on 10% of units completed at that time to be funded from draws on the original line of credit (\$60 million) with PNC Bank, N.A. (the "LOC"); and

**WHEREAS**, having performed the comprehensive rehabilitation of approximately 55% of the units (371) and having established and priced the individual scope for the remaining units within the 669 Property, HOC staff and the contracted general contractors have determined that the cost of rehabilitation of 669 Property will be greater than the estimates in the approved October 2014 budget; and

**WHEREAS**, the majority of the renovations completed thus far have been in vacant units and it is now necessary to complete renovations with tenant in-place, causing the total renovation budget to increase to cover expenses related to moving, relocation, construction management, staffing, and hoteling of existing residents; and

**WHEREAS**, based on the per-unit renovation cost to date by Foulger-Pratt Contracting, CBP Constructors, LLC and the individual unit assessment of costs by Hamel Builder, Inc. to complete the renovation of all 669 units, the development budget has increased to \$41.5MM, an increase of \$3MM over the approved budget; and

**WHEREAS**, the full renovation budget for the 669 Property may continue to be funded from the LOC and once completed, the 669 Property will be refinanced with the proceeds from a tax-exempt bond issuance or such other funding source that produces sufficient funding to fully repay any draws on the LOC.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County:

1. Approves a revised development budget of \$41.5MM to complete the rehabilitation of the 669 Property.
2. Approves continued funding for the renovation of the 669 Property by authorizing (a) taxable draws on the LOC in an amount not to exceed \$41.5MM, bearing interest at the contractual rate of the London Interbank Offered Rate (“LIBOR”) plus 90 basis points for a maximum term of 24 months, and (b) the loan of such funds, on the same terms, to VPC One Corporation and VPC Two Corporation for the rehabilitation of the 669 Property in such amounts and to the extent needed by each to fully fund renovation costs for the portion of the 669 Property owned by such entity, so long as the aggregate amount loaned to VPC One Corporation and VPC Two Corporation does not exceed \$41.5MM.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including but not limited to the execution of any and all documents related thereto.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on March 2, 2016.

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Patrice M. Birdsong  
Special Assistant to the Commission

**RESOLUTION NO.: 16-16B**

**RE:** Approval of Aggregate Draws of up to \$41.5MM from the \$60 Million Line of Credit from PNC Bank, N.A. and the Advance of such Funds to VPC One Corporation (“VPC One”) and VPC Two Corporation (“VPC Two” and together with VPC One, the “Corporations”) as Interim Financing for the Renovation of the 669 Scattered Site Former Public Housing Units (the “669 Property”)

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC”), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and authorized thereby to effectuate the purpose of providing affordable housing, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

**WHEREAS**, on June 29, 2011, HOC submitted an application to the United States Department of Housing and Urban Development (“HUD”) for the disposition of 669 scattered site Public Housing properties (collectively, the 669 Property”) under Section 18 of the US Housing Act of 1937, as amended (“Section 18”); and

**WHEREAS**, in preparation for that submission, on June 7, 2011, HOC approved a rehabilitation program for the 669 Property; and

**WHEREAS**, on March 6, 2012, HUD approved HOC’s Section 18 application for the disposition of the 669 Property conditioned upon, among other requirements, the comprehensive rehabilitation of the 669 Property; and

**WHEREAS**, the 669 Property is owned by VPC One (390 units) and VPC Two (279 units);

**WHEREAS**, on October 1, 2014, HOC approved loans to the Corporations in an aggregate amount not to exceed \$38,500,000 (\$23,010,000 to VPC One and \$15,490,000 to VPC Two), reflecting the revised rehabilitation budget for the 669 Property based on 10% of units completed at that time to be funded from draws on the original line of credit (\$60 million) with PNC Bank, N.A. (the “LOC”); and

**WHEREAS**, having performed the comprehensive rehabilitation of approximately 55% of the units (371) and having established and priced the individual scope for the remaining units within the 669 Property, HOC staff and the contracted general contractors have determined that the cost of rehabilitation of 669 Property will be greater than the estimates in the approved October 2014 budget; and

**WHEREAS**, the majority of the renovations completed thus far have been in vacant units and it is now necessary to complete renovations with tenant in-place, causing the total renovation budget to increase to cover expenses related to moving, relocation, construction management, staffing, and hoteling of existing residents; and

**WHEREAS**, based on the per units renovation cost to date by Foulger-Pratt Contracting, CBP Constructors, LLC. and the individual unit assessment of costs by Hamel Builder, Inc. to complete the renovation of all 669 units, the development budget has increased to \$41.5MM, an increase of \$3MM over the approved budget; and

**WHEREAS**, the full renovation budget for the 669 Property may continue to be funded from the LOC and once completed, the 669 Property will be refinanced with the proceeds from a tax-exempt bond issuance or such other funding source that produces sufficient funding to fully repay any draws on the LOC; and

**WHEREAS**, HOC presently intends and reasonably expects to finance certain property improvements for the 669 Property with moneys drawn from the LOC in accordance with the revised development plan.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County:

1. Approves a draw on the LOC in an aggregate amount of up to \$41.5MM to fund the full renovation of the 669 Property.
2. Approves interim loans to the Corporations of an aggregate amount up to \$41.5MM from funds drawn on the LOC (the "Loans") wherein the final loan amount to each Corporation will reflect the total renovation cost of such Corporation's respective units in the 669 Property and the Loans shall be for a maximum term of 24 months and will bear interest at the contractual rate of the LOC equal to the 30-day London Interbank Offered Rate (LIBOR) plus 90 basis points.
3. Affirms that all of the capital expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings were made not earlier than 60 days prior to the date of this Resolution, except preliminary expenditures related to the VPC One Property as such preliminary expenditures are defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).
4. Affirms that it is the intention of HOC to issue tax-exempt obligations for the purpose of repaying the LOC, reimbursing capital expenditures incurred with respect to the Corporations, and paying future capital expenditures incurred with regard to the Corporations.

5. Affirms that all prior acts and doings of the officials, agents, and employees of HOC which are in conformity with the purpose and intent of this Resolution, and in furtherance thereof, shall be and the same hereby are in all respects ratified, approved, and confirmed.
6. Affirms that all other resolutions of HOC, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, that the Executive Director is authorized, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including but not limited to the execution of any and all documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on March 2, 2016.

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Patrice M. Birdsong  
Special Assistant to the Commission

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# Legislative and Regulatory Committee



# **AUTHORIZATION TO IMPLEMENT THE COMMUNITY CHOICE HOMES PILOT PROJECT**

**March 2, 2015**

- Implementation of the Community Choice Homes Pilot (CCHP) will entail setting aside 70 housing units over the course of a four (4) year period that will be exclusively utilized by these sub-populations for a period of up to 30 years.
- The Housing Opportunities Commission of Montgomery County is proposing to partner with DHCD and MDOD to implement the CCHP. The CCHP will provide 70 dedicated units to MFP Bridge Program participants and non-elderly disabled residents of Montgomery County. The proposed allocation schedule will be 20 units in year one and 15 -20 units in each of the succeeding three (3) years.
- CCHP residents/participants will pay 30% of their monthly income in rent (it is assumed that most will have SSI or SSDI income only). The Housing Opportunities Commission of Montgomery County will receive a subsidy for the 10 MFP Bridge participants for three (3) years. MDOD will be responsible for coordinating, connecting and providing support services for these residents as needed.
- The Housing Opportunities Commission of Montgomery County is developing a template lease and tenant selection procedures specifically for this project.
- The Housing Opportunities Commission of Montgomery County anticipates that approximately 35 of the 70 units will require some level of retrofitting to address the needs of those with physical mobility challenges. MDOD is currently exploring funding resources for the retrofitting of these units.

**M E M O R A N D U M**

**TO:** Housing Opportunities Commission of Montgomery County

**VIA:** Stacy L. Spann, Executive Director

**FROM:** Division: Resident Services Staff: Fred Swan Extension: 9732

**RE:** Authorization to Implement the Community Choice Homes Pilot Project

**DATE:** March 2, 2015

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**STATUS: COMMITTEE:** Deliberation   X  

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**OVERALL GOAL & OBJECTIVE:**

The Housing Opportunities Commission of Montgomery County (“Agency”) is committed to addressing the housing needs of low-income residents of Montgomery County that are non-elderly and disabled. Additionally, the Agency is aware of the challenges that low-income residents face in accessing housing after exiting institutions such as a hospital or nursing home. Understanding the barriers to accessing and maintaining housing for these sub-populations, the Agency is seeking authorization to implement a pilot program and setting aside housing units for these residents. Implementation of the Community Choice Homes Pilot (CCHP) will entail setting aside 70 housing units over the course of a four (4) year period that will be exclusively utilized by these sub-populations for a period of up to 30 years.

The CCHP will be a partnership between the Agency, the Maryland Department of Housing and Community Development (DHCD) and the Maryland Department of Disabilities (MDOD). The Agency is seeking authorization to enter into an agreement with DHCD to set aside ten (10) units for participants in the Money Follows the Person (MFP) Bridge Program. The MFP Bridge Program provides housing subsidies for three (3) years to low-income residents exiting institutions such as hospitals and nursing homes. The Agency is also seeking authorization to enter into a Memorandum of Understanding and a Regulatory Agreement with MDOD to set aside the 60 units for the non-elderly disabled and ensure that all 70 units utilized for these populations remain accessible for a period of up to 30 years.

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**BACKGROUND:**

Accessing and maintaining housing for low-income residents in Montgomery County is a significant challenge. However, there are distinct sub-populations of low-income residents that typically face additional barriers beyond affordability. County residents exiting institutions such as hospitals and nursing homes as well as the non-elderly disabled face significant barriers to accessing housing. These include accessing and completing the application process for housing

programs qualifying for programs due to their non-elderly status (as most programs for the disabled typically focus on the elderly) and the availability of housing units that meet their specific needs. Though there are programs that provide short-term housing assistance to the non-elderly disabled, long-term assistance is needed to address their long-term needs.

The Agency is proposing to partner with DHCD and MDOD to implement the CCHP. The CCHP will provide 70 dedicated units to MFP Bridge Program participants and non-elderly disabled residents of Montgomery County. The Agency's general vacancy rate is five (5) percent. There is no income generated from these vacancies. The intention of the Agency is to utilize these vacancies for the 70-units set aside. This will minimize cost, allow for some income generation and provide housing to residents in units that would otherwise remain vacant. The Agency is proposing to allocate these units over a four (4) year period. The proposed allocation schedule will be 20 units in year one and 15 -20 units in each of the succeeding three (3) years.

CCHP residents/participants will pay 30% of their monthly income in rent (it is assumed that most will have SSI or SSDI income only). Though some of these residents may qualify for and receive a subsidy, a subsidy is not required for occupancy (i.e., required rent payment will always be based on 30% of the resident's income). The Agency will receive a subsidy for the 10 MFP Bridge participants for three (3) years. MDOD will be responsible for coordinating, connecting and providing support services for these residents as needed.

The Agency anticipates that approximately 35 of the 70 units will require some level of retrofitting to address the needs of those with physical mobility challenges. MDOD is currently exploring funding resources for the retrofitting of these units. The estimated high-end cost for retrofitting each unit is \$10,000. The Agency is developing a template lease and tenant selection procedures specifically for this project. Units throughout the Agency's inventory will be utilized for the CCHP. These units will be managed and maintained (based on HUB location) through the Agency's existing property management and maintenance structures (i.e., no additional management or maintenance infrastructure costs assumed). Units within the Opportunity Housing portfolio that have proximity to public transportation will be targeted.

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**ISSUES FOR CONSIDERATION:**

Does the Housing Opportunities Commission of Montgomery County wish to authorize the Executive Director, or his designee, to implement a pilot program and set aside housing for low-income and non-elderly disabled residents? Implementation of the Community Choice Homes Pilot (CCHP) will entail setting aside 70 housing units over the course of a four (4) year period that will be exclusively utilized by these sub-populations for a period of up to 30 years.

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**PRINCIPALS:**

Real Estate Development, Property Management, and Resident Services

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**BUDGET IMPACT:**

The estimated high-end cost for retrofitting the projected 35 units is \$350,000. The continuous costs of the project will be the ongoing maintenance and capital costs for maintaining the units. These are costs the Agency would assume with the units remaining vacant as well. These costs will increase due to the units being occupied. However, the rental revenue that will be generated should offset these increased costs.

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**TIME FRAME:**

The Legislative and Regulatory Committee reviewed this item at its meeting on February 16, 2016, and recommended it for Commission action on March 2, 2016.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff recommends that the Housing Opportunities Commission of Montgomery County authorize the Executive Director, or his designee, to implement a pilot program and set aside housing for low- income and non-elderly disabled residents. Implementation of the Community Choice Homes Pilot (CCHP) will entail setting aside 70 housing units over the course of a four (4) year period that will be exclusively utilized by these sub-populations for a period of up to 30 years.

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (HOC) is seeking authorization to enter into an agreement with the Maryland Department of Housing and Community Development (DHCD) to set aside ten (10) units for participants in the Money Follows the Person (MFP) Bridge Program; and

**WHEREAS**, the MFP Bridge Program provides housing subsidies for three (3) years to low-income residents exiting institutions such as hospitals and nursing homes; and

**WHEREAS**, HOC is also seeking authorization to enter into a Memorandum of Understanding and a Regulatory Agreement with the Maryland Department of Disabilities (MDOD) to set aside 60 units for the non-elderly disabled and ensure that all 70 units, inclusive of the 10 MFP Bridge Program units, are utilized for these respective populations and remain accessible for up to 30 years; and

**WHEREAS**, HOC is proposing to allocate these units over a four (4) year period, allocating 20 units in year one and 15 -20 units in each of the succeeding three (3) years; and

**WHEREAS**, HOC is proposing the implementation of the Community Choice Homes Pilot (CCHP) Project that will entail setting aside 70 housing units over the course of a four (4) year period that will be exclusively utilized by these sub-populations for up to 30 years.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves and authorizes the implementation of the Community Choice Pilot Project as set forth above for low- income and non-elderly disabled residents.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized and directed, without any further action on its part, to take all actions necessary and proper to accomplish the activity contemplated herein.

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on March 2, 2016.

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**Patrice M. Birdsong**  
**Special Assistant to the Commission**

# Deliberation and/or Action

# Future Action



# Information Exchange

# New Business

# Executive Session Findings

Adjourn

# VPC Corporations

**APPROVAL OF REVISED DEVELOPMENT BUDGET TO COMPLETE  
RENOVATION OF THE 669 SCATTERED SITE UNITS AND THE  
ACCEPTANCE OF ADDITIONAL FUNDING**

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RENOVATION UPDATE



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE BROWN  
ZACHARY MARKS  
ELLEN GOFF

March 2, 2016

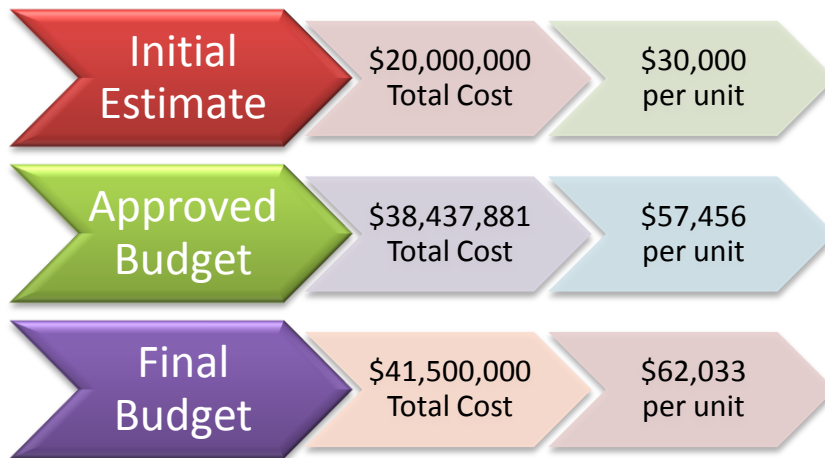
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# Executive Summary

HUD's approval of HOC's Section 18 disposition application for its 669 scattered site Public Housing units was granted in 2012. Conversion of the units from Public Housing status is complete and renovation is complete on 371 units (55%). The approval allowed the repositioning of assets and conferred on the HOC's balance sheet, a combined value (assessed) of more than \$150 million. The renovations began in 2014 and HOC is on track to deliver completely renovated units, consistent with the original plan. Renovations were completed on over half of the units while vacant and a majority of those units are now leased up with residents transferring from units that had not been renovated or new applicants.

The initial project plan had a scope that was deficient in several areas. A revised and more comprehensive scope of work was developed with an estimated cost per unit of \$68,900, but because not all units would require the entire scope of work the estimated the average hard cost per unit was \$56,978. As renovations have progressed, the average price per unit is now approximately \$59,776 in actual renovation costs. In addition, there will be an estimated \$2,257 per unit of related project costs for a final per unit amount of \$62,033.



HOC is now embarking on tenant in-place renovations for residents who wish to remain in their current unit or who cannot be transferred to a renovated unit. This will result in an increase in the per unit cost for temporary relocation or hoteling, packing and storage, and related costs. HOC has also engaged construction management services for this project.



# Cost Summary

On October 1, 2014, the Commission approved a final development plan that expanded the scope of work and increased the funding to \$38.5 million with an interim loan from the PNC Bank, N.A. line of credit. In August 21, 2015 an update was provided to the Development and Finance Committee with a total projected hard construction cost of \$40,539,647 without including the cost of tenant in-place renovations (see chart below) which would have brought the total project cost to approximately \$41.5M.

With the completion of 55% of the units, real time data is now available from which to project the cost of the remaining units. Staff estimates that the overall project will be 7% higher than the approved budget of \$38.5M, but believes that the scope and quality of work is justified and tenant in-place costs, construction management and unexpected costs are included in the revised budget.

Item	Approved Budget		8/21/2015 Update		Revised Budget	
	Budget	Per Unit	Update	Per Unit	Budget	Per Unit
<b>Construction</b>						
Hard Costs	\$ 32,932,194	\$ 49,226	\$ 40,539,647	\$ 60,597	\$ 39,990,251	\$ 59,776
Contract Contingency (10%)	3,293,219	4,923				
Owner's Contingency (5%)	1,646,610	2,461				
<b>Construction</b>	<b>\$ 37,872,023</b>	<b>\$ 56,610</b>	<b>\$ 40,539,647</b>	<b>\$ 60,597</b>	<b>\$ 39,990,251</b>	<b>\$ 59,776</b>
<b>Soft Costs</b>						
Security Systems	83,625	\$ 125			33,250	950
Permits	117,075	\$ 175			175,811	920
Pepco Fees and Other Tap Fees	33,450	\$ 50			-	-
Soft Cost Contingency	11,708	\$ 18			11,725	18
<b>Soft Costs</b>	<b>\$ 245,858</b>	<b>\$ 368</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 220,786</b>	<b>\$ 1,888</b>
<b>Relocation Costs</b>						
Tenant In-Place Costs			\$ 950,453	\$ 1,421	722,050	1,079
Moving and Related Relocation Costs	250,000	\$ 374			100,000	149
Relocation Staff	70,000	\$ 105			100,000	149
Construction Management					110,000	164
Miscellaneous Costs					256,913	384
<b>Relocation Costs Subtotal</b>	<b>\$ 320,000</b>	<b>\$ 478</b>	<b>\$ 950,453</b>	<b>\$ 1,421</b>	<b>\$ 1,288,963</b>	<b>\$ 1,925</b>
<b>TOTAL USES OF FUNDS</b>	<b>\$ 38,437,881</b>	<b>\$ 57,456</b>	<b>\$ 41,490,100</b>	<b>\$ 62,018</b>	<b>\$ 41,500,000</b>	<b>\$ 62,003</b>

# Additional Consideration – Tenant in Place Renovation

While the current projected cost to completion is \$41,500,000 (7% above the approved budget), staff will continue to make efforts to reduce the costs further under the right circumstances.

However, as the project moves into tenant-in-place renovations, the costs will increase (temporary housing, storage, per diem, etc.). Staff estimates that this will add \$1,000 - \$4,000 per unit of cost to the renovation for 200 – 250 units (\$200,000 - \$1 million) – see chart below. These costs are now included in the projected \$41.5M cost to completion.

<b>Construction Costs</b>					
<b>Total Unit Renovations</b>				<b>\$ 39,990,251</b>	
<b>Total Renovation Soft Costs</b>					
				<b>\$ 220,786</b>	
<b>Cost of Tenant-in-Place Renovations</b>		<b>Units</b>	<b>Rate</b>	<b>Number</b>	<b>Amount</b>
Hotel - 1 Bedroom Units	(60 day renovation)	18	\$ 80.00	60	\$ 86,400
Hotel - 1 Bathroom Units	(Bathroom Days Only)	55	\$ 80.00	6	\$ 26,400
Hotel - Other	Unplanned	15	\$ 80.00	25	\$ 30,000
Per diem	Daily Rate	70	\$ 25.00	5	\$ 8,750
Moving / Packing	Same as Vacant	240	\$ 1,750.00	1	\$ 420,000
Storage / POD	Delivery & 3 Month Storage	215	\$ 700.00	1	\$ 150,500
<b>Total Tenant-in-Place Cost</b>				<b>\$ 722,050</b>	
Moving Costs - Transfers					\$ 100,000
Construction Management					\$ 110,000
Temporary Services					\$ 100,000
Miscellaneous Costs					\$ 256,913
<b>Other Project Costs</b>				<b>\$ 566,913</b>	
<b>Total Non-Construction Costs</b>					
				<b>\$ 1,288,963</b>	
<b>Total Project Costs</b>				<b>\$ 41,500,000</b>	

# Summary and Recommendations

- With the completion of 55% of the units, real time data is now available from which to project the cost of the remaining units. Staff estimates that the overall project will be 7% higher than the approved budget of \$38.5M, but believes that the scope and quality of work is justified.
- Hamel Builders has been engaged to complete the renovations on the remaining 191 VPC One units, 51 of which will be vacant unit renovations.
- CBP Constructors is currently in the process of completing the remaining 145 VPC Two units. They have recently completed renovations on 38 vacant units and are now starting the in-place renovations which are anticipated to be completed in the fall of 2016.
- The tenant in-place renovation costs were not included in the projected \$38.5 million cost to completion. The last update estimated \$40.5 million cost to completion which did not include tenant in-place renovation costs, construction management and unexpected costs which are now included in the revised budget.
- Based on current funding authorization, we will need an additional \$3,062,119 in funding to complete the project which is in line with the projected increase that was expected when the last update was provided in August 2015.
- Simultaneously, staff is exploring financing options for these units to coincide with the completion of the renovation.

# Summary and Recommendations

## ISSUES FOR CONSIDERATION

Does the Board of Directors of VPC One and VPC Two Corporation wish to approve the revised development budget of up to \$41.5 million to complete the renovation of the 669 scattered sire former public housing units?

Does the Board of Directors of VPC One and VPC Two Corporation wish to accept loans from HOC to be funded from a draw by HOC on the original PNC Bank, N.A. Line of Credit to complete the renovation of the 669 scattered sire former public housing units, provided that such loans shall not exceed \$41.5 million in the aggregate?

## BUDGET IMPACT

There is no adverse impact for the current Agency operating budget. Debt service payments were anticipated and included in the development of the fiscal year 2016 budgets.

## TIME FRAME

Action at the March 2, 2016 meeting of the VPC One and VOC Two Corporations.

## STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

- Staff recommends that the Board of Directors of VPC One and VPC Two Corporation approve the revised development budget of up to \$41.5 million to complete the renovation of the 669 scattered sire former public housing units.
- Staff also recommends that the Board of Directors of VPC One and VPC Two Corporation accept loans from HOC to be funded from a draw by HOC on the original PNC Bank, N.A. Line of Credit to complete the renovation of the 669 scattered sire former public housing units, provided that such loans shall not exceed \$41.5 million in the aggregate.

**RESOLUTION: 16-002 VP1**

**RE: Approval of Revised Budget to Complete the Renovation of the Scattered Site Units for VPC One Corporation and the Acceptance of a Loan from HOC Drawn on the PNC Bank, N.A. Line of Credit to Fund the Renovations**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC”), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and authorized thereby to effectuate the purpose of providing affordable housing, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

**WHEREAS**, on June 29, 2011, HOC submitted an application to the United States Department of Housing and Urban Development (“HUD”) for the disposition of 669 scattered site Public Housing properties (“669 Property”) under Section 18 of the U.S. Housing Act of 1937, as amended (“Section 18”); and

**WHEREAS**, on March 6, 2012, HUD approved HOC’s Section 18 application for the disposition of the 669 Property conditioned upon, among other requirements, the comprehensive rehabilitation of the 669 Property; and

**WHEREAS**, the 669 Property is owned by VPC One Corporation (390 units) and VPC Two Corporation (279 units);

**WHEREAS**, on October 1, 2014, HOC approved a revised budget of \$38,500,000 for the rehabilitation of the 669 Property based on 10% of units completed at that time to be funded from draws on the original line of credit (\$60 million) with PNC Bank, N.A. (the “LOC”); and

**WHEREAS**, having performed the comprehensive rehabilitation of approximately 55% of the units (371) and having established and priced the individual scope for the remaining units within the 669 Property, HOC staff and the contracted general contractors have determined that the cost of rehabilitation of 669 Property will be greater than the estimates in the approved October 2014 budget; and

**WHEREAS**, the majority of the renovations completed thus far has been in vacant units and it is now necessary to complete renovations with tenant in-place, causing the total renovation budget to increase to cover expenses related to moving, relocation, construction management, staffing, and hoteling of existing residents; and

**WHEREAS**, based on the per units renovation cost to date by Foulger-Pratt Contracting, CBP Constructors, LLC. and the individual unit assessment of costs by Hamel Builder, Inc. to complete the renovation of all 669 units, the development budget has increased to \$41,500,000, an increase of approximately \$3 million over the approved budget; and

**WHEREAS**, the full renovation budget for the 669 Property may continue to be funded from the PNC Bank, N.A. line of credit and once completed, the 669 Property will be refinanced with the proceeds from a tax-exempt bond issuance or such other funding source that produces sufficient funding to fully repay any draws on the PNC Line.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of VPC One Corporation:

1. Approves a revised development budget of \$41,500,000 to complete the rehabilitation of the 669 Property, including the units that are owned by VPC One Corporation.
2. Approves the acceptance of additional loan funds to the extent necessary to complete renovations, provided however, that such loan funds when taken together with the loan to VPC Two Corporation shall not exceed \$41,500,000 in the aggregate, to be funded from taxable draws by HOC which will bear interest at the contractual rate of the London Interbank Offered Rate (“LIBOR”) plus 90 basis points for a maximum term of 24 months, and which loan will be repaid from the issuance of tax-exempt bonds or such other financing that repays the draws on the LOC or any other HOC eligible costs.

**BE IT FURTHER RESOLVED** that the Board of Directors of VPC One Corporation authorizes the Executive Director of HOC who serves as the Secretary of VPC One Corporation, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including but not limited to the execution of any and all documents related thereto.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Board of Directors of VPC One Corporation at its meeting on March 2, 2016.

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Patrice Birdsong  
Special Assistant to the Commissioners and  
the Board of Directors of VPC One  
Corporation

VPC TWO CORPORATION

**APPROVAL OF REVISED DEVELOPMENT BUDGET TO COMPLETE  
RENOVATION OF THE 669 SCATTERED SITE UNITS AND THE  
ACCEPTANCE OF ADDITIONAL FUNDING**

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RENOVATION UPDATE



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE BROWN  
ZACHARY MARKS  
ELLEN GOFF

March 2, 2016

**RESOLUTION: 16-002 VP2**

**RE: Approval of Revised Budget to Complete the Renovation of the Scattered Site Units for VPC Two Corporation and the Acceptance of a Loan from HOC Drawn on the PNC Bank, N.A. Line of Credit to Fund the Renovations**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC”), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and authorized thereby to effectuate the purpose of providing affordable housing, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

**WHEREAS**, on June 29, 2011, HOC submitted an application to the United States Department of Housing and Urban Development (“HUD”) for the disposition of 669 scattered site Public Housing properties (“669 Property”) under Section 18 of the U.S. Housing Act of 1937, as amended (“Section 18”); and

**WHEREAS**, on March 6, 2012, HUD approved HOC’s Section 18 application for the disposition of the 669 Property conditioned upon, among other requirements, the comprehensive rehabilitation of the 669 Property; and

**WHEREAS**, the 669 Property is owned by VPC One Corporation (390 units) and VPC Two Corporation (279 units);

**WHEREAS**, on October 1, 2014, HOC approved a revised budget of \$38,500,000 for the rehabilitation of the 669 Property based on 10% of units completed at that time to be funded from draws on the original line of credit (\$60 million) with PNC Bank, N.A. (the “LOC”); and

**WHEREAS**, having performed the comprehensive rehabilitation of approximately 55% of the units (371) and having established and priced the individual scope for the remaining units within the 669 Property, HOC staff and the contracted general contractors have determined that the cost of rehabilitation of 669 Property will be greater than the estimates in the approved October 2014 budget; and

**WHEREAS**, the majority of the renovations completed thus far has been in vacant units and it is now necessary to complete renovations with tenant in-place, causing the total renovation budget to increase to cover expenses related to moving, relocation, construction management, staffing, and hoteling of existing residents; and



**WHEREAS**, based on the per units renovation cost to date by Foulger-Pratt Contracting, CBP Constructors, LLC. and the individual unit assessment of costs by Hamel Builder, Inc. to complete the renovation of all 669 units, the development budget has increased to \$41,500,000, an increase of approximately \$3 million over the approved budget; and

**WHEREAS**, the full renovation budget for the 669 Property may continue to be funded from the PNC Bank, N.A. line of credit and once completed, the 669 Property will be refinanced with the proceeds from a tax-exempt bond issuance or such other funding source that produces sufficient funding to fully repay any draws on the PNC Line.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of VPC Two Corporation:

1. Approves a revised development budget of \$41,500,000 to complete the rehabilitation of the 669 Property, including the units that are owned by VPC Two Corporation.
2. Approves the acceptance of additional loan funds to the extent necessary to complete renovations, provided however, that such loan funds when taken together with the loan to VPC One Corporation shall not exceed \$41,500,000 in the aggregate, to be funded from taxable draws by HOC which will bear interest at the contractual rate of the London Interbank Offered Rate (“LIBOR”) plus 90 basis points for a maximum term of 24 months, and which loan will be repaid from the issuance of tax-exempt bonds or such other financing that repays the draws on the LOC or any other HOC eligible costs.

**BE IT FURTHER RESOLVED** that the Board of Directors of VPC Two Corporation authorizes the Executive Director of HOC who serves as the Secretary of VPC Two Corporation, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including but not limited to the execution of any and all documents related thereto.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Board of Directors of VPC Two Corporation at its meeting on March 2, 2016.

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Patrice Birdsong  
Special Assistant to the Commissioners and  
the Board of Directors of VPC Two  
Corporation