

**EXPANDED AGENDA**

March 4, 2020

			Res #
4:00 p.m.	<b>I. <u>INFORMATION EXCHANGE</u></b> A. Resident Advisory Board B. Community Forum		
4:30 p.m. Page 5	<b>II. <u>APPROVAL OF MINUTES</u></b> A. Approval of Minutes of February 5, 2020		
Page 18	<b>III. <u>CONSENT</u></b> A. Approval of the Nomination of Donna Boxer and Yvonne Caughman to the Board of Directors of the Housing Opportunities Community Partners, Inc.		20-15 (pg 22)
4:35 p.m.	<b>IV. <u>INFORMATION EXCHANGE (CONTINUED)</u></b> A. Report of the Executive Director • HOC Year in Review B. Commissioner Exchange		
	<b>V. <u>ADMINISTRATIVE AND SPECIAL SESSION RATIFICATION</u></b> A. None		
5:00 p.m.	<b>VI. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u></b>		
Page 27	<b>A. Budget, Finance and Audit Committee – Com. Nelson, Chair</b> 1. Acceptance of Second Quarter FY’20 Budget to Actual Statements		20-16 (pg 36)
43	2. Approval of FY’20 Second Quarter Budget Amendment		20-17 (pg 47)
50	3. Approval of CY’20 First Quarter Budget Amendment		20-18A (pg 54) 20-18B (pg 56)
57	4. Authorization to Write-off Uncollectible Tenant Accounts Receivable (October 1, 2019 – December 31, 2019)		20-19 (pg 61)
62	5. Approval to Renew the Property Management Contract at Tanglewood and Sligo Hills Apartments, Dale Drive, Southbridge Apartments, and Manchester Manor		20-20 (pg 66)
68	6. Approval to Renew the Property Management Contract for The Willows Apartments		20-21 (pg 71)
72	7. Approval to Extend the Property Management Contract for CCL Multifamily LLC (The Lindley)		20-22 (pg 75)
5:35 p.m. 77	<b>B. Development and Finance Committee – Com. Simon, Chair</b> 1. Brooke Park: Approval to Accept Additional Loan from Department of Housing and Community Affairs (DHCA) to Complete Renovation of Brooke Park		20-23 (pg 88)
90	2. Elizabeth House III (EH III): Authorization to Increase the Contract Value for CDC Capital, LLC to Assist with the Management of Agreements between Housing Opportunities Commission (HOC) and Montgomery County		20-24 (pg 96)

	for the Construction of the South County Regional and Recreation Center at Elizabeth Square		
	<b>VII. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u></b>		
	1. None		
	<b>VIII. <u>*FUTURE ACTION ITEMS</u></b>		
5:45 p.m.	<b><u>ADJOURN</u></b>		
	<b><u>DEVELOPMENT CORPORATION MEETINGS</u></b>		
5:50 p.m. Page 103	<b><u>METROPOLITAN DEVELOPMENT CORPORATION</u></b> <ul style="list-style-type: none"> <li>Metropolitan Development Corporation: Approval of CY'20 First Quarter Budget Amendment</li> </ul>		20-001 <sub>ME</sub> (pg 106)
5:55 p.m.	<b><u>ADJOURN</u></b>		
6:00 p.m. Page 109	<b><u>PADDINGTON SQUARE DEVELOPMENT CORPORATION</u></b> <ul style="list-style-type: none"> <li>Paddington Square Development Corporation: Approval to Renew the Property Management Contract</li> </ul>		20-001 <sub>PS</sub> (pg 112)
6:15 p.m.	<b><u>ADMINISTRATIVE SESSION</u></b> <i>A closed Administrative Session will be called to order pursuant to Sections 3-305(b)(3) and 3-305(b)(13) of the General Provisions Article of the Annotated Code of Maryland</i>		

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NOTES:

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

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

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# Information Exchange

# Minutes



**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY**

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

**Minutes**

February 5, 2020

20-02

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, February 5, 2020 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:11 p.m. Those in attendance were:

**Present**

Jackie Simon, Chair  
Richard Y. Nelson, Jr., Vice Chair  
Roy Priest, Chair Pro Tem  
Linda Croom  
Frances Kelleher

**Absent**

Pamela Byrd

**Also Attending**

Stacy L. Spann, Executive Director  
Cornelia Kent  
Charnita Jackson  
Christina Autin  
Guidy Paul  
John Vass  
Darcel Cox  
Eamon Lorincz  
Ian Williams  
Fred Swan  
Lynn Hayes  
Kathryn Hollister  
Derrick McLaughlin  
Karshia Farrow-Butler

Aisha Memon, Acting General Council  
Kayrine Brown  
Matt Husman  
Nathan Bovelie  
Jay Berkowitz  
Zachary Marks  
Ian-Terrell Hawkins  
Nargiza Polvanova  
Patrick Mattingly  
Vivian Benjamin  
Bonnie Hodge  
Satina Ali  
Shirdell Sellman

**Resident Advisory Board**

Yvonne Caughman, Vice President

**IT Support**

Gabriel Taube  
Arthur Owens  
Karlos Taylor

**Guest**

Karen Lundregan  
Macedonia Baptist Church/Bethesda African  
Cemetery Coalition

**Commission Support**

Patrice Birdsong, Spec. Asst. to the Commission

I. **Information Exchange**

**Resident Advisory Board (RAB)**

- Yvonne Caughman, Vice Chair, updated on activities of the Resident Advisory Board. She reported that the RAB reviewed and approved the FY 20 Year End Payment Standards. The RAB continues to distribute updates on the upcoming 2020 Census and encouraging voter registration with the residents. RAB continues to welcome Division presentations. Real Estate Development/Mortgage Finance and Housing Resources have started off. There will also be outside organizations participating in presentations. Continue to recruit for new membership.

**Community Forum**

- Macedonia Baptist Church/Moses African American Cemetery Group continues to address the Board.
- Karen Lundregan continues to address the Board with her allegations of discrimination and retaliation from staff.

- II. **Approval of Minutes** - The minutes were approved as submitted with a motion by Vice Chair Nelson and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Simon, Nelson, Priest, Croom, and Kelleher. Commissioner Byrd was necessarily absent and did not participate in the vote.

**A. Approval of Minutes of January 8, 2020**

III. **Consent Items**

**A. Approval of the Nomination of Sally Roman to the Board of Directors of Housing Opportunities Community Partners, Inc.**

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

**RESOLUTION NO.: 20-10**

**RE: Approval of the Nomination of Sally Roman to the Board of Directors of Housing Opportunities Community Partners, Inc.**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“Commission”) approved the creation of the non-profit, Housing Opportunities Community Partners, Inc. (“Community Partners”), in 1999 to support the residents and programs of the Commission; and

**WHEREAS**, the Board of Community Partners unanimously has nominated Sally Roman to fill an *At-large* vacancy on the Community Partners Board; and

**WHEREAS**, the Commission is required, by the Community Partners’ bylaws, to approve nominees to the Board of Directors of Community Partners.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Sally Roman is hereby approved and appointed to serve on the Board of Directors of Housing Opportunities Community Partners, Inc.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that its Executive Director is authorized, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction and action contemplated herein, including the execution of any documents related thereto.

IV. **Information Exchange Continued**

**Report of the Executive Director**

- Mr. Spann highlighted some of HOC's accomplishments: He spotlighted the Fatherhood Initiative Program, acknowledging Jonathan Cartagena, Resident Employment/Fatherhood Initiative Coordinator and staff. HOC is one of the first Housing Authority in the Country to receive the new Pathways for Fathers and Families Grant from The Office of Administration for Children and Families. Mr. Spann also spotlighted other Agency events such Stewartown Homes renovation project; HOC Academy hosted a Family Science, Technology, Engineering, Arts and Math (STEAM) Night at Magruders Discovery; Montgomery County Homeownership Assistance Program; and joint FSS Graduation Ceremony with DC Housing Authority participants. His final update was on the 2020 Maryland State Legislation.

**Commissioner Exchange**

- Commissioner Kelleher shared that there are free tax preparation services throughout the County at six sites and AARP at twenty sites for elderly and low-income families.

V. **ADMINISTRATIVE AND SPECIAL SESSION RATIFICATION**

**A. None**

VI. **COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**

**A. Legislative and Regulatory Committee – *Com. Byrd, Chair***

**1. Authorization to Implement Voucher Payment Standards Based on HUD FY 2020 Small Area Fair Market Rents**

Lynn Hayes, Director of Housing Resources, and Guidy Paul, Management Analyst, were the presenters.

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

**RESOLUTION NO.: 20-11**

**RE: Authorization to Implement Voucher  
Payment Standards Based on HUD FY 2020 Small  
Area Fair Market Rents**

**WHEREAS**, the regulations of the U.S. Department of Housing and Urban Development (“HUD”) require that the Housing Opportunities Commission of Montgomery County (“HOC”) establish and implement new Voucher Payment Standards (“VPS”) annually for use in HOC’s administration of the Housing Choice Voucher Program; and

**WHEREAS**, the establishment of the VPS must be between 90 and 110 percent of the HUD Small Area Fair Market Rents (SAFMR) for the given fiscal year.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County establishes the Voucher Payment Standards for FY 2020 as shown on Exhibit A.

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

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

**1. Financial Advisor: Approval to Extend the Financial Advisor Contract with Caine Mitter and Associates Incorporated (“CMA”) in Accordance with Current Contract and Procurement Policy**

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

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

**RESOLUTION NO.: 20-12**

**RE: Approval to Extend the Financial Advisor Contract with Caine Mitter and Associates Incorporated (“CMA”) in Accordance with the Current Contract and Procurement Policy**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) 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 the Memorandum of Understanding by and between the Housing Opportunities Commission of Montgomery County and Montgomery County, Maryland (the “County”), dated June 20, 2018, and authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes; and

**WHEREAS**, to advance its mission and operate a successful bond financing program, the Commission engages the services of a number of industry professionals, one of which is a financial advisor; and

**WHEREAS**, Caine Mitter & Associates Incorporated (“CMA”) has successfully served the Commission since 1979 and was selected on June 7, 2017, to continue to serve the Commission as its financial advisor for a new contract term after completing a full procurement, initially for two years with three optional one year renewals for a maximum term of five years, with each renewal requiring the approval of the Commission; and

**WHEREAS**, On May 8, 2019, the Commission approved a one-year renewal of the contract with CMA, which expires on June 30, 2020; and

**WHEREAS**, CMA continues to provide satisfactory financial advisory services to the Commission and the Commission wishes to renew the contract for one year in accordance with the current contract and Procurement Policy; and

**NOW THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves the renewal of current contract with Caine Mitter & Associates Incorporated to continue to serve the Commission as Financial Advisor for one-year in accordance with terms provided in the current contract in accordance with the Procurement Policy.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County hereby authorizes and directs the Executive Director, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein.

**2. Hillandale Gateway: Approval to Submit the Revised Site Plan for the Development of Hillandale Gateway; Approval of Revised Predevelopment Budget; and Approval of CY 2020 Predevelopment Funding**

Zachary Marks, Director of Development, and Kathryn Hollister, Senior Financial Analyst, were the presenters.

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

**RESOLUTION NO.: 20-13**

**RE: Approval to Submit the Revised Site Plan for the Development of Hillandale Gateway; Approval of Revised Predevelopment Budget; and Approval of CY 2020 Predevelopment Funding**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”), is the owner of a 96-unit rental property in Hillandale known as Holly Hall Apartments located on approximately 4.35 acres of land at 10110 New Hampshire Avenue, Silver Spring, MD 20903 (“Holly Hall”); and

**WHEREAS**, HOC is the sole member of HOC at Hillandale Gateway, LLC, which is a member of Hillandale Gateway, LLC, the entity that will redevelop the Holly Hall site; and

**WHEREAS**, on July 11, 2014, HOC purchased a 43,671 square foot parcel of land located at the southwest corner of Powder Mill Road and New Hampshire Avenue (the “CONA Site”) from Capital One Bank, N.A.;

**WHEREAS**, on July 8, 2015, the Commission authorized the creation of a joint venture between The Duffie Companies (“Duffie”) and HOC (together, the “Development Team”) to redevelop Holly Hall and the CONA Site (“the Redevelopment Properties”), where HOC will contribute the Redevelopment

Properties and Duffie contributed cash, both purchasing respective ownership interests (70% to HOC and 30% to Duffie) in the venture; and

**WHEREAS**, on October 7, 2015, March 1, 2017, and January 9, 2019 the Commission authorized loans to Hillandale Gateway, LLC from HOC's Opportunity Housing Reserve Fund ("OHRF") in the total amount of \$3,504,470 to fund predevelopment activities related to the redevelopment of the Redevelopment Properties; and

**WHEREAS**, on January 3, 2017 and on August 14, 2017 the Development Team submitted Concept Plan and Sketch Plan applications, respectively, to the Montgomery County Planning Board ("Planning Board") for the Redevelopment Properties, and on November 16, 2017, the Planning Board approved the Sketch Plan application; and

**WHEREAS**, on May 8, 2019, the Commission approved the site design (the "Site Plan") for the Redevelopment Properties, which comprised of one age-restricted apartment building, one non-age-restricted apartment building, one parking garage, one free standing retail building with drive-through (together, "Phase One"), and one commercial building ("Phase Two"), and authorized the Development Team to submit an application to the Planning Board for Site Plan approval for the Redevelopment Properties;

**WHEREAS**, the Development Team has revised the Site Plan for the Redevelopment Properties in response to comments received from Montgomery County's Planning Department and Department of Transportation;

**WHEREAS**, the Development Team has explored alternative development options to Phase Two, and recommends replacing the Phase Two commercial building with two smaller restaurant and/or retail pads ("Pads"), to be delivered as part of Phase One, and to include these Pads in the revisions to the Site Plan ("Revised Site Plan") for the Redevelopment Properties;

**WHEREAS**, the Commission desires to approve the Revised Site Plan and authorize the Development Team to submit the Revised Site Plan to Montgomery County's Planning Department;

**WHEREAS**, the Commission desires to approve a revised predevelopment budget in the amount of \$7,990,437, representing \$3,271,877 in predevelopment funding spent to date and \$4,718,560 in anticipated predevelopment spending of the Redevelopment Properties through close of construction financing (anticipated to occur in 2021); and

**WHEREAS**, the Commission desires to approve predevelopment funding for calendar year 2020 in an amount up to \$2,868,000 to cover predevelopment costs of the Redevelopment Properties through December 31, 2020; and

**WHEREAS**, staff recommends approval of a loan in the amount of \$2,868,000 to Hillandale Gateway, LLC to be funded from HOC's OHRF to cover predevelopment and entitlement work for the Redevelopment Properties for calendar year 2020, and such loan shall accrue interest at the applicable federal rate and will be repaid from the proceeds of Hillandale Gateway, LLC's redevelopment construction-period financing.

**WHEREAS**, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures for the redevelopment of the Redevelopment

Properties in an amount not to exceed \$100,000,000, *all or a portion of which may reimburse* the Commission for the portion of such capital expenditures incurred or to be incurred subsequent to the date which is 60 days prior to the date hereof but before such borrowing, and the proceeds of such tax-exempt borrowing will be allocated to reimburse the Commission's expenditures within 18 months of the later of the date of such capital expenditures or the date that the Redevelopment Properties is placed in service (but in no event more than 3 years after the date of the original expenditure of such moneys); and

**WHEREAS**, the Commission hereby desires to declare its official intent, pursuant to Treasury Regulation §1.150-2, to reimburse the Commission for such capital expenditures with the proceeds of the Commission's future tax-exempt borrowing for such projects named in this Resolution.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves the Revised Site Plan for the Redevelopment Properties and authorizes the Development Team to submit the Revised Site Plan to Montgomery County's Planning Department.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves the revised predevelopment budget of \$7,990,437, representing \$3,271,877 in predevelopment funding spent to date and \$4,718,560 in anticipated predevelopment spending for the redevelopment of the Redevelopment Properties through closing of construction financing.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves predevelopment funding for calendar year 2020 in an amount up to \$2,868,000 to cover predevelopment costs related to the redevelopment of the Redevelopment Properties through December 31, 2020.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, that it authorizes a loan to Hillandale Gateway, LLC from HOC's OHRF in the amount of \$2,868,000, accruing interest at the applicable federal rate and to be repaid at the closing of Hillandale Gateway, LLC's redevelopment construction-period financing.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of HOC at Hillandale Gateway, LLC, as its sole member, that the Executive Director, or his designee, is authorized to take any and all actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related to Hillandale Gateway, LLC's acceptance of the loan from HOC's OHRF in an amount up to \$2,868,000.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that it presently intends and reasonably expects to finance costs related to the predevelopment and other expenditures of the Redevelopment Properties located in the Hillandale area of Montgomery County, with moneys currently contained in its OHRF and any other funds of the Commission so designated for use by the Commission.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that all of the capital expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings will be incurred not earlier than 60 days prior to the date of this Resolution except preliminary expenditures as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).



**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that it presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed \$100,000,000 will be applied to reimburse the Commission for its expenditures in connection with the Redevelopment Properties.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that all prior acts and doings of the officials, agents and employees of the Commission which are in conformity with the purpose and intent of this Resolution, and in furtherance of the redevelopment of the Redevelopment Properties, shall be and the same hereby are 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.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is hereby authorized, without any further action on its part, to take any and all actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

**3. Wheaton Gateway: Approval of the CY 2020 Predevelopment Budget and Funding for Wheaton Gateway; Approval of a Loan to Wheaton Gateway, LLC; Approval of the Concept Plan for the Redevelopment of the Ambassador Apartments/Lindsay Ford/Mattress Firm Sites**

Kayrine Brown, Chief Investments and Real Estate Officer, and Zachary Marks, Director of Development, were the presenters.

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

**RESOLUTION NO.: 20-14**

**RE: Approval of the CY 2020 Predevelopment Budget and Funding for Wheaton Gateway; Approval of a Loan to Wheaton Gateway, LLC; Approval of the Concept Plan for the Redevelopment of the Ambassador Apartments/Lindsay Ford/Mattress Firm Sites**

**WHEREAS**, Wheaton-University Boulevard Limited Partnership, a Maryland limited partnership, a subsidiary of HOC, owns the residential condominium unit in a vacant and to-be-demolished 162-unit mixed-use rental property (the "Ambassador Condo") in Wheaton located at 2715 University Blvd W., Silver Spring, MD 20902 (the "Ambassador Property"); and

**WHEREAS**, Wheaton Commercial Center Associates Limited Partnership, a Maryland partnership ("WillCo"), which is part of a third generation real estate development and investment company based in Montgomery County, Maryland and commonly known as WillCo, owns the commercial condominium unit in the



Ambassador Condo and owns the immediately adjacent approximately Fourteen Thousand and Twenty Three (14,023) square foot corner property at 11200 Veirs Mill Road in Wheaton, Maryland (the "Mattress Firm Property"); and

**WHEREAS**, HOC, in accordance with previous Commission resolutions, completed the acquisition of a site adjacent to the Ambassador Property and the Mattress Firm Property with a main address of 11250 Veirs Mill Road and commonly known as the "Lindsay Ford Property" on January 17, 2019 (and collectively with the Ambassador Property and the Mattress Firm Property, the "Property"); and

**WHEREAS**, HOC is holding the Lindsay Ford Property in a single purpose entity known as HOC at 11250 Veirs Mill Road, LLC (the "Venture Property Entity"); and

**WHEREAS**, on August 9, 2017, the Commission authorized the creation of a joint venture known as Wheaton Gateway, LLC between The Duffie Companies ("Duffie") and HOC in order to further the potential redevelopment of the Ambassador Property and the surrounding area; and

**WHEREAS**, on August 9, 2017, the Commission authorized the creation of a joint venture known as Wheaton Gateway, LLC ("Wheaton Gateway") between The Duffie Companies ("Duffie") and HOC in order to further the potential redevelopment of the Ambassador Property and the surrounding area; and

**WHEREAS**, on April 3, 2019, the Commission authorized the creation of a joint venture, Wheaton Ventures, LLC ("Wheaton Venture") between Wheaton Gateway and WillCo and approved a land assembly strategy in which HOC will contribute the Venture Property Entity to Wheaton Venture and then WillCo and HOC will convey the Mattress Firm Property and the Ambassador Property to the Venture Property; and

**WHEREAS**, in order to advance the predevelopment efforts of the Venture Property, the Commission desires to approve the Concept Plan for the redevelopment of the Property and authorize its submission to the Montgomery County Planning Department; and

**WHEREAS**, the Commission desires to approve the calendar year 2020 Predevelopment Budget in the amount of \$2,392,500 to cover predevelopment costs related to the redevelopment of the Property (the "Wheaton Gateway Redevelopment") and needed to continue with the design and planning options for the redevelopment plan; and

**WHEREAS**, staff recommends that the calendar year 2020 predevelopment budget be funded from the Opportunity Housing Reserve Fund ("OHRF"), which will be repaid upon the closing of the construction or permanent financing of the Properties; and

**WHEREAS**, staff recommends a draw of half of the calendar year 2020 predevelopment budget in the amount of \$1,196,250 from the OHRF, which shall be loaned to Wheaton Gateway, LLC at an interest at the greater of Prime or 6% to fund the ongoing predevelopment costs for the Wheaton Gateway Redevelopment; and

**WHEREAS**, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures in an amount not to exceed \$125,000,000, all or a portion of which may reimburse the Commission for the portion of such capital expenditures incurred or to be incurred subsequent to the date which is 60 days prior to the date hereof but before such borrowing, and the proceeds of such tax-exempt borrowing will be allocated to reimburse the Commission's expenditures within 18 months of the later of the date of such capital expenditures or the

date that the applicable project comprising the Wheaton Gateway Redevelopment to which such expenditure applies is placed in service (but in no event more than 3 years after the date of the original expenditure of such moneys); and

**WHEREAS**, the Commission hereby desires to declare its official intent, pursuant to Treasury Regulation §1.150-2, to reimburse the Commission for such capital expenditures with the proceeds of the Commission's future tax-exempt borrowing for such projects named in this Resolution.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves the Concept Plan for the redevelopment of the Property and authorizes the Development Team to submit the Concept Plan to the Montgomery County Planning Department.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves the calendar year 2020 total predevelopment budget of \$2,392,500 for the Wheaton Gateway Redevelopment through December 2020.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the calendar year 2020 predevelopment budget shall be funded from the OHRF, which will be repaid upon the closing of the construction or permanent financing of the Properties.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves a draw of half of the calendar year 2020 predevelopment budget in the amount of \$1,196,250 from the OHRF, which shall be loaned to Wheaton Gateway, LLC at an interest at the greater of Prime or 6% to fund the ongoing predevelopment costs for the Wheaton Gateway Redevelopment.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that it presently intends and reasonably expects to finance costs related to the predevelopment and other expenditures of the Wheaton Gateway Redevelopment with moneys currently contained in its OHRF and any other funds of the Commission so designated for use by the Commission.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that all of the capital expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings will be incurred not earlier than 60 days prior to the date of this Resolution except preliminary expenditures as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that it presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed \$125,000,000 will be applied to reimburse the Commission for its expenditures in connection with the Wheaton Gateway Redevelopment.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that all prior acts and doings of the officials, agents and employees of the Commission which are in conformity with the purpose and intent of this Resolution, and in furtherance of the redevelopment of the Wheaton Gateway Redevelopment, shall be and the same hereby are 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.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and in its capacity as sole member of HOC at Wheaton Gateway, LLC (“HOC at Wheaton”), a member of Wheaton Gateway, that HOC, HOC at Wheaton and Wheaton Gateway are each authorized to take any and all actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related to Wheaton Gateway, LLC’s acceptance of the loan from HOC’s OHRF in the amount of \$1,196,250.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission Montgomery County authorizes the Executive Director, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction and actions contemplated herein.

VII. **ITEMS REQUIRING DELIBERATION and/or ACTION**

**1. None**

VIII. **ELECTION OF OFFICER**

Executive Director Spann opened the floor for nomination of the following Officers, Chair, Vice Chair, and Chair Pro Tem, to the Housing Opportunities Commission Board. Motion was made by Commissioner Simon to elect Roy Priest to Chair. Affirmative votes were cast by Commissioners Simon, Nelson, Croom, and Kelleher. Commissioner Byrd was necessarily absent and did not participate in the vote.

Executive Director Spann called for the nomination of Vice Chair. Motion was made by Commissioner Nelson to elect Frances Kelleher. Affirmative votes were cast by Commissioners Simon, Nelson, Priest, and Croom. Commissioner Byrd was necessarily absent and did not participate in the vote.

Executive Director Spann called for the nomination of Chair Pro Tem. Motion was made by Commissioner Priest to elect Richard Y. Nelson, Jr. Affirmative votes were cast by Commissioners Simon, Priest, Croom, and Kelleher. Commissioner Byrd was necessarily absent and did not participate in the vote.

Executive Director Spann made a motion to close the nominations. Affirmative votes cast by Commissioners Simon, Nelson, Priest, Croom, and Kelleher. Commissioner Byrd was necessarily absent and did not participate in the vote.

Based upon this report and there being no further business to come before this session of the Commission, the open session adjourned at 5:46 p.m.

Respectfully submitted,

Stacy L. Spann  
Secretary-Treasurer

/pmb

# Consent Items

**APPROVAL OF DONNA J. BOXER AND  
YVONNE C. CAUGHMAN TO THE  
BOARD OF DIRECTORS OF HOUSING  
OPPORTUNITIES COMMUNITY PARTNERS, INC.**

**March 4, 2020**

- Housing Opportunities Community Partners, Inc. (“Community Partners”), a 501c(3) charitable organization, supports residents and resident programs operated by the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”).
- The Commission is required, per Community Partners’ bylaws, to review nominees submitted to fill vacancies of the Board of Directors of Community Partners.
- The Community Partners’ Board nominates Donna J. Boxer and Yvonne C. Caughman as new directors, each to serve three-year terms on the Community Partners’ Board.



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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to approve the nominees to serve on the Board of Community Partners each for a three-year term?

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**PRINCIPALS:**

**Donna J. Boxer, CPA** has more than 30 years of experience in budget and finance working in local government, at the Housing Opportunities Commission and most recently at Virginia Railway Express (VRE), from where she retired in 2017.

As the Chief Financial Officer of VRE for more than 12 years, Ms. Boxer oversaw assets of \$400 million and \$85 million annual budget for the commuter rail system serving 10,000 riders daily. In this position, she also negotiated contracts, leases and loans amounting to \$137 million. Prior to her work at VRE, Ms. Boxer was the Director of Finance for seven years at the City of Rockville, overseeing a \$74 million operating budget and a \$135 million capital program. Ms. Boxer also worked at HOC for 11 years, six of which she was the agency's Director of Finance.

In addition to her professional career, Ms. Boxer has been serving on several notable boards and committees of non-profit organizations for 20 years, advocating for low-income families in Montgomery County.

**Yvonne C. Caughman** has more than 22 years of experience in accounting, contract management and office management working for general contracting firms, attorneys and churches in the National Capital Region.

During the course of seven years, Ms. Caughman worked as church administrative and ministerial supervisor for four different churches in Washington DC and Montgomery County. She managed the daily administrative duties of the churches and assisted with the coordination of their various ministries. Prior to this, Ms. Caughman worked as controller and accountant for local general contracting firms and legal offices over a 15-year period.

Also, Ms. Caughman has been actively serving on the HOC's Resident Advisory Board (RAB) since 2015 and currently is the Vice-President. She brings to RAB much expertise, insight, and commitment advocating for HOC customers. Also, since 2000, Ms. Caughman has served on the board of directors for four other local non-profit and faith-based organizations.

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**BUDGET IMPACT**

None



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**TIME FRAME:**

Commission action is requested at the March 4, 2020 meeting.

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**STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:**

Staff recommends that the Commission approve the nomination of Donna J. Boxer and Yvonne C. Caughman to the Board of Directors of Housing Opportunities Community Partners, Inc., each for a three-year term.

**RESOLUTION NO.: 20-15**

**RE: Approval of the Nomination of Donna J. Boxer and Yvonne C. Caughman to the Board of Directors of Housing Opportunities Community Partners, Inc.**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“Commission”) approved the creation of the non-profit, Housing Opportunities Community Partners, Inc. (“Community Partners”), in 1999 to support the residents and programs of the Commission; and

**WHEREAS**, the Board of Community Partners has unanimously nominated Donna J. Boxer and Yvonne C. Caughman to fill vacancies on the Community Partners Board; and

**WHEREAS**, the Commission is required, by the Community Partners’ bylaws, to approve nominees to the Board of Directors of Community Partners.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Donna J. Boxer and Yvonne C. Caughman are hereby approved and appointed to serve on the Board of Directors of Housing Opportunities Community Partners, Inc.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that its Executive Director, or his designee, is authorized, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction and action contemplated herein, including the execution of any documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting on March 4, 2020.

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

# Information Exchange

# Administrative Session Ratifications

# Committee Reports and Recommendations for Action

# Budget, Finance & Audit Committee

## **ACCEPTANCE OF SECOND QUARTER FY'20 BUDGET TO ACTUAL STATEMENTS**

**March 4, 2020**

- The Agency ended the quarter with a net cash flow surplus of \$1,996,994 that resulted in a second quarter budget to actual positive variance of \$302,307.
- The General Fund experienced savings throughout most administrative expenses and maintenance contracts.
- At the end of the second 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 due to the delay in the Rental Assistance Demonstration (RAD) conversion of the final property, Elizabeth House. The surplus will be restricted the fund.
- The Housing Choice Voucher (HCV) Program experienced a higher administrative surplus through December 31, 2019 as a result of fees received for the reconciliation of increased utilization during CY'18 that were received in FY'20 coupled with savings in administrative expenses. The surplus will be restricted to the program.





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

This review of the Budget to Actual Statements for the Agency through the second quarter of FY'20 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 the presentation of budgets by governmental organizations. 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'20 Second Quarter Capital Budget to Actual Comparison.

The Agency ended the quarter with a net positive cash flow of \$1,996,994. This resulted in a second quarter budget to actual positive variance of \$302,307 when compared to the anticipated second quarter net cash flow of \$1,694,687. The primary causes were lower than anticipated expenses in the General Fund (see General Fund) that were partially offset by lower than projected cash flow in some of the unrestricted Opportunity Housing and Development Corporations, as a result of property performance (see Opportunity Housing 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 \$1,851,028 that resulted in a positive variance of \$1,196,823 when compared to the projected deficit of \$3,047,851.

As of December 31, 2019, income in the General Fund was \$4,258,882 higher than budgeted. If we were to exclude the \$3,807,605 received by properties with debt on the PNC Bank, N.A. (PNC) \$60 million Line of Credit (LOC) and the Real Estate Line of Credit (RELOC), income in the General Fund would have been \$451,277 more than budget. The interest is paid by the properties to the General Fund and then reflected as interest expense in the General Fund when paid to PNC. Ideally, the timing of the receipt of interest income from the properties and the interest expense paid to PNC from the General Fund should offset one another and are therefore not budgeted. In addition, income from properties utilizing the FHA Risk Sharing program, which is reflected as income in the General Fund with a corresponding expense to restrict the income to the FHA Risk Sharing Reserve, was \$455,612 greater than budget as a result of the receipt of prior period

payments. If we were to exclude the additional FHA Risk Sharing income, the shortfall in income would be \$4,335.

Expenses in the General Fund were \$3,062,059 more than budgeted. As referenced above, if we were to exclude the interest expense of \$3,715,347 paid on the PNC LOC and RELOC accounts and additional restriction of the FHA Risk Sharing income of \$455,612, expenses in the General Fund, expenses in the General Fund would have been \$1,108,900 less than budget. The positive variance was primarily the result of savings throughout most administrative expenses and maintenance contracts. 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 Multifamily Bond Fund** and **Single Family Bond Fund** are budgeted to balance each year. Typically, the bond draw downs (income) that finance the administrative costs for these funds are not fully drawn in the first half of the year. There are positive expense variances in both Bond Funds as a result of small savings in salary and benefits due to vacancies.

#### **The Opportunity Housing Fund**

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

- The first group includes properties that were budgeted to provide unrestricted net cash flow toward the Agency's FY'20 Operating Budget. This group ended the quarter with cash flow of \$3,904,639 or \$80,725 lower than projected. It should be noted that we can only recognize revenue up to the amount budgeted for each property. Several of the properties in this portfolio exceeded budgeted cash flow; however, when we exclude the extra income earned on properties exceeding their budgets, the quarter's recognizable cash flow is \$3,439,418 or \$545,946 below budget.

**Unrestricted Development Corporations**

	<b>(6 Months)</b>	<b>(6 Months)</b>		<b>(6 Months)</b>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Adjusted</u>
The Barclay .....	\$62,502	(\$54,025)	(\$116,527)	(\$54,025)
Glenmont Crossing .....	\$122,234	\$290,630	\$168,396 <sup>(1)</sup>	\$122,234
Glenmont Westerly .....	\$165,611	\$285,713	\$120,102 <sup>(1)</sup>	\$165,611
Magruder's Discovery .....	\$345,766	\$281,669	(\$64,097)	\$281,669
The Metropolitan .....	\$786,323	\$783,109	(\$3,214)	\$783,109
Montgomery Arms .....	\$144,363	\$175,496	\$31,133 <sup>(1)</sup>	\$144,363
TPM - 59 MPDUs .....	\$206,194	\$212,377	\$6,183 <sup>(1)</sup>	\$206,194
Paddington Square .....	\$178,253	\$226,935	\$48,682 <sup>(1)</sup>	\$178,253
Pooks Hill High-Rise .....	\$228,686	\$298,794	\$70,108 <sup>(1)</sup>	\$228,686
Scattered Site One Dev. Corp. ....	\$228,119	\$129,606	(\$98,513)	\$129,606
Scattered Site Two Dev. Corp. ....	(\$3,611)	\$4,727	\$8,338 <sup>(2)</sup>	\$0
Sligo Development Corp. ....	\$5,362	\$21,252	\$15,890 <sup>(1)</sup>	\$5,362
VPC One Corp. ....	\$914,448	\$794,809	(\$119,639)	\$794,809
VPC Two Corp. ....	\$601,114	\$453,547	(\$147,567)	\$453,547
<b>Subtotal</b>	<b>\$3,985,364</b>	<b>\$3,904,639</b>	<b>(\$80,725)</b>	<b>\$3,439,418</b>
		<b>Recognizable Cash Flow</b>		<b>(\$545,946)</b>

**Notes:**

- (1) - Properties exceeding budgeted cash flow.
- (2) - Properties generating income that were projected to have a deficit at year end.

**The Barclay** ended the quarter with a negative cash flow variance of \$116,527 primarily as a result of higher than projected vacancy loss and concessions coupled with overages in administrative costs, maintenance and bad debt expense. **Glenmont Crossing** and **Glenmont Westerly** ended the quarter with positive cash flow variances of \$168,396 and \$120,102, respectively, primarily due to savings in administrative expense, maintenance expenses and a delay in debt service payments from the refinancing. The savings were partially offset by lower gross rents at both properties and slightly higher vacancies at Westerly. **Magruder's Discovery** ended the quarter with a negative cash flow variance of \$64,097 primarily as a result of lower gross rents and higher vacancies coupled with higher than anticipated utilities and maintenance expense. **Montgomery Arms** ended the quarter with a positive cash flow variance of \$31,133 as a result of savings in administrative and maintenance expense that were partially offset by slightly higher than anticipated vacancy loss. **Paddington Square** ended the quarter with a positive cash flow variance of \$48,682 because of higher than anticipated tenant income and savings in administrative expense that were partially offset by overages in utility and maintenance expenses. **Pooks Hill High-Rise** ended the quarter with a positive cash flow variance of \$70,108 as a result of lower than expected vacancy loss coupled with savings in utilities and lower bad debt expense that were slightly offset by administrative and security expenses that exceeded budget. Cash flow for **Scattered Site One Dev. Corp** was \$98,513 less than budget driven mostly by higher vacancy coupled with higher maintenance and bad debt expense that were partially offset by savings in administrative

expense. A portion of the negative maintenance expense is related to appliance purchases that will be reclassified to capital. **VPC One** and **VPC Two Development Corporation** ended the quarter with negative cash flow variances of \$119,639 and \$147,567, respectively, largely due to higher than expected maintenance and bad debt expense.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'20 Operating Budget. Cash flow from this group of Development Corporation properties was \$305,304 more than budgeted for the quarter. **Alexander House** experienced a positive cash flow variance of \$529,513 primarily due to the delay in loan closing coupled with savings throughout most expense categories that were partially offset by lower tenant income as a result of lower rents and higher concessions offered to lease-up the property. The budgeted shortfall at **MetroPointe** was \$33,836 more than projected primarily due to higher vacancy loss coupled with slightly higher utility, maintenance, and bad debt expense. On a consolidated basis, the **RAD 6** properties ended the quarter with a negative variance of \$242,134, which consisted primarily of variances at **Seneca Ridge** and **Washington Square**. The planned deficit at **Seneca Ridge** was \$102,121 more than anticipated primarily due to lower gross rents and greater than anticipated vacancy coupled with overages in maintenance expenses. Cash flow for **Washington Square** was \$106,294 lower than projected largely due to higher vacancies that were partially offset by greater than anticipated gross rents coupled with higher expenses throughout most major categories. Cash flow for **Town Centre Place** was \$33,019 lower than anticipated as a result of lower gross rents and higher utility allowances coupled with higher maintenance costs that were partially offset by savings in administrative expense. **Parkway Woods** ended the quarter with a positive cash flow variance of \$22,736 primarily due to savings throughout most expense categories.

**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'20 Operating Budget. This group ended the quarter with cash flow of \$541,837 or \$215,337 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 \$408,604 or \$348,570 below budget.

**Unrestricted Opportunity Housing Properties**

	<b>(6 Months)</b> <u>Budget</u>	<b>(6 Months)</b> <u>Actual</u>	<u>Variance</u>	<b>(6 Months)</b> <u>Adjusted</u>
64 MPDUs .....	\$26,785	\$38,602	\$11,817 <sup>(1)</sup>	\$26,785
Chelsea Towers .....	\$2,889	\$12,257	\$9,368 <sup>(1)</sup>	\$2,889
Fairfax Court .....	\$55,630	\$34,259	(\$21,371)	\$34,259
Holiday Park .....	(\$5,670)	(\$40,110)	(\$34,440)	(\$40,110)
Jubilee Falling Creek .....	\$7,133	\$4,903	(\$2,230)	\$4,903
Jubilee Hermitage .....	\$2,195	\$4,987	\$2,792 <sup>(1)</sup>	\$2,195
Jubilee Horizon Court .....	(\$1,528)	\$777	\$2,305 <sup>(1)</sup>	\$777
Jubilee Woodedge .....	\$3,629	\$195	(\$3,434)	\$195
McHome .....	\$44,747	\$27,248	(\$17,499)	\$27,248
McKendree .....	\$14,212	\$36,728	\$22,516 <sup>(1)</sup>	\$14,212
MHLP VII .....	\$20,297	\$25,550	\$5,253 <sup>(1)</sup>	\$20,297
MHLP VIII .....	\$53,266	\$47,349	(\$5,917)	\$47,349
MHLP IX Pond Ridge .....	(\$2,735)	(\$92,009)	(\$89,274)	(\$92,009)
MHLP IX Scattered Sites ..	(\$109,802)	(\$148,109)	(\$38,307)	(\$148,109)
MHLP X .....	\$62,105	(\$7,604)	(\$69,709)	(\$7,604)
MPDU 2007 Phase II .....	(\$2,111)	\$15,515	\$17,626 <sup>(1)</sup>	\$15,515
Pooks Hill Mid-Rise .....	\$129,282	\$87,722	(\$41,560)	\$87,722
Strathmore Court .....	\$145,860	\$227,347	\$81,487 <sup>(1)</sup>	\$145,860
TPP LLC Pomander Court	\$42,994	(\$404)	(\$43,398)	(\$404)
TPP LLC Timberlawn .....	\$267,996	\$266,634	(\$1,362)	\$266,634
<b>Subtotal</b>	<b>\$757,174</b>	<b>\$541,837</b>	<b>(\$215,337)</b>	<b>\$408,604</b>
		<b>Recognizable Cash Flow</b>		<b>(\$348,570)</b>

**Notes:**

(1) - Properties exceeding budgeted cash flow.

A few properties in this portfolio experienced nominal negative cash flow variances due to slightly higher vacancies that were in some cases coupled with small overages in maintenance expense. **Fairfax Court** experienced a negative cash flow variance of \$21,371 as a result of slightly higher expenses in all major categories. **Holiday Park** ended the quarter with a \$34,440 greater loss than projected through December primarily due to higher than projected vacancy loss and maintenance expense. Cash flow at **McKendree** was \$22,516 more than anticipated due to maintaining 100% occupancy coupled with savings in most major expense categories. **MHLP IX Pond Ridge** and **MHLP IX Scattered Sites** ended the quarter with negative cash flow variances of \$89,274 and \$38,307, respectively, primarily due to higher than anticipated vacancy loss and overages throughout most expense categories. **MHLP X** ended the quarter with a \$69,709 negative variance primarily due to higher tax payments and maintenance expense. Payment in Lieu of Taxes (PILOT) agreements have been established for some of the units and staff is working to obtain the remaining PILOTs and will pursue a refund of the paid taxes. Cash flow for **Pooks Hill Mid-Rise** was \$41,560 lower than projected due to lower tenant income coupled with higher than anticipated utility

and maintenance expense. **Strathmore Court** ended the quarter with a positive cash flow variance of \$81,487 as a result of lower than anticipated vacancies and savings in administrative, utility, maintenance, and security expense. **TPP LLC Pomander Court** ended the quarter with a negative cash flow of \$43,398 mainly due to higher than anticipated maintenance and utilities expense.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'20 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 \$185,383 lower than budgeted. **The Ambassador**, which is in the process of demolition, experienced expenses of \$53,100 mainly driven by the payment of a prior year natural gas bill and security costs coupled with interest paid on the outstanding debt on the PNC RELOC. There are sufficient reserves at the property to cover the costs. **Avondale Apartments** reported a negative cash flow variance of \$57,487 primarily attributable to lower gross rents coupled with greater than anticipated vacancies and concession as well as overages in utility and maintenance expense. **Camp Hill** experienced a negative cash flow variance of \$23,861 largely due to greater than anticipated maintenance costs that were partially offset by slightly higher tenant income. **Cider Mill Apartments** reported a positive cash flow variance of \$52,318 primarily due to a delay in the receipt of the invoice for taxes. In addition, the property experienced savings in administrative costs due to staff vacancies. These positive expense variances were partially offset by higher vacancies coupled with overages in utility, maintenance, and bad debt expense. **Diamond Square** experienced a negative cash flow variance of \$100,644 largely due to higher security cost as a result of the temporary 24 hour security watch that was placed at the property. **Elizabeth House Interim RAD** experienced a negative cash flow variance of \$162,975 due to shortfalls in tenant income that was partially offset by savings in administrative, utility and maintenance expense. The FY'20 Budget was based on the final Public Housing property, Elizabeth House, being fully converted under the Rental Assistance Demonstration (RAD) Program. Activity for the units that have not been converted is shown in the Public Housing Program. **Holly Hall** ended the quarter with a positive cash flow variance of \$92,129 largely due to higher than anticipated rental income as a result of the receipt of subsidies owed to the property for FY'19 coupled with savings in administrative and utility expense that were partially offset by higher than anticipated maintenance expense. Cash flow for **The Manor at Fair Hill Farm** exceeded budget by \$27,133 as a result of higher gross rents and lower vacancy loss. **Paint Branch** experienced a negative cash flow variance of \$22,520 largely due to slightly higher than anticipated utility allowances, vacancy loss, maintenance and bad debt expense. **State Rental Combined** ended the quarter with a \$144,078 greater loss than projected loss mainly due to higher administrative and maintenance expense. Cash flow at **Westwood Tower** was \$241,613 more than anticipated as a result of higher gross rents and lower concessions and vacancy coupled with savings in utility, maintenance and protective services expenses that were partially offset by higher than expected administrative costs at the property.

#### **The Public Fund (Attachment D)**

- The FY'20 Budget was based on the final Public Housing property, **Elizabeth House**, being fully

converted under the Rental Assistance Demonstration (RAD) Program and therefore did not include a budget for the Public Housing Rental Program (See Opportunity Housing). As a result of the delay in the final units converting at Elizabeth House, the program ended the quarter with a surplus of \$157,504 primarily based on the income that exceeded expenses related to the remaining units at the property. This was partially offset by the small amount of expenses at **Emory Grove** that is slated for demolition.

- The Housing Choice Voucher Program (HCVP) ended the quarter with a surplus of \$2,981,264. The surplus was comprised of Housing Assistance Payment (HAP) revenue that exceeded HAP payments by \$2,567,375 coupled with an administrative surplus of \$413,889. The HAP surplus will be restricted to the HCVP reserve known as the Net Restricted Position (NRP), which includes funds received in prior years that were recognized but not used. The program ended the period with a positive administrative variance of \$610,048 when compared to the projected shortfall of \$196,159 as a result of higher than anticipated administrative fee income coupled with savings in administrative expenses due largely to staff turnover. The positive fee variance is largely due to the Department of Housing and Urban Development (HUD) providing additional administrative fees in July 2019 as a result of the final reconciliation of fees earned based on actual utilization through December 2018.

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

**The Barclay** exceeded its capital budget for the year as a result of the Real Estate Assessment Center (REAC) inspection related work. **Fairfax Court** exceeded its capital budget for the year as a result of a County inspection that required additional capital investment that was not anticipated at the time the budget was developed. **Ken Gar** has exceeded its FY'20 capital budget by a small amount due to higher than anticipated flooring contracts. The **Manor at Fair Hill Farm** exceeded its capital budget for the year as a result of roof work that was planned for FY'19 but was not expensed until FY'20. **TPM - 59 MPDUs** exceeded its capital budget for the year as a result of roof and HVAC work that was higher than anticipated. There are sufficient replacement reserves at the properties to cover the overages.



**WHEREAS**, the Budget Policy for the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") states that quarterly budget to actual statements will be reviewed by the Commission; and

**WHEREAS**, the Commission reviewed the Second Quarter FY'20 Budget to Actual Statements during its March 4, 2020 meeting.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Second Quarter FY'20 Budget to Actual Statements.

**I HEREBY CERTIFY** that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on Wednesday, March 4, 2020.

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Patrice Birdsong  
Special Assistant to the Commission

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## FY 20 Second Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow		
	(6 Months) Budget	(6 Months) Actual	Variance
<b>General Fund</b>			
General Fund .....	(\$3,047,851)	(\$1,851,028)	\$1,196,823
<b>Administration of Multifamily and Single Family Fund</b>			
Multifamily Fund .....	\$880,255	\$858,373	(\$21,882)
Draw from / (Restrict to) Multifamily Bond Fund .....	(\$880,255)	(\$858,373)	\$21,882
Single Family Fund .....	\$131,359	\$137,075	\$5,716
Draw from / (Restrict to) Single Family Bond Fund .....	(\$131,359)	(\$137,075)	(\$5,716)
<b>Opportunity Housing Fund</b>			
Opportunity Housing Properties .....	\$757,174	\$408,604	(\$348,570)
Development Corporation Property Income .....	\$3,985,364	\$3,439,418	(\$545,946)
<b>OHRF</b>			
OHRF Balance .....	\$2,889,296	\$3,157,203	\$267,907
Excess Cash Flow Restricted .....	(\$2,889,296)	(\$3,157,203)	(\$267,907)
Draw from existing funds .....	\$0	\$0	\$0
<b>Net -OHRF</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing</b>	<b>\$1,694,687</b>	<b>\$1,996,994</b>	<b>\$302,307</b>
<b>Public Fund</b>			
Public Housing Rental (1) .....	\$0	\$157,504	\$157,504
Housing Choice Voucher Program HAP (2) .....	\$932,160	\$2,567,375	\$1,635,215
Housing Choice Voucher Program Admin (3) .....	(\$196,159)	\$413,889	\$610,048
<b>Total -Public Fund</b>	<b>\$736,001</b>	<b>\$3,138,768</b>	<b>\$2,402,767</b>
<b>Public Fund - Reserves</b>			
(1) Public Housing Rental - Draw from / Restrict to Program .....	\$0	(\$157,504)	(\$157,504)
(2) Draw from / Restrict to HCV Program Cash Reserves .....	(\$932,160)	(\$2,567,375)	(\$1,635,215)
(3) Draw from / Restrict to HCV Program Excess Admin Fee .....	\$196,159	(\$413,889)	(\$610,048)
<b>SUBTOTAL - Public Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL - All Funds</b>	<b>\$1,694,687</b>	<b>\$1,996,994</b>	<b>\$302,307</b>

## FY 20 Second Quarter Operating Budget to Actual Comparison

	(12 Months) Budget	Capital Expenses	Variance
		(6 Months) Actual	
<b>General Fund</b>			
880 Bonifant .....	\$200,000	\$140,259	\$59,741
East Deer Park .....	\$325,000	\$79,736	\$245,264
Kensington Office .....	\$375,000	\$133,957	\$241,043
Information Technology .....	\$802,560	\$303,687	\$498,873
<b>Opportunity Housing Fund</b>	<b>\$7,504,327</b>	<b>\$2,666,234</b>	<b>\$4,838,093</b>
<b>TOTAL - All Funds</b>	<b>\$9,206,887</b>	<b>\$3,323,873</b>	<b>\$5,883,014</b>

## FY 20 Second Quarter Operating Budget to Actual Comparison

### Development Corp Properties - Net Cash Flow

	(6 Months)	Variance		(6 Months)	
	Net Cash Flow Budget	Income	Expense	Net Cash Flow Actual	
<b>Properties with unrestricted cash flow for FY18 operating budget</b>					
The Barclay .....	\$62,502	(\$38,606)	(\$77,921)	(\$54,025)	(\$116,527)
Glenmont Crossing .....	\$122,234	(\$41,530)	\$209,926	\$290,630	\$168,396
Glenmont Westerly .....	\$165,611	(\$32,837)	\$152,939	\$285,713	\$120,102
Magruder's Discovery .....	\$345,766	(\$44,534)	(\$19,563)	\$281,669	(\$64,097)
The Metropolitan .....	\$786,323	\$5,712	(\$8,926)	\$783,109	(\$3,214)
Montgomery Arms .....	\$144,363	(\$7,744)	\$38,876	\$175,496	\$31,133
TPM - 59 MPDUs .....	\$206,194	\$23,039	(\$16,856)	\$212,377	\$6,183
Paddington Square .....	\$178,253	\$51,850	(\$3,168)	\$226,935	\$48,682
Pooks Hill High-Rise .....	\$228,686	\$43,436	\$26,671	\$298,794	\$70,108
Scattered Site One Dev. Corp. ....	\$228,119	(\$31,364)	(\$67,149)	\$129,606	(\$98,513)
Scattered Site Two Dev. Corp. ....	(\$3,611)	\$11,958	(\$3,619)	\$4,727	\$8,338
Sligo Development Corp. ....	\$5,362	\$20,730	(\$4,841)	\$21,252	\$15,890
VPC One Corp. ....	\$914,448	(\$33,269)	(\$86,370)	\$794,809	(\$119,639)
VPC Two Corp. ....	\$601,114	\$29,708	(\$177,274)	\$453,547	(\$147,567)
<b>Subtotal</b>	<b>\$3,985,364</b>	<b>(\$43,451)</b>	<b>(\$37,275)</b>	<b>\$3,904,639</b>	<b>(\$80,725)</b>
<b>Properties with restricted cash flow (external and internal)</b>					
Alexander House .....	(\$29,668)	(\$204,874)	\$734,387	\$499,845	\$529,513
MetroPointe .....	(\$83,950)	(\$24,612)	(\$9,224)	(\$117,786)	(\$33,836)
Oaks at Four Corners .....	(\$8,360)	\$2,659	\$49,102	\$43,401	\$51,761
<b>RAD 6 Total</b> .....	<b>(\$47,346)</b>	<b>(\$68,920)</b>	<b>(\$173,214)</b>	<b>(\$289,480)</b>	<b>(\$242,134)</b>
Ken Gar .....	\$8,027	\$2,146	(\$10,960)	(\$786)	(\$8,813)
Parkway Woods .....	(\$544)	(\$2,137)	\$24,873	\$22,192	\$22,736
Sandy Spring Meadow .....	\$26,370	(\$21,941)	\$7,318	\$11,747	(\$14,623)
Seneca Ridge .....	(\$147,363)	(\$31,970)	(\$70,150)	(\$249,484)	(\$102,121)
Towne Centre Place .....	\$26,726	(\$30,927)	(\$2,092)	(\$6,293)	(\$33,019)
Washington Square .....	\$39,438	\$15,909	(\$122,203)	(\$66,856)	(\$106,294)
<b>Subtotal</b>	<b>(\$169,324)</b>	<b>(\$295,747)</b>	<b>\$601,051</b>	<b>\$135,980</b>	<b>\$305,304</b>
<b>TOTAL ALL PROPERTIES</b>	<b>\$3,816,040</b>	<b>(\$339,198)</b>	<b>\$563,776</b>	<b>\$4,040,619</b>	<b>\$224,579</b>

**FY 20 Second Quarter Operating Budget to Actual Comparison**  
**For Opportunity Housing Properties - Net Cash Flow**

	(6 Months)	Variance		(6 Months)	Variance
	Net Cash Flow	Income	Expense	Net Cash Flow	
	<u>Budget</u>			<u>Actual</u>	
<b>Properties with unrestricted cash flow for FY18 operating budget</b>					
64 MPDUs .....	\$26,785	(\$3,054)	\$14,871	\$38,602	\$11,817
Chelsea Towers .....	\$2,889	\$4,222	\$5,146	\$12,257	\$9,368
Fairfax Court .....	\$55,630	\$1,996	(\$23,367)	\$34,259	(\$21,371)
Holiday Park .....	(\$5,670)	(\$20,882)	(\$13,558)	(\$40,110)	(\$34,440)
Jubilee Falling Creek .....	\$7,133	(\$10)	(\$2,220)	\$4,903	(\$2,230)
Jubilee Hermitage .....	\$2,195	\$2,845	(\$53)	\$4,987	\$2,792
Jubilee Horizon Court .....	(\$1,528)	(\$67)	\$2,372	\$777	\$2,305
Jubilee Woodedge .....	\$3,629	(\$3,610)	\$176	\$195	(\$3,434)
McHome .....	\$44,747	(\$12,055)	(\$5,444)	\$27,248	(\$17,499)
McKendree .....	\$14,212	\$8,487	\$14,029	\$36,728	\$22,516
MHLP VII .....	\$20,297	\$6,102	(\$848)	\$25,550	\$5,253
MHLP VIII .....	\$53,266	\$1,758	(\$7,675)	\$47,349	(\$5,917)
MHLP IX Pond Ridge .....	(\$2,735)	(\$8,787)	(\$80,487)	(\$92,009)	(\$89,274)
MHLP IX Scattered Sites .....	(\$109,802)	(\$18,653)	(\$19,654)	(\$148,109)	(\$38,307)
MHLP X .....	\$62,105	\$9,259	(\$78,968)	(\$7,604)	(\$69,709)
MPDU 2007 Phase II .....	(\$2,111)	\$1,598	\$16,028	\$15,515	\$17,626
Pooks Hill Mid-Rise .....	\$129,282	(\$24,051)	(\$17,510)	\$87,722	(\$41,560)
Strathