

EXPANDED AGENDA

January 11, 2017

3:30 p.m.	<p>I. <u>Public Hearing</u></p> <ul style="list-style-type: none"> • Authorization to Revise HOC’s Administrative Plan and ACOP to add HUD’s Required Streamlining Administrative Regulations and to Remove all One-strike Policy Language 		
4:00 p.m.	<p>II. <u>CONSENT ITEMS</u></p>		*Res. #
<p>Page 04 30 34 43 45</p>	<p>A. Approval of Minutes of December 7, 2016 B. Approval of Executive Session Minutes of December 7, 2016 C. Approval of Special Session Minutes of December 19, 2016 D. Ratification of Action Taken in Executive Session on December 7, 2016: Restatement and Refinement of Authorization to Hedge Interest Rate Risk on the FHA Risk Sharing/Federal Financing Bank Permanent Loan During the Term of the Construction Loan for the Chevy Chase Lake Multifamily Development E. Ratification of Authorization to Purchase Improved Real Property in Silver Spring; Authorization to Fund Purchase from Funds Currently in Generally Unrestricted Commission Accounts; Authorization to Retain Current Tenants Under Current Leases; Authorization to Engage Scheer Partners to Manage the Building for an Initial One-year Term</p>		<p>16-95R (pg. 44) 16-101 (pg 46)</p>
4:05 p.m.	<p>III. <u>INFORMATION EXCHANGE</u></p>		
<p>Page 48 50</p>	<p>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</p>		
4:15 p.m.	<p>IV. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u></p>		
<p>Page 55 70 80 84 96</p>	<p>A. Budget, Finance and Audit Committee – Com. Nelson, Chair</p> <ol style="list-style-type: none"> 1. Acceptance of FY’17 First Quarter Budget to Actual Statements 2. Approval of FY’17 First Quarter Budget Amendment 3. Approval to Submit FFY 2017 Public Housing Operating Subsidy Calculations to HUD for the Period January 1, 2017 through December 31, 2017 4. Authorization to Write Off Bad Debt From Commission Specialty Loan Program 5. Approval to Extend TPM Development Corporation First Mortgage Loan and Interim Financing for the Renovation of Timberlawn Crescent and Pomander Court on PNC Bank \$90 Million Real Estate Line of Credit 		<p>17-01 (pg 63) 17-02 (pg 77) 17-03 (pg 83) 17-04 (pg 95) 17-05 (pg 99)</p>
<p>4:30 p.m. 101 115</p>	<p>B. Development and Finance Committee – Com. Simon, Chair</p> <ol style="list-style-type: none"> 1. Approval to Create a Pool of FHA Approved Multifamily Accelerated Processing (“MAP”) Lenders 2. Approval to Transfer Four HOC –owned Jubilee-Run Properties as well as the Unencumbered FY 2014 Community Health Facilities Grant Program to Rosaria Communities, Inc. for the Acquisition and Renovation of a Fifth Single Family Property for the Use and Operation by Jubilee Association of Maryland and Authorization for the Executive Director, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions and 		<p>17-06 (pg 113) 17-07 (pg 130)</p>

4:45 p.m. Page 134	actions contemplated herein, including the execution of any documents related thereto C. Legislative and Regulatory Committee – Com. Byrd, Chair 1. Authorization to Revise HOC’s Administrative Plan and ACOP to add HUD’s Required Streamlining Administrative Regulations and to Remove all One-strike Policy Language	17-08	(pg 141)
4:55 p.m.	V. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u>		
	A. None		
	VI. <u>*FUTURE ACTION ITEMS</u> A. None		
5:00 p.m.	VII. <u>INFORMATION EXCHANGE (continued)</u> A. Community		
	VIII. <u>NEW BUSINESS</u>		
	IX. <u>EXECUTIVE SESSION FINDINGS</u>		
5:10 p.m.	<u>ADJOURN</u>		
5:10 p.m. Page 171	<u>DEVELOPMENT CORPORATION MEETING</u> • TPM Development Corporation – Approval to Accept Extension of HOC Real Estate Line of Credit (RELOC) Loan	17-001	TPM (pg 172)
5:15 p.m.	<u>ADJOURN</u>		
5:20 p.m.	<u>EXECUTIVE SESSION</u>		

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.

Consent

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

December 7, 2016

16-12

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, December 7, 2016 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:11 p.m. Those in attendance were:

Present

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

Also Attending

Stacy Spann, Executive Director
Shauna Sorrells
Fred Swan
Kayrine Brown
Joan McGuire
Sheryl Hammond
Louis Chaney
Garrett Jackson
Ugonna Ibebuchi
Angela McIntosh-Davis
Natalie Kaplan
Reneé Harris
Jennifer Arrington
Mei Li
Hyunsuk “Wilson” Choi

Kelly McLaughlin, General Counsel
Nowelle Ghahhari, Deputy General Counsel
Vivian Benjamin
Ian Williams
Bobbie DaCosta
Zachary Marks
Jim Atwell
Tiffany Jackson
Arthur Tirskey
Lynn Hayes
Ethan Cohen
Rita Harris
Brian Kim
Bonnie Hodge
Gail Gunod-Green

Resident Advisory Board

Yvonne Caughman

Guest

Debra McCain, L
Ashley Palmer, UMD-Student
Sean Davis, UMD-Student

Guest Con't

Scott Butler, UMD-Student

IT Support

Irma Rodriguez

Commission Support

Patrice Birdsong

The meeting began with approval of the Consent Calendar. The Consent Calendar was adopted upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, McFarland, Hatcher, Croom and Byrd.

I. CONSENT ITEMS

- A. Approval of Minutes of November 2, 2016** - The minutes were approved as submitted
- B. Approval of Executive Session Minutes of November 2, 2016** – The minutes were approved as submitted
- C. Approval of Emergency Special Session Minutes of November 6, 2016** – The minutes were approved as submitted
- D. Approval to Exercise the Option to Extend the Interim Mortgage Loan for Greenhills Apartments Pursuant to the Loan Agreement with BB&T Bank**

RESOLUTION NO.: 16-81

RE: Approval to Exercise the Option to Extend the Interim Mortgage Loan for Greenhills Apartments Pursuant to the Loan Agreement with BB&T Bank

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, Greenhills Apartments (the “Property”) is a 78-unit apartment and townhome community located at 10560 Tralee Terrace in Damascus, Maryland which was acquired by the Housing Opportunities Commission of Montgomery County (the “Commission”) in 1998; and

WHEREAS, on May 28, 2014, the Commission approved obtaining a line of credit with a limit of \$90 million, the Real Estate Line of Credit (the “RELOC”) from PNC Bank, N.A. (PNC),

for the purpose of providing short-term financing for certain costs of the pre-development, rehabilitation, and acquisition of multifamily properties; and

WHEREAS, the Commission's financial resources were being managed to optimize use and to ensure funding is available to support its real estate initiatives; and

WHEREAS, on November 14, 2014, a tax-exempt draw on the RELOC was made in the amount of \$4,200,000 to retire the mortgage on the Property; and

WHEREAS, on September 2, 2015, the Commission approved an Interim Financing Plan to accept a tax-exempt loan from BB&T Bank ("BB&T Loan") in an amount not to exceed \$4,500,000 that bears interest at a fixed tax-exempt interest rate of 1.57% for 12 months and with the ability to extend at a floating tax-exempt interest rate equal to 68% of 30-day LIBOR plus 98 basis points for up to an additional 12 months; and

WHEREAS, the BB&T Loan repaid PNC for the prior draw on the RELOC benefitting Greenhills Apartments and funded related transaction costs; and

WHEREAS, HOC staff has submitted an application for Low Income Housing Tax Credits for the Property with anticipation of receiving approval by the State of Maryland in April 2017; and

WHEREAS, HOC staff will return to the Commission in May 2017 with a Final Development Plan to renovate the property and a Financing Plan to fund the renovations and repay the BB&T Loan.

E. Approval of FY 2017 Wage Adjustments and Service Increments for Non-represented Merit System Staff for the period of July 1, 2016 through June 30, 2017

RESOLUTION: 16-82

RE: Approval of FY 2017 Wage Adjustments and Service Increments for Non-represented Merit System Staff for the period of July 1, 2016 through June 30, 2017

WHEREAS, the Commission wishes to award a compensation package for non-represented merit system staff for FY 2017.

NOW, THEREFORE, BE IT RESOLVED that effective the first pay period after July 1, 2016, each non-represented merit system staff member shall receive a general wage adjustment equal to the greater of \$700 or 1%.

BE IT FURTHER RESOLVED that the Pay Grade Schedule will be increased by 1%.

BE IT FURTHER RESOLVED that non-represented merit system staff who receive a fully satisfactory FY 2016 performance evaluation shall receive a 3.5% service increment effective the first pay date in September 2016.

II. INFORMATION EXCHANGE

- A. Report of the Executive Director** – The Executive Director had nothing new to add to his written report.
- B. Calendar and Follow-up Action**
None
- C. Commissioner Exchange**
None
- D. Resident Advisory Board (RAB)** – Ms. Yvonne Caughman, Vice President of the Resident Advisory Board, had nothing new to report.
- E. Community Forum** – Debra McMcaïn, Landlord, addressed the Board regarding concerns of poor customer service.
- F. Status Report** – None

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

- A. Budget, Finance and Audit Committee – *Com. Nelson, Chair***
 - 1. Approval of Property Management Contract for Westwood Towers Apartments**

Bobbie DaCosta, Director of Property Management, was the presenter.

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

RESOLUTION NO.: 16-83

**RE: Approval of Property
Management Contract for
Westwood Towers**

WHEREAS, the Housing Opportunities Commission issued a Request for Proposals (RFP) for property management of Westwood Towers (Property”); and

WHEREAS, based on the criteria included in the RFP and pricing from three responding companies, a panel of staff from Property Management, Finance and Compliance scored the results and determined that Avison Young is the most qualified to manage the Property.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized and directed to execute a management contract with Avison Young for two years and three (3) optional one-year renewals.

2. Approval of Property Management Contract for Pooks Hill Court

Bobbie DaCosta, Director of Property Management, was the presenter.

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

RESOLUTION NO.: 16-84

**RE: Approval of Property
Management Contract for Pooks
Hill Court**

WHEREAS, the Housing Opportunities Commission issued a Request for Proposals (RFP) for property management of Pooks Hill Court (Property"); and

WHEREAS, based on the criteria included in the RFP and pricing from two responding companies, a panel of staff from Property Management, Finance and Compliance scored the results and determined that Vantage Management is the most qualified to manage the Property.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized and directed to execute a management contract with Vantage Management for two years and three (3) optional one-year renewals.

3. Approval of Property Management Contract for Shady Grove Apartments

Bobbie DaCosta, Director of Property Management, was the presenter.

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

RESOLUTION NO: 16-85

**RE: Approval of Property
Management Contract for Shady
Grove Apartments**

WHEREAS, the Shady Grove Apartments Limited Partnership (the “Partnership”), owns a development known as Shady Grove Apartments (the “Property”); and

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) is the general partner of the Partnership; and

WHEREAS, the Commission, in its capacity as the general partner is authorized to engage a third party to manage the Property; and

WHEREAS, the Commission issued a Request for Proposals (RFP) for management of Shady Grove Apartments; and

WHEREAS, based on the criteria included in the RFP and pricing from two responding companies, a panel of HOC staff from Property Management, Finance and Compliance reviewed the submissions and determined that Edgewood Management is the most qualified to manage Shady Grove Apartments.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Shady Grove Apartments Limited Partnership as its general partner, that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed to execute a management contract with Edgewood Management for Shady Grove Apartments for two years and three (3) optional one-year renewals.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Shady Grove Apartments Limited Partnership as its general partner, that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed, without any further action on their respective parts, to take any and all other action necessary and proper to carry out the transaction contemplated herein.

4. Approval of Property Management Contract for The Willows

Bobbie DaCosta, Director of Property Management, was the presenter.

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

RESOLUTION NO.: 16-86

**RE: Approval of Property
Management Contract for The
Willows**

WHEREAS, The Willows of Gaithersburg Associates Limited Partnership (the “Partnership”), owns a development known as The Willows (the “Property”); and

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) is the general partner of the Partnership; and

WHEREAS, the Commission, in its capacity as the general partner is authorized to engage a third party to manage the Property; and

WHEREAS, the Commission issued a Request for Proposals (RFP) for management of The Willows; and

WHEREAS, based on the criteria included in the RFP and pricing from three responding companies, a panel of HOC staff from Property Management, Finance and Compliance reviewed the submissions and determined that Edgewood Management is the most qualified to manage The Willows.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of The Willows of Gaithersburg Associates Limited Partnership as its general partner, that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed to execute a management contract with Edgewood Management for The Willows for two years and three (3) optional one-year renewals.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of The Willows of Gaithersburg Associates Limited Partnership as its general partner, that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed, without any further action on their respective parts, to take any and all other action necessary and proper to carry out the transaction contemplated herein.

5. Approval of Property Management Contract for Greenhills Apartments and Town Homes

Bobbie DaCosta, Director of Property Management, was the presenter.

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

RESOLUTION NO.: 16-87

**RE: Approval of Property
Management Contract for
Greenhills Apartments and
Townhomes**

WHEREAS, the Housing Opportunities Commission issued a Request for Proposals (RFP) for property management of Greenhills Apartments and Townhomes (Property”); and

WHEREAS, based on the criteria included in the RFP and pricing from two responding companies, a panel of staff from Property Management, Finance and Compliance scored the results and determined that Avison Young is the most qualified to manage the Property.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized and directed to execute a management contract with Avison Young for two years and three (3) optional one-year renewals.

6. Approval of Service Contract for Housing Quality Standards Inspections

Reneé Harris, Program Coordinator, was the presenter.

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

RESOLUTION NO.: 16-88

**RE: Approval of Service Contract
for Housing Quality Standards
Inspections**

WHEREAS, the Commission is required to perform Housing Quality Standards Inspections on all units annually and all new units prior to entering into a Housing Assistance Payment contract; and

WHEREAS, the Housing Opportunities Commission of Montgomery County issued an invitation for Bid for Housing Quality Standards Inspections; and

WHEREAS, based on a review of the responses and in accordance with the selection criteria, staff determined Quality Assurance Inspections, Inc. to be the lowest, responsive and responsible bidder.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to execute a contract for the term of two years, renewable for up to three additional one-year periods with Quality Assurance Inspections, Inc. for Housing Quality Standards Inspections at the price and terms stated in the bid.

7. Approval to Procure Customer Relations Management Software and Services

Shauna Sorrells, Director of Legislative and Public Affairs and Natalie Kaplan, Special Assistant to the Executive Director, were presenters.

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

RESOLUTION NO.: 16-89

RE: Approval to Procure Customer Relations Management Software and Services

WHEREAS, the Housing Opportunities Commission seeks to build a Call Center and Customer Relationship Management (CRM) system to improve customer service and streamline service delivery across the agency; and

WHEREAS, the Housing Opportunities Commission performed a robust review of high-quality software products to support the day-to-day operations of the agency's Call Center, track customer interactions, and integrate data from HOC's current systems of record; and

WHEREAS, staff established specific requirements that were used to evaluate the list of potential software products and vendors and determined Salesforce to be the most comprehensive and highest-value product to meet the agency's compatibility and functionality requirements; and

WHEREAS, the Housing Opportunities Commission requested proposals from Salesforce's three recommended system integration vendors to develop the Salesforce CRM system to HOC's specifications. Staff determined Incapsulate LLC to provide the most customized, high-quality, and cost-effective approach to service delivery to perform the system integration services to develop the CRM system; and

WHEREAS, the recommended software and system integration vendors are listed on the GSA Schedule and can be procured using a sole source strategy. The Salesforce software and Incapsulate services will be procured using two separate contracts and will each be renewed annually.

WHEREAS, the software and implementation service costs are included within the approved fiscal year 2017 budget.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes the Executive Director to procure the

Salesforce software product and system integration services from Incapsulate LLC to build a Call Center and customer relationship management system.

B. Development and Finance Committee – Com. Simon, Chair

- 1. Approval of Final Financing Plan for the Alexander House Development (the “Property”); Authorization to Issue Tax-Exempt Notes of up to \$76 million to Citi Community Capital and Loan such Proceeds to Alexander House Apartments Limited Partnership (the “Partnership”) and Alexander House Development Corporation for Construction Financing; Authorization to Issue Commitments for up to \$70 million in Permanent Financing, Including Authorization to Hedge Interest Rate Risk; Authorization for the Partnership to Accept Construction and Permanent Loans; Authorization for the Partnership to Accept Acquisition; and Approval to Execute Low Income Housing Tax Credit Equity Documents**

Kayrine Brown, Chief Investment and Real Estate Officer, and Vivian Benjamin, Asst. Director of Mortgage Finance, were the presenters.

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

RESOLUTION No.: 16-90

RE: Approval of Final Financing Plan for the Alexander House Development (the “Property”); Authorization to Issue Loans to Alexander House Apartments Limited Partnership (the “Partnership”) and Alexander House Development Corporation for Construction Financing; Authorization to Issue Commitments for up to \$70 Million in Permanent Financing, Including Authorization to Hedge Interest Rate Risk; Authorization for the Partnership to Accept Construction and Permanent Loans; and Authorization for Partnership to Accept Acquisition Loan

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission”) is 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 multifamily rental housing properties which provide a public purpose; and

WHEREAS, the 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 currently owned by Alexander House Development Corporation (the “Corporation”), a wholly-controlled corporate instrumentality of the Commission; and

WHEREAS, on October 05, 2016, the Commission approved a Development Plan (the “Development Plan”) for the Development which would include the renovation of the Development and the creation of One Hundred and Eighty-Three (183) market rate units and One Hundred and Twenty-Two (122) income- and rent-restricted units (the “Tax Credit Units”); and

WHEREAS, the Commission is the sole member of Alexander House GP LLC, a Maryland limited liability company (the “General Partner”), which will serve as the general partner of Alexander House Limited Partnership (the “Partnership”), a Maryland limited partnership indirectly controlled and managed by the Commission; and

WHEREAS, staff explored a variety of options for construction and permanent financing for the Development, and determined to use a number of sources including low-income housing tax credit (LIHTC) equity; the issuance of short-term tax-exempt Private Activity Bonds and short-term tax-exempt Governmental Bonds to fund construction loans; acquisition financing in the form of a seller take-back loan; and FHA Risk Sharing/Federal Financing Bank (FFB) Risk Sharing Program (the “FHA/FFB Risk-Share Program”) (collectively, the “Financing Plan”); and

WHEREAS, as part of the Development Plan, the Commission approved the Partnership’s acquisition of the Tax Credit Units in order to facilitate the use of the LIHTC equity and now wishes to approve an acquisition loan for the Tax Credit Units in an amount not to exceed \$17 million, which will bear interest at 3.50% over a 40 year term (the “Acquisition Loan”); and

WHEREAS, the Commission and the Corporation wish to finance the renovation of the non-Tax Credit Units with a construction loan funded through a private placement of short-term, tax-exempt Governmental Bonds (the “Governmental Bond Loan”) and finance the renovation of the Tax Credit Units with a construction loan funded through a private placement of short-term, tax-exempt Private Activity Bonds (the “Tax Credit Bond Loan”, together with the Governmental Bond Loan, the “Development Construction Bond Loan”),

which loans will bear interest at 1.75% over the 1-Month LIBOR, with a term not to exceed 36 months; and

WHEREAS, the Commission and Corporation wish to secure a permanent takeout loan for the Development in the form of a three year forward commitment to insure and finance the permanent loan for the non-Tax Credit Units (the "Governmental Permanent Loan") and the Tax Credit Units (the "Tax Credit Permanent Loan" and together with the Governmental Permanent Loan, the "Development Permanent Loan") in an aggregate amount of up to \$70,100,000, based on a projected interest rate of 3.9%, using the FHA/FFB Risk-Share Program financing; and

WHEREAS, the FFB cannot lock in an interest rate more than 60 days before issuance of the Development Permanent Loan, but can agree to participate at a rate to be determined three years hence; and

WHEREAS, to protect the transaction from potential interest rate increases, the Commission wishes to purchase an interest rate hedge in the form of a forward starting swap transaction, to be evidenced by an ISDA Master Agreement, Schedule, Confirmation and Credit Support Annex ("Forward Swap"), to mitigate the risk of a potential rise in FFB fixed interest rates prior to the time the rates can be fixed for the Development Permanent Loan; and

WHEREAS, the Forward Swap will be structured with a notional amount not to exceed the estimated Development Permanent Loan amount that will amortize over 30 years but which will be subject to mandatory termination on a date certain (the "Mandatory Termination Date"), which is expected to be three (3) years from the execution of the Forward Swap, and will be subject to termination at an earlier date at the Commission's option; and

WHEREAS, the Forward Swap will be terminated at or before the closing on the Development Permanent Loan (but not later than the Mandatory Termination Date) and, depending on market conditions, either (i) the Commission shall pay the swap counterparty a termination payment from its general legally available funds, the cost of which shall be reimbursed from the permanent financing; or (ii) the swap counterparty shall pay the Commission a termination payment, which the Commission would apply to the cost of the development, thereby reducing the Development Permanent Loan amount.

WHEREAS, Commission and the Partnership have received a Letter of Reservation/Determination for the LIHTC from the Maryland Department of Housing and Community Development which will enable the Partnership to raise approximately \$15 Million in equity to pay part of its acquisition and development costs; and

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Alexander House GP LLC, acting in its capacity as the general partner of Alexander House Limited Partnership, that the Financing Plan as described herein, is hereby approved and that the staff is hereby

authorized to proceed with the review and processing of the necessary financing applications and other documentation.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the issuance of the Development Construction Bond Loan, as follows:

1. Issuance of the Governmental Construction Bond Loan in an amount of up to \$51,000,000 or such other amount as may be necessary to further the Development Plan, but in no event to exceed an amount which, when aggregated with the Tax Credit Construction Bond Loan, exceeds \$76,000,000; and
2. Issuance of the Tax Credit Construction Bond Loan in an amount of up to \$25,000,000 or such other amount as may be necessary to further the Development Plan, but in no event to exceed an amount which, when aggregated with the Governmental Construction Bond Loan, exceeds \$76,000,000.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the issuance of a three year forward commitment for the Development Permanent Loan, as follows:

1. Issuance of the Governmental Permanent Loan in an amount of up to \$51,000,000 or such other amount as may be necessary to further the Development Plan, but in no event to exceed an amount which, when aggregated with the Tax Credit Permanent Loan, exceeds \$70,100,000; and
2. Issuance of the Tax Credit Permanent Loan in an amount of up to \$19,100,000 or such other amount as may be necessary to further the Development Plan, but in no event to exceed an amount which, when aggregated with the Governmental Permanent Loan, exceeds \$70,100,000

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Alexander House GP LLC, acting in its capacity as the general partner of Alexander House Limited Partnership, approves Alexander House Limited Partnership's acceptance of the Tax Credit Construction Bond Loan, the Tax Credit Permanent Loan, and the Acquisition Loan.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the execution of an interest rate hedge via a Forward Swap with Royal Bank of Canada (or another highly rated financial institution), to mitigate against a rise in the FFB rate, with any termination payment owed by the Commission being paid from its legally available general funds, subject to agreements now or hereafter made with holders of its notes and bonds, pledging particular revenues, assets or moneys for the payment thereof and subject to agreements with governmental agencies or other parties providing funds to the Commission and restricting the uses to which such funds may be applied.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Alexander House GP LLC, acting in its capacity as the general partner of Alexander House Limited Partnership, that the Executive Director is hereby authorized, without any further action on their respective parts, to negotiate the terms of the Forward Swap and complete the blanks therein as necessary to complete the transaction contemplated herein.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Alexander House GP LLC, acting in its capacity as the general partner of Alexander House Limited Partnership, that the Executive Director is hereby authorized, without any further action on their respective parts, to execute such other documents and to take any and all other actions, in each case as necessary and proper, in the Executive Director's judgment, to carry out the Financing Plan and the transaction and action contemplated herein.

RESOLUTION: 2016-91

**Re: Adoption of Authorizing
Resolution for Financing of
Alexander House**

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, AUTHORIZING THE EXECUTION AND DELIVERY BY THE COMMISSION OF A PRIVATE ACTIVITY COMMISSION NOTE AND A GOVERNMENTAL COMMISSION NOTE, IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$76,000,000, FOR THE PURPOSE OF FINANCING THE ACQUISITION, REHABILITATION AND EQUIPPING OF ALEXANDER HOUSE APARTMENTS AND CONTRIBUTING FUNDS FOR THE REHABILITATION AND EQUIPPING OF ELIZABETH HOUSE APARTMENTS; DETERMINING THE FEASIBILITY OF THE FINANCING; AUTHORIZING THE PUBLIC PURPOSE SET-ASIDE COVENANTS; AUTHORIZING THE PREPARATION, EXECUTION AND DELIVERY OF THE FUNDING LOAN AGREEMENTS, THE PROJECT LOAN AGREEMENTS AND THE OTHER COMMISSION DOCUMENTS AS DESCRIBED HEREIN; AUTHORIZING ONGOING DETERMINATIONS BY THE EXECUTIVE DIRECTOR; AUTHORIZING THE EXECUTION AND DELIVERY OF ANY OTHER DOCUMENTS NECESSARY FOR THE DELIVERY OF THE COMMISSION NOTES; AUTHORIZING THE CHAIRMAN, THE VICE CHAIRMAN OR THE CHAIRMAN PRO TEM AND THE EXECUTIVE DIRECTOR OF THE COMMISSION TO PROCEED WITH THE DELIVERY OF THE COMMISSION NOTES TO CITIBANK, N.A. OR TO AN AFFILIATE THEREOF; APPOINTING THE FINANCIAL ADVISOR AND BOND COUNSEL; RATIFYING AND APPROVING THE ACTIONS OF THE STAFF OF THE COMMISSION IN ACCORDANCE WITH THE COMMISSION'S PROCUREMENT POLICY TO SECURE A FISCAL AGENT AND THE APPOINTMENT BY THE EXECUTIVE DIRECTOR OF A FISCAL AGENT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission”) is 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 (the “Act”), and authorized thereby to issue and deliver its bonds and notes from time to time to fulfill its corporate purposes; and

WHEREAS, the Commission has previously approved the final development plan for Alexander House Apartments, which provides for (a) the sale by Alexander House Development Corporation (“AHDC”) of 122 affordable residential housing units (the “Affordable Units”) to a newly created limited partnership, the Alexander House Apartments Limited Partnership (“AHALP”), and the rehabilitation of those units using low-income housing tax credit equity and (b) the rehabilitation of 183 residential housing market rate units (the “Market Units”) which will continue to be owned by AHDC;

WHEREAS, the Commission proposes to enter into a Funding Loan Agreement (the “Private Activity Funding Loan Agreement”), by and among the Commission, Citibank, N.A., or an affiliate thereof (the “Funding Lender”) and U.S. Bank National Association as fiscal agent (the “Fiscal Agent”), under which the Funding Lender will provide a private activity loan (the “Private Activity Funding Loan”) to the Commission; and

WHEREAS, the Commission will loan the proceeds of the Private Activity Funding Loan to AHALP (the “AHALP Loan”) pursuant to a Project Loan Agreement (the “AHALP Project Loan Agreement”), by and between the Commission and AHALP, for the purpose of financing a portion of the costs of the acquisition, rehabilitation and equipping of the Affordable Units; and

WHEREAS, AHALP will make payments of principal and interest under the AHALP Project Loan Agreement, in amounts fully sufficient to pay the principal of, premium, if any, and interest due on the Private Activity Commission Note as the same become due and payable; and

WHEREAS, to evidence the Private Activity Funding Loan, the Commission will execute and deliver to the Funding Lender a Note (the “Private Activity Commission Note”) as a private activity bond under Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”), and to evidence the AHALP Loan, AHALP will execute and deliver to the Commission a Project Note (the “AHALP Project Note”); and

WHEREAS, the obligations of AHALP under the AHALP Project Loan Agreement will be secured by a lien on and security interest in the Affordable Units pursuant to a Multifamily Deed of Trust, Assignment of Rents and Security Agreement (the “AHALP Security Instrument”), made by AHALP in favor of the Commission; and

WHEREAS, the AHALP Project Note and the AHALP Security Instrument will be endorsed and assigned, respectively, by the Commission to the Funding Lender to secure the performance by the Commission of its limited obligations under the Private Activity Commission Note; and

WHEREAS, the Commission proposes to enter into a Funding Loan Agreement (the “Governmental Funding Loan Agreement”), by and among the Commission, Citibank, N.A. (the “Funding Lender”) and the Fiscal Agent, under which the Funding Lender will provide a governmental loan (the “Governmental Funding Loan”) to the Commission; and

WHEREAS, the Commission will loan the proceeds of the Governmental Funding Loan to AHDC (the “AHDC Loan”) pursuant to a Project Loan Agreement (the “AHDC Project Loan Agreement”), by and between the Commission and AHDC, for the purpose of financing a portion of the costs of the rehabilitation and equipping of the Market Units, the retirement of debt on the Market Units and the financing of the rehabilitation and equipping of the governmental portion of Elizabeth House, all as contemplated in the final development plan; and

WHEREAS, AHDC will make payments of principal and interest under the AHDC Project Loan Agreement, in amounts fully sufficient to pay the principal of, premium, if any, and interest due on the Governmental Commission Note as the same become due and payable; and

WHEREAS, to evidence the Governmental Funding Loan, the Commission will execute and deliver to the Funding Lender a Note (the “Governmental Commission Note”) as a governmental bond under Section 103 and Section 141 of the Code, and to evidence the AHDC Loan, AHDC will execute and deliver to the Commission a Project Note (the “AHDC Project Note”); and

WHEREAS, the obligations of AHDC under the AHDC Project Loan Agreement will be secured by a lien on and security interest in the Market Units pursuant to a Multifamily Deed of Trust, Assignment of Rents and Security Agreement (the “AHDC Security Instrument”), made by AHDC in favor of the Commission; and

WHEREAS, the AHDC Project Note and the AHDC Security Instrument will be endorsed and assigned, respectively, by the Commission to the Funding Lender to secure the performance by the Commission of its limited obligations under the Governmental Commission Note; and

WHEREAS, while it is currently anticipated that the principal amount of the Private Activity Commission Note will not exceed \$25,000,000 and the principal amount of the Governmental Commission Note will not exceed \$51,000,000, the final principal amounts will be determined in consideration of the development plan and may exceed such amounts, provided that the aggregate principal amount of the Private Activity Commission Note and the Governmental Commission Note together shall not exceed \$76,000,000; and

WHEREAS, AHALP will covenant to rent or hold available for rent at least 40% of the Affordable Units to persons with incomes that do not exceed 60% of the Washington Metropolitan Statistical Area median income for the applicable family size (the “Public Purpose Set-Aside Covenants”); and

WHEREAS, compliance with the Public Purpose Set Aside Covenants will satisfy certain HUD and County requirements, and will cause the Affordable Units project to constitute a “qualified residential rental project” within the meaning of Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”), a “qualified low-income housing project” as such phrase is utilized in Section 42(g)(1)(B) of the Code, and a “housing project for persons of eligible income” within the meaning of the Act; and

WHEREAS, the Commission has determined that the issuance of the Private Activity Commission Note, the application of the proceeds of the AHALP Project Loan to finance a portion of the costs of the acquisition, rehabilitation and equipping of the Affordable Units project, and the Public Purpose Set-Aside Covenants are feasible and will accomplish a valid public purpose for the Commission; and

WHEREAS, the documents to be executed and delivered by the Commission in connection with financing of the projects described herein (the “Projects”) include the Private Activity Commission Note, the Governmental Commission Note, the Private Activity Funding Loan Agreement, the Governmental Funding Loan Agreement, the AHALP Project Loan Agreement, the AHDC Project Loan Agreement, a Land Use Restriction Agreement and a Regulatory Agreement related to the Affordable Units and tax documents related to the exclusion of interest on the Private Activity Commission Note and the Governmental Commission Note for federal income tax purposes under the Code (collectively, with all other certificates and documents to be executed by the Commission in connection with the execution and delivery of the such financing documents, the “Commission Documents”).

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

1. ***The Commission Notes.*** The Private Activity Commission Note and the Governmental Commission Note (collectively, the “Commission Notes”) are authorized to be issued pursuant to and under the Private Activity Funding Loan Agreement and the Governmental Funding Loan Agreement, respectively (collectively, the “Funding Loan Agreements”), in an aggregate principal amount not to exceed \$76,000,000. The Chairman, the Vice Chairman, the Chairman Pro Tem and the Executive Director or the Authorized Representative (defined below) of the Commission are authorized to establish the dates, maturities, interest payment dates, denominations, terms of redemption, registration privileges, security and other terms, and to approve the interest rate on the Commission Notes, all of the foregoing to be specified in the final Commission Notes and Funding Loan Agreements. The Private Activity Commission Note shall be a limited obligation of the Commission, secured by and payable solely from security pledged therefor under the Private Activity Funding Loan Agreement. The Governmental Commission Note shall be a limited obligation of the Commission, secured by and payable solely from security pledged therefor under the Governmental Funding Loan Agreement.

2. ***Approval of Financing.*** The Commission hereby approves the financing of the Projects pursuant to the terms and conditions set forth in the Private Activity

Funding Loan Agreement, the AHALP Project Loan Agreement, the Governmental Funding Loan Agreement, the AHDC Project Loan Agreement and the other Commission Documents approved hereby and executed and delivered pursuant to this resolution and hereby finds that such financing as approved hereby is feasible.

3. **Approval of Public Purpose Set-Aside Covenants.** The Commission hereby finds that the Public Purpose Set-Aside Covenants will accomplish a valid public purpose of the Commission under the Act, and, as such, the Commission hereby approves such Public Purpose Set-Aside Covenants.

4. **Commission Documents.** The Chairman, the Vice Chairman, the Chairman Pro Tem and the Executive Director are hereby authorized and directed to execute and deliver the Commission Documents in such forms as shall be prepared and approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director, their execution and delivery of the Commission Documents being conclusive evidence of such approval and of the approval of the Commission, and the Secretary of the Commission, or any other Authorized Officer of the Commission, is hereby authorized and directed to affix the seal of the Commission to the Commission Documents and to attest the same.

5. **Authorizing Ongoing Determinations under Commission Documents.** The Executive Director is hereby authorized to perform any act, to execute any documents, and to make any ongoing determinations as may be required to be made on behalf of the Commission from time to time pursuant to the terms of the Commission Documents, including, but not limited to, the determination of other terms to be in effect with respect to the Commission Notes, the giving or withholding of consents, and the selection and removal of purchasers of the Commission Notes and professionals.

6. **Execution and Delivery of Commission Notes.** The Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission or a person designated by the Executive Director to act on his behalf (the "Authorized Representative") is authorized to proceed with the delivery of the Commission Notes to the Funding Lender or to an affiliate thereof or to any other initial purchaser of the Commission Notes as shall be determined to be in the best interest of the Commission, and pursuant to the Funding Loan Agreements.

7. **Other Action.** The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director and the Authorized Representative of the Commission are hereby authorized and directed to execute and deliver any and all additional documents and instruments necessary or proper to be executed and delivered and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this resolution, the Commission Documents or relating to the execution and delivery or other disposition of the Commission Notes and the financing and the ongoing operations of the Projects, as the case may be.

8. **Appointment of Financial Advisor and Bond Counsel.** Caine Mitter & Associates Incorporated is hereby appointed as Financial Advisor and Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the execution and delivery of the Commission Notes.

9. **Procurement of Fiscal Agent Services; Appointment of Fiscal Agent.** The actions of the staff of the Commission, in accordance with Section III.B. of the Commission's Procurement Policy, adopted on October 9, 1991 and as amended on December 6, 2006 and on December 7, 2011, for the procurement of an entity to provide the professional services of Fiscal Agent under the Funding Loan Agreements, the selection by the Executive Director from the proposal submissions of entities for service as Fiscal Agent under the Funding Loan Agreements, and the appointment by the Executive Director of the entity to serve as Fiscal Agent as shall be determined to be in the best interest of the Commission are hereby ratified and approved. The Executive Director is hereby authorized to execute any such documents as shall be necessary to evidence such appointment.

10. **Volume Cap.** Private activity bond volume cap in the amount of the final principal amount of the Private Activity Commission Note will be allocated to the issuance of the Private Activity Commission Note.

11. **No Personal Liability.** No stipulation, obligation or agreement herein contained or contained in the Commission Notes, the Commission Documents or in any other agreement or document executed on behalf of the Commission shall be deemed to be a stipulation, obligation or agreement of any Commissioner, officer, agent or employee of the Commission in his or her individual capacity, and no such Commissioner, officer, agent or employee shall be personally liable on the Commission Notes or be subject to personal liability or accountability by reason of the execution and delivery thereof.

12. **Action Approved and Confirmed.** All acts and doings of the officers of the Commission which are in conformity with the purposes and intent of this resolution and in the furtherance of the execution and delivery of the Commission Notes and the financing of the Projects approved hereby and the execution, delivery and performance of the Commission Documents authorized hereby are in all respects approved and confirmed.

13. **Severability.** If any provision of this resolution shall be held or deemed to be illegal, inoperative or unenforceable, the same shall not affect any other provision or cause any other provision to be invalid, inoperative or unenforceable to any extent whatsoever.

14. **Effective Date.** This resolution shall take effect immediately.

RESOLUTION NO.: 16-92

RE: Authorization to Execute Documents to Withdraw Commission as Limited Partner and to Admit the Low-Income Housing Tax Credit Investor Limited Partner for Alexander House Apartments Limited Partnership

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is 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 multifamily rental housing properties which provide a public purpose; and

WHEREAS, the Commission approved the renovation of a building located in Silver Spring, Maryland known as Alexander House, which after renovation will consist of 305 units, 122 of which will be acquired by Alexander House Apartments Limited Partnership (the "Partnership") and will be income-and rent-restricted (the "Property"); and

WHEREAS, the Commission approved the formation of the Partnership, a Maryland limited partnership, which is governed by an agreement of limited partnership (the "Partnership Agreement") by and between Alexander House GP LLC, a Maryland limited liability company, as the general partner and the Commission as the limited partner; and

WHEREAS, the Commission approved financing the renovation through Commission-issued tax-exempt obligations and equity from the sale of 4% Low Income Housing Tax Credits (LIHTC); and

WHEREAS, on August 3, 2016, the Commission approved the selection of R4 Capital or its affiliate (the "Investor Limited Partner") as the LIHTC investor and its admission as a limited partner in the Partnership in exchange for its equity investment in the Partnership (the "Investment"); and

WHEREAS, the Investor Limited Partner's Investment is projected to be approximately \$15 million; and

WHEREAS, on October 5, 2016, the Commission approved the Partnership's acquisition of the Property; and

WHEREAS, the Commission now wishes to withdraw as the limited partner of the Partnership in order to admit the Investor Limited Partner; and

WHEREAS, as part of the Investment, Investor Limited Partner shall require that the Partnership Agreement be amended and restated in its entirety to reflect the terms of the Investment (the “Amended and Restated Agreement of Limited Partnership”); and

WHEREAS, as part of the Investment, Investor Limited Partner shall require that the Commission and/or the Partnership enter into various documents relating to the renovation and/or operation of the Property (the “Syndication Documents”); and

NOW, THEREFORE, BE IT RESOLVED, that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Alexander House GP LLC, acting in its own capacity and for and on behalf of Alexander House Apartments Limited Partnership, is hereby authorized to take all actions to facilitate the Investment in the Partnership by Investor Limited Partner by entering into any and all agreements with Investor Limited Partner, and to take any and all further actions to facilitate the Investment in the Partnership by Investor Limited Partner.

BE IT FURTHER RESOLVED, that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Alexander House GP LLC, acting in its own capacity and for and on behalf of Alexander House Apartments Limited Partnership, hereby authorizes and directs the Executive Director to enter into, execute and deliver the following listed Syndication Documents:

1. Amended and Restated Agreement of Limited Partnership;
2. Guaranty Agreement;
3. Development Agreement; and
4. Such other document reasonably and customarily required in connection with the admission of a LIHTC investor as a limited partner.

BE IT FURTHER RESOLVED, that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Alexander House GP LLC, acting in its own capacity and for and on behalf of Alexander House Apartments Limited Partnership, authorizes the withdrawal of the Commission as the limited partner of the Partnership.

BE IT FURTHER RESOLVED, that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Alexander House GP LLC, acting in its own capacity and for and on behalf of Alexander House Apartments Limited Partnership, authorizes the Executive Director, without further action on their respective parts, to take any and all other actions necessary and proper to admit the Investor Limited Partner to the Partnership.

2. Approval to Form New Owner to Acquire Timberlawn Crescent and Pomander Court (the "Properties") and the Transfer thereof to New Owner; Approval of a Financing Plan for Properties; and Authorization to Issue Financing Commitment to Enter into Participation Agreement with the Federal Financing Bank to Fund a Permanent Loan for the Properties

Kayrine Brown, Chief Investment and Real Estate Officer, and Ugonna Ibebuchi, were the presenters.

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

RESOLUTION NO.: 16-93

RE: Approval to Form New Owner to Acquire Timberlawn Crescent and Pomander Court (the "Properties") and the Transfer thereof to New Owner; Approval of a Financing Plan for Properties; and Authorization to Issue Financing Commitment to Enter into Participation Agreement with the Federal Financing Bank to Fund a Permanent Loan for the Properties

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "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 for the construction, rehabilitation and/or financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

WHEREAS, Timberlawn Crescent ("Timberlawn"), a 107-unit development located in North Bethesda; and Pomander Court ("Pomander"), a 24-unit clustered townhome community located in Silver Spring (together, the "Properties"); are owned by TPM Development Corporation (the "Corporation"), a wholly controlled corporate instrumentality of the Commission; and

WHEREAS, HOC staff has developed a permanent Financing Plan for the Properties; and

WHEREAS, the Financing Plan involves the purchase of the Properties by a new ownership entity (the "New Owner"), a to-be-formed Limited Liability Company (LLC), with the sole member being the Commission, and the use of the sales proceeds to retire the debt on the Properties; and

WHEREAS, the Financial Plan's pro forma includes an initial Replacement Reserve Escrow of \$1,200 per unit and annual contributions thereafter at \$420 per unit to ensure proper funding levels of the replacement reserve escrow for future capital repairs or replacements; and

WHEREAS, HOC staff has determined that funding for the purchase of the Properties through Federal Housing Administration ("FHA") Risk Share/Federal Financing Bank ("FFB") (collectively "FHA/FFB Financing") will provide more favorable interest rates and lower transaction costs than a tax-exempt bond financing; and

WHEREAS, as of November 1, 2016, Pomander was 75% occupied (six (6) vacant units), Timberlawn was 83% occupied (18 vacant units), and a Marketing Plan has been implemented to lease vacant units and increase occupancy to stabilized levels (93%) during the winter; and

WHEREAS, given the Properties current occupancy rates, the Properties do not meet the FHA Risk Share 12-month trailing occupancy requirement (93%) prior to a refinancing, but do meet the requirements for an acquisition; and

WHEREAS, HOC staff has completed a review of the transaction and has determined that, given the terms of an FHA/FFB execution, the final underwriting and pro forma operating projections, the transaction is feasible; and

WHEREAS, the Commission wishes to permit the creation of the New Owner for acquiring the Properties; and

WHEREAS, the Commission wishes to lend the New Owner the requisite funding to complete the acquisition of the Properties

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

1. The Commission approves the formation of a New Owner, a to-be-formed Limited Liability Company, with the sole member being the Commission, for the purpose of acquiring the Properties;
2. The Commission approves the Financing Plan for a taxable, FHA Risk-Share loan in an amount not to exceed \$20,000,000 (the "Permanent Loan"), to be funded by the Federal Financing Bank ("FFB") for the purpose of purchasing the Properties;
3. The Commission authorizes entering into a participation agreement with FFB to fund a permanent loan for the Properties.
4. The Commission authorizes the issuance of a financing commitment to provide a mortgage loan to the New Owner for the acquisition and permanent financing of the Properties; and,

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized, without further action on their respective parts, 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.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County affirms 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 thereof, the same are hereby in all respects ratified, approved and confirmed.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that all other resolutions of the Commission or parts of resolutions, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.

C. Legislative and Regulatory Committee – Com. Byrd, Chair

1. Approval to Implement the U.S. Department of Housing and Urban Development Waiver for the Seven (7) Remaining Public Housing Units in the Housing Opportunities Commission of Montgomery County’s Portfolio

Shauna Sorrells, Director of Legislative and Public Affairs, and Natalie Kaplan, Special Assistant to the Executive Director, were the presenters.

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

RESOLUTION NO.: 16-94

RE: Approval to Implement the U.S. Department of Housing and Urban Development Waiver for the Seven (7) Remaining Public Housing Units in the Housing Opportunities Commission of Montgomery County's Portfolio

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, by August 2017 HOC will convert nearly all of its Public Housing units to a Section 8 project-based contract under HUD's Rental Assistance Demonstration (RAD) program; and

WHEREAS, if HOC does not complete the homeownership transactions for the remaining seven Turnkey III Homeownership Units, the agency will remain subject to federal regulations governing the Public Housing program; and

WHEREAS, remaining subject to the regulatory and statutory obligations for seven units would result in operational inefficiencies; and

WHEREAS, the original intent of the Turnkey III program was to offer homeownership to low-income households; and

WHEREAS, given the age of the development, all properties were anticipated to have transitioned to homeownership by this time; and

WHEREAS, the sale of the remaining seven HOC owned Turnkey III units satisfies both program and Commission goals; and

WHEREAS, HUD has shown interest in working with Public Housing Authorities to effectuate the complete homeownership transfer of remaining Turnkey III units nationally; and

WHEREAS, HOC is required through the Turnkey III regulations to transfer all common area property to the Tobytown Homeowners Association.

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

1. Approves the final sale of seven Turnkey III units and transfer of all common property to the Tobytown Turnkey Homeownership Community.
2. Approves HOC staff submitting a waiver request to finalize the sale of seven Turnkey III units located in the Tobytown Turkey III Homeownership Community.

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.

IV. ITEMS REQUIRING DELIBERATION and/or ACTION
A. None

V. **FUTURE ACTION ITEMS**
None

VI. **INFORMATION EXCHANGE (CONT'D)**
None

VII. **NEW BUSINESS**
None

VIII. **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 6:00 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Executive Session Minutes

December 7, 2016

An Executive Session of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, December 7, 2016 at 10400 Detrick Avenue, Kensington, Maryland beginning at 6:20 p.m. Those in attendance were:

Present

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

Also Attending

Stacy Spann, Executive Director
Kayrine Brown
Zachary Marks
Gio Kaviladze
Mei Li

Kelly McLaughlin, General Counsel
Shauna Sorrells
Jim Atwell
Nowelle Ghahhari

Commission Support

Patrice Birdsong, Spec. Asst. to Commission

According to Section 10-508(a) of the State Government Articles of the Annotated Code of the State of Maryland, this Executive Session was called to order in pursuant to subsection (3), the acquisition of real property.

- A. Restatement and Refinement of Authorization to Hedge Interest Rate Risk on the FHA Risk Sharing/Federal Financing Bank Permanent Loan During the Term of the Construction Loan for the Chevy Chase Lake Multifamily Development**

Kayrine Brown, Chief Investment and Real Estate Officer, was the presenter.

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

RESOLUTION: 16-95ES **RE: Restatement and Refinement of Authorization to Hedge Interest Rate Risk on the FHA Risk Sharing/Federal Financing Bank (“FFB”) Permanent Loan During the Term of the Construction Loan for the Chevy Chase Lake Multifamily Development**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission”) is the managing member of CCL Multifamily LLC (the “Borrower”), the entity that owns and will develop and operate the Chevy Chase Lake Multifamily property (the “Development”); and

WHEREAS, the Commission and Borrower have arranged for a construction loan for the Borrower's construction of the Development with United Bank and have secured a permanent takeout loan for the transaction; and

WHEREAS, the Commission has been approved to participate in the FHA Risk Sharing/Federal Financing Bank (the “FFB”) Risk Sharing Program (“FHA/FFB Financing”), under which transactions processed by the Commission can be financed and insured by FHA upon completion of construction; and

WHEREAS, the Commission approved the issuance of a three year forward commitment to Borrower to insure and finance the permanent loan for the Development in an amount not to exceed \$65,000,000, using the FHA/FFB Financing and a fixed interest rate of five percent (5%) pursuant to Resolution 16-61ES, as ratified by Resolution 16-61R (together, the “Authorizing Resolution”); and

WHEREAS, the FFB cannot lock in an interest rate more than 60 days before issuance of the permanent loan, but can agree to participate at a rate to be determined three years hence; and

WHEREAS, to protect the transaction from potential interest rate increases, the Authorizing Resolution also included authorization to purchase an interest rate hedge in the form of a forward starting swap transaction, to be evidenced by an ISDA Master Agreement, Schedule, Confirmation and Credit Support Annex (“Forward Swap”), to mitigate the risk of a potential rise in FHA/FFB fixed interest rates prior to the time they can be fixed for the permanent loan; and

WHEREAS, the Forward Swap will be structured with a notional amount not to exceed the estimated FHA/FFB loan amount that will amortize over 30 years but which will be subject to mandatory termination on a date certain (the "Mandatory Termination Date"), which is expected to be three years from the execution of the Forward Swap, and will be subject to termination at an earlier date at the Commission's option; and

WHEREAS, the Forward Swap will be terminated at or before the permanent financing closing (but not later than the Mandatory Termination Date) and, depending on market conditions, either (i) the Commission shall pay the swap counterparty a termination payment from its general legally available funds, the cost of which shall be reimbursed from the permanent financing; or (ii) the swap counterparty shall pay the Commission a termination payment, which the Commission may apply to the cost of the development, thereby reducing the Borrower's borrowing amount.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that staff is authorized to issue a three-year forward commitment to hedge the interest rate risk on a loan to CCL Multifamily LLC for the permanent financing of the Chevy Chase Lake Multifamily property through the FHA/FFB Financing, which proceeds will repay the construction loan.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the execution of an interest rate hedge via a Forward Swap with Barclays Bank PLC (or another highly rated financial institution), to mitigate against a rise in the then current FFB rate, with any termination payment owed by the Commission being paid from its legally available general funds, subject to agreements now or hereafter made with holders of its notes and bonds, pledging particular revenues, assets or moneys for the payment thereof and subject to agreements with governmental agencies or other parties providing funds to the Commission and restricting the uses to which such funds may be applied.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of CCL Multifamily LLC, that the Executive Director is hereby authorized, without any further action on their respective parts, to negotiate the terms of the Forward Swap and complete the blanks therein as necessary to complete the transactions contemplated by this Resolution, to execute the Forward Swap and such other documents related thereto, and to take any and all other actions, in each case as necessary and proper, in the Executive Director's judgment, to carry out the transactions and actions contemplated herein.

This Resolution shall restate and supersede the Authorizing Resolution with respect to the provisions authorizing the execution of a hedge of the interest rate risk associated with the Development's permanent loan.

Zachary Marks, Asst. Director of New Development, gave a verbal presentation regarding potential acquisition.

After a lengthy discussion between Commissioners and staff, staff was granted approval to pursue. No resolution was required at the time of discussion.

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

The meeting adjourned at 7:00 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Special Session Minutes

December 19, 2016

A Special Session of the Housing Opportunities Commission of Montgomery County convened on Monday, December 19, 2016 at 12:30 p.m. Those in attendance were:

Present

Sally Roman, Chair
Jackie Simon, Vice Chair
Richard Y. Nelson, Jr., Chair Pro Tem
Christopher Hatcher
Pamela Byrd

Absent

Margaret McFarland
Linda Croom

Also Attending

Stacy Spann, Executive Director
Gail Willison
Kayrine Brown
Patrick Mattingly
Bobbie DaCosta

Kelly McLaughlin, General Counsel
Nowelle Ghahhari
Zachary Marks
Louis Chaney
Hyunsuk "Wilson" Choi

IT Support

Karlos Taylor
Vincent Collin

Commission Support

Patrice Birdsong, Spec. Asst. to Comm.

According to Section 10-508(a) of the State Government Articles of the Annotated Code of the State of Maryland, this Special Session was called to order in pursuant to subsection (3), the acquisition of real property; and pursuant to subsection (1), personnel matters.

The meeting began with presentations of the Consent Calendar Items.

I. CONSENT ITEMS

A. Ratification of Action Taken in Emergency Special Session on November 6, 2016: Approval of An Amended Final Development and Financing Plan for the Development of the Chevy Chase Lake Multifamily Property and Ratification of Authorization to Enter into an Operating Agreement with Cafritz Foundation LLC

Kelly McLaughlin, General Counsel, was the presenter.

The following resolution was approved upon a motion by Vice Chair Simon and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, Hatcher, and Byrd. Commissioners McFarland and Croom were necessarily absent and did not participate in the vote.

RESOLUTION: 16-80R

RE: Ratification of Approval of an Amended Final Development and Financing Plan for the Development of the Chevy Chase Lake Multifamily Property and Ratification of Authorization to Enter into an Operating Agreement with Cafritz Foundation LLC

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), a public body corporate and politic duly created, organized and existing under the laws of the State of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (the “Act”), to carry out and 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, at an Emergency Special Session duly called and held on November 6, 2016, with a quorum present, the Commission duly adopted Resolution 16-80SS titled: “Approval of an Amended Final Development and Financing Plan for the Development of the Chevy Chase Lake Multifamily Property and Ratification of Authorization to Enter into an Operating Agreement with Cafritz Foundation LLC”; and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 16-80SS and any action taken since November 6, 2016 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 16-80SS and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

B. Approval of a Four-year Collective Bargaining Agreement between The Housing Opportunities Commission and The Municipal County Government Employees Organization

Patrick Mattingly, Director of Human Resources, and Louis J. Chaney, Jr., Labor Relations Manager, were presenters.

The following resolution was approved upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Hatcher. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, Hatcher, and Byrd. Commissioners McFarland and Croom were necessarily absent and did not participate in the vote.

RESOLUTION: 16-96SS

RE: Approval of a Four-year Collective Bargaining Agreement between the Housing Opportunities Commission and the Municipal County Government Employees Organization

WHEREAS, the Housing Opportunities Commission of Montgomery County is required by law to enter into a collective bargaining agreement for those employees of the Commission who are covered under the Collective Bargaining Law that went into effect as of October 1, 1999; and

WHEREAS, the Commission and the Municipal County Government Employees Organization (MCGEO), who is the exclusive union representative for those employees in the bargaining units of Service, Labor, and Trades (SLT) and Office, Professional, and Technical (OPT), have successfully negotiated a Four Year Collective Bargaining Agreement for the period of July 1, 2016 through June 30, 2020; and

WHEREAS, the Agreement stipulates that the parties will hold re-opener negotiation sessions to address the issue of wage adjustments for the third and fourth years of the Agreement. The wage re-opener for the third year of the Agreement will begin no later than March 1, 2018 and conclude no later than May 1, 2018. The wage re-opener for the fourth year of the Agreement will begin no later than March 1, 2019 and will conclude no later than May 1, 2019; and

WHEREAS, the union membership ratified the Agreement in meetings held on December 14, 2016; and

WHEREAS, the Collective Bargaining Law stipulates that "A Collective Bargaining Agreement shall be effective upon the approval of the Commission and the membership of the Union representing the Bargaining Unit".

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County (HOC) that the Four Year Collective Bargaining Agreement is approved and that the Agreement will become effective July 1, 2016.

BE IT FURTHER RESOLVED that the Collective Bargaining Agreement will be signed by the Commission's Chair, Vice Chair and the President of MCGEO.

C. Approval of Additional Compensation and Benefits for Unrepresented Staff

Patrick Mattingly, Director of Human Resources, was the presenter.

The following resolution was approved upon a motion by Commissioner Hatcher and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, Hatcher, and Byrd. Commissioners McFarland and Croom were necessarily absent and did not participate in the vote.

RESOLUTION: 16-97SS

**RE: Approval of Additional
Compensation and Benefits for
Unrepresented Staff**

WHEREAS, the Commission and the Municipal County Government Employees Organization (MCGEO) have negotiated a Four Year Collective Bargaining Agreement for the period of July 1, 2016 through June 30, 2020; and

WHEREAS, there are 125 unrepresented staff positions not covered by this Agreement that include supervisory, confidential or employees at grade 26 and above; and

WHEREAS, on December 7, 2016, the Commission approved a wage adjustment and service increment for FY'17 commensurate with the contract.

NOW, THEREFORE, BE IT RESOLVED, by the Housing Opportunities Commission that it hereby authorizes the following additional compensation and benefits for the unrepresented staff:

- Longevity Increment increases from 2% to 3%.
- Mileage reimbursement as follows:
 - 1-1,000 IRS Standard Rate (currently \$0.54 per mile)
 - 1,001-7,500 IRS Standard Rate + \$0.15
 - Over 7,500 IRS Standard Rate + \$0.25

- Employees who use their personal vehicles for HOC business in excess of 7,500 miles during the fiscal year may be reimbursed up to \$1,000 annually for regularly scheduled maintenance, including tires, as well as automobile insurance coverage. Verification must be submitted in the form of a receipt in order to obtain reimbursement.
- If an employee is killed in the line of duty, the Commission will reimburse up to Ten Thousand dollars (\$10,000) of funeral expense.
- Fitness Reimbursement increases from \$100 to \$200.

II. COMMITTEE REPORTS and RECOMMENDATION FOR ACTION

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

1. Approval to Select PNC Real Estate Tax Credit Capital as the Low Income Housing Tax Credit Syndicator for the Greenhills Apartments Limited Partnership Transaction and Authorization for the Executive Director to Execute a Letter of Intent and Negotiate Partnership Agreement

Kayrine Brown, Chief Investment and Real Estate Officer, and Hynsuk Choi, Sr. Financial Analyst, were presenters.

The following resolution was approved upon a motion by Vice Chair Simon and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, Hatcher, and Byrd. Commissioners McFarland and Croom were necessarily absent and did not participate in the vote.

RESOLUTION: 16-98SS

RE: Approval to Select PNC Real Estate Tax Credit Capital as the Low Income Housing Tax Credit Syndicator for Greenhills Apartments Limited Partnership and Authorization for the Executive Director to Execute a Letter of Intent and Negotiate Partnership Agreement

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, Greenhills Apartments (the “Property”) is a 78-unit townhouse and apartment complex located at 10560 Tralee Terrace, Damascus, Maryland which was acquired by the Commission in 1998; and

WHEREAS, the Preliminary Development plan which was approved on September 7, 2016, contemplates the creation of Greenhills Apartments Limited Partnership (the “Partnership”), an entity controlled by HOC, to acquire the Property in order to avail of equity raised by the syndication of 4% Low Income Housing Tax Credits; and

WHEREAS, Greenhills Apartments Limited Partnership was created on July 22, 2016, with Greenhills Apartments GP LLC as the general partner and HOC as the initial limited partner; and

WHEREAS, HOC and the Partnership expect to receive a Letter of Reservation of Federal Low Income Housing Tax Credits from the Maryland Department of Housing and Community Development which will enable the Partnership to raise approximately \$5.3 million in equity to pay part of its development costs; and

WHEREAS, after soliciting investment proposals from the top Low Income Housing Tax Credit (LIHTC) syndicators, HOC received two proposals from PNC Real Estate-Tax Credit Capital and Boston Capital, detailing interest in purchasing the tax credits allocated to the Partnership and being admitted as its investor limited partner; and

WHEREAS, after review of all the submissions and further inquiries of the investors, PNC Real Estate-Tax Credit Capital has been determined to be the more suitable LIHTC syndicator of the respondents.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Greenhills Apartments GP LLC, acting for itself and for and on behalf of Greenhills Apartments Limited Partnership as its general partner, that it approves the selection of PNC Real Estate-Tax Credit Capital as the LIHTC syndicator for the Property.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Greenhills Apartments GP LLC, acting for itself and for and on behalf of Greenhills Apartments Limited Partnership as its general partner, that the Executive Director, or his authorized designee, is authorized, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of an acceptance of a binding letter of intent from PNC Real Estate-Tax Credit Capital and any documents related thereto, as well as the negotiation of a Limited Partnership Agreement.

III. ITEMS REQUIRING DELIBERATION and/or ACTION

A. Approval of a Sole Source Contract with CDC Capital for Continuation of Work Related to Development Activity of Elizabeth Square

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

The following resolution was approved upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Hatcher. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, Hatcher, and Byrd. Commissioners McFarland and Croom were necessarily absent and did not participate in the vote.

Resolution: 16-99SS

RE: Approval of a Sole Source Contract with CDC Capital ("CDC") for Continuation of Work Related to Development Activity of Elizabeth Square

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is 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 multifamily rental housing properties which provide a public purpose; and

WHEREAS, to effectively carry out its business of delivering affordable housing to persons of eligible income, the Commission from time to time augments its staff by contracting with third party consultants for its development and financing activities; and

WHEREAS, development consultants perform all the work necessary for acquisition, preservation, rehabilitation, or construction opportunities as well as provide accompanying financing consulting services and financing consultants to one or more transactions will advise, source, and structure debt and equity to enhance the Commission's existing debt products, all under the direction of the Commission's real estate staff; and

WHEREAS, the principal of CDC Capital now wishes to assign its current engagement to CDC and continue with the project as a consultant and lead project manager; and

WHEREAS, given the complexity of the Elizabeth Square transaction and the number of partners and county agencies involved, staff believes it is in the best interest of the Commission to take steps to ensure the timely completion of the planning, financing, and construction of the project; and

WHEREAS, the principal of CDC Capital possesses the most institutional knowledge and has agreed to continue to support HOC and the project but in a consulting capacity, necessitating a sole source selection of CDC Capital for development and finance consulting services.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes and directs the Executive Director, without further action on its part, to execute a sole source contract with CDC Capital for development and finance consulting services for the Elizabeth Square Development for a term of twenty four months for a maximum price of \$500,000.

BE IT FURTHER RESOLVED that the funding for the contract is authorized to be included in the Development Budget for Elizabeth Square for the respect development phases but that the ongoing cost of the engagement may be funded by HOC from the General Fund to be reimbursed at the financial closing of each phase of the development.

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized and directed to take all actions necessary and proper to carry out the transactions and activities contemplated herein.

IV. NEW BUSINESS

A. Approval of Property Management Contract for Forest Oak Towers

Bobbie DaCosta, Director of Property Management, was the presenter.

The following resolution was approved upon a motion by Vice Chair Simon and seconded by Commissioner Hatcher. Affirmative votes were cast by Commissioners Roman, Simon, Nelson, Hatcher, and Byrd. Commissioners McFarland and Croom were necessarily absent and did not participate in the vote.

RESOLUTION: 16-100SS

**RE: Approval of Property
Management Contract for Forest
Oak Towers**

WHEREAS, Forest Oak Towers Limited Partnership (the "Partnership"), owns a development known as Forest Oak Towers (the "Property"); and

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") is the general partner of the Partnership; and

WHEREAS, the Commission, in its capacity as the general partner, is authorized to engage a third party to manage the Property; and

WHEREAS, the Commission issued a Request for Proposals (RFP) for management of Forest Oak Towers; and

WHEREAS, based on the criteria included in the RFP and pricing from three responding companies, a panel of HOC staff from Property Management, Finance and Compliance reviewed the submissions and determined that Avison Young is the most qualified to manage Forest Oak Towers.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Forest Oak Towers Limited Partnership as its general partner, that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed to execute a management contract with Avison Young for Forest Oak Towers for two years, with three (3) one-year renewal options.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Forest Oak Towers Limited Partnership as its general partner, that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed, without any further action on their respective parts, to take any and all other action necessary and proper to carry out the transaction contemplated herein.

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

The meeting adjourned at 1:03 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

**RATIFICATION OF ACTION TAKEN IN EXECUTIVE SESSION
ON DECEMBER 7, 2016:
RESTATEMENT AND REFINEMENT OF AUTHORIZATION TO HEDGE
INTEREST RATE RISK ON THE FHA RISK SHARING/FEDERAL FINANCING
BANK (“FFB”) PERMANENT LOAN DURING THE TERM OF THE
CONSTRUCTION LOAN FOR THE CHEVY CHASE LAKE MULTIFAMILY
DEVELOPMENT**

January 11, 2017

- At an Executive Session on August 3, 2016, the Commission adopted Resolution 16-61 (“Original Authorization”), which authorized the acquisition of an interest rate hedge with a highly rated financial institution at an expense not to exceed \$3.5 Million (“Hedge”), to secure against interest rate risk on the Federal Financing Bank/HUD Risk-Share permanent loan that the Commission plans to make to CCL Multifamily LLC for the Chevy Chase Lake multifamily development.
- The Original Authorization was ratified at an open meeting of the Commission held on September 7, 2016 via Resolution 16-61R.
- Pursuant to the Hedge counterparty’s requirements, the Original Authorization was restated and refined at an Executive Session on December 7, 2016, at which the Commission adopted Resolution 16-95ES.
- Consistent to the Commission’s Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken at the December 7, 2016 Executive Session to provide notice to the public under the Maryland Open Meetings Act. Further, the Commission wishes to ratify any action taken since the Executive Session with respect to the approved transaction.

RESOLUTION: 16-95R

RE: Ratification of Restatement and Refinement of Authorization to Hedge Interest Rate Risk on the FHA Risk Sharing/Federal Financing Bank (“FFB”) Permanent Loan During the Term of the Construction Loan for the Chevy Chase Lake Multifamily Development

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), a public body corporate and politic duly created, organized and existing under the laws of the State of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (the “Act”), to carry out and 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, at an Executive Session duly called and held on December 7, 2016, with a quorum present, the Commission duly adopted Resolution 16-95ES titled: “Restatement and Refinement of Authorization to Hedge Interest Rate Risk on the FHA Risk Sharing/Federal Financing Bank (“FFB”) Permanent Loan During the Term of the Construction Loan for the Chevy Chase Lake Multifamily Development”; and

WHEREAS, consistent with the Commission’s Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commission in adopting Resolution 16-95ES and any action taken since December 7, 2016 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 16-95ES and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on January 11, 2017.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Commission

**RATIFICATION OF ACTION TAKEN IN EXECUTIVE SESSION
ON DECEMBER 7, 2016:**

**Authorization to Purchase Improved Real Property in Silver Spring;
Authorization to Fund Purchase from Funds Currently in Generally
Unrestricted Commission Accounts; Authorization to Retain Current
Tenants Under Current Leases; Authorization to Engage Scheer
Partners to Manage the Building for an Initial One-year Term**

January 11, 2017

- At an Executive Session on December 7, 2016, the Commission adopted Resolution 16-101ES, which authorized the acquisition of improved real property in Silver Spring, Maryland at a foreclosure sale on December 12, 2016, for an amount not to exceed \$4.99MM plus related settlement costs of \$200,000.

- Consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken at the December 7, 2016 Executive Session to provide notice to the public under the Maryland Open Meetings Act. Further, the Commissioner wishes to ratify any action taken since the Executive Session with respect to the approved transaction.

RESOLUTION: 16-101R

RE: Ratification of Authorization to Purchase Improved Real Property in Silver Spring; Authorization to Fund Purchase from Funds Currently in Generally Unrestricted Commission Accounts; Authorization to Retain Current Tenants Under Current Leases; Authorization to Engage Scheer Partners to Manage the Building for an Initial One-year Term

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), a public body corporate and politic duly created, organized and existing under the laws of the State of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (the “Act”), to carry out and 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, at an Executive Session duly called and held on December 7, 2016, with a quorum present, the Commission duly adopted Resolution 16-101ES titled: “Authorization to Purchase Improved Real Property in Silver Spring; Authorization to Fund Purchase from Funds Currently in Generally Unrestricted Commission Accounts; Authorization to Retain Current Tenants Under Current Leases; Authorization to Engage Scheer Partners to Manage the Building for an Initial One-year Term”; and

WHEREAS, consistent with the Commission’s Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 16-101ES and any action taken since December 7, 2016 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 16-101ES and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a meeting conducted on January 11, 2017.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Commission

INFORMATION EXCHANGE

HOC Employees Ratify Agency/Union Agreement on Compensation Package

On December 14, 2016, HOC employees voted to approve the Agency’s negotiated compensation package. HOC and the Municipal and County Government Employees Organization (MCGEO), the union that represents HOC employees, have agreed on a two-year compensation package covering fiscal years 2017 and 2018. As a result of the agreement, both represented and non-represented staff will receive the same compensation adjustment. Highlights of the agreement include a one percent increase in Pay Grade Schedules for FY 17 and FY 18; a General Wage Adjustment equal to the greater of \$700 or one percent effective July 1st each year; and effective September 1st each year, a 3.5 percent service increase for staff who receive a fully successful performance review. The agency and union also agreed to a one percent increase to the longevity increment; this will entitle staff at the top of grade - with a minimum of 20 years of service - to a three percent salary increase. You should know that there is sufficient funding in the FY 17 and FY 18 budget to pay the negotiated compensation package.

HOC Academy

Fatherhood Initiative Hosts Family Movie Night

On Friday, December 2, 2016, HOC’s Fatherhood Initiative hosted a Relationship Building Event. Over 50 attendees were on hand to watch “Finding Dory” and enjoy dinner while spending quality time together. Movie night’s goal was to eliminate financial barriers that may inhibit families ability to enjoy additional recreational activities while reinforcing the 24/7 Dad curriculum. The event gave fathers an opportunity to share a night out with their families and network with other fathers in the program.



HOC Brings New Technology to Our STEM Program

Thanks to a grant from Gannett, HOC is expanding the STEM program with the purchase of 10 new Acer Chrome books. These new light-weight Chrome books convert into easy-to-use, touch-screen tablets. The devices offer students enhanced mobility and faster programming capabilities during HOC robotics clubs. Children in the Paddington Square and Magruder’s Discovery robotic clubs tested the new devices and gave them their stamp of approval. In the near future, we hope to acquire more of these convertible devices for all of our STEM programs.

HOC Academy Concludes First On-Site ESOL Program



On Tuesday, December 20, 2016, residents at Tanglewood Apartments completed HOC Academy's first on-site English as a Second Language (ESOL) instruction. This cohort of English-learners began class in September 2016. Since beginning the course, each participant reports increased ability to speak and write English. These new language skills have led to three participants obtaining their driver's licenses and one getting a new job.

The Winter cohort starts in January 2017. HOC Academy plans to host a third cohort from March to June 2017.

Resident Services

Seneca Ridge Holiday Party

On December 16, 2016, more than 50 residents attended HOC's Holiday Party at Seneca Ridge. Residents gathered to celebrate the season and meet the new Edgewood Property Management staff. The property manager, assistant property manager and customer service specialist attended the meet and greet portion of the event to introduce themselves and answer questions.

Residents enjoyed crafts, snacks and received presents from Santa. Cedarbrook Community Church supported the party with a generous donation of toys. Both Ledos Pizza and Chipotle donated food for the event. Additional contributions from WLR Automotive Group, the MEFP Fund and Starbucks contributed to the success of the event.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

January 2017

2	New Year's Holiday Observed (HOC Offices Closed)	
11	Public Hearing – Administrative Plan	3:30 p.m.
11	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
16	Martin Luther King Day (HOC Offices Closed)	
17	Legislative and Regulatory Committee Meeting (<i>Byrd, Croom, Simon</i>)	4:00 p.m.
20	Inauguration Day (HOC Offices Open)	
23	Agenda Formulation (<i>Roman, Byrd</i>)	12:00 noon
23	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.
27	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.

February 2017

1	HOC Annual Meeting Reception (<i>All</i>)	3:30 p.m.
1	HOC Annual Meeting (<i>All</i>)	4:00 p.m.
13	Agenda Formulation (<i>Roman, Simon</i>)	12:00 noon
17	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.
17	Status/Lunch Meeting w/Executive Director (<i>All</i>) – Location TBD	12:00 noon
20	President's Day (HOC Offices Closed)	
21	Budget, Finance and Audit Committee Meeting (<i>Nelson, Roman, Hatcher</i>)	10:00 a.m.
27	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.

March 2017

1	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
15	Budget, Finance and Audit Committee Meeting (<i>Nelson, Roman, Hatcher</i>)	10:00 a.m.
17	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.
20	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.
21	Legislative and Regulatory Committee Meeting (<i>Byrd, Croom, Simon</i>)	4:00 p.m.
26-28	NAHRO Washington Conference (<i>All</i>) (Crystal Gateway Marriott Hotel, 1700 Jefferson Davis Hwy., Arlington, VA 22202)	
27	Agenda Formulation (<i>Roman, Simon</i>)	12:00 noon

April 2017

5	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
11	Budget, Finance and Audit Committee Meeting (<i>Nelson, Roman, Hatcher</i>)	10:00 a.m.
17	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.
21	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.
21	Status/Lunch Meeting w/Executive Director (<i>All</i>) – Location TBD	12:00 noon
24	Agenda Formulation (<i>Roman, Nelson</i>)	12:00 noon
25	Budget, Finance and Audit Committee Meeting (<i>Nelson, Roman, Hatcher</i>)	10:00 a.m.

May 2017

3	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
9	Budget, Finance and Audit Committee Meeting (<i>Nelson, Roman, Hatcher</i>)	10:00 a.m.
15	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.
16	Legislative and Regulatory Committee Meeting (<i>Byrd, Croom, Simon</i>)	4:00 p.m.

19	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.
22	Agenda Formulation (<i>Roman, Nelson</i>)	12:00 noon
23	Budget, Finance and Audit Committee Meeting (<i>Nelson, Roman, Hatcher</i>)	10:00 a.m.

June 2017

7	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
19	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.
23	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.
23	Status/Lunch Meeting w/Executive Director (<i>All</i>) – Location TBD	12:00 noon
26	Agenda Formulation (<i>Roman, McFarland</i>)	12:00 noon

July 2017

12	Tony Davis Scholarship Award Reception (<i>All</i>)	3:30 p.m.
12	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
16-18	NAHRO Summer Conference (<i>All</i>)(Indianapolis Marriott Downtown Hotel, 350 W. Maryland St., Indianapolis, IN 46225)	
17	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.
18	Legislative and Regulatory Committee Meeting (<i>Byrd, Croom, Simon</i>)	4:00 p.m.
21	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 p.m.

Activities of Interest

TO DO / ACTION

Ref. #	DUE DATE	ACTION	STAFF	STATUS
TD-14-07	Spring 2017	Procurement Policy	Willison/ McLaughlin	In Progress
TD-15-02	Winter 2017	Update Administrative Guide for Commissioners and Staff	Spann	In Progress
TD-15-03	Winter 2017	Worksession – Assisted Housing and Family Self-Sufficiency Program	Sorrells	To Be Scheduled
TD 16-02	Winter 2017	Personnel Policy	Mattingly	In Progress
TD 16-04	February 2017	Rental Policy Review with staff recommendations	All	
TD 16-05	Winter 2017	Joint Board Meeting w/Rockville Housing Enterprises and Housing Opportunities Commission	Spann/ Birdsong	
TD 16-06 (Simon)	Winter 2017	Worksession with Communities that service Disabled Clients		

Committee Reports and Recommendations for Action

Budget, Finance & Audit Committee

ACCEPTANCE OF FIRST QUARTER FY'17 BUDGET TO ACTUAL STATEMENTS

January 11, 2017

- **The Agency ended the first quarter with a net cash deficit of \$1,746,947 which resulted in a first quarter budget to actual negative variance of \$446,196.**
- **The General Fund experienced delays in the receipt of anticipated fee income which were partially offset by savings in expenses through the first quarter.**
- **At the end of the first quarter, almost half 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 September 30, 2016. The surplus will be restricted to the program.**

DISCUSSION – FIRST QUARTER BUDGET TO ACTUAL STATEMENTS

This review of the Budget to Actual Statements for the Agency through the first quarter of FY'17 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'17 First Quarter Capital Budget to Actual Comparison.

The Agency ended the first quarter with a net cash deficit of \$1,746,947. This deficit resulted in a first quarter budget to actual negative variance of \$446,196 when compared to the anticipated first quarter net cash deficit of \$1,300,751. The primary cause was lower recognizable income in the Opportunity Housing portfolio (see Opportunity Housing Fund). There was also lower than anticipated income in the General Fund that was partially offset by savings in expenses (see General Fund). These negative variances were partially offset by 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).

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 \$3,591,696, which resulted in a negative variance of \$211,629 when compared to the projected deficit of \$3,380,067.

As of September 30, 2016, income in the General Fund was \$454,399 less than budgeted. The FY'17 budget anticipated receipt of the final development fee payment of \$381,916 from the Tanglewood/Sligo Hills project in the first quarter; this payment was not received resulting in a

timing variance. Furthermore, the FY'17 adopted budget included ground rent of \$98,247 to be generated by the scattered site tax credit properties in the first quarter. As a result of deficits in the tax credit portfolio, we were unable to recognize this income.

Expenses in the General Fund were \$242,770 less than budgeted. The positive variance was primarily the result of savings in administrative salaries and benefits, which ended the quarter with a positive variance of \$421,230. A portion of these savings is the result of timing issues and staff does not anticipate the full savings to be realized at year end. The savings in the General Fund were offset by additional rent expense of \$123,385 for the Gaithersburg and Silver Spring Customer Service Centers; the total annual rent expense for these locations is \$453,050. This rent was inadvertently excluded from the FY'17 adopted budget. Staff will propose an amendment to the FY'17 budget to include the rent expense for the customer service centers. This is partially offset by the timing of information technology maintenance and support contract renewals.

The Multifamily Bond Fund and Single Family Bond Fund are budgeted to balance each year. Income (the bond draw downs that finance the operating costs for these funds) is in line with the budget. There is a positive expense variance in the Bond Funds as a result of administrative salary lapse.

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 we budgeted to provide unrestricted net cash flow toward the Agency's FY'17 Operating Budget. This group ended the quarter with cash flow of \$1,828,632, or \$411,166 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 \$1,757,216, or \$482,582 below budget.

Unrestricted Development Corporations

	(3 Months) Budget	(3 Months) Actual	Variance	(3 Months) Adjusted
Alexander House	\$485,391	\$362,727	(\$122,664)	\$362,727
The Barclay	\$2,560	\$33,696	\$31,136 ⁽¹⁾	\$2,560
Glenmont Westerly	\$75,489	\$77,015	\$1,526 ⁽¹⁾	\$75,489
Magruder's Discovery	\$150,125	\$146,099	(\$4,026)	\$146,099
The Metropolitan	\$515,335	\$495,402	(\$19,933)	\$495,402
Montgomery Arms	\$108,898	\$101,560	(\$7,338)	\$101,560
TPM - 59 MPDUs	\$45,022	\$54,135	\$9,113 ⁽¹⁾	\$45,022
Paddington Square	\$149,707	\$152,039	\$2,332 ⁽¹⁾	\$149,707
TPM - Pomander Court	\$46,077	\$19,124	(\$26,953)	\$19,124
Pooks Hill High-Rise	\$164,853	\$118,928	(\$45,925)	\$118,928
Scattered Site One Dev. Corp. ...	\$80,162	\$57,870	(\$22,292)	\$57,870
Scattered Site Two Dev. Corp. ..	(\$10,087)	\$3,028	\$13,115 ⁽¹⁾	\$3,028
Sligo Development Corp.	\$10,479	\$19,067	\$8,588 ⁽¹⁾	\$10,479
TPM - Timberlawn	\$160,895	\$179,616	\$18,721 ⁽¹⁾	\$160,895
VPC One Corp.	\$140,439	\$20,290	(\$120,149)	\$20,290
VPC Two Corp.	\$114,453	(\$11,964)	(\$126,417)	(\$11,964)
Subtotal	\$2,239,798	\$1,828,632	(\$411,166)	\$1,757,216
		Recognizable Cash Flow		(\$482,582)

Notes:

(1) - Properties exceeding budgeted cash flow.

Alexander House had a negative variance of \$122,664 primarily as a result of higher than anticipated vacancy loss as units are held vacant in preparation for renovations. **The Metropolitan** had a negative cash flow variance which reflects average rents less than budgeted due to Yieldstar rent adjustments to increase occupancy. **Pomander Court** experienced higher than budgeted vacancy loss, which contributed to a negative net cash flow variance of \$26,953 for the quarter. A higher than anticipated vacancy loss also led to a \$45,925 negative variance at **Pooks Hill High-Rise**. HOA violations at **Scattered Site One Development Corporation** required repair/removal of peeling exterior paint and power washing of several units, which contributed to higher expenses and a negative cash flow variance of \$22,292. **VPC One and VPC Two Corporations** ended the quarter with negative variances of \$120,149 and \$126,417, respectively, primarily as a result of vacancy losses greater than anticipated. If the debt service reserve contributions of \$393,761 and 308,558, respectively, are excluded, the properties would generate positive net cash flow.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'17 Operating Budget. Cash flow from this group of Development Corporation properties was \$167,777 less than budgeted. On a consolidated basis, the **RAD 6** properties ended the quarter with a negative variance of \$228,186, which consisted primarily of variances at **Sandy Spring Meadow** and **Seneca Ridge**. **Sandy Spring Meadow** ended the quarter with a

negative cash flow variance of \$43,447 primarily due to actual gross rents that are \$53,873 below budgeted coupled with vacancy loss that is approximately \$11,000 more than anticipated. **Seneca Ridge** experienced a negative variance of \$144,122 driven primarily by expenses that exceeded budget by \$115,151. There were notable variances related to administrative personnel costs, temporary staffing costs, utilities expenses, and maintenance costs; specifically, cleaning, landscaping, painting and extermination.

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’17 Operating Budget. This group ended the quarter with cash flow of \$220,083 or \$74,368 less than budgeted. 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 \$619,656 or \$124,795 below budget.

Unrestricted Opportunity Housing Properties

	<u>(3 Months)</u> <u>Budget</u>	<u>(3 Months)</u> <u>Actual</u>	<u>Variance</u>	<u>(3 Months)</u> <u>Adjusted</u>
64 MPDUs	\$21,745	\$34,090	\$12,345 ⁽¹⁾	\$21,745
Chelsea Towers	(\$22,474)	(\$27,728)	(\$5,254)	(\$27,728)
Fairfax Court	\$31,221	\$20,195	(\$11,026)	\$20,195
Holiday Park	(\$62,429)	(\$75,901)	(\$13,472)	(\$75,901)
Jubilee Falling Creek	\$1,134	(\$1,118)	(\$2,252)	(\$1,118)
Jubilee Hermitage	\$2,353	\$3,505	\$1,152 ⁽¹⁾	\$2,353
Jubilee Horizon Court	(\$3,842)	(\$1,617)	\$2,225 ⁽¹⁾	(\$3,842)
Jubilee Woodedge	\$2,980	\$1,647	(\$1,333)	\$1,647
McHome	\$20,956	\$20,702	(\$254)	\$20,702
McKendree	\$5,682	\$14,410	\$8,728 ⁽¹⁾	\$5,682
MHLP VII	(\$12,785)	(\$17,957)	(\$5,172)	(\$17,957)
MHLP VIII	\$187	(\$9,205)	(\$9,392)	(\$9,205)
MPDU 2007 Phase II	\$2,785	\$4,122	\$1,337 ⁽¹⁾	\$2,785
Pooks Hill Mid-Rise	\$78,403	\$89,224	\$10,821 ⁽¹⁾	\$78,403
Southbridge	\$21,683	\$35,502	\$13,819 ⁽¹⁾	\$21,683
Strathmore Court	\$206,852	\$130,212	(\$76,640)	\$130,212
Subtotal	\$294,451	\$220,083	(\$74,368)	\$169,656
		Recognizable Cash Flow		(\$124,795)

Notes:

(1) - Properties exceeding budgeted cash flow.

- Fairfax Court** reported a negative cash flow variance of \$11,026, which was primarily attributable to higher than anticipated vacancy loss for the first quarter. **MHLP VIII** also

reported a negative cash flow variance of \$9,392; this variance was due to a higher than budget payment in lieu of taxes (PILOT) that was partially offset by lower than anticipated vacancy loss. **Strathmore Court** ended the quarter with a negative cash flow variance of \$76,640 as a result of additional loan payments on the tax credit units beginning March 2016 that were not included in the budget resulting in a higher tax credit deficit that is covered by the market units. The FY'17 First Quarter Budget Amendment includes a revision for the increased tax credit loss.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'17 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 \$43,700 higher than budgeted for the quarter. **The Ambassador** experienced a greater than anticipated cash flow deficit due to the property being decommissioned sooner than anticipated; the property is not generating any income to fund operating expenses. **Avondale Apartments** reported a negative cash flow variance of \$43,332. This is primarily attributed to a higher than budgeted PILOT; staff is working with the County to resolve the discrepancy. **Greenhills Apartments** had a positive cash flow variance of \$25,365 as a result of lower than anticipated maintenance expenses as the property is preparing to undergo renovations. **State Rental Combined** had a negative cash flow variance of \$30,804 driven by negative variances in rental income and vacancy loss. Finally, **Westwood Tower** ended the quarter with a positive cash flow variance of \$152,216. This variance is primarily attributed to savings related to maintenance expenses, which are the result of timing and staff does not anticipate the full savings to be realized at year end.

The Public Fund (Attachment D)

- The Public Housing Rental Program ended the quarter with a surplus of \$139,561, which resulted in a positive variance of \$207,055 when compared to the projected shortfall of \$67,494. Income was \$683,453 more than budgeted largely due to the receipt of higher than anticipated operating subsidy. Several factors impacted the positive variance. The budget assumed a pro-ration of 87.85% for CY'16. The actual pro-ration for CY'16 was increased to 89.76%. In addition, the Agency continued to receive subsidy for some of the scattered sites that converted to the **VPC One** and **VPC Two Corporations**. The majority of this subsidy was received as Asset Repositioning Fees (ARF). Finally, the funding to pay for the vouchers at the **Arcola Towers and Waverly House** is being received as operating subsidy through December 2016 resulting in continued income at the former Public Housing properties. There is a corresponding expense recorded to reflect the subsidy being moved to the tax credit properties as voucher revenue which is the primary cause for the negative expense variance of \$431,398.
- The Housing Choice Voucher Program (HCVP) ended the quarter with a shortfall of \$798,249 which resulted in a positive variance of \$220,653 when compared to the projected shortfall of \$1,018,902. The shortfall was comprised of Housing Assistance Payments (HAP) that exceeded HAP revenue by \$1,139,857 offset by an administrative surplus of \$341,608. 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 revenue that was \$188,110 higher than anticipated and savings in administrative expenses of \$503,823. The higher revenue was the result of a higher proration factor of 84% compared to the budgeted proration factor of 81% and higher administrative fees received on incoming portables. The savings in expenses were primarily due to savings in administrative salaries and benefits; these savings are the result of timing issues and staff does not anticipate the full savings to be realized at year end.

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'17. 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.

Pomander Court, Timberlawn, and Washington Square have exceeded their FY'17 capital budgets; the overages will be covered by existing replacement reserves. Nominal capital expenditures have occurred at a few NSP units and will be covered by existing property 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 First Quarter FY'17 Budget to Actual Statements during its January 11, 2017 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the First Quarter FY'17 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, January 11, 2017.

Patrice M. Birdsong
Special Assistant to the Commission

S

E

A

L

FY 17 First Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow		
	(3 Months) Budget	(3 Months) Actual	Variance
General Fund			
General Fund	(\$3,380,067)	(\$3,591,696)	(\$211,629)
Administration of Multifamily and Single Family Fund			
Multifamily Fund	\$0	\$43,897	\$43,897
Single Family Fund	\$351,740	\$360,856	\$9,116
Excess Bond Fund Cash Flow	(\$351,740)	(\$404,753)	(\$53,013)
Opportunity Housing Fund			
Opportunity Housing Properties	\$294,451	\$169,656	(\$124,795)
Development Corporation Property Income	\$2,239,798	\$1,757,216	(\$482,582)
Restricted Development Corporation Properties	(\$104,608)	(\$82,123)	\$22,485
OHRF			
OHRF Balance	\$291,454	\$1,147,603	\$856,149
Excess Cash Flow Restricted	(\$291,454)	(\$1,147,603)	(\$856,149)
Draw from existing funds	\$0	\$0	\$0
Net -OHRF	\$0	\$0	\$0
SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing	(\$950,426)	(\$1,746,947)	(\$796,521)
Public Fund			
Public Housing Rental (1)	(\$67,494)	\$139,561	\$207,055
Housing Choice Voucher Program HAP (2)	(\$668,577)	(\$1,139,857)	(\$471,280)
Housing Choice Voucher Program Admin (3)	(\$350,325)	\$341,608	\$691,933
Total -Public Fund	(\$1,086,396)	(\$658,688)	\$427,708
Public Fund - Reserves			
(1) Public Housing Rental - Draw from / Restrict to Program	\$67,494	(\$139,561)	(\$207,055)
(2) Draw from / Restrict to HCV Program Cash Reserves	\$668,577	\$1,139,857	\$471,280
(3) Draw from / Restrict to HCV Program Excess Admin Fee	\$0	(\$341,608)	(\$341,608)
Total -Public Fund Reserves	\$736,071	\$658,688	(\$77,383)
SUBTOTAL - Public Funds	(\$350,325)	\$0	\$350,325
TOTAL - All Funds	(\$1,300,751)	(\$1,746,947)	(\$446,196)

FY 17 First Quarter Capital Budget to Actual Comparison

	Capital Expenses		
	(12 Months) Budget	(3 Months) Actual	Variance
General Fund			
East Deer Park	\$187,800	\$53,776	\$134,024
Kensington Office	\$344,000	\$46,756	\$297,244
Information Technology	\$1,089,000	\$230,010	\$858,990
Opportunity Housing Fund	\$5,222,923	\$750,220	\$4,472,703
TOTAL - All Funds	\$6,843,723	\$1,080,762	\$5,762,961

FY 17 First Quarter Operating Budget to Actual Comparison

Development Corp Properties - Net Cash Flow

	(3 Months)	Variance		(3 Months)	Variance
	<u>Budget</u>	<u>Income</u>	<u>Expense</u>	<u>Actual</u>	
Properties with unrestricted cash flow for FY17 operating budget					
Alexander House	\$485,391	(\$269,600)	\$146,936	\$362,727	(\$122,664)
The Barclay	\$2,560	\$26,231	\$4,905	\$33,696	\$31,136
Glenmont Westerly	\$75,489	(\$7,121)	\$8,648	\$77,015	\$1,526
Magruder's Discovery	\$150,125	\$397	(\$4,424)	\$146,099	(\$4,026)
The Metropolitan	\$515,335	(\$33,873)	\$13,940	\$495,402	(\$19,933)
Montgomery Arms	\$108,898	(\$5,469)	(\$1,868)	\$101,560	(\$7,338)
TPM - 59 MPDUs	\$45,022	(\$7,186)	\$16,298	\$54,135	\$9,113
Paddington Square	\$149,707	(\$6,116)	\$8,447	\$152,039	\$2,332
TPM - Pomander Court	\$46,077	(\$21,619)	(\$5,334)	\$19,124	(\$26,953)
Pooks Hill High-Rise	\$164,853	(\$55,052)	\$9,127	\$118,928	(\$45,925)
Scattered Site One Dev. Corp.	\$80,162	(\$4,062)	(\$18,230)	\$57,870	(\$22,292)
Scattered Site Two Dev. Corp.	(\$10,087)	\$2,042	\$11,074	\$3,028	\$13,115
Sligo Development Corp.	\$10,479	\$1,123	\$7,465	\$19,067	\$8,588
TPM - Timberlawn	\$160,895	(\$39,735)	\$58,456	\$179,616	\$18,721
VPC One Corp.	\$140,439	(\$248,386)	\$128,237	\$20,290	(\$120,149)
VPC Two Corp.	\$114,453	(\$167,363)	\$40,945	(\$11,964)	(\$126,417)
Subtotal	\$2,239,798	(\$835,789)	\$424,622	\$1,828,632	(\$411,166)
Properties with restricted cash flow (external and internal)					
Glenmont Crossing	\$67,864	(\$4,846)	\$21,552	\$84,570	\$16,706
RAD 6 Ken Gar	\$15,287	(\$23,571)	(\$1,387)	(\$9,671)	(\$24,958)
MetroPointe	(\$104,608)	(\$7,935)	\$30,420	(\$82,123)	\$22,485
Oaks at Four Corners	\$32,415	\$10,030	\$11,187	\$53,633	\$21,218
RAD 6 Parkway Woods	\$2,793	(\$19,543)	\$7,529	(\$9,221)	(\$12,014)
RAD 6 Sandy Spring Meadow	\$5,859	(\$66,185)	\$22,738	(\$37,588)	(\$43,447)
RAD 6 Seneca Ridge	\$4,667	(\$28,970)	(\$115,151)	(\$139,455)	(\$144,122)
RAD 6 Towne Centre Place	(\$13,746)	(\$35,517)	\$16,950	(\$32,313)	(\$18,567)
RAD 6 Washington Square	\$16,055	\$16,710	(\$1,788)	\$30,977	\$14,922
Subtotal	\$26,586	(\$159,827)	(\$7,950)	(\$141,191)	(\$167,777)
TOTAL ALL PROPERTIES	\$2,266,384	(\$995,616)	\$416,672	\$1,687,441	(\$578,943)

FY 17 First Quarter Operating Budget to Actual Comparison

For Opportunity Housing Properties - Net Cash Flow

	(3 Months) Budget	Variance		(3 Months) Actual	Variance
		Income	Expense		
Properties with unrestricted cash flow for FY17 operating budget					
64 MPDUs	\$21,745	\$4,079	\$8,265	\$34,090	\$12,345
Chelsea Towers	(\$22,474)	(\$4,694)	(\$560)	(\$27,728)	(\$5,254)
Fairfax Court	\$31,221	(\$8,887)	(\$2,140)	\$20,195	(\$11,026)
Holiday Park	(\$62,429)	(\$6,321)	(\$7,150)	(\$75,901)	(\$13,472)
Jubilee Falling Creek	\$1,134	(\$70)	(\$2,182)	(\$1,118)	(\$2,252)
Jubilee Hermitage	\$2,353	(\$46)	\$1,198	\$3,505	\$1,152
Jubilee Horizon Court	(\$3,842)	(\$100)	\$2,325	(\$1,617)	\$2,225
Jubilee Woodedge	\$2,980	(\$154)	(\$1,179)	\$1,647	(\$1,333)
McHome	\$20,956	\$1,048	(\$1,302)	\$20,702	(\$254)
McKendree	\$5,682	\$1,670	\$7,058	\$14,410	\$8,728
MHLP VII	(\$12,785)	(\$5,550)	\$379	(\$17,957)	(\$5,172)
MHLP VIII	\$187	\$2,993	(\$12,386)	(\$9,205)	(\$9,392)
MPDU 2007 Phase II	\$2,785	(\$100)	\$1,437	\$4,122	\$1,337
Pooks Hill Mid-Rise	\$78,403	\$1,157	\$9,664	\$89,224	\$10,821
Southbridge	\$21,683	(\$805)	\$14,624	\$35,502	\$13,819
Strathmore Court	\$206,852	(\$27,967)	(\$48,673)	\$130,212	(\$76,640)
Subtotal	\$294,451	(\$43,747)	(\$30,622)	\$220,083	(\$74,368)
Properties with restricted cash flow (external and internal)					
617 Olney Sandy Spring Road	(\$2,312)	\$0	(\$3,961)	(\$6,273)	(\$3,961)
The Ambassador	(\$938)	(\$165,229)	\$77,188	(\$88,979)	(\$88,041)
Avondale Apartments	\$23,331	(\$11,245)	(\$32,087)	(\$20,001)	(\$43,332)
Brooke Park	\$3,412	(\$2,515)	\$4,467	\$5,364	\$1,952
Brookside Glen (The Glen)	\$43,711	(\$10,683)	\$27,525	\$60,554	\$16,843
CDBG Units	(\$1,415)	(\$175)	\$4,579	\$2,989	\$4,404
Dale Drive	\$1,109	(\$396)	\$9,453	\$10,165	\$9,056
Diamond Square	\$64,810	(\$1,872)	\$6,706	\$69,644	\$4,834
Greenhills Apartments	\$65,898	(\$14,179)	\$39,544	\$91,263	\$25,365
King Farm Village	\$420	(\$92)	\$2,237	\$2,565	\$2,145
NCI Units	(\$2,306)	(\$274)	\$1,291	(\$1,289)	\$1,017
NSP Units	(\$2,218)	(\$3,377)	(\$1,035)	(\$6,631)	(\$4,413)
Paint Branch	\$4,832	\$4,030	(\$7,611)	\$1,251	(\$3,581)
State Rental Combined	\$23,476	(\$24,876)	(\$5,928)	(\$7,328)	(\$30,804)
Westwood Tower	\$52,731	\$41,107	\$111,110	\$204,947	\$152,216
Subtotal	\$274,541	(\$189,776)	\$233,478	\$318,241	\$43,700
TOTAL ALL PROPERTIES	\$568,992	(\$233,523)	\$202,856	\$538,324	(\$30,668)

FY 17 First Quarter Operating Budget to Actual Comparison
For HUD Funded Programs

	(3 Months) <u>Budget</u>	(3 Months) <u>Actual</u>	<u>Variance</u>
Public Housing Rental			
Revenue	\$397,950	\$1,036,403	\$638,453
Expenses	\$465,444	\$896,842	(\$431,398)
Net Income	(\$67,494)	\$139,561	\$207,055
Housing Choice Voucher Program			
HAP revenue	\$20,155,740	\$19,667,499	(\$488,241)
HAP payments	\$20,824,317	\$20,807,356	\$16,961
Net HAP	(\$668,577)	(\$1,139,857)	(\$471,280)
Admin.fees & other inc.	\$1,678,989	\$1,867,099	\$188,110
Admin. Expense	\$2,029,314	\$1,525,491	\$503,823
Net Administrative	(\$350,325)	\$341,608	\$691,933
Net Income	(\$1,018,902)	(\$798,249)	\$220,653

FY 17 First Quarter Operating Budget to Actual Comparison
For Public Housing Rental Programs - Net Cash Flow

	(3 Months) <u>Budget</u>	Variance		(3 Months) <u>Actual</u>	<u>Variance</u>
		<u>Income</u>	<u>Expense</u>		
Elizabeth House	(\$49,625)	(\$1,101)	(\$22,908)	(\$73,635)	(\$24,010)
Holly Hall	(\$17,869)	\$7,635	(\$35,809)	(\$46,043)	(\$28,174)
Arcola Towers	\$0	\$197,914	(\$197,241)	\$673	\$673
Waverly House	\$0	\$162,117	(\$161,406)	\$711	\$711
Seneca Ridge	\$0	\$40	\$0	\$40	\$40
Emory Grove / Washington Square	\$0	\$120	(\$19,532)	(\$19,413)	(\$19,413)
Towne Centre Place / Sandy Spring Meadow	\$0	(\$528)	\$0	(\$528)	(\$528)
Ken Gar / Parkway Woods	\$0	\$20	\$0	\$20	\$20
Scattered Sites Central	\$0	\$251	(\$246)	\$5	\$5
Scattered Sites East	\$0	\$157	(\$78)	\$80	\$80
Scattered Sites Gaithersburg	\$0	\$118,364	(\$149)	\$118,215	\$118,215
Scattered Sites North	\$0	\$153,253	(\$152)	\$153,101	\$153,101
Scattered Sites West	\$0	\$211	\$6,122	\$6,334	\$6,334
TOTAL ALL PROPERTIES	(\$67,494)	\$638,453	(\$431,399)	\$139,560	\$207,054

FY 17 First Quarter Operating Budget to Actual Comparison
For Capital Improvements

	(12 Months)	(3 Months)	
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
East Deer Park	\$187,800	\$53,776	\$134,024
Kensington Office	\$344,000	\$46,756	\$297,244
Information Technology	\$1,089,000	\$230,010	\$858,990
Subtotal	\$1,620,800	\$330,542	\$1,290,258
Opportunity Housing			
Ambassador	\$3,900	\$340	\$3,560
Alexander House	\$207,160	\$31,214	\$175,946
Avondale Apartments	\$35,000	\$0	\$35,000
The Barclay	\$36,572	\$3,932	\$32,640
Brooke Park	\$840	\$0	\$840
Brookside Glen (The Glen)	\$113,165	\$13,421	\$99,744
CDBG Units	\$13,500	\$0	\$13,500
Chelsea Towers	\$12,000	\$10,088	\$1,912
Dale Drive	\$7,308	\$0	\$7,308
Diamond Square	\$270,050	\$13,714	\$256,336
Fairfax Court	\$34,808	\$6,534	\$28,274
Glenmont Crossing	\$138,645	\$14,994	\$123,651
Glenmont Westerly	\$175,251	\$23,730	\$151,521
Greenhills Apartments	\$106,580	\$5,308	\$101,272
Holiday Park	\$28,825	\$4,740	\$24,085
Jubilee Falling Creek	\$0	\$0	\$0
Jubilee Hermitage	\$1,850	\$485	\$1,365
Jubilee Horizon Court	\$1,000	\$0	\$1,000
Jubilee Woodedge	\$1,000	\$0	\$1,000
Ken Gar	\$10,000	\$0	\$10,000
King Farm Village	\$0	\$0	\$0
Magruder's Discovery	\$41,280	\$7,010	\$34,270
McHome	\$81,281	\$8,693	\$72,588
McKendree	\$44,029	\$0	\$44,029
MetroPointe	\$61,800	\$10,220	\$51,580
The Metropolitan	\$326,298	\$47,551	\$278,747
Montgomery Arms	\$59,820	\$6,044	\$53,776
MHLP VII	\$40,750	\$4,481	\$36,269
MHLP VIII	\$93,449	\$885	\$92,564
MPDU 2007 Phase II	\$3,000	\$0	\$3,000
617 Olney Sandy Spring Road	\$1,000	\$0	\$1,000
64 MPDUs	\$55,000	\$0	\$55,000
TPM - 59 MPDUs	\$84,830	\$21,870	\$62,960
Oaks at Four Corners	\$160,057	\$6,122	\$153,935
NCI Units	\$43,200	\$2,525	\$40,675
NSP Units	\$11,600	\$15,130	(\$3,530)
Paddington Square	\$92,168	\$19,006	\$73,162
Paint Branch	\$21,400	\$2,246	\$19,154
Parkway Woods	\$2,500	\$0	\$2,500
TPM - Pomander Court	\$2,500	\$6,836	(\$4,336)
Pooks Hill High-Rise	\$113,000	\$69,143	\$43,857
Pooks Hill Mid-Rise	\$111,300	\$8,504	\$102,796
Sandy Spring Meadow	\$5,000	\$1,934	\$3,066
Scattered Site One Dev. Corp.	\$1,418,459	\$45,081	\$1,373,378
Scattered Site Two Dev. Corp.	\$64,263	\$12,269	\$51,994
Seneca Ridge	\$8,500	\$6,026	\$2,474
Southbridge	\$29,160	\$0	\$29,160
Sligo Development Corp.	\$63,700	\$8,310	\$55,390
State Rental Combined	\$174,100	\$64,286	\$109,814
Strathmore Court	\$216,675	\$18,230	\$198,445
Towne Centre Place	\$5,000	\$2,320	\$2,680
TPM - Timberlawn	\$13,040	\$14,756	(\$1,716)
VPC One Dev. Corp.	\$99,220	\$18,742	\$80,478
VPC Two Dev. Corp.	\$62,100	\$88	\$62,012
Washington Square	\$4,000	\$5,130	(\$1,130)
Westwood Tower	\$411,990	\$188,282	\$223,708
Subtotal	\$5,222,923	\$750,220	\$4,472,703
TOTAL	\$6,843,723	\$1,080,762	\$5,762,961

APPROVAL OF FY'17 FIRST QUARTER BUDGET AMENDMENT

January 11, 2017

- **The net effect of the FY'17 First Quarter Budget Amendment is a shortfall of (\$701,186).**
- **The FY'17 Adopted Budget that was approved June 17, 2016 included a contribution to the General Fund Operating Reserve (GFOR) in order to maintain a balanced budget. The Budget, Finance and Audit Committee recommends that the anticipated contribution be decreased by \$701,186 in order to maintain a balanced budget.**
- **Total operating budget for the Agency has decreased from \$244.5 million to \$243.1 million.**
- **Total capital budget for the Agency has increased from \$292.2 million to \$293.1 million.**
- **Personnel Complement remains unchanged.**
- **No policy changes are reflected in the budget amendment.**

building rent for the customer service centers.

- **Bond Funds:** Bond draws are made each year to fund the administrative costs associated with the Multifamily and Single Family Bond Programs. As a result of expense savings over the past few years, remaining money from the draws has been restricted to cover future program costs. Staff is recommending that the FY'17 budgeted draws for these funds be reduced by the accumulated savings in each fund.
 - **Multifamily Bond Funds:** Accumulated savings in the Multifamily Bond Fund is \$94,314. The projected draw of \$1,427,854 will be reduced by this amount and the savings will be used towards FY'18 administrative costs. Therefore, there is no impact to the income of the fund. The revised draw will be \$1,333,540.
 - **Single Family Bond Funds:** Accumulated savings in the Single Family Bond Fund is \$160,141. The projected draw of \$1,488,137 will be reduced by this amount and the savings will be used towards FY'18 administrative costs. Therefore, there is no impact to the income of the fund. The revised draw will be \$1,287,996.
- **Opportunity Housing Fund:**
 - **Alexander House:** When the FY'17 Budget was approved in June 2016, the impact of the redevelopment of Alexander House was not included. Alexander House is currently a 311 unit development corporation. As part of the redevelopment, the total unit count will decrease to 305 units. In January 2017, 122 units will be sold to a tax credit limited partnership; the other 183 units will remain in the development corporation. The FY'17 First Quarter Budget Amendment will reduce revenue and expenses in the Opportunity Housing Fund by \$1,433,085 and \$1,198,870, respectively, resulting in a reduction to restricted cash flow of \$234,215. The chart below summarizes the impact of the proposed budget amendment.

<u>Alexander House</u>	FY'17		
	FY'17 Adopted	Proposed Amendment	Impact of Amendment
Total Revenues	\$ 5,582,922	\$ 4,149,837	\$ (1,433,085)
Less: Total Operating Expenses	\$ 1,973,635	\$ 1,573,533	\$ (400,102)
Less: Total Non-Operating Expenses	\$ 1,940,847	\$ 1,142,079	\$ (798,768)
Cash Flow	\$ 1,668,440	\$ 1,434,225	\$ (234,215)
Cash Flow to HOC (Development Corp Fee)	\$ 893,795	\$ 893,795	\$ -
Cash Flow Restricted to Alexander House	\$ 774,645	\$ 540,430	\$ (234,215)
	\$ 1,668,440	\$ 1,434,225	\$ (234,215)

- **VPC One and VPC Two Development Corporation:** When the FY'17 Budget was adopted in June 2016, the rental income for the 113 project-based voucher units at VPC One and Two Development Corporations was overstated by \$343,476. The rent subsidy that was included in the FY'17 adopted budget for these units included the subsidy for utility assistance payments. The First Quarter Budget Amendment requests authorization to reduce budgeted rental income and restricted cash flow for VPC One by \$179,436 and to reduce rental income and restricted cash flow for VPC Two by \$164,040. The following charts summarize the impact of the proposed amendment.

<u>VPC One Development Corporation</u>	FY'17		
	FY'17 Adopted	Proposed Amendment	Impact of Amendment
Total Revenues	\$ 6,723,169	\$ 6,543,733	\$ (179,436)
Less: Total Operating Expenses	\$ 2,608,890	\$ 2,608,890	\$ -
Less: Total Non-Operating Expenses	\$ 2,649,861	\$ 2,649,861	\$ -
Cash Flow	<u>\$ 1,464,418</u>	<u>\$ 1,284,982</u>	<u>\$ (179,436)</u>
Cash Flow to HOC (Development Corp Fee)	\$ 1,229,984	\$ 1,229,984	\$ -
Cash Flow Restricted to VPC One	\$ 234,434	\$ 54,998	\$ (179,436)
	<u>\$ 1,464,418</u>	<u>\$ 1,284,982</u>	<u>\$ (179,436)</u>

<u>VPC Two Development Corporation</u>	FY'17		
	FY'17 Adopted	Proposed Amendment	Impact of Amendment
Total Revenues	\$ 4,650,524	\$ 4,486,484	\$ (164,040)
Less: Total Operating Expenses	\$ 1,714,695	\$ 1,714,695	\$ -
Less: Total Non-Operating Expenses	\$ 1,860,785	\$ 1,860,785	\$ -
Cash Flow	<u>\$ 1,075,044</u>	<u>\$ 911,004</u>	<u>\$ (164,040)</u>
Cash Flow to HOC (Development Corp Fee)	\$ 896,664	\$ 896,664	\$ -
Cash Flow Restricted to VPC Two	\$ 178,380	\$ 14,340	\$ (164,040)
	<u>\$ 1,075,044</u>	<u>\$ 911,004</u>	<u>\$ (164,040)</u>

- **Strathmore Court Tax Credit Loss:** The Strathmore Court market rate units cover any loss on the tax credit units. The estimated loss to be funded by the market rate portion of the property in the FY'17 adopted budget did not include the impact of a loan on the tax credit entity that began amortizing in March 2016. The payments of \$20,678 per month made by the tax credit partnership increase the loss that must be funded by the market units. The First Quarter Budget Amendment requests authorization to restrict an additional \$248,136 of cash flow from the market rate

units to cover the loss on the tax credit units. The chart below summarizes the impact of the proposed amendment.

Strathmore Court	FY'17		
	FY'17 Adopted	Proposed Amendment	Impact of Amendment
Total Revenues	\$ 3,477,823	\$ 3,477,823	\$ -
Less: Total Operating Expenses	\$ 1,212,454	\$ 1,212,454	\$ -
Less: Total Non-Operating Expenses	\$ 1,363,180	\$ 1,363,180	\$ -
Cash Flow	\$ 902,189	\$ 902,189	\$ -
Cash Flow to HOC	\$ 630,989	\$ 382,853	\$ (248,136)
Cash Flow Restricted to for Tax Credit Loss	\$ 271,200	\$ 519,336	\$ 248,136
	\$ 902,189	\$ 902,189	\$ -

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

- **Capital Improvements:**

- **Capital Roll Over for Information Technologies (General Fund):** All planned capital expenses for Information Technologies (IT) were not completed in FY'16. Therefore, staff requests that \$360,271 be rolled forward and included in the FY'17 Budget.
- **Capital Roll Over for Opportunity Housing Fund Properties:** 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. This year, Property Management has requested that \$56,000 for one property be rolled forward and included in the FY'17 Budget. This work will be funded from property replacement reserves.
 - The Oaks at Four Corners - \$56,000
- **Diamond Square Vestibule:** Property Management requests a budget amendment for the Diamond Square Vestibule Project. This project had been originally budgeted in FY'13; however, there were major building leaks into apartments from the exterior façade and the board voted to proceed with this corrective repair construction project, which put a hold on the new vestibule. The new vestibule was discussed at subsequent board meetings.
 - In April 2014, the board asked for a full set of drawings by an architect and proposed costs for the project to be presented to the board in the fall meeting.

- In October 2014, the architectural drawings and bids from three general contractors were reviewed. The City of Gaithersburg had begun the renovation of their interior spaces and the last part of their renovation being the exterior. It was not possible to have two projects proceeding simultaneously as both sides of the building's main entrance ingress and egress would have been obstructed. In addition, Diamond Square was scheduled for its REAC inspection in June 2015. As a result, it was decided the Diamond Square project would not begin until after the City of Gaithersburg had completed its entire construction project and successful completion of the REAC inspections.
- In the May 2016 board meeting, the vestibule project was discussed. The City of Gaithersburg requested civil engineers for the project. The civil engineer was contracted and his study identified additional site work to ensure the grade of the parking lot met current City ADA requirements. This additional site work escalated the cost of the entire project. The board indicated that the property had more than adequate funds in reserve; they voted to proceed with the project and approved the additional expense.

The total final cost of the project is anticipated to be \$480,821. The property has a sufficient balance in replacement and operating reserves. The First Quarter Budget Amendment requests authorization to increase the FY'17 capital budget for Diamond Square by \$480,821 and to fund the increase from the property's replacement reserve balance.

BUDGET IMPACT:

The net effect of the FY'17 First Quarter Budget Amendment is a shortfall of (\$701,186). The FY'17 Adopted Budget that was approved June 17, 2016 included a contribution of \$1,713,198 to the General Fund Operating Reserve (GFOR) for future operation needs. Staff recommends that the anticipated contribution be decreased by \$701,186 in order to maintain a balanced budget.

The total FY'17 Operating Budget for HOC decreased from \$244,525,993 to \$243,109,703. This is a decrease of \$1,416,290. The total FY'17 Capital Budget for HOC has increased from \$292,165,938 to \$293,063,030. This is an increase of \$897,092. Approval by the Commission of any budget amendments will revise the FY'17 Budget to reflect an accurate plan for the use of the Agency's resources for the remainder of the year.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the FY'17 First Quarter Budget Amendment at the December 19, 2016 meeting. Action is requested at the January 11, 2017 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full commission approval of the proposed FY'17 First Quarter Budget Amendment.

WHEREAS, the Housing Opportunities Commission adopted a budget for FY'17 on June 17, 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'17 Budget; and

WHEREAS, the net effect of the FY'17 First Quarter Budget Amendment is a shortfall of (\$701,186) which will be covered by decreasing the anticipated contribution of \$1,713,198 that was to be contributed to 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'17 Operating Budget by decreasing total revenues and expenses for the Agency from \$244.5 million to \$243.1 million.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the FY'17 Capital Budget by increasing revenues and expenses for the Agency from \$292.2 million to \$293.1 million.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on January 11, 2017.

Patrice M. Birdsong
Special Assistant to the Commission

S
E
A
L

FY 2017 Adopted Operating Budget 1st Quarter Budget Amendment		Revenues	Expenses	Adopted Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Amended Budget
General Fund									
	General Fund	\$23,325,779	\$23,229,892	\$95,887	\$360,271	\$813,321	\$23,686,050	\$24,043,213	(\$357,163)
	Restrict to GFOR	\$0	\$1,713,198	(\$1,713,198)	\$0	(\$701,186)	\$0	\$1,012,012	(\$1,012,012)
Multifamily & Single Family Bond Funds									
	Multifamily Fund	\$20,071,618	\$20,071,618	\$0	\$0	\$0	\$20,071,618	\$20,071,618	\$0
	Single Family Fund	\$12,990,384	\$12,990,384	\$0	\$0	\$0	\$12,990,384	\$12,990,384	\$0
Opportunity Housing Fund									
	Opportunity Housing Reserve Fund	\$5,584,917	\$1,125,679	\$4,459,238	\$0	\$0	\$5,584,917	\$1,125,679	\$4,459,238
	Opportunity Housing & Development Corps	\$73,474,784	\$72,100,812	\$1,373,972	(\$1,776,561)	(\$1,528,425)	\$71,698,223	\$70,572,387	\$1,125,836
	Restrict to OHRF	\$0	\$4,459,238	(\$4,459,238)	\$0	\$0	\$0	\$4,459,238	(\$4,459,238)
	Draw from GFOR for MetroPointe Deficit	\$243,339	\$0	\$243,339	\$0	\$0	\$243,339	\$0	\$243,339
Public Fund									
	Public Housing Rental	\$1,642,432	\$1,843,517	(\$201,085)	\$0	\$0	\$1,642,432	\$1,843,517	(\$201,085)
	County Contributions towards Public Housing	\$201,085	\$0	\$201,085	\$0	\$0	\$201,085	\$0	\$201,085
	Housing Choice Voucher Program	\$90,842,771	\$91,598,214	(\$755,443)	\$0	\$0	\$90,842,771	\$91,598,214	(\$755,443)
	County Contributions towards HCVP Administration	\$755,443	\$0	\$755,443	\$0	\$0	\$755,443	\$0	\$755,443
	Federal , State and Other County Grants	\$15,393,441	\$15,393,441	\$0	\$0	\$0	\$15,393,441	\$15,393,441	\$0
TOTAL - ALL FUNDS		\$244,525,993	\$244,525,993	\$0	(\$1,416,290)	(\$1,416,290)	\$243,109,703	\$243,109,703	\$0

Footnotes - explanation of changes

Operating Budget

- GF I Add draw from cash restricted for IT capital rollover - \$360,271
- GF E Add transfer of cash restricted for IT capital rollover - \$360,271
- GF E Add building rent for Gaithersburg and Silver Spring Customer Service Centers - \$453,050
- GF E Decrease contribution to the GFOR - (\$701,186)
- MF I Add carryover of cumulative savings in Multifamily Bond Fund administrative costs - \$94,314
- MF I Reduce draw from Multifamily bond funds to cover administrative costs of the program - (\$94,314)
- SF I Add carryover of cumulative savings in Single Family Bond Fund administrative costs - \$160,141
- SF I Reduce draw from Single Family bond funds to cover administrative costs of the program - (\$160,141)

- OH I Decrease Alexander House Revenue for sale of 122 units to tax credit partnership - (\$1,433,085)
- OH I Decrease VPC One Revenue for reduction of rental income on PBV units - (\$179,436)
- OH I Decrease VPC Two Revenue for reduction of rental income on PBV units - (\$160,040)
- OH E Decrease Alexander House expenses for sale of 122 units to tax credit partnership - (\$1,198,870)
- OH E Decrease Alexander House restricted cash flow - (\$234,215)
- OH E Decrease VPC One restricted cash flow for reduction of rental income on PBV units - (\$179,436)
- OH E Decrease VPC Two restricted cash flow for reduction of rental income on PBV units - (\$160,040)
- OH E Increase Strathmore restricted cash flow to cover tax credit loss - \$248,136

FY 2017 Adopted Capital Budget 1st Quarter Amendment	Revenues	Expenses	Adopted Budget	Net Changes to Revenue	Net Changes to Expenses	Revenues	Expenses	Amended Budget
Capital Improvements								
East Deer Park	\$152,404	\$152,404	\$0	\$0	\$0	\$152,404	\$152,404	\$0
Kensington Office	\$249,999	\$249,999	\$0	\$0	\$0	\$249,999	\$249,999	\$0
Information Technology	\$810,000	\$810,000	\$0	\$360,271	\$360,271	\$1,170,271	\$1,170,271	\$0
Opportunity Housing Properties	\$5,222,923	\$5,222,923	\$0	\$536,821	\$536,821	\$5,759,744	\$5,759,744	\$0
Public Housing Properties	\$221,369	\$221,369	\$0	\$0	\$0	\$221,369	\$221,369	\$0
	\$6,656,695	\$6,656,695	\$0	\$897,092	\$897,092	\$7,553,787	\$7,553,787	\$0
Capital Development Projects								
900 Thayer	\$18,475,831	\$18,475,831	\$0	\$0	\$0	\$18,475,831	\$18,475,831	\$0
Alexander House	\$86,199,282	\$86,199,282	\$0	\$0	\$0	\$86,199,282	\$86,199,282	\$0
Arcola Towers	\$7,809,169	\$7,809,169	\$0	\$0	\$0	\$7,809,169	\$7,809,169	\$0
Bauer Park Apartments	\$22,491,476	\$22,491,476	\$0	\$0	\$0	\$22,491,476	\$22,491,476	\$0
Chevy Chase Lake	\$31,154,921	\$31,154,921	\$0	\$0	\$0	\$31,154,921	\$31,154,921	\$0
Elizabeth House III	\$21,765,598	\$21,765,598	\$0	\$0	\$0	\$21,765,598	\$21,765,598	\$0
Greenhills Apartments	\$18,521,968	\$18,521,968	\$0	\$0	\$0	\$18,521,968	\$18,521,968	\$0
Stewartown	\$14,888,724	\$14,888,724	\$0	\$0	\$0	\$14,888,724	\$14,888,724	\$0
Timberlawn / Pomander Court	\$17,929,873	\$17,929,873	\$0	\$0	\$0	\$17,929,873	\$17,929,873	\$0
Town Center Apartments	\$33,240,623	\$33,240,623	\$0	\$0	\$0	\$33,240,623	\$33,240,623	\$0
Waverly House	\$13,031,778	\$13,031,778	\$0	\$0	\$0	\$13,031,778	\$13,031,778	\$0
	\$285,509,243	\$285,509,243	\$0	\$0	\$0	\$285,509,243	\$285,509,243	\$0
TOTAL - ALL FUNDS	\$292,165,938	\$292,165,938	\$0	\$897,092	\$897,092	\$293,063,030	\$293,063,030	\$0

Footnotes - explanation of changes

Capital Budget

GF I Add roll over budgets from FY 2016 for IT - \$360,271

GF E Add roll over budgets from FY 2016 for IT - \$360,271

OH I Add Oaks at Four Corners roll over budgets from FY 2016 - \$56,000

OH E Add Oaks at Four Corners roll over budgets from FY 2016 - \$56,000

OH I Increase Capital Budget for Diamond Square Vestibule Project - \$480,821

OH E Increase Capital Budget for Diamond Square Vestibule Project - \$480,821

**APPROVAL TO SUBMIT FFY 2017
PUBLIC HOUSING OPERATING SUBSIDY CALCULATIONS
TO HUD FOR THE PERIOD JANUARY 1, 2017
THROUGH DECEMBER 31, 2017**

January 11, 2017

- **HOC is required by HUD to submit a calculation of its Public Housing Operating Subsidy for each Asset Management Project (AMP) for the period January 1, 2017 through December 31, 2017.**
- **The submission is due to HUD no later than January 24, 2017.**
- **Staff recommends that the Chair or her designee be authorized to execute Form HUD-52723 (Calculation of Operating Subsidy) and Form HUD-52722 (Calculation of Utilities Expense Level) for the purpose of submitting staff's calculations of the Public Housing Operating Subsidy for the period January 1, 2017 through December 31, 2017.**

263 units remaining in the Public Housing rental program representing the remaining properties; Elizabeth House, Holly Hall and Tobytown.

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the Chair or her designee to execute Form HUD-52723 (Calculation of Operating Subsidy) and Form HUD-52722 (Calculation of Utilities Expense Level) for the purpose of submitting staff's calculations of the Public Housing Operating Subsidy for the period January 1, 2017 through December 31, 2017?

BUDGET IMPACT:

At the current time, the budget impact is unknown. As a reminder, the calculations are formulaic based on historical data provided by both HUD and HOC. Once the final appropriation projections are received, staff will determine if a budget amendment is necessary.

TIME FRAME:

The deadline for submission of the FFY 2017 Public Housing Operating Subsidy Calculations is January 24, 2017. The FFY 2017 Public Housing Operating Subsidy Calculations were discussed with the Budget, Finance and Audit Committee at the December 19, 2016 meeting. Commission action is requested at the January 11, 2017 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance & Audit Committee recommends that the Chair or her designee be authorized to execute Form HUD-52723 (Calculation of Operating Subsidy) and Form HUD-52722 (Calculation of Utilities Expense Level) for the purpose of submitting staff's calculations of the Public Housing Operating Subsidy for the period January 1, 2017 through December 31, 2017.

Resolution No.: 17-03

Re: Approval to Submit FFY 2017
Public Housing Operating Subsidy
Calculations to HUD for the Period
January 1, 2017 through
December 31, 2017

WHEREAS, HOC is required by HUD to submit a calculation of its Public Housing Operating Subsidy for each Asset Management Project (AMP) for the period January 1, 2017 through December 31, 2017.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Chair or her designee is hereby authorized to execute Form HUD-52723 (Calculation of Operating Subsidy) and Form HUD-52722 (Calculation of Utilities Expense Level) for the purpose of submitting staff's calculations of the Public Housing Operating Subsidy for the period January 1, 2017 through December 31, 2017.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, January 11, 2016.

Patrice Birdsong
Special Assistant to the Commission

S

E

A

L

AUTHORIZATION TO WRITE OFF BAD DEBT FROM THE COMMISSION SPECIALTY LOAN PROGRAMS

January 11, 2017

- Periodically, HOC proposes the write off of uncollected former resident balances. This process updates the financial records to accurately reflect the receivables and provides greater potential for debt collection.
- At this time, HOC seeks to write off bad debt related to the Commission Specialty Loan Programs.
- The combined bad debt balance for these loan programs totals \$172,429.26 and covers the time period of April 30, 2004 through November 1, 2013.
- To prevent the need for future similar write-offs, HOC's Compliance Department will provide additional oversight of the HOC Client Services Department's Repayment Agreement process. Additionally, the Compliance Department has implemented a vacancy and damage loss recovery process and will work directly with HUD to ensure better monitoring of this information.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Gail Willison Division: Finance Ext: 9480
 Eugenia Pascual Division: Finance Ext: 9478
 Darcel Cox Division: Compliance Ext: 9427

RE: Authorization to Write off Bad Debt from the Commission Specialty Loan Programs

DATE: January 11, 2016

STATUS: Committee Report: Deliberation [X]

OVERALL GOAL & OBJECTIVE:

To authorize the Executive Director, or his designee, to write off bad debt related to the Commission Specialty Loan Programs.

BACKGROUND:

Currently, HOC’s policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days. In addition, HOC periodically proposes the write off of uncollected former resident balances. This process updates the financial records to accurately reflect the receivables and provides greater potential for debt collection. HOC records all proposed write-offs for former tenant accounts receivable balances in HOC’s “Bad Debt Database” as well as in the various individuals’ Equifax Credit Bureau files.

Accordingly, the proposal described herein is to write off bad debt related to the Commission Specialty Loan Programs. More specifically, the proposed write off is for the bad debt associated with the Opportunity Housing Assistance Program - Rental Assistance Security Deposits and the Rental Assistance Section 8 Repayments. The bad debt balance for the two programs total \$172,429.26 and cover the time period of April 30, 2004 through November 1, 2013.

HOC has recently procured a rent collections firm, Rent Collect Global (RCG), and all delinquent balances of \$200.00 or more are submitted to RCG for further pursuit. Additionally, HOC now offers a Surety Bond Program in which residents are provided the option to purchase a security bond, at a much lower rate, from the firm SureDeposit, Inc. in lieu of paying a traditional security deposit to the Agency. The bonds are offered at a much lower rate than paying a traditional security deposit. Moreover, the full value of the surety bond is available to HOC for

recovery of any damage or other loss, just as a traditional security deposit. Through HOC's own collection efforts and the services of RCG and SureDeposit, the Agency makes every effort to pursue all tenant debts; thus, eliminating the need for the Commission Specialty Programs.

As described in the chart below, the reason for writing off each former resident's bad debt is due to one of the following five reasons:

1. A debtor's whereabouts are unknown and the debt is more than one year old;
2. A determination is made that the debtor is judgment proof;
3. The debtor is deceased;
4. The debtor is confined to a nursing home indefinitely or for more than three years; or
5. The amount is less than \$500 and the debtor cannot be located.

The following amounts, noted by resident code, are proposed to be written-off:

Resident Code	Balance	Write-Off Reason	Reason of Debt	Time Frame of Debt
t0002530	\$1,800.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002611	\$598.52	A debtor's whereabouts are unknown and the debt is more than one year old	Fraud	4/30/2004
t0002619	\$1,863.00	A determination is made that the debtor is judgment proof	Damage	4/30/2004
t0002254	\$345.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002638	\$480.79	A determination is made that the debtor is judgment proof	Damage	4/30/2004
t0002568	\$626.00	A determination is made that the debtor is judgment proof	Damage & NSF	4/30/2004
t0002572	\$1,745.00	A determination is made that the debtor is judgment proof	Damage	4/30/2004
t0002573	\$1,210.00	A determination is made that the debtor is judgment proof	Damage	4/30/2004
t0002598	\$2,550.00	A determination is made that the debtor is judgment proof	Fraud	4/30/2004
t0002617	\$601.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002658	\$2,047.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002190	\$200.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	4/30/2004
t0002656	\$2,552.00	A debtor's whereabouts are unknown and the debt is more than one year old	Fraud	4/30/2004
t0002513	\$835.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002574	\$720.50	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004

t0002500	\$3,124.00	A debtor's whereabouts are unknown and the debt is more than one year old	Fraud	4/30/2004
t0002562	\$298.00	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002649	\$1,800.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002595	\$240.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002528	\$1,425.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002533	\$960.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002578	\$465.00	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002177	\$500.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	4/30/2004
t0002580	\$328.25	The amount is less than \$500 and the debtor cannot be located	Damage & NSF	4/30/2004
t0002185	\$160.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	4/30/2004
t0002639	\$276.00	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002582	\$881.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002583	\$297.00	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002363	\$285.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit & NSF	4/30/2004
t0002174	\$244.00	A determination is made that the debtor is judgment proof	Security Deposit & NSF	4/30/2004
t0002514	\$324.71	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002509	\$280.00	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002223	\$500.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	4/30/2004
t0002605	\$1,200.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0003568	\$505.25	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002600	\$150.00	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002553	\$5,707.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002634	\$1,716.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002334	\$226.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	4/30/2004

t0002644	\$787.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002523	\$359.00	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002135	\$333.00	A determination is made that the debtor is judgment proof	Security Deposit	4/30/2004
t0002529	\$821.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002170	\$500.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	4/30/2004
t0002178	\$470.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0004182	\$300.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002188	\$410.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002532	\$1,303.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0004017	\$1,451.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002502	\$1,153.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002538	\$60.00	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002309	\$180.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002557	\$400.00	A determination is made that the debtor is judgment proof	Damage	4/30/2004
t0002288	\$325.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002548	\$1,141.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002577	\$1,700.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002621	\$510.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002204	\$195.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002229	\$200.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002268	\$450.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	4/30/2004
t0002133	\$362.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002640	\$4,000.00	A debtor's whereabouts are unknown and the debt is more than one year old	Fraud	4/30/2004
t0002192	\$500.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	4/30/2004

t0002620	\$465.00	A determination is made that the debtor is judgment proof	Damage	4/30/2004
t0002546	\$422.00	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002145	\$350.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002287	\$200.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002194	\$231.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002368	\$158.00	A determination is made that the debtor is judgment proof	Security Deposit & NSF	4/30/2004
t0002166	\$100.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002593	\$780.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002589	\$4,935.00	A determination is made that the debtor is judgment proof	Damage	4/30/2004
t0002645	\$858.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002148	\$69.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002586	\$426.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002206	\$290.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002587	\$294.00	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002515	\$240.00	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002189	\$500.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	4/30/2004
t0002526	\$855.00	A debtor's whereabouts are unknown and the debt is more than one year old	Fraud	4/30/2004
t0002622	\$165.00	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002227	\$360.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002657	\$161.88	The amount is less than \$500 and the debtor cannot be located	Fraud	4/30/2004
t0002581	\$763.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002745	\$10.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit & NSF	4/30/2004
t0002167	\$410.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002633	\$104.13	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004

t0002641	\$126.00	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002508	\$1,749.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002597	\$337.30	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002296	\$360.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit & NSF	4/30/2004
t0002599	\$13.00	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002518	\$1,300.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002205	\$91.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002232	\$500.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	4/30/2004
t0002576	\$426.00	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002631	\$419.00	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002624	\$3,027.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage & Fraud	4/30/2004
t0002199	\$500.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	4/30/2004
t0002220	\$500.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	4/30/2004
t0002187	\$53.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002632	\$1,362.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002588	\$420.00	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002635	\$1,739.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002556	\$821.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002569	\$3,508.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage & NSF	4/30/2004
t0002603	\$1,794.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002604	\$450.75	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004
t0002138	\$84.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002607	\$1,387.00	The debtor is deceased	Damage	4/30/2004
t0002209	\$250.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002608	\$347.00	The amount is less than \$500 and the debtor cannot be located	Damage	4/30/2004

t0002627	\$1,484.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002609	\$1,623.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002367	\$212.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002541	\$1,697.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0002147	\$294.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/30/2004
t0002625	\$884.25	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	4/30/2004
t0004269	\$650.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	5/7/2004
t0004437	\$6,609.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	5/13/2004
t0004862	\$364.93	The amount is less than \$500 and the debtor cannot be located	Damage	9/7/2004
t0004979	\$488.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit & NSF	10/25/2004
t0005018	\$1,700.00	The debtor is confined to a nursing home indefinitely or for more than 3 years	Damage	11/19/2004
t0005132	\$414.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	1/1/2005
t0005513	\$500.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	7/1/2005
t0005952	\$957.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	10/17/2005
t0011317	\$1,150.00	A determination is made that the debtor is judgment proof	Damage	11/1/2005
t0007182	\$108.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	12/1/2005
t0012303	\$50.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	3/1/2006
t0012536	\$140.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/1/2006
t0012799	\$212.00	The amount is less than \$500 and the debtor cannot be located	Damage	5/1/2006
t0012996	\$500.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	7/1/2006
t0013610	\$600.00	A debtor's whereabouts are unknown and the debt is more than one year old	Damage	8/25/2006
t0013354	\$500.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	9/1/2006
t0013678	\$330.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	10/1/2006
t0013679	\$328.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	10/1/2006
t0014199	\$6,991.00	The debtor is deceased	Damage	10/20/2006

t0014397	\$500.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	1/1/2007
t0014395	\$460.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	1/1/2007
t0014739	\$142.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	3/1/2007
t0014553	\$300.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	3/1/2007
t0015005	\$500.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	5/1/2007
t0014899	\$400.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	5/1/2007
t0004591	\$455.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	6/1/2007
t0015073	\$2,360.00	A debtor's whereabouts are unknown and the debt is more than one year old	Fraud	6/1/2007
t0015586	\$202.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	11/21/2007
t0017339	\$500.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	1/1/2008
t0018122	\$3,054.40	A debtor's whereabouts are unknown and the debt is more than one year old	Fraud	1/20/2008
t0016150	\$500.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	2/1/2008
t0016115	\$59.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/1/2008
t0016118	\$500.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	4/1/2008
t0017836	\$200.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	9/10/2008
t0018003	\$205.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	10/1/2008
t0018030	\$1,760.00	A debtor's whereabouts are unknown and the debt is more than one year old	Fraud	11/1/2008
t0018110	\$4,161.00	A debtor's whereabouts are unknown and the debt is more than one year old	Fraud & NSF	11/19/2008
t0018142	\$200.00	The amount is less than \$500 and the debtor cannot be located	Fraud	12/1/2008
t0018597	\$235.50	The amount is less than \$500 and the debtor cannot be located	Fraud	12/1/2008
t0018141	\$102.00	The amount is less than \$500 and the debtor cannot be located	Fraud	12/10/2008
t0018255	\$7,107.60	A debtor's whereabouts are unknown and the debt is more than one year old	Fraud	1/1/2009
t0018256	\$824.00	A debtor's whereabouts are unknown and the debt is more than one year old	Fraud	1/23/2009
t0018633	\$336.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	3/1/2009

t0018761	\$2,834.00	A debtor's whereabouts are unknown and the debt is more than one year old	Fraud	3/31/2009
t0019401	\$662.00	A debtor's whereabouts are unknown and the debt is more than one year old	Fraud	5/1/2009
t0018756	\$353.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	5/1/2009
t0019928	\$188.00	The amount is less than \$500 and the debtor cannot be located	Fraud	8/4/2009
t0020222	\$369.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	10/1/2009
t0020740	\$6.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	11/1/2009
t0021957	\$6,023.00	A debtor's whereabouts are unknown and the debt is more than one year old	Fraud	1/1/2010
t0021841	\$1,178.00	A debtor's whereabouts are unknown and the debt is more than one year old	Fraud	1/19/2010
t0021953	\$475.00	The amount is less than \$500 and the debtor cannot be located	Fraud	2/1/2010
t0021878	\$400.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	3/1/2010
t0022188	\$96.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	4/1/2010
t0022439	\$4,619.00	A debtor's whereabouts are unknown and the debt is more than one year old	Fraud	5/28/2010
t0022191	\$145.00	The debtor is deceased	Security Deposit	6/1/2010
t0022329	\$210.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	6/1/2010
t0022824	\$3,307.50	A debtor's whereabouts are unknown and the debt is more than one year old	Fraud	7/1/2010
t0023653	\$348.00	The amount is less than \$500 and the debtor cannot be located	Damage	7/1/2010
t0023954	\$396.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	11/1/2010
t0024350	\$500.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	5/1/2011
t0025487	\$828.00	A debtor's whereabouts are unknown and the debt is more than one year old	Fraud	8/1/2011
t0025909	\$310.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	10/1/2011
t0026091	\$145.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	12/1/2011
t0026321	\$376.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	12/1/2011
t0028521	\$267.00	The amount is less than \$500 and the debtor cannot be located	Fraud	7/6/2012
t0028837	\$1,003.00	A debtor's whereabouts are unknown and the debt is more than one year old	Fraud	9/21/2012

t0029019	\$500.00	A debtor's whereabouts are unknown and the debt is more than one year old	Security Deposit	10/24/2012
t0029029	\$150.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	11/1/2012
t0028944	\$84.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	12/1/2012
t0032238	\$120.00	The amount is less than \$500 and the debtor cannot be located	Security Deposit	11/1/2013

Upon approval, the write offs will be processed through Yardi's write off function with the tenant detail placed into the debt database.

In order to prevent the need for future similar write-offs, HOC's Compliance Department will provide additional oversight of HOC's Client Services Department's Repayment Agreement process. Additionally, the Compliance Departments has implemented a vacancy and damage loss recovery process that will work directly with HUD to ensure better monitoring of this information.

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the Executive Director, or his designee, to write off bad debt related to the Commission Specialty Loan Programs?

PRINCIPALS:

Finance Division
 Executive Division
 Housing Resources Division

BUDGET IMPACT:

The recommended write off of bad debt related to the Commission Specialty Loan Programs does not affect the net income or cash flow of the Agency as a whole. The bad debt expense was recorded when the initial bad debt allowance was established as a result of the receivable balance being 90 days past due. The recommended write-off is to adjust the balance sheet and remove the aged receivable balances.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the authorization to write off bad debt from the Commission Specialty Loan Programs at its meeting on December 19, 2016. Action is requested at the January 11, 2017 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full Commission authorization for the Executive Director, or his designee, to write off bad debt related to the Commission Specialty Loan Programs.

RESOLUTION NO: 17-04

**RE: Authorization to Write Off
Bad Debt from the
Commission Specialty Loan
Programs**

WHEREAS, the Housing Opportunities Commission of Montgomery County must and desires to write off bad debt related to the Commission Specialty Loan Programs. More specifically, the proposed write off is for the bad debt associated with the Opportunity Housing Assistance Program - Rental Assistance Security Deposits and the Rental Assistance Section 8 Repayments.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves the write off of bad debt in the amount of \$172,429.26 from the Commission Specialty Loan Programs.

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

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on January 11, 2017.

**S
E
A
L**

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

**Approval to Extend TPM Development Corporation
First Mortgage Loan and Interim Financing
for the Renovation of Timberlawn Crescent and
Pomander Court on PNC Bank \$90 Million
Real Estate Line of Credit**

January 11, 2017

- TPM Development Corporation tax-exempt bond loan was refinanced using the \$90 million PNC Bank Real Estate Line of Credit (RELOC) which expired September 3, 2016. The renovations at Timberlawn Crescent and Pomander Court are also financed under the \$90 million RELOC and will expire on May 6, 2017.
- Staff requests the same new maturity date of September 3, 2017 for the two Lines of Credit for TPM Development Corporation, Timberlawn Crescent and Pomander Court.
- The estimated debt service cost under the Line of Credit is based upon the tax-exempt rate at 68.5% of one month LIBOR plus 38 basis points. As of December 9, 2016, the estimated amount of interest is approximately \$118,230 for one year.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve extending the maturity date for TPM Development Corporation first mortgage loan and interim financing for the renovation of Timberlawn Crescent and Pomander Court on the \$90 million PNC Bank Real Estate Line of Credit through September 3, 2017?

PRINCIPALS:

TPM Development Corporation
PNC Bank, N.A.
HOC

BUDGET IMPACT:

The amount of interest expense for one year is estimated to be \$118,230. The interest expense has been included in the FY'17 Agency Budget.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed this item at the December 19, 2016 meeting. Action is requested at the January 11, 2017 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full Commission approval to use the \$90 million PNC Bank Real Estate Line of Credit to extend the financing of TPM Development Corporation first mortgage loan and the interim financing for the renovation of Timberlawn Crescent and Pomander Court through September 3, 2017.

RESOLUTION NO: 17-05

RE: Approval to extend TPM Development Corporation First Mortgage Loan and Interim Financing for the Renovation of Timberlawn Crescent and Pomander Court on the PNC Bank \$90 Million Real Estate Line of Credit

WHEREAS, TPM Development Corporation (TPM) first mortgage loan and Timberlawn Crescent and Pomander Court renovations are currently financed through the \$90 million PNC Bank Real Estate Line of Credit; and

WHEREAS, the TPM Development Corporation first mortgage loan under the line of credit expired on September 3, 2016 and the interim financing for the renovation of Timberlawn Crescent and Pomander Court will expire on May 6, 2017; and

WHEREAS, it is proposed to extend the use of the \$90 million PNC Bank Real Estate Line of Credit to finance TPM Development Corporation, Timberlawn Crescent and Pomander Court loans through September 3, 2017 at a tax-exempt borrowing rate of 68.5% of 30 day LIBOR plus 38 basis points; and

WHEREAS, the estimated cost based on the one month LIBOR rate of 68 basis points as of December 9, 2016 is approximately \$118,230 annually.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves extending the use of \$90 million PNC Bank Real Estate Line of Credit to finance TPM Development Corporation, Timberlawn Crescent and Pomander Court through September 3, 2017.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on January 11, 2017.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Commission

Development and Finance Committee

**APPROVAL TO CREATE A POOL OF U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT (HUD) APPROVED
MULTIFAMILY ACCELERATED PROCESSING (MAP) LENDERS**

MORTGAGE FINANCE



STACY L. SPANN, EXECUTIVE DIRECTOR

**KAYRINE V. BROWN
JENNIFER HINES ARRINGTON**

January 11, 2017

Table of Contents

Executive Summary	3
HUD Multifamily Mortgage Insurance Products	5
Minimum Qualifications	6
Evaluation Criteria	7
Qualifying MAP Lenders	8
Summary of Scoring	11
Summary & Recommendation	12

Executive Summary

The Multifamily Accelerated Processing (MAP) Program was introduced in 2000 by the U.S. Department of Housing and Urban Development (HUD) to establish national standards for approved lenders to prepare, process and submit loan applications to secure Federal Housing Administration (FHA) multifamily mortgage insurance. Only those lenders approved by HUD (hereinafter “MAP Lender(s)”) are able to offer FHA multifamily mortgage insurance. Several multifamily mortgage insurance products, beyond the FHA Risk Share 542(c) program in which the Housing Opportunities Commission (HOC or the “Commission”) already participates and is outside of the MAP Program, could assist the Commission with its considerable Real Estate Development Pipeline (the “Pipeline”).

The current Pipeline includes 23 multifamily financing transactions over the next five or more years that will involve acquisition or refinancing, renovation and/or new construction. The Commission’s Fiscal Year 2017 and 2018 budgets alone include capital budgets of \$244.5 million and \$243.5 million, respectively. Similar to the pools that have been established for real estate developers, consultants and legal counsel, having a pool of MAP Lenders available to assist staff with any FHA financing products that would involve a HUD MAP lender is recommended.

On October 27, 2016, staff issued a Request for Qualifications (RFQ) #2034 in order to create a pool of HUD approved MAP Lenders for future multifamily loan transactions. These transactions may seek mortgage insurance for the acquisition, construction, renovation or refinance of new or existing rental communities pursuant to the following (or any other) insurance programs pursuant to the National Housing Act: Sections 221(d)(4), 223(f), 231 or 542(b).

In order to qualify, each respondent to the RFQ was required to provide evidence of experience closing transactions in Montgomery County and the surrounding areas, selling or servicing Government National Mortgage Association (GNMA or “Ginnie Mae”) securities, being in good standing with the HUD, experience working with housing agencies and/or large developers, and demonstrating minority/female/disabled (MFD) participation.

Executive Summary

On November 18, 2016, staff received five (5) responses from FHA approved MAP Lenders. Each MAP Lender's response was reviewed to confirm that all met threshold requirements. And, if necessary, clarification questions were sent to the respondent to further verify information submitted in its response.



Once the pool is established, the Commission will enter into a Letter Agreement with each MAP Lender, securing its place in the pool. Based on the experience of the MAP Lender, HOC will solicit proposals from among members of the pool and select the MAP Lender that is deemed most qualified to execute the requested transaction. HOC will negotiate and execute a Letter of Engagement with the selected lender with each transaction assignment.

On December 16, 2016, the Development and Finance Committee of the Commission moved to accept the recommendation of staff that four (4) MAP Lenders be provided an initial two-year contract with three additional one-year optional renewals to establish the pool. The Development and Finance Committee further recommended that the fifth (5th) MAP Lender, upon satisfying conditions noted on page 8, would be admitted into the pool and receive the same contract terms.

RESPONDENTS	TOTAL 100 Max
1. Wells Fargo	90
2. Walker Dunlop	88
3. Love Funding	87
4. AGM Financial Services	72
5. EagleBank	56

HUD Multifamily Mortgage Insurance Products

Below is a brief description the typical FHA multifamily mortgage insurance products, pursuant to the National Housing Act, that HOC could employ. This does not represent an all inclusive list of the products covered under the MAP Program.

FHA Multifamily Mortgage Insurance	Transaction Type	Description
221(d)(4)	<ul style="list-style-type: none"> • New construction • Renovation 	Insures mortgage loans to facilitate the new construction or substantial rehabilitation of multifamily rental housing for moderate-income families, elderly, and the handicapped. Allows for long-term mortgages (up to 40 years) that can be financed with Government National Mortgage Association (GNMA) Mortgage Backed Securities (hereinafter "Ginnie Mae"). Average processing time is 12 months.
223(f)	<ul style="list-style-type: none"> • Acquisition • Refinance 	Insures mortgage loans to facilitate the purchase or refinancing of existing multifamily rental housing. These properties may have been financed originally with conventional or FHA insured mortgages and have been completed or substantially rehabilitated for at least 3 years prior to the date of the application for mortgage insurance. Allows for long-term mortgages (up to 35 years) that can be financed with the Ginnie Mae. Can be issued in LIHTC transactions under the HUD Tax Credit Pilot Program established in 2012. Average processing time is nine (9) months.
231	<ul style="list-style-type: none"> • New construction • Renovation 	Facilitates the construction and substantial rehabilitation of multifamily rental housing for elderly persons (62 or older) and/or persons with disabilities. Few projects have been insured under Section 231 in recent years; developers opt to use Section 221(d)(4).
542(b)	<ul style="list-style-type: none"> • Renovation • Refinance 	Risk Share loan program for small buildings. Encourages the development and preservation of affordable housing. Loan amounts cannot exceed \$3,000,000 or \$5,000,000 if the property is located in a "High Cost Area" as annually designated by HUD.

Minimum Qualifications

On October 27, 2016, staff issued RFQ #2034 in order to create a pool of HUD approved MAP Lenders for future FHA multifamily mortgage insurance loan transactions with responses due November 18, 2106. Below are the minimum qualifications that all respondents were required to meet.

Qualification Criteria	Requirement
Prior Experience	Successful experience with closing in a timely fashion federally insured mortgages for market rate, mixed-income and affordable apartment communities in Montgomery County, Maryland or the surrounding Baltimore-Washington Metropolitan area. All HUD loan products will be considered.
GNMA Securities	Experience selling or servicing Government National Mortgage Association (“Ginnie Mae” or GNMA) securities.
MAP Lender Standing	Be in good standing with the MAP Lender Review Board and provide evidence to this effect.
References	References shall reflect experience working with housing agencies or authorities and large property owners/developers.
MFD Participation	Demonstrate minority/female/disabled (MFD) participation.

Evaluation Criteria

Once the MAP Lender was determined to have met the minimum qualifications, it was further evaluated on the criteria listed below (total point value is 100). Strength of the underwriting team, experience with housing authorities/large owners/developers, and ability to close multifamily transactions timely were the three (3) most important factors.

Evaluation Criteria	Point Value	Description
Underwriting Team	20	Each MAP Lender is evaluated based upon the qualifications and expertise of its team members responsible for closing and servicing an FHA Multifamily transaction.
Experience	30	References and a list of transaction closings should represent experience closing transactions for housing agencies or authorities and/or large owners/developers.
Ability to Close Transactions	20	Each firm shall provide evidence of closing multifamily transactions timely indicated by the number of months taken to close various transaction types.
Complexity of Transactions	15	Respondent should provide examples of transactions that reflect its ability to successfully manage and resolve issues related to difficult transactions.
Estimated MAP Lender Fees / Today's Mortgage Interest Rate	15	Provide an estimate of fees related to various HUD transactions along with current interest rate information.
	100	

Qualifying MAP Lenders

- **AGM Financial Services, Inc.**
 - Located in Baltimore, Maryland.
 - Since 2001, has closed \$4.5 billion in FHA insured loans with the majority of the affordable housing transactions in Maryland. Previously worked with HOC on Tanglewood's 223(f) transaction for \$12.5 million that closed in 2015.
 - Annual transaction volume is approximately \$400 million with an average deal size of \$25 million.
 - Approved FHA Low Income Housing Tax Credit (LIHTC) Pilot Program lender and participant in HUD's Rental Assistance Demonstration (RAD) Program.
 - Ability to close FHA multifamily mortgage insurance transactions within the average processing time.
 - Originations are assigned to Wells Fargo for Ginnie Mae seller/servicer needs.
 - **Recommended for MAP Lender Pool.**
- **EagleBank**
 - Headquartered in Bethesda, Maryland.
 - Established its FHA Multifamily office in August, 2015 and received its MAP Lender designation in January, 2016.
 - Transaction team includes seasoned FHA multifamily lending and servicing professionals that have closed in excess of \$1.8 billion in FHA endorsements for more than 27,000 units.
 - Current pipeline includes 14 transactions with a volume of \$285 million.
 - Applied for Ginnie Mae license for future seller/servicer needs. Anticipate receiving license prior to closing its first MAP transaction.
 - **Recommended for MAP Lender Pool with the following conditions: 1) provide evidence of Ginnie Mae license; and, 2) close three (3) existing MAP transactions in its pipeline, as Mortgagee.**

Qualifying MAP Lenders

- **Love Funding**
 - Headquartered in Washington, D.C.
 - Since 2013, has closed nearly \$400 million in affordable housing transactions including the first moderate-rehabilitation transaction approved under the RAD Program.
 - Approved FHA LIHTC Pilot Program lender and participant in HUD’s RAD Program.
 - Proven Ginnie Mae seller/servicer since 1987 and issues \$700-\$800 million in securities annually.
 - Significant experience working with Housing Authorities across the country including HOC. Love was engaged as the MAP Lender for Paddington Square’s 223(f) transaction in 2014 for \$20 million.
 - Ability to close FHA multifamily mortgage insurance transactions within the average processing time.
 - **Recommended for MAP Lender Pool.**
- **Walker & Dunlop**
 - Headquartered in Bethesda, Maryland.
 - Since 2011, has completed more than \$4.4 billion in MAP multifamily financing including \$785 million in loan volume in the Baltimore-Washington Metropolitan area.
 - Approved FHA LIHTC Pilot Program lender and participant in HUD’s RAD Program.
 - Proven Ginnie Mae seller/servicer. Current portfolio includes \$9.3 billion in HUD-insured loans.
 - Ability to close FHA multifamily mortgage insurance transactions within the average processing time.
 - Large owner/developer experience, including previously working on transactions with The Bozzuto Group, Allen & Rocks, and Somerset Construction Company.
 - Firm is also a member of HOC’s Development & Financing Consultant pool.
 - **Recommended for MAP Lender Pool.**

Qualifying MAP Lenders

- **Wells Fargo**
 - Located in Baltimore, Maryland.
 - Ranked third in the nation in 2015 for FHA multifamily originations
 - Since 2010, has completed \$3.4 billion in MAP multifamily financing.
 - Approved FHA LIHTC Pilot Program lender and participant in HUD's RAD Program.
 - Ability to close FHA multifamily mortgage insurance transactions within the average processing time.
 - Strong underwriting team, including the previous Chief of Multifamily Production for HUD's Baltimore Field Office, who interfaced often with HOC regarding the Commission's Risk Share transactions.
 - Proven Ginnie Mae seller/servicer. Current multifamily servicing portfolio balance is in excess of \$107 billion consisting of more than 9,800 loans.
 - **Recommended for MAP Lender Pool.**

Summary of Scoring

Respondents	TOTAL 100 Max	Strength of Underwriters/ References 20	Experience w/Housing Authorities & Large Owners 30	Ability to Close Transaction Timely 20	Complexity of Transactions Closed w/in 5 years 15	Estimated MAP Lender Fees & Today's Interest Rates 15
AGM Financial Services	72	13	23	13	12	10
EagleBank	56	14	15	10	10	7
Love Funding	87	20	23	17	12	15
Walker Dunlop	88	20	25	15	13	15
Wells Fargo	90	20	28	17	15	10

The above MAP Lenders have met the RFQ's threshold and are recommended as qualified firms to be added to the pool.

Summary and Recommendations

Issues for Consideration

Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve the following:

1. The creation of a pool of four (4) Multifamily Accelerated Processing (MAP) Lenders for future multifamily loan transactions that would seek to secure U.S. Department of Housing & Urban Development's Federal Housing Administration (FHA) insurance pursuant to Section 221(d)(4), 223(f), 231 or 542(b) of the National Housing Act? A fifth MAP Lender will provide evidence of its Ginnie Mae license and the closing of three (3) transactions within its current pipeline, prior to admittance into the pool.
2. Authorization for the Executive Director to execute two-year contracts with the five (5) offerors with options to extend as permitted under HOC's procurement policy?

Fiscal / Budget Impact

There is no direct impact on HOC's operating budget. Services will be sought on an as needed, property specific basis and paid for from respective development budgets that would be approved by the Commission.

Time Frame

For action at the January 11, 2017 meeting of the Housing Opportunities Commission.

Staff Recommendation

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and approve the following:

1. The creation of a pool of four (4) MAP Lenders including AGM Financial, Love Funding, Walker & Dunlop, and Wells Fargo.
2. A fifth (5th) MAP Lender, EagleBank, will be admitted to the pool upon producing evidence that it has received its Ginnie Mae license and has closed three (3) transactions, as Mortgagee, within its current MAP pipeline, provided to HOC on December 23, 2016.
3. Authorization for the Executive Director to execute two-year contracts with the five (5) MAP Lenders with options to extend, as permitted under HOC's procurement policy.

RESOLUTION No.: 17-06

**RE: Approval to Create a Pool of HUD
Approved Multifamily Accelerated
Processing (MAP) Lenders Pursuant to
Request for Qualifications (RFQ)
#2034**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“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 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, in 2000 the U.S. Department of Housing and Urban Development (HUD) introduced the Multifamily Accelerated Processing (MAP) Program to establish national standards for approved MAP Lenders to prepare, process and submit loan applications to secure firm approval for Federal Housing Administration (FHA) multifamily mortgage insurance for the acquisition, construction, renovation or refinance of new or existing market, mixed-income and affordable rental communities (hereinafter “FHA Mortgage Insurance”) pursuant to the National Housing Act insurance programs: Sections 221(d)(4), 223(f), 231 or 542(b); and

WHEREAS, the FHA Risk Share Program, Section 542(c) for housing finance agencies, in which the Commission participates is outside of the MAP Program; and

WHEREAS, the Commission continues to review its real estate portfolio as well as pursue acquisition and development opportunities to expand and preserve the Montgomery County housing stock that is affordable to households of eligible income; and

WHEREAS, the Commission has established pools for real estate developers, consultants and legal counsel, and having a pool of MAP Lenders for possible future FHA multifamily transactions will broaden staff’s financing resources; and

WHEREAS, on October 27, 2016, staff solicited qualifications, RFQ #2034, from HUD approved MAP Lenders to form a pool for MAP lending services; and

WHEREAS, MAP Lenders in the MAP Lending Pool (the “Pool”) will, upon engagement, perform all work necessary to complete and present a FHA Mortgage Insurance application towards obtaining an FHA firm approval under the direction of the Commission’s mortgage finance staff; and

WHEREAS, each MAP Lender will be selected as needed from the Pool after it submits its term sheet to the Commission in response to the requested scope of work and will be engaged and compensated accordingly from the respective Commission-approved project development budget, such approved project budget having gone through the normal Development and Finance Committee and Commission approval processes for a development and financing; and

WHEREAS, on November 18, 2016, the Commission received five (5) responses to RFQ #2034.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes and directs the Executive Director, without further action on its part, to execute four (4) individual contracts for MAP lending services, as described by RFQ #2034, with AGM Financial Services, Inc., Love Funding, Walker & Dunlop and Wells Fargo for an initial contract term of two years, each with an option to extend three additional one year terms, as permitted under HOC's procurement policy.

BE IT FURTHER RESOLVED that EagleBank will be added to the Pool, as the fifth contract, upon providing the Commission its Ginnie Mae license approval and having closed three (3) FHA multifamily transactions, as Mortgagee, within its MAP pipeline, dated December 23, 2016. The initial contract term will be two years with an option to extend three additional one year terms, as permitted under HOC's procurement policy.

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized and directed to take all actions necessary and proper to carry out the transactions and activities 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 January 11, 2017.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Commission

HOC's FOUR JUBILEE HOUSES

A TRANSITION IN STRATEGY



Stacy L. Spann, Executive Director

Kayrine Brown
Jay Shepherd
Zachary Marks

January 11, 2017

Table of Contents

	Page
Identification of the Four Properties for Transfer	4
Introduction of Transferee - Rosaria	5
Rosaria's Operating Model	6
Project Experience & Financial Strength	7
A Fifth House & Closing Out the DHMH Grant	12
Capital Grants and DHCA Loans	13
Transfer of Reserve Account	14
Requests for Commission Approvals	15

Executive Summary

The Housing Opportunities Commission of Montgomery County (“HOC”) currently owns four single-family properties acquired and adapted to serve developmentally disabled people in conjunction with services provided by Jubilee Association of Maryland, Inc. (“Jubilee”). Construction to retrofit these homes has been funded by grants from Maryland’s Department of Health and Mental Hygiene (“DHMH”) Community Health Facilities Grant Program (“CHFGP”) and matching grants from Montgomery County’s Department of Housing and Community Affairs (“DHCA”). The four homes comprise individual bedroom units, shared living areas, outside areas, and kitchen, and a bedroom unit for the on-site care provider. Each of the individual units is assisted by a Tenant-Based Section 8 Voucher supplied and administrated by HOC.

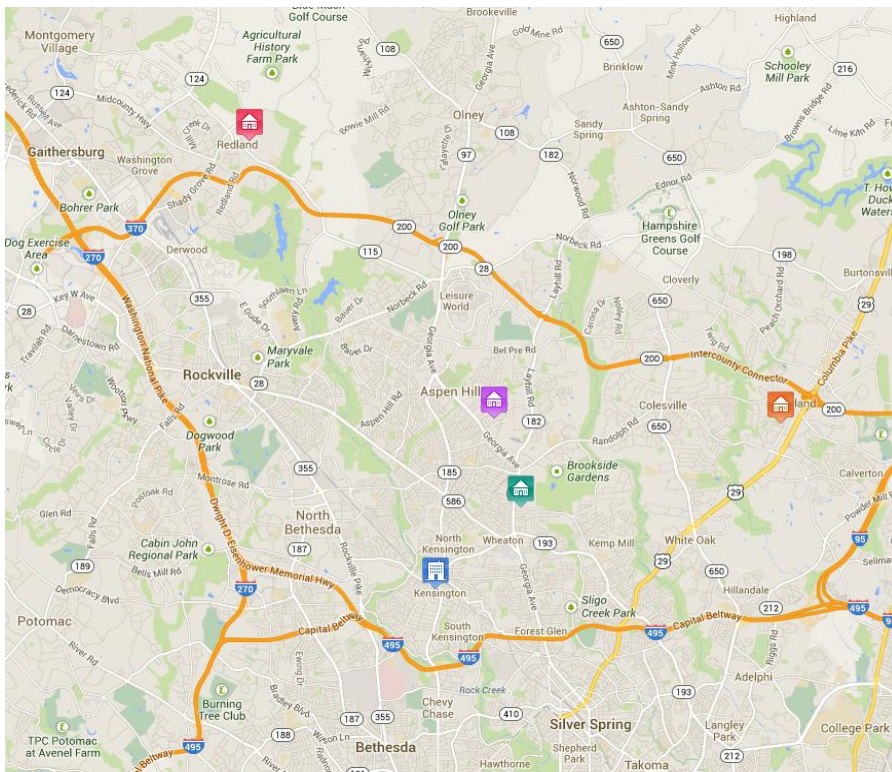


While HOC remains interested in supporting the expansion of housing affordably and suitably available for intellectually disabled citizens, both its staff and Commission have raised concerns that HOC is misplaced in its role in acquisition, renovation, operation, and asset management of these properties. This work requires a similar level of time and resources to the more typically large assets to which HOC commits. Jubilee is prohibited by charter from owning the homes it serves and does not have staff to conduct acquisition and construction work. As such, staff has identified another local non-profit operator, Rosaria Communities, Inc. (“Rosaria”) ideally suited to assume the ownership and operation of on these homes both now and in the future.

On September 7, 2016, The Maryland Board of Public Works approved DHMH’s recommendation to approve a “Waiver and Release of the State’s Right of Recovery” for the four properties listed above, conditioned upon the transfer and recording of the “State’s Right of Recovery” for the same properties to Rosaria. The BPW also approved transfer of the FY 2014 CHFGP funding allotted for the renovation of 10 Horizon Count and future acquisition and renovation of properties to Rosaria. The local match component will also require a similar release of its deed of trust on each property conditioned upon the transfer and recording of a deed of trust for the same properties to Rosaria.

Development and Finance Committee approved this transfer on December 16, 2016.

Identification of the Four Properties



JUBILEE FOUNDATION, INC.

 **HOUSING OPPORTUNITIES COMMISSION (HOC)
HEADQUARTERS**

 **HORIZON COURT HOUSE
10 HORIZON COURT, DERWOOD MD**

 **HERMITAGE HOUSE
2305 HERMITAGE AVENUE, WHEATON MD**

 **FALLING CREEK HOUSE
2408 FALLING CREEK ROAD, SILVER SPRING MD**

 **WOODEDGE HOUSE
2715 WOODEDGE ROAD, SILVER SPRING MD**

Grants from the DHMH Administration-Sponsored Capital Program support the purchase and renovation of single family homes that house low-income, developmentally disabled adults and live-on aides employed by Jubilee Association of Maryland, Inc. (“Jubilee”). Montgomery County’s DHCA provides matching funds of 25% of estimated project costs. To date, HOC has served as owner, landlord, and provided efficiency Project-Based Section 8 vouchers out of its own Housing Choice Voucher pool for each home and Jubilee has served as principal partner agency and service provider. Under the proposed transfer, Rosaria would become the owner and landlord and Jubilee would continue as principal partner agency and service provider. HOC would supply Tenant-Based Section 8 vouchers for these existing four homes.

Introduction of Transferee - Rosaria

Rosaria is an affiliated corporation of the Catholic Archdiocese of Washington. Rosaria’s mission is to foster the construction and renovation of housing in Montgomery County, Maryland to arrange independent living opportunities for people with developmental disabilities. In pursuit of that mission, Rosaria works to develop and promote partnerships among archdiocesan parishes, public and private funding sources, and care providers and facilitators. Rosaria homes assures an environment of comfort and care in which the needs of its residents will be supported by a sponsoring parish community. Through neighborly interaction, parishioners work to assure that residents, regardless of their faith orientation, are not “institutionalized” in the community. It is Rosaria’s ambition to have at least one project in each of the 36 parishes in Montgomery County. Rosaria is an IRS-designated 501(c)(3) corporation.



Rosaria’s headquarters are located just off Gude Drive in Rockville, approximately three miles from the 10 Horizon Court home recently acquired by HOC. Rosaria already owns three homes -- acquired and retrofitted in exactly the same manner as HOC and Jubilee have done with their four homes. Jubilee is the service provider partner on two of the three homes owned by Rosaria.

In taking transfer of the four HOC Jubilee houses, HOC would be relieved of all further obligations, excepting the continued management of the Tenant-Based Vouchers attached to those homes.

Rosaria's Operating Model

The foundation of Rosaria utilizes a combination of public and private funding that pays for operating, care, and living expenses. Rosaria conceptualized these opportunities and identified and engaged the various resources mentioned below in bringing each project to fruition. The completion of three homes provide a wonderful example of concerted effort among public, private and faith-based resources in addressing a pressing societal need.



OPERATIONAL EXPERIENCE

Rosaria is an IRS-designated 501(c) (3) not-for-profit organization. Its pursuits to date have been accomplished primarily on the following sources:

- DHCA Loan funding;
- Tenant rent proceeds;
- Donations and contributions;
- Voluntary basis initiated as grassroots initiatives from their parishes;
- Professional services have been rendered pro bono;
- Individual parishes formally commit to support of a nearby home;
- Parishioners volunteer time and expertise in support of the home; and
- Rosaria provides educational and organizational guidance.



CONSTRUCTION & REHABILITATION

- Provided by private partner entities at or below cost.
- Recent partners include Jubilee and AZAR Construction.

Project Experience & Financial Strength

St. Rose House

Distance from Parish: None.



- In October, 2009, DHCA provided 100% of construction funding from the County's Housing Initiative Fund ("HIF"), for the ground-up new construction of St. Rose House on the grounds of the St. Rose of Lima Parish¹ in Gaithersburg, MD, at a cost of \$720,000.
- The facility is home to three men having Downs syndrome. Their live-in care provider resides in an apartment built into the home's lower level.
- The parish community provide maintenance services to maintain the house.
- Jubilee selected the residents and provides the live-in care provider.
- Potomac Community Resources, Inc. helps the parishioners to work with the residents effectively.

¹ St. Rose of Lima Parish (Archdiocese of Washington) donated the land for the house.

Project Experience & Financial Strength

St. John's House

Distance from Parish: One mile.



- In June of 2012, Rosaria completed the purchase and renovation of a house located at 2409 Harmon Road in Silver Spring. The house has three autistic residents and includes living space for their live-in care provider. The renovation was completed on time at a total cost of \$483,922.42, and was financed in equal parts by DHCA and Rosaria.
- In keeping with the Rosaria model, the project has been emphatically embraced by the community of St. John the Evangelist Parish (on Georgia Avenue in Silver Spring), which has formed a committee of parishioners who are active in integrating the residents into the life of the parish community and the community at large.
- Residents are selected exclusively by the licensed care provider, Jubilee, based on need and compatibility.
- Potomac Community Resources, Inc. helps the parishioners to work with the residents effectively.

Project Experience & Financial Strength

St. Peter's House

Distance from Parish: Two miles.



- On February 19, 2013, Rosaria completed the purchase and renovation of a property located at 19309 Treadway Road in Brookeville. The renovation was completed on time at the budgeted amount of \$575,000 and was financed in equal parts by DHCA and Rosaria.
- The house has three female residents with developmental disabilities – two with Downs syndrome and one multiple- handicapped.
- Residents and care staff enjoy the active engagement with St. Peter's Parish in Olney. The parish committee also tends to grounds maintenance, assists with transportation as needed, supplements meals and orchestrates social engagements both in the home and the community.
- The licensed care provider is Jubilee, and Potomac Community Resources, Inc. guides the parishioners work with the residents to assure the effectiveness of the parish involvement.

Project Experience & Financial Strength

MetroPointe



- The Adventist / Archdiocese (Rosaria) Housing Workgroup (AAHW) developed a new housing option for persons with tetraplegia resulting from spinal cord injuries (a physical disability involving all extremities). In 2008, this vibrant alternative opened in MetroPointe, a new condominium complex located at 11175 Georgia Avenue, Wheaton, MD.
- MetroPointe is owned by the HOC that awarded six units (3 one-bedroom and 3 two-bedroom) in MetroPointe for use in this AAHW Pilot Housing Program.
- MetroPointe has successfully integrated adults into the community by offering the necessary accommodations for a safe and enjoyable lifestyle.
- Five adults from area nursing homes and one adult who was living with her aging parents live independently.
- Adventist Home HealthCare serves as the primary or back-up attendant care provider.

Project Experience & Financial Strength

Staff has reviewed Rosaria's audited financial statements for Calendar Year 2013 and Partial Year 2014 (through June 30, 2014). Reflecting Rosaria's unique operating model, only 3% of revenue comes from resident rents. Instead, operations are supported through three channels:

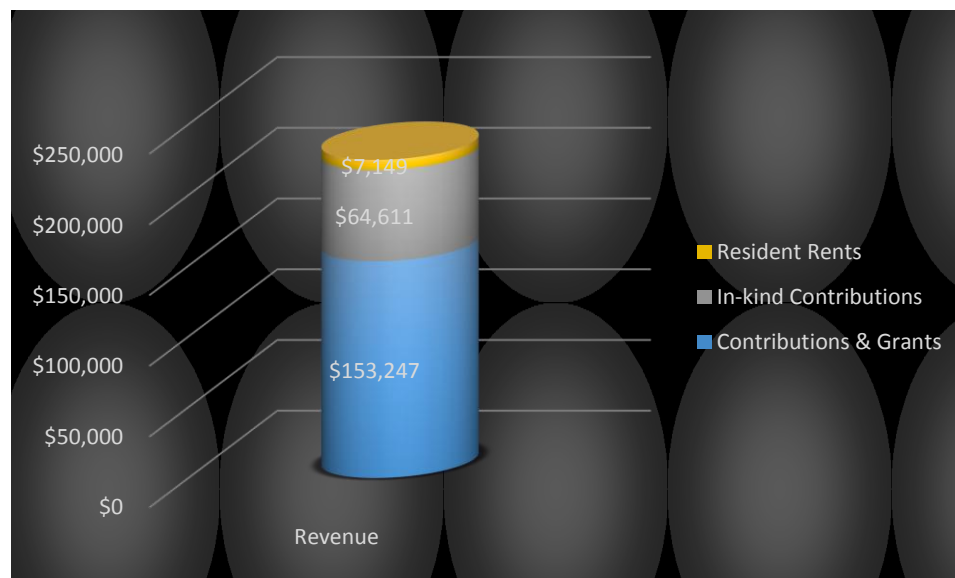
- **Operating Grants:** the State of Maryland provides Community Supported Living Arrangement grants that help to fund provision of services.
- **Donations:** annual fundraising efforts from the wider County and Catholic parishes themselves.
- **In-kind Contributions:** the volunteer labor provided by the supporting parish and donated labor and materials given by partner private firms.

Expenses have run at approximately \$185,000 each of the past two years. Revenues averaged \$194,500 during the same period. Rosaria had \$42,257 in cash and equivalents at the end of 2013.

That amount stood at \$130,703 as of June 30, 2014. The in-kind contributions provide nearly 29% of the operational support. While this doesn't fully replace the support provided by a Housing Choice Voucher, it is a stable, reliable source of implied subsidy to the property. Rosaria conducts significant fundraising efforts that, in concert with the State's operating grants, give the properties sustainability.

Because HOC's four Jubilee houses are supported with Project-Based Vouchers, the assignment of those homes will actually further augment Rosaria's financial strength.

Rosaria's only debt is the non-interest bearing, 40-year HIF loan provided by DHCA for the construction of St. Rose House.

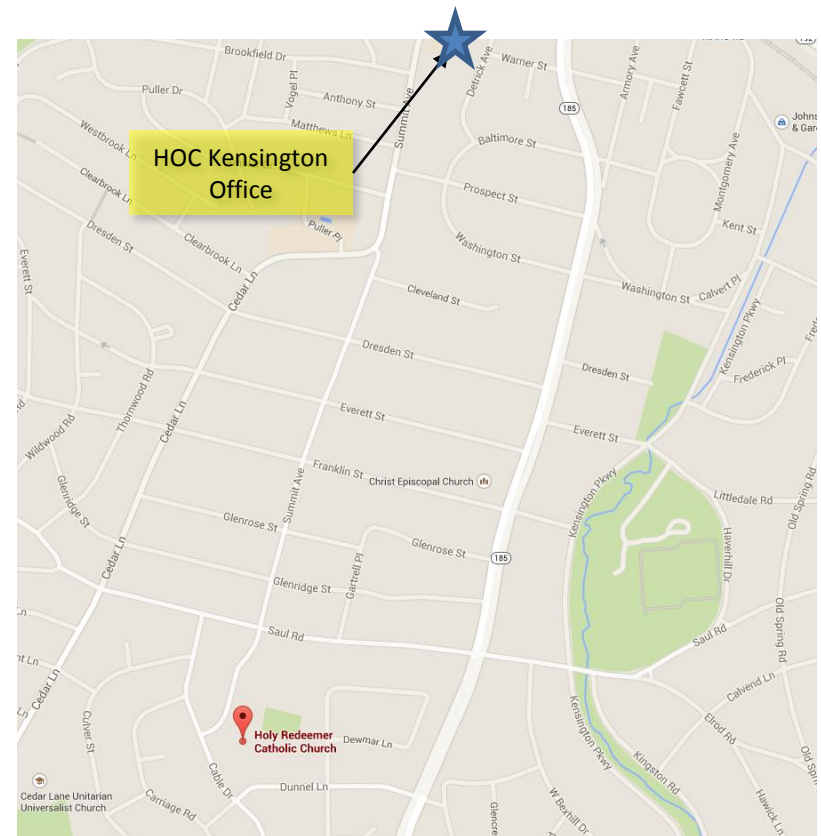


A Fifth House & Closing Out the DHMH Grant

On April 8, 2013, HOC was appropriated FY2014 grant funding under Community Health Facilities Grant Program (“CHFGP”) in the amount of \$835,000. With an additional \$250,000 of unspent funds from the FY2010 grant and the DHCA match of 25% of funds brought the total of available sources to \$1,362,568. The acquisition and renovation of 10 Horizon Court spent approximately \$562,000 of the available sources leaving \$800,568 unencumbered.

Rosaria is working with parishioners of Holy Redeemer Parish in Kensington to sponsor a fifth house using the unencumbered CHFGP funds if approved by the Commission. The parish community is enthusiastically supportive, and Rosaria believes the unencumbered grant funds are sufficient for the anticipated cost of acquisition and renovation of a fifth house.

Rosaria expects that the residents will continue to have services provided through Community Supported Living Arrangements (“CSLAs”) offered by the State of Maryland’s Developmental Disabilities Administration. CSLAs stress community integration and utilizes individually designed services to help people with disabilities live independently and as part of their communities. CSLAs provide services to assist an individual in non-vocational activities necessary to enable that individual to live in the individual’s own home, apartment, family home, or rental unit. This arrangement also negates the need for zoning exceptions required for facilities designated as “group homes”. CSLAs limit the number of residents to three to stress independent living and to preclude any auspices of “institutionalization”.



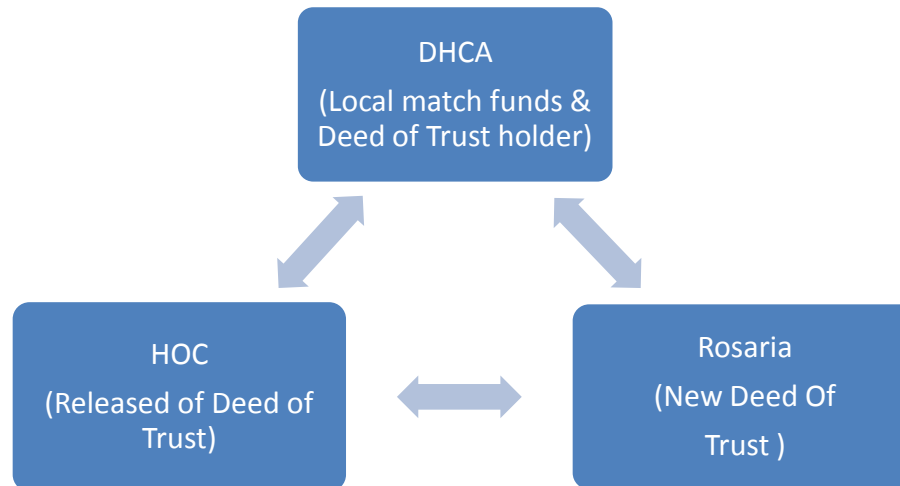
Capital Grants and DHCA Loans

HOC was appropriated grant funding under Community Health Facilities Grant Program (“CHFGP”) in fiscal years 2008, 2010, and 2014. Grant funding from these appropriations were used for the acquisition and renovation of the four properties referenced earlier. As required under § 24-606 of the Health General Article of the Code of Maryland, HOCMC recorded a "Right of Recovery" on each of the properties among the Land Records of Montgomery County.

In order to transfer the four properties and unencumbered funds from the CHFGP funds, the administrator in the Office of Capital Planning, Budgeting, and Engineering Services (OCPBES) under the DHMH recommended to the State Board of Public Works (BPW) and the BPW approved the following actions by resolution:

1. A "Waiver and Release of the State's Right of Recovery" for the four properties, conditioned upon the transfer and recording of the "State's Right of Recovery" for the same properties to Rosaria; and
2. The transfer of unencumbered FY 2014 CHFGP funding allotted for future acquisition and renovation of properties to Rosaria.

Further as part of the conveyances, HOC will obtain from DHCA approval to release its deed of trust against the four properties and transfer them to Rosaria. The **deed of trust** is a **deed** wherein legal title in real property (the four properties) is transferred to a trustee (DHCA), which holds it as security for a loan (local DHCA matching funds) between a borrower (HOC) and lender (DHCA). Rosaria is thereby assigned the security interest, as evidenced by the deed of trusts from HOC as part of the proposed transaction.



Transfer of Reserve Account

As discussed in the Development and Finance Committee, utilizing 100% of the existing reserve balances for the four properties totaling \$26,963.79 as of December 31, 2016, the Transfer to Rosaria will include funds for the following two items:

1. Deferred maintenance items, \$20,150 (see “Deferred Maintenance Schedule – Jubilee Program Assessment” below for a list of capital needs by house in the overall program); and
2. Establish a replacement reserve account for Rosaria to maintain post-transfer, the amount not to exceed the balance between the deferred maintenance values and the existing reserve balance, or \$6,813.79 (\$1,703 per unit)

Deferred Maintenance Schedule - Jubilee Program Assessment

Property & Item Description	Price
10 Horizon Court	
Subtotal	\$ 2,150.00
2715 Woodedge	
Subtotal	\$ 2,000.00
2408 Falling Creek	
Subtotal	\$ 5,600.00
2305 Hermitage Ave	
Subtotal	\$ 10,400.00
Total	\$ 20,150.00

Request for Commission Approvals

Issues for Consideration:

Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve the transfer of the four Jubilee-run properties as well as the balance of the FY 2014 Community Health Facilities Grant Program (CHFPG) funding allotted for future acquisition and renovation of properties to Rosaria Communities, Inc., in accordance with the State of Maryland Board of Public Works resolution?

Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve the transfer of existing replacement reserve funds of approximately \$26,000 to complete deferred maintenance and fund a new replacement reserve by Rosaria?

Timing for Action:

- Action at the meeting of the Commission on January 11, 2017.

Budget/Fiscal Impact:

- Post Transfer, the Agency will no longer collect revenue from the four houses ; however, annual audit costs and fees will be a savings.

Staff Recommendation and Commission Action Needed:

- Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and authorize the transfer to Rosaria Communities, Inc. of unencumbered FY 2014 CHFPG funds in accordance with the State of Maryland Board of Public Works resolution.
 - The commitment is limited to the remaining balance of the DHMH grants: \$800,568.
 - Rosaria would make the acquisition, manage the renovation, and oversee future operation of the property.
- Staff also recommends that the Commission accept the recommendation of the Development and Finance Committee and authorize transfer to Rosaria Communities, Inc. of its ownership of the four Jubilee-run properties that currently, and in perpetuity, serve individuals with developmental disabilities.
- Staff further recommends that the Commission wish to accept the recommendation of the Development and Finance Committee and approve the transfer of existing replacement reserve funds of approximately \$26,000 to complete deferred maintenance and fund a new replacement reserve by Rosaria.

RESOLUTION: 17-07

RE: Approval to Transfer to Rosaria Communities, Inc. Four Jubilee-run Properties and the Balance of the FY 2014 Community Health Facilities Grant Program (CHFGP) Funding Allotted for Future Acquisition and Renovation of Properties

WHEREAS, the Housing Opportunities Commission of Montgomery County (“Commission”) has entered into a Memorandum of Understanding (“MOU”) with Jubilee Association of Maryland, Inc. (“Jubilee”) providing for the Commission’s acquisition, ownership and management of single family homes for developmentally disabled persons and Jubilee’s operation of the property and provision of social services for the developmentally disabled residents; and

WHEREAS, pursuant to that MOU, Jubilee and the Commission worked together to acquire and renovate three single family homes (2305 Hermitage Avenue in Wheaton, Maryland; 2408 Falling Creek Road, Silver Spring, and; 2715 Woodedge Road in Silver Spring, Maryland) with funding from a FY2010 CHFGP grant provided by the Maryland Department of Health and Mental Hygiene (“DHMH”) (“FY2010 Grant Funds”) and a loan from Montgomery County (“County Funds”), acting through the Department of Housing and Community Affairs (“DHCA”); and

WHEREAS, at its December 2013 meeting, the Commission authorized the Executive Director, in partnership with Jubilee, to accept an additional grant award of up to \$835,000 from the FY2014 CHFGP grant funds (“FY2014 Grant Funds”) to acquire two additional homes for adults with developmental disabilities; and

WHEREAS, the FY2014 Grant Funds from DHMH, together with the remaining funds from the FY2010 CHFGP Grant Funds and the County Loan, brought the total of available funds to \$1,362,568 (“Available Funds”), enabling the acquisition and permanent financing for the two additional homes; and

WHEREAS, at its February 2014 meeting, the Commission approved the acquisition of a fourth house, 10 Horizon Court in Derwood, Maryland (“Derwood Property,” together with the other three homes the “Properties”), using the remaining FY2010 Grant Funds and the County Loan; and

WHEREAS, in December 2014, the Commission approved the Final Development Plan for the Derwood Property, utilizing approximately \$562,000 of the Available Funds for the acquisition and renovation of the Derwood Property; and

WHEREAS, there is a remainder of approximately \$800,568 in unencumbered, Available Funds, as well as a Replacement Reserve in the amount of \$26,963.79; and

WHEREAS, Commission staff believe that the remaining Available Funds are sufficient to purchase and renovate a fifth house; and

WHEREAS, while the Commission remains interested in supporting the expansion of housing affordably and suitably available for developmentally disabled citizens, the Commission believes that it is not well suited at this time for the renovation, operation, and management of the Properties or the acquisition of additional properties; and

WHEREAS, Jubilee is prohibited by charter from owning the homes it serves and does not have staff to perform acquisition and construction work; and

WHEREAS, the Commission's staff has identified another local firm, Rosaria Communities, Inc. ("Rosaria"), as a qualified organization to assume the Commission's obligations with respect to the Properties and the Available Funds; and

WHEREAS, with the transfer of the Commission's obligations to Rosaria, the Commission would be successfully transferring the ownership, renovation, and management of the Properties as well as the Available Funds; and

WHEREAS, subsequent to the transfer to Rosaria, Jubilee would continue to be the social services provider and operator for the occupants of the Properties; and

WHEREAS, the Commission can replace the current three efficiency project-based Housing Choice Vouchers for three low-income residents at the Properties with Tenant-Based Section 8 vouchers; and

WHEREAS, as required by Section 24-606 of the Health General Article of the Maryland Code, a "Right of Recovery" notice of the State's right to create a lien on the Properties for the funds distributed from DHMH was recorded on all of the Properties; and

WHEREAS, the State's Board of Public Works, upon the recommendation of the DHMH's Office of Capital Planning, Budgeting, and Engineering Services, approved by resolution a "Waiver and Release of the State's Right of Recovery" on the Properties, conditioned upon: the transfer of the Properties to Rosaria; the recording of new "Right of Recovery" notices by Rosaria upon transfer; and the transfer of the unencumbered FY2014 Grant Funds allotted for future acquisition and renovation of properties to Rosaria; and

WHEREAS, Montgomery County ("County") also has Deeds of Trusts ("DOT's") recorded against the Properties for the purpose of securing the County Funds used for their acquisition and renovation, and the transfer also will require the release or transfer of the County's DOT's.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby authorizes and directs the Executive Director to:

1. Transfer ownership interest in the Properties to Rosaria Communities, Inc. in accordance with the State's Board of Public Works' resolution approving the transfer; and
2. Transfer the remaining, unencumbered FY2014 CHFGP Funds, in an amount not to exceed of \$800,568, to Rosaria Communities, Inc. for future acquisition and renovation of properties; and
3. Transfer \$20,150 of the \$26,963.79 Replacement Reserves to Rosaria Communities, Inc. for deferred maintenance items; and
4. Transfer the remaining \$6,813.79 of the Replacement Reserves, not to exceed the difference between the \$20,150 for deferred maintenance funds and the existing reserve balance, to Rosaria Communities, Inc. for the establishment of a reserve account; and

5. Take all actions necessary and proper to obtain the release or transfer of the Montgomery County Deeds of Trust recorded on the Properties; and

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, without any 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 assignment and assumption agreements, loan documents and/or other related documents.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting of the Commission on January 11, 2017.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Commission

Legislative and Regulatory Committee

**AUTHORIZATION TO REVISE
HOC'S ADMINISTRATIVE PLAN AND ACOP
TO ADD HUD'S REQUIRED STREAMLINING ADMINISTRATIVE
REGULATIONS AND
TO REMOVE ALL ONE-STRIKE POLICY LANGUAGE**

January 11, 2017

- The Code of Federal Regulations (CFR) requires that Public Housing Agencies (PHAs) such as the Housing Opportunities Commission of Montgomery County (HOC) adopt written plans and policies that describe the federal regulations and establish the local policies for administration of the voucher and public housing programs of the given PHA. For the Housing Choice Voucher program, this governing document is termed the Administrative Plan. For the Public Housing program, this governing document is termed the Admissions and Continued Occupancy Policy (ACOP).
- The CFR also requires that PHAs such as HOC revise their Administrative Plan and ACOP as needed in order to comply with federal requirements. Optional changes unique to a specific PHA may also be added, provided that they do not conflict with the federal regulations.
- At this time, HOC has developed proposed revisions to its Administrative Plan and ACOP as is consistent with the processes and procedures outlined in the CFR. The proposed revisions would add HUD's required streamlining administrative regulations in accordance with Notice PIH 2016-05 (HA) and to remove all One-Strike Policy language in accordance with HUD Notice PIH 2015-19 (HA).
- A public comment period for this proposed revision began on December 9, 2016 and will conclude on January 11, 2017 with a public hearing at HOC's Kensington office.
- Staff is requesting authorization to make these proposed revisions to HOC's Administrative Plan and ACOP formally a part of these governing documents.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Lynn Hayes Housing Resources Ext. 9622
 Bobbie DaCosta Property Management Ext. 9525
 Ethan Cohen Executive Ext. 9764

RE: Authorization to Revise HOC’s Administrative Plan and ACOP to Add HUD’s Required Streamlining Administrative Regulations and to Remove All One-Strike Policy Language

DATE: January 11, 2017

STATUS: **Committee Report: Deliberation** X

OVERALL GOAL & OBJECTIVE:

To authorize the Executive Director, or his designee, to revise HOC’s Administrative Plan for the Housing Choice Voucher Program (“Administrative Plan”) and Admissions and Continued Occupancy Policy (ACOP) for the Public Housing program to add HUD’s required streamlining administrative regulations to, and remove all existing One-Strike Policy language from, the Agency’s policies.

BACKGROUND:

Streamlining Administrative Regulations

On April 7, 2016, the U.S. Department of Housing and Urban Development (HUD) released HUD Notice PIH 2016-05 (HA). The subject of this Notice is the HUD Streamlining Administrative Regulations for Programs Administered by Public Housing Agencies (PHA) that was issued in a Final Rule in the Federal Register on March 8, 2016. The Final Streamlining Rule contained a total of 15 provisions. Notice 2016-05 provides the implementation guidance for PHAs from the provisions included in the Streamlining Final Rule.

Among the 15 provisions described in Notice 2016-05, six are mandatory and nine are discretionary. HOC Staff reviewed all 15 of the streamlining provisions provided by HUD. Following this analysis, staff determined that only two of the nine discretionary provisions to HOC’s Administrative Plan and/or ACOP would be advantageous to streamline the Agency’s operation of the Housing Choice Voucher and/or Public Housing programs. The first

discretionary provision selected is the option to adopt a streamlined income determination for any family member with a fixed source of income. The second discretionary provision selected is the option to permit PHAs to approve exception payment standards for providing reasonable accommodations up to 120 percent of the Fair Market Rent (FMR) without seeking HUD approval. Accordingly, at this time, HOC seeks to add the following eight provisions:

1. **Verification of Social Security Numbers** (24 CFR 5.216)

This change creates a 90-day period during which an applicant family may become a program participant, even if the family lacks the documentation necessary to verify the Social Security Number (SSN) of a family member under the age of six years. An extension of one additional 90-day period must be granted if the PHA determines that, in its discretion, the applicant's failure to comply was due to circumstances that could not reasonably have been foreseen and were outside of the control of the applicant.

Applicable to HCV, PBV, PH, and Section 8 Moderate Rehabilitation.

2. **Definition of extremely low-income families** (24 CFR 5.603, 903.7, and 960.102)

This change is designed to make PHA regulations consistent with the new statutory definition of an extremely low-income (ELI) family. Section 238 of HUD's FY 2014 Appropriations Act amended Section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a) to define ELI families as very low-income families whose income does not exceed the higher of 30 percent of the area median income (AMI) or the federal poverty level.

Applicable to HCV, PBV, PH, and Section 8 Moderate Rehabilitation.

3. **Exclusion of mandatory education fees from income** (24 CFR 5.609(b)(9))

This change amends the definition of "income" to exclude from calculations of individual income any financial assistance received for mandatory fees and charges (in addition to tuition). Many institutions of higher education have moved from a traditional, tuition-only structure to a new tuition-and-fee structure. Fees often include, but are not limited to: student service fees, student association fees, student activities fees, and laboratory fees. HUD believes that inclusion of many of these required fees within the definition of tuition will increase opportunities for its subsidized housing participants to further their education.

Applicable to HCV, PBV, PH, and Section 8 Moderate Rehabilitation.

4. **Streamlined annual reexamination for fixed sources of income** (24 CFR 960.257 and 982.516)

This change offers PHAs the discretion to adopt a streamlined income determination for any family member with a fixed source of income. Note that the family member may also have non-fixed sources of income, which remain subject to third-party verification. Upon request of the family, the PHA must perform third-party verification of all income sources. Note that this provision pertains only to the verification of sources of income; PHAs must continue to conduct third-party verification of deductions. For purposes of this Notice, the term “fixed-income” includes income from:

- Social Security payments, to include Supplemental Security Income (SSI) and Supplemental Security Disability Insurance (SSDI);
- Federal, state, local, and private pension plans; and
- Other periodic payments received from annuities, insurance policies, retirement funds, disability or death benefits, and other similar types of periodic payments.

The determination will be made by applying a verified cost of living adjustment (COLA) or current rate of interest to the previously verified or adjusted income amount. The COLA or current interest rate applicable to each source of fixed income must be obtained either from a public source or from tenant provided, third-party generated documentation. In the absence of such verification for any source of fixed income, third-party verification of income amounts must be obtained.

For any family member whose income is determined pursuant to a streamlined income determination, third-party verification of all income amounts for all family members must be performed at least every three years. This means that, for the third income determination involving a family member whose income had been adjusted twice using a streamlined income determination, the PHA would need to obtain third-party verification of all income amounts. This also means that if a family member with a fixed income source is added to the family during year two, for example, then the PHA must obtain third-party verification of all income amounts for that family member at the next reexamination if the PHA wishes to have all family members with fixed incomes on the same schedule with respect to streamlined annual reexaminations.

Applicable to HCV, PBV, and PH.

5. **Earned income disregard** (24 CFR 5.617, 960.255))

This change limits to 24 straight months the time period during which a family member is eligible to receive the benefit of the earned income disregard (EID), which streamlines the administration of the EID by eliminating the requirement for PHAs to track family member changes in employment over a four-year period. Importantly, this change does not alter the EID eligibility criteria, the benefit amount of the EID, the single lifetime eligibility requirement, or the ability of the applicable family member to stop and restart employment during the eligibility period.

Under the previous regulations, families were eligible to receive the EID benefit for no more than 24 months, which could be spread across a 48-month time period to account for potential changes in the employment status of the family member whose original employment caused the family to be eligible for EID. PHAs were required to track the employment of such family members and stop and start the EID benefit accordingly. That will no longer be the case.

Applicable to HCV, PBV, and PH.

6. **Public housing rents for mixed families** (24 CFR 5.520(d))

This change alters the methodology for calculating public housing rents for mixed families by requiring PHAs to use the established flat rent applicable to the units. Currently, PHAs use a more complicated system to calculate prorated rent for families by requiring PHAs to determine the maximum rent by establishing the 95th percentile of all total tenant payments (TTP) for each bedroom size. Further, this change eliminates an error in the current regulations and in HUD's PIC system which incorrectly reduces the rent of some mixed families below their TTP.

A mixed family is a family whose members include those with citizenship or eligible immigration status and those without citizenship or eligible immigration status.

Applicable to PH only.

7. **Exception payment standards for providing reasonable accommodations** (24 CFR 982.503 and 982.505)

This change authorizes a PHA to approve a payment standard of not more than 120 percent of the FMR without HUD approval if requested as a reasonable accommodation by a family that includes a person with a disability.

A PHA that adopts this provision must maintain documentation that shows:

- A rent reasonableness analysis was conducted in accordance with the HCV program regulations at 24 CFR 982.507;
- The family requested lease approval for the unit and requested an exception payment standard as a reasonable accommodation; and
- The unit has features that meet the needs of a family member with disabilities. For example, a unit may be suitable because of its physical features or for other reasons, such as having the requisite number of bedrooms, location on an accessible transit route, or proximity to accessible employment, education, services, or recreation.

Applicable to HCV only.

8. **Utility payment schedules** (24 CFR 982.517)

This change requires PHAs to use the appropriate utility allowance for the lesser of the size of dwelling unit actually leased by the family or the voucher size issued, as determined under the PHA's subsidy standards.

In cases where a reasonable accommodation has been provided to a family that includes a person with disabilities, the PHA must use the appropriate utility allowance for the size of the dwelling unit actually leased by the family.

Applicable to HCV only.

Removal of One-Strike Policy

On November 2, 2015, the U.S. Department of Housing and Urban Development (HUD) released HUD Notice PIH 2015-19 (HA). The subject of this Notice is Guidance for Public Housing Agencies and Owners of Federally-Assisted Housing on Excluding the Use of Arrest Records in Housing Decisions. In this Notice HUD explained that it will no longer require PHAs and owners to adopt "One-Strike" policies in their various policy, procedure, and guidance documents. Instead, in most cases, PHAs and owners will have discretion to decide whether or not to deny admission to an applicant with certain types of criminal history, or terminate assistance or evict a household if a tenant, household member, or guest engages in certain drug-related or certain other criminal activity on or off the premises (in the case of public housing) or on or near the premises (in the case of Section 8 programs).

In deciding whether to exercise their discretion to admit or retain an individual or household that has engaged in criminal activity, PHAs and owners may consider all of the circumstances relevant to the particular admission or eviction decision including, but not limited to, the seriousness of the offending action, the effect that eviction of the entire household would have on family members not involved in the criminal activity, and the extent to which the leaseholder has taken all reasonable steps to prevent or mitigate the criminal activity. Additionally, when specifically considering whether to deny admission or terminate assistance or tenancy for illegal drug use by a household member who is no longer engaged in such activity, a PHA or owner may consider whether the household member is participating in or has successfully completed a drug rehabilitation program or has otherwise been rehabilitated successfully.

Accordingly, HOC proposes the removal of all One-Strike language from its Administrative Plan for the Housing Choice Voucher Program and its Admissions and Continued Occupancy Policy for the Public Housing program.

As part of the process for making revisions or additions to a PHA's Administrative Plan and ACOP, public comment is required. Accordingly, HOC will provide a 30-day public comment

period which is concluded with a public hearing on the Administrative Plan and ACOP revisions. During the comment period, HOC will make drafts of the proposed revisions to the Administrative Plan and ACOP available on HOC's website as well as in hard copy form at all four of the Agency's offices. Also during the comment period, HOC staff will meet and discuss these proposed revisions with the HOC Resident Advisory Board (RAB), seeking the RAB's comments on these proposed changes. Notice of the comment period and public hearing will be advertised in a local newspaper in Montgomery County.

ISSUES FOR CONSIDERATION:

Does the Housing Opportunities Commission of Montgomery County wish to authorize the Executive Director, or his designee, to revise HOC's Administrative Plan for the Housing Choice Voucher program ("Administrative Plan") and Admissions and Continued Occupancy Policy (ACOP) for the Public Housing program to add HUD's required streamlining administrative regulations to, and remove all existing One-Strike Policy language from, the Agency's policies?

PRINCIPALS:

Housing Resources Division
Property Management Division
Executive Division

BUDGET IMPACT:

None.

TIME FRAME:

The Legislative and Regulatory Committee reviewed this item at its meeting on November 15, 2016. For Commission action on January 11, 2017.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Housing Opportunities Commission of Montgomery County accept the recommendation of the Legislative and Regulatory Committee and authorize the Executive Director, or his designee, to revise HOC's Administrative Plan for the Housing Choice Voucher program ("Administrative Plan") and Admissions and Continued Occupancy Policy (ACOP) for the Public Housing program to add HUD's required streamlining administrative regulations to, and remove all existing One-Strike Policy language from, the Agency's policies.

RESOLUTION: 17-08

**RE: Authorization to Revise HOC's
Administrative Plan and ACOP to Add
HUD's Required Streamlining
Administrative Regulations and to
Remove All One-Strike Policy Language**

WHEREAS, the Housing Opportunities Commission of Montgomery County must and desires to revise and make new additions to its Administrative Plan for the Housing Choice Voucher Program and its Admissions and Continued Occupancy Policy (ACOP) for the Public Housing program to add HUD's required streamlining administrative regulations, in accordance with Notice PIH 2016-05 (HA) and to remove all One-Strike Policy language, in accordance with HUD Notice PIH 2015-19 (HA); and

WHEREAS, a public comment period for these proposed revisions began on December 9, 2016 and concluded on January 11, 2017 with a public hearing.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves and authorizes revisions and new additions to its Administrative Plan for the Housing Choice Voucher Program and its Admissions and Continued Occupancy Policy (ACOP) for the Public Housing program to add HUD's required streamlining administrative regulations in accordance with Notice PIH 2016-05 (HA) and to remove all One-Strike Policy language in accordance with HUD Notice PIH 2015-19 (HA).

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 forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on January 11, 2017.

S
E
A
L

**Patrice Birdsong
Special Assistant to the Commission**

Proposed Revisions to
HOC's Administrative Plan for the Housing Choice Voucher Program

Please note: Existing language is in **BLACK**, proposed changes are in **RED**, and proposed deletions are shown with strikethrough.

Streamlining Change Regarding Verification of Social Security Numbers

Chapter 2: Eligibility for Admission

D. MANDATORY SOCIAL SECURITY NUMBERS [24 CFR 5.216, 5.218]

Families are required to provide verification of Social Security Numbers for all family members age six (6) and older prior to admission, if they have been issued a number by the Social Security Administration. This requirement also applies to persons joining the family after admission to the program.

Failure to furnish verification of social security numbers is grounds for denial or termination of assistance.

Persons who have not been issued a Social Security Number must sign a certification that they have never been issued a Social Security Number.

Persons who disclose their Social Security Number but cannot provide verification must sign a certification and provide verification within 60 days. Elderly persons must provide verification within 120 days.

HOC permits a 90-day period during which an applicant family may become a program participant, even if the family lacks the documentation necessary to verify the Social Security Number (SSN) of a family member under the age of six (6) years old. An extension of one additional 90-day period must be granted if HOC determines that, in its discretion, the applicant's failure to comply was due to circumstances that could not reasonably have been foreseen and were outside of the control of the applicant. For example, an applicant may be able to demonstrate timely submission of a request for a Social Security Number, in which case processing time would be the cause of the delay. If the applicant family does not produce the required documentation within the authorized time period, HOC must impose appropriate penalties, in accordance with the Code of Federal Regulations at 24 CFR 5.218.

If merited, HOC will offer a grace period and/or an extension. HOC will implement this provision just as it currently implements the provision for program participants. Specifically, an applicant family with a child under the age of six (6) years may become a participant family, even if the Social Security Number for the child has not been verified at the time of admission. If the Social Security Number has still not been verified at the end of the initial 90-day period, then HOC must determine whether a 90-day extension is merited. If it is not merited, then HOC must follow the provisions of 24 CFR 5.218. If a 90-day extension is merited, then HOC must either

verify the Social Security Number for the child by the end of the 90-day extension period or follow the provisions of 24 CFR 5.218.

Chapter 7: Verification Procedures

I. VERIFYING NON-FINANCIAL FACTORS [24 CFR 982.153(b)(15)]

Verification of Social Security Numbers [24 CFR 5.216]

Social security numbers must be provided as a condition of eligibility for all family members if they have been issued a number, except any member who is older than 62 as of Jan 31, 2010 and receiving assistance as of that date.

At the time any change in family composition is reported to ~~the PHA/HOC~~, each new family member will be required to produce a Social Security card or original document issued by a federal or state government agency that provides the SSN-Social Security Number of the individual along with other identifying information. ~~The PHA/HOC~~ will accept HUD prescribed documentation of this information.

If an applicant or participant is able to disclose the Social Security ~~Nu~~number but cannot meet the documentation requirements, the applicant or participant cannot become a participant or continue as a participant until the applicant or participant can provide the complete and accurate Social Security ~~Nu~~number assigned to each member of the household. ~~Ninety days will be granted to new household members under the age of six. If unforeseen circumstances outside the participant's control occur, the PHA may grant an additional 90 days in its discretion.~~

HOC permits a 90-day period during which an applicant family may become a program participant, even if the family lacks the documentation necessary to verify the Social Security Number (SSN) of a family member under the age of six (6) years old. An extension of one additional 90-day period must be granted if HOC determines that, in its discretion, the applicant's failure to comply was due to circumstances that could not reasonably have been foreseen and were outside of the control of the applicant. For example, an applicant may be able to demonstrate timely submission of a request for a Social Security Number, in which case processing time would be the cause of the delay. If the applicant family does not produce the required documentation within the authorized time period, HOC must impose appropriate penalties, in accordance with the Code of Federal Regulations at 24 CFR 5.218.

If merited, HOC will offer a grace period and/or an extension. HOC will implement this provision just as it currently implements the provision for program participants. Specifically, an applicant family with a child under the age of six (6) years may become a participant family, even if the Social Security Number for the child has not been verified at the time of admission. If the Social Security Number has still not been verified at the end of the initial 90-day period, then HOC must determine whether a 90-day extension is merited. If it is not merited, then HOC must follow the provisions of 24 CFR 5.218. If a 90-day extension is merited, then HOC must either

verify the Social Security Number for the child by the end of the 90-day extension period or follow the provisions of 24 CFR 5.218.

Failure to provide the required documentation during the recertification process will result in an incomplete recertification action and may subject the family to termination of housing assistance.

Proposed Revisions to
HOC's Administrative Plan for the Housing Choice Voucher Program

Please note: Existing language is in **BLACK**, proposed changes are in **RED**, and proposed deletions are shown with strikethrough.

Streamlining Change Regarding Definition of Extremely Low-Income Families

Chapter 2: Eligibility for Admission

C. INCOME LIMITATIONS [24 CFR 982.201(b), 982.353]

To be eligible for assistance, an applicant must:

Have an Annual Income at the time of admission that does not exceed the very low-income limits for occupancy established by HUD.

To be income eligible the applicant must be a family in the ~~extremely very~~ low-income category, which is a family, whose income does not exceed ~~350~~ percent of the area median income (AMI). HOC may select up to 25 percent of new applicants in the very-low income category, which is a family whose income does not exceed 50 percent of AMI. The PHA will not admit families whose income exceeds 50 percent of the area median income except those families included in 24 CFR 982.201(b).

To be income eligible the family may be under the low-income limit in any of the following categories: [24 CFR 982.201(b)~~(1)~~]

A ~~an extremely~~ very low-income family.

A low-income family that is continuously assisted under the 1937 Housing Act. An applicant is continuously assisted if the family has received assistance under any 1937 Housing Act program within 120 days of voucher issuance. Programs include any housing federally assisted under the 1937 Housing Act.

A low-income family physically displaced by rental rehabilitation activity under 24 CFR part 511.

A low-income non-purchasing family residing in a HOPE 1 or HOPE 2 project.

A low-income non-purchasing family residing in a project subject to a home-ownership program under 24 CFR 248.173.

A low-income family or moderate-income family that is displaced as a result of the prepayment of a mortgage or voluntary termination of a mortgage insurance contract under 24 CFR 248.165.

A low-income family that qualifies for Voucher assistance as a non-purchasing family residing in a project that is subject to a resident home-ownership program.

To determine if the family is income-eligible, ~~the PHAHOC~~ compares the ~~a~~Annual ~~i~~ncome of the family to the applicable income limit for the family's size.

Families whose ~~a~~Annual ~~i~~ncome exceeds the income limit will be denied admission and offered an informal review.

Portability: For initial lease-up at admission, families who exercise portability must be within the applicable income limit for the jurisdiction of the receiving PHA in which they want to live.

Proposed Revisions to
HOC's Administrative Plan for the Housing Choice Voucher Program

Please note: Existing language is in **BLACK**, proposed changes are in **RED**, and proposed deletions are shown with strikethrough.

Streamlining Change Regarding Exclusion of Mandatory Education Fees from Income

Chapter 6: Factors Related to Total Tenant Payment and Family Share Determination

A. INCOME AND ALLOWANCES [24 CFR 5.609]

Income: Includes all monetary amounts, which are received on behalf of the family, except any financial assistance received for mandatory education fees and charges (in addition to tuition). For purposes of calculating the Total Tenant Payment, HUD defines what is to be calculated and what is to be excluded in the federal regulations. In accordance with this definition, all income that is not specifically excluded in the regulations is counted.

Annual Income: is defined as the gross amount of income anticipated to be received by the family during the 12 months after certification or recertification. Gross income is the amount of income prior to any HUD allowable expenses or deductions, and does not include income that has been excluded by HUD. Annual income is used to determine whether or not applicants are within the applicable income limits. A family who actually works less than 12 months, as required by their employment, will have their income treated as though they worked 12 months.

Adjusted Income: is defined as the annual income minus any HUD allowable expenses and deductions.

HUD has five allowable deductions from Annual Income:

Dependent Allowance: \$480 each for family members (other than the head or spouse) who are minors, and for family members who are 18 and older who are full-time students or who are disabled.

Elderly/Disabled Allowance: \$400 per family for families whose head or spouse is 62 or over or disabled.

Allowable Medical Expenses: Deducted for all family members of an eligible elderly/disabled family.

Child Care Expenses: Deducted for the care of children under 13 when child care is necessary to allow an adult member to work, attend school, or actively seek employment.

Allowable Disability Assistance Expenses: Deducted for attendant care or auxiliary

apparatus for persons with disabilities if needed to enable the individual or an adult family member to work.

Allowable deductions from Annual Income are reviewed at annual reexamination.

Proposed Revisions to
HOC's Administrative Plan for the Housing Choice Voucher Program

Please note: Existing language is in **BLACK**, proposed changes are in **RED**, and proposed deletions are shown with strikethrough.

**Streamlining Change Regarding
Streamlined Annual Reexamination for Fixed Sources of Income**

Chapter 12: Recertifications

INTRODUCTION

In accordance with HUD requirements, the **PHA-HOC** will reexamine the income and household composition of all families at least annually, except for those with a fixed source of income who may be eligible for reexamination only once every three years. Families will be provided accurate annual and interim rent adjustments. Recertifications and interim examinations will be processed in a manner that ensures families are given reasonable notice of rent increases. All annual activities will be coordinated in accordance with HUD regulation. It is a HUD requirement that families report all changes in household composition. This Chapter defines **the PHAHOC**'s policy for conducting ~~annual~~ recertifications and coordinating annual activities. It also explains the interim reporting requirements for families, and the standards for timely reporting.

A. ANNUAL ACTIVITIES [24 CFR 982.516, 982.405]

There are three activities **the PHAHOC** must conduct on an annual basis. These activities will be coordinated whenever possible:

Recertification of Income and Family Composition (except for those with a fixed-income)

HQS Inspection

Rent to Owner Adjustment (following HUD requirements [Regular Tenancy Certificate only])

The PHAHOC produces a monthly listing of units under contract to ensure that timely reviews of rent to owner, housing quality, and factors related to Total Tenant Payment/Family Share can be made. Requests for rent adjustments and other monetary changes will be transmitted to the ~~Rental Assistance~~**Housing Resources** Division.

Reexamination of the family's income and composition must be conducted at least annually.

Annual inspections: See "Housing Quality Standards and Inspections" chapter.

Rent Adjustments: See "Owner Rents, Rent Reasonableness and Payment Standards" chapter.

B. ANNUAL RECERTIFICATION/REEXAMINATION [24 CFR 982.516]

Families are required to be recertified at least annually, except for those with a fixed source of income who may be eligible for reexamination only once every three years. At the first interim or annual certification on or after June 19, 1995, family members must report and verify their U.S. citizenship/eligible immigrant status.

Fixed-Income Families

At HOC's discretion income determinations for any family member with a fixed source of income may result in reexamination only once every three years, instead of annually. Note that the family member may also have non-fixed sources of income, which remain subject to third-party verification. Upon request of the family, HOC must perform third-party verification of all income sources. Note that this provision pertains only to the verification of sources of income; HOC must continue to conduct third-party verification of deductions. For purposes of this Notice, the term "fixed-income" includes income from:

- Social Security payments, to include Supplemental Security Income (SSI) and Supplemental Security Disability Insurance (SSDI);
- Federal, state, local, and private pension plans; and
- Other periodic payments received from annuities, insurance policies, retirement funds, disability or death benefits, and other similar types of periodic payments.

This determination will be made by applying a verified cost of living adjustment (COLA) or current rate of interest to the previously verified or adjusted income amount. The COLA or current interest rate applicable to each source of fixed income must be obtained either from a public source or from tenant provided, third-party generated documentation. In the absence of such verification for any source of fixed income, third-party verification of income amounts must be obtained.

For any family member whose income is determined pursuant to this streamlined fixed-income determination, third-party verification of all income amounts for all family members must be performed at least every three years. This means that, for the third income determination involving a family member whose income had been adjusted twice using a streamlined income determination, HOC would need to obtain third-party verification of all income amounts. This also means that if a family member with a fixed income source is added to the family during year two, for example, then HOC must obtain third-party verification of all income amounts for that family member at the next reexamination if HOC wishes to have all family members with fixed incomes on the same schedule with respect to streamlined annual reexaminations.

Pre-Merger Reexamination Issues

For all pre-merger tenancies the rent calculation methods will not change until the effective date of the second regular reexamination of family income and composition, following the merger date, unless the family moves or accepts a new lease from the owner.

If there has been an increase in the payment standard prior to the effective date of the first regular reexamination of a pre-merger Voucher or Over Fair Market Rent Tenancy Certificate following the merger date, the family will receive the benefit of the higher payment standard, provided there has not been a change in family size or composition that would require the PHA to adjust the family unit size.

Proposed Revisions to
HOC's Administrative Plan for the Housing Choice Voucher Program

Please note: Existing language is in **BLACK**, proposed changes are in **RED**, and proposed deletions are shown with strikethrough.

Streamlining Change Regarding Earned Income Disregard

Chapter 6: Factors Related to Total Tenant Payment and Family Share Determination

A. INCOME AND ALLOWANCES [24 CFR 5.609]

Income: Includes all monetary amounts, which are received on behalf of the family, except any financial assistance received for mandatory education fees and charges (in addition to tuition). For purposes of calculating the Total Tenant Payment, HUD defines what is to be calculated and what is to be excluded in the federal regulations. In accordance with this definition, all income that is not specifically excluded in the regulations is counted.

Annual Income: is defined as the gross amount of income anticipated to be received by the family during the 12 months after certification or recertification. Gross income is the amount of income prior to any HUD allowable expenses or deductions, and does not include income that has been excluded by HUD. Annual income is used to determine whether or not applicants are within the applicable income limits. A family who actually works less than 12 months, as required by their employment, will have their income treated as though they worked 12 months.

Adjusted Income: is defined as the annual income minus any HUD allowable expenses and deductions.

HUD has five allowable deductions from Annual Income:

Dependent Allowance: \$480 each for family members (other than the head or spouse) who are minors, and for family members who are 18 and older who are full-time students or who are disabled.

Elderly/Disabled Allowance: \$400 per family for families whose head or spouse is 62 or over or disabled.

Allowable Medical Expenses: Deducted for all family members of an eligible elderly/disabled family.

Child Care Expenses: Deducted for the care of children under 13 when child care is necessary to allow an adult member to work, attend school, or actively seek employment.

Allowable Disability Assistance Expenses: Deducted for attendant care or auxiliary

apparatus for persons with disabilities if needed to enable the individual or an adult family member to work.

Allowable deductions from Annual Income are reviewed at annual reexamination.

Earned Income Disallowance/Disregard [24 CFR 5.617]

The Earned Income Disregard (EID) is designed to promote self-sufficiency for families with disabilities in the housing Choice Voucher (HCV) program who meet the definition of a “qualified family.”

Disallowance of increase in annual income

- (1) *Initial 12-month exclusion.* During the 12-month period beginning on the date a member who is a person with disabilities of a qualified family is first employed or the family first experiences an increase in annual income attributable to employment, HOC must exclude from annual income of a qualified family any increase in income of the family member who is a person with disabilities as a result of employment over prior income of that family member.
- (2) *Second 12-month exclusion and phase-in.* Upon the expiration of the 12-month period defined in paragraph (1) of this section and for the subsequent 12-month period, HOC must exclude from annual income of a qualified family at least 50 percent of any increase in income of such family member as a result of employment over the family member's baseline income.
- (3) *Maximum two-year disallowance.* The disallowance of increased income of an individual family member who is a person with disabilities as provided in paragraph (1) or (2) of this section is limited to a lifetime 24-month period. The disallowance applies for a maximum of 12 months for disallowance under paragraph (1) of this section and a maximum of 12 months for disallowance under paragraph (2) of this section, during the 24-month period starting from the initial exclusion under paragraph (1) of this section. Previously, families were eligible to receive the EID benefit for no more than 24 months, but which could be spread across a 48-month time period to account for potential changes in the employment status of the family member whose original employment caused the family to be eligible for EID. That is no longer the case. EID eligibility is now limited to a maximum of only 24 straight months.

Proposed Revisions to
HOC's Admissions and Continued Occupancy Plan for the Public Housing Program

Please note: Existing language is in **BLACK**, proposed changes are in **RED**, and proposed deletions are shown with strikethrough.

Streamlining Change Regarding Public Housing Rents for Mixed Families

Chapter 13: Determination of Total Tenant Payment and Tenant Rent

13.6 RENT FOR FAMILIES UNDER THE NONCITIZEN RULE

A mixed family will receive full continuation of assistance if all of the following conditions are met:

- A. The family was receiving assistance on June 19, 1995;
- B. The family was granted continuation of assistance before November 29, 1996;
- C. The family's head or spouse has eligible immigration status; and
- D. The family does not include any person who does not have eligible status other than the head of household, the spouse of the head of household, any parent of the head or spouse, or any child (under the age of 18) of the head or spouse.

If a mixed family qualifies for prorated assistance but decides not to accept it, or if the family has no eligible members, the family may be eligible for temporary deferral of termination of assistance to permit the family additional time for the orderly transition of some or all of its members to locate other affordable housing. Under this provision, the family receives full assistance. If assistance is granted under this provision prior to November 29, 1996, it may last no longer than three (3) years. If granted after that date, the maximum period of time for assistance under the provision is eighteen (18) months. The Housing Opportunities Commission will grant each family a period of six (6) months to find suitable affordable housing. If the family cannot find suitable affordable housing, the Housing Opportunities Commission will provide additional search periods up to the maximum time allowable.

Suitable housing means housing that is not substandard and is of appropriate size for the family. Affordable housing means that it can be rented for an amount not exceeding the amount the family pays for rent, plus utilities, plus ~~25%~~ percent.

The family's assistance is prorated in the following manner:

- ~~A. Determine the 95th percentile of gross rents (tenant rent plus utility allowance) for the Housing Opportunities Commission. The 95th percentile is called the maximum rent.~~

~~B. Subtract the family's total tenant payment from the maximum rent. The resulting number is called the maximum subsidy.~~

~~C. Divide the maximum subsidy by the number of family members and multiply the result times the number of eligible family members. This yields the prorated subsidy.~~

~~D.A. Subtract the prorated subsidy from the maximum rent to find the prorated total tenant payment. From this amount subtract the full utility allowance to obtain the prorated tenant rent.~~

Step 1. Determine the total tenant payment in accordance with 24 CFR §5.628. (Annual income includes income of all family members, including any family member who has not established eligible immigration status.)

Step 2. Family maximum rent is equal to the applicable flat rent for the unit size to be occupied by the family.

Step 3. Subtract the total tenant payment from the family maximum rent. The result is the maximum subsidy for which the family could qualify if all members were eligible ("family maximum subsidy").

Step 4. Divide the family maximum subsidy by the number of persons in the family (all persons) to determine the maximum subsidy per each family member who has citizenship or eligible immigration status ("eligible family member"). The subsidy per eligible family member is the "member maximum subsidy."

Step 5. Multiply the member maximum subsidy by the number of family members who have citizenship or eligible immigration status ("eligible family members"). The product of this calculation is the "eligible subsidy."

Step 6. The mixed family TTP is the maximum rent minus the amount of the eligible subsidy.

Step 7. Subtract any applicable utility allowance from the mixed family TTP. The result of this calculation is the mixed family tenant rent.

When the mixed family's TTP is greater than the maximum rent, HOC must use the TTP as the mixed family TTP.

This method of prorating assistance applies to new admissions and annual reexaminations after April 7, 2016.

Proposed Revisions to
HOC's Administrative Plan for the Housing Choice Voucher Program

Please note: Existing language is in **BLACK**, proposed changes are in **RED**, and proposed deletions are shown with strikethrough.

**Streamlining Change Regarding
Exception Payment Standards for Providing Reasonable Accommodations**

Chapter 11: Owner Rents, Rent Reasonableness, and Payment Standards

D. PAYMENT STANDARDS FOR THE VOUCHER PROGRAM [24 CFR 982.503]

The Payment Standard is used to calculate the housing assistance payment for a family. In accordance with HUD regulations, and at ~~the PHAHOC's~~ discretion, the Voucher Payment Standard (VPS) amount is set by the PHA between 90 percent and ~~124~~10 percent of the HUD published Fair Market Rents (FMR). This is considered the basic range. ~~The PHAHOC~~ reviews the appropriateness of the Voucher Payment Standard annually when the FMR is published. In determining whether a change is needed, ~~the PHAHOC~~ will ensure that the Voucher Payment Standard is always within the range of 90 percent to ~~124~~10 percent of the new FMR, unless an exception payment standard has been approved by HUD.

~~The PHAHOC~~ will establish a single Voucher Payment Standard amount for each FMR area in the PHA-Agency's jurisdiction. For each FMR area, ~~the PHAHOC~~ will establish Voucher Payment Standard amounts for each "unit size". ~~The PHAHOC~~ may have a higher Voucher Payment Standard within the PHA's-Agency's jurisdiction if needed to expand housing opportunities outside areas of minority and/or poverty concentration, as long as the Voucher Payment Standard is within the 90-~~124~~10% percent of FMR range.

~~The PHAHOC~~ may approve a higher Voucher Payment Standard within the basic range, if required as a reasonable accommodation for a family that includes a person with disabilities.

Proposed Revisions to
HOC's Administrative Plan for the Housing Choice Voucher Program

Please note: Existing language is in **BLACK**, proposed changes are in **RED**, and proposed deletions are shown with strikethrough.

Streamlining Change Regarding Utility Payment Schedules

Chapter 6: Factors Related to Total Tenant Payment and Family Share Determination

Q. UTILITY ALLOWANCE AND UTILITY REIMBURSEMENT PAYMENTS
[24 CFR 982.153, 982.517]

The same Utility Allowance Schedule is used for all tenant-based programs.

The utility allowance is intended to cover the cost of utilities not included in the rent. The allowance is based on the typical cost of utilities and services paid by energy-conservative households that occupy housing of similar size and type in the same locality. Allowances are not based on an individual family's actual energy consumption.

The PHA's utility allowance schedule, and the utility allowance for an individual family, must include the utilities and services that are necessary in the locality to provide housing that complies with the housing quality standards.

The PHA may not provide any allowance for non-essential utility costs, such as costs of cable or satellite television.

The PHA must classify utilities in the utility allowance schedule according to the following general categories: space heating, air conditioning, cooking, water heating, water, sewer, trash collection; other electric, refrigerator (for tenant supplied refrigerator), range (cost of tenant-supplied range); and other specified services.

An allowance for tenant-paid air conditioning will be provided in those cases where the majority of housing units in the market have central air conditioning or are wired for tenant installed air conditioners [24 CFR 982.517].

The PHA will review the utility allowance schedule annually. If the review finds a utility rate has changed by 10 percent or more since the last revision of the utility allowance schedule, the schedule will be revised to reflect the new rate. Revised utility allowances will be applied in a participant family's rent calculation at their next reexamination.

The approved utility allowance schedule is given to families along with their Voucher. The utility allowance is based on ~~the actual unit size selected.~~ the lesser of the size of dwelling unit actually leased by the family or the voucher size issued, as determined under HOC's subsidy standards (see Subsidy Standards chapter for more information). In cases where a reasonable

accommodation has been provided to a family that includes a person with disabilities, HOC must use the appropriate utility allowance for the size of the dwelling unit actually leased by the family.

Where the calculation on the HUD 50058 results in a utility reimbursement payment due the family, the PHA will provide a Utility Reimbursement Payment for the family each month. The check will be made out directly to the tenant.

Proposed Revisions to
HOC's Administrative Plan for the Housing Choice Voucher Program

Please note: Existing language is in **BLACK**, proposed changes are in **RED**, and proposed deletions are shown with strikethrough.

Removal of One-Strike Policy

Chapter 2: Eligibility for Admission

F. OTHER CRITERIA FOR ADMISSIONS [24 CFR 982.552(b)]

The PHA will apply the following criteria, in addition to the HUD eligibility criteria, as grounds for denial of admission to the program:

- The family must not have violated any family obligation during a previous participation in the Section 8 program for three years prior to final eligibility determination.
- The PHA will make an exception, if the family member who violated the family obligation is not a current member of the household on the application.
- The family must pay any outstanding debt owed the PHA or another PHA as a result of prior participation in any federal housing program within 30 days of PHA notice to repay.
- The family must be in good standing regarding any current payment agreement made with another PHA for a previous debt incurred, before this PHA will allow participation in its Section 8 program.
- ~~The PHA will check criminal history for all adults in the household to determine whether any member of the family has violated any of the prohibited behaviors as referenced in the section on One-Strike policy in the "Denial or Termination of Assistance" chapter.~~
- If any applicant deliberately misrepresents the information on which eligibility or tenant rent is established, the PHA may deny assistance and may refer the family file/record to the proper authorities for appropriate disposition. (See Program Integrity Addendum).

Program eligibility restrictions have been extended to include any individual who:

- Is enrolled as a student at an institution of higher education, as defined under section 102 of the Higher Education Act of 1965;
- Is under 24 years of age;
- Is not a veteran of the United States military;
- Is unmarried;
- Does not have a dependent child, and

- Is not otherwise individually eligible, or has parents who, individually or jointly, are not eligible on the basis of income to assistance under section 8 of the 1937 Act.

For a student under the age of 24 who is not a veteran, is unmarried, does not have a dependent child and who is seeking Section 8 Assistance, there is a two part eligibility test. Both parts of this test must be met. That is, both the student and the student’s parents (the parents individually and jointly) must be income eligible for the student to receive Section 8 Assistance. If it is determined that the parents are not income eligible, the student is ineligible to receive Section 8 Assistance.

The student’s parent income may not be relevant if the student can demonstrate the absence of, or his or her independence from, parents. All of the following criteria must be met:

- The individual must be of legal contract age under state law.
- The individual must have established a household separate from parents or legal guardians for at least one year prior to application for occupancy.
- Meet the status of Independent Student as defined by the US Department of Education.
- The individual must not be claimed as a dependent by parents or legal guardians pursuant to IRS regulations.
- The individual must obtain a certification of the amount of financial assistance that will be provided by parents, signed by the individual providing the support. The certification is required even if no assistance will be provided.

The restrictions do not affect students residing in a Section 8 assisted unit with his or her parents or who reside with parents who are applying to receive Section 8 assistance. The restriction is focused on a student under the age of 24 who is already residing in a section 8 assisted unit without his or her parents, or who is seeking on his or her own to reside in a section 8 assisted unit.

Chapter 15: Verification Procedures

B. ~~"ONE STRIKE" POLICY CRIMINAL SCREENING CRITERIA~~

Purpose

All federally assisted housing is intended to provide a place to live and raise families, not a place to commit crime, to use or sell drugs or terrorize neighbors. It is the intention of Housing Opportunities Commission to fully endorse and implement a policy designed to:

Help create and maintain a safe and drug-free community;

Keep our program participants free from threats to their personal and family safety;

Support parental efforts to instill values of personal responsibility and hard work;

Help maintain an environment where children can live safely, learn and grow up to be productive citizens; and

Assist families in their vocational/educational goals in the pursuit of self-sufficiency.

Administration

All screening and termination of assistance procedures shall be administered fairly and in such a way as not to violate rights to privacy or discriminate on the basis of race, color, nationality, religion, familial status, disability, sex or other legally protected groups.

To the maximum extent possible, the PHA will involve other community and governmental entities in the promotion and enforcement of this policy.

This policy may be posted on the PHA's bulletin board and copies made readily available to applicants and participants upon request.

The head of household must notify HOC within ten (10) days of the arrest of any household member or any person arrested in the voucher-assisted unit.

Screening of Applicants

In an effort to prevent future drug related and other criminal activity, as well as other patterns of behavior that pose a threat to the health, safety or right to peaceful enjoyment of the premises by other residents, and as required by the Notice 96-27, the PHA will endeavor to screen applicants as thoroughly and fairly as possible for drug-related and violent criminal behavior.

Such screening will apply to any member of the household who is 18 years of age or older.

HUD Definitions

1. ***Drug-related criminal activity*** is the illegal manufacture, sale, distribution, use or possession with an intent to manufacture, sell, distribute or use of a controlled substance.
2. ***Violent criminal activity*** is any criminal activity that has as one of its elements, the use, attempted use, or threatened use of physical force against a person or property.
3. ***Preponderance of evidence*** is evidence which is of greater weight or more convincing than evidence which is offered in opposition to it so that the evidence, as a whole, shows the facts sought to be proved, are more probable than not.

Confidentiality of Criminal Records

The PHA will ensure that any criminal record received in connection with a determination of qualification, termination or denial of assistance is maintained confidentially, not misused, nor improperly disseminated and destroyed once the purpose for which it is requested is accomplished. Misuse of the information by any employee of the PHA may be grounds for termination of employment and legal penalties for misuse may be pursued.

Standard of Violation

1. The PHA will deny participation in the Housing Choice Voucher Program to applicants and terminate assistance to participants in instances in which the PHA determines there is reasonable cause to believe that the family, or guest, or a family member is illegally using a controlled substance or is engaged in a pattern of illegal use, or if the family or a family member abuses alcohol, or exhibits a pattern of abuse, that may interfere with the health, safety or right of peaceful enjoyment of the premises by other residents.
2. A pattern of abuse of a controlled substance or abuse of alcohol will be deemed to have been established if there is more than one (1) incident during the previous twenty-four (24) months.

In evaluating the evidence, the PHA will give fair consideration to the seriousness of the activity, the extent of participation of individual family members, mitigating circumstances, the effects of denial or termination of assistance of other family members who are not involved, and the likelihood of favorable conduct in the future. The PHA will make its determination or denial or termination of assistance based on a preponderance of the evidence presented to it.

Additional Criteria of Ineligibility for Admission

1. Persons evicted from Public Housing, Indian Housing, Section 23 Housing, or any Section 8 Program because of drug related criminal activity or violent criminal activity, are ineligible for admission to the Section 8 Program for a three (3) year period beginning on the date of such eviction unless, with respect to drug related activity, the evicted family member successfully completes a rehabilitation program approved by the PHA.
2. The PHA may deny assistance to any family determined to be involved in any drug related or violent criminal activity or other criminal activity which would adversely affect the health, safety or peaceful enjoyment of the premises by other residents. The PHA may, after 3 years from the date of the conviction or at the end of the incarceration/probationary period, whichever is longer, require the applicant as a condition of admission to the Program, to submit evidence sufficient to ensure that the individual or individuals in the applicant's household who have engaged in criminal activity for which denial was made, have not engaged in such criminal activity during such time.

Notice of Termination of Assistance

In any case where the PHA decides to terminate assistance to the family, the PHA must give the family written notice which states:

The reason(s) for the proposed termination,

The effective date of the proposed termination,

The family's right, if they disagree, to request an Informal Hearing to be held before termination of assistance.

The date by which a request for an informal hearing must be received by the PHA.

The PHA will simultaneously provide written notice of the contract termination to the owner so that it will coincide with the Termination of Assistance. The Notice to the owner will not include any details regarding the reason for termination of assistance.

Appeal of Denial or Termination of Assistance

In any case in which the PHA determines to deny or terminate assistance to a family for drug related criminal activity or violent criminal activity, PHA shall provide an opportunity for an Informal Review or Informal Hearing, as the case may be, pursuant to Chapter 19.

Deliberation and/or Action

Future Action

INFORMATION EXCHANGE

New Business

Executive Session Findings

Adjourn

Development Corporation Meetings

TPM DEVELOPMENT CORPORATION

Approval to Accept Extension of HOC Real Estate Line of Credit Loan

January 11, 2017

- TPM Development Corporation tax-exempt bond loan was refinanced using the \$90 million PNC Bank Real Estate Line of Credit (RELOC) which expired September 3, 2016. The renovations at Timberlawn Crescent and Pomander Court are also financed under the \$90 million RELOC and will expire on May 6, 2017.
- The Commission approved extending the maturity dates for the two Lines of Credit for TPM Development Corporation, Timberlawn Crescent and Pomander Court through September 3, 2017.
- The estimated debt service cost under the Line of Credit is based upon the tax-exempt rate at 68.5% of one month LIBOR plus 38 basis points. As of December 9, 2016, the estimated amount of interest is approximately \$118,230 for one year.
- Staff requests the Board of Directors accept the extension of the HOC Real Estate Line of Credit on behalf of TPM Development Corporation.

TPM DEVELOPMENT CORPORATION

RESOLUTION NO: 17-001TPM

**RE: Approval to Accept Extension of HOC
Real Estate Line of Credit Loan**

WHEREAS, TPM Development Corporation (TPM) first mortgage loan and Timberlawn Crescent and Pomander Court renovations are currently financed through the \$90 million PNC Bank Real Estate Line of Credit; and

WHEREAS, the TPM Development Corporation first mortgage loan under the line of credit expired on September 3, 2016 and the interim financing for the renovation of Timberlawn Crescent and Pomander Court will expire on May 6, 2017; and

WHEREAS, the Commission approved extending the use of the \$90 million PNC Bank Real Estate Line of Credit to finance TPM Development Corporation, Timberlawn Crescent and Pomander Court loans through September 3, 2017 at a tax-exempt borrowing rate of 68.5% of 30 day LIBOR plus 38 basis points; and

WHEREAS, the estimated cost based on the one month LIBOR rate of 68 basis points as of December 9, 2016 is approximately \$118,230 annually.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of TPM Development Corporation that it hereby approves accepting the extension of the HOC Real Estate Line of Credit to finance TPM Development Corporation, Timberlawn Crescent and Pomander Court through September 3, 2017.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Board of Directors of TPM Corporation at a regular meeting conducted on January 11, 2017.

S
E
A
L

**Patrice M. Birdsong
Special Assistant to the Board of
TPM Development Corporation**

Adjourn

Executive Session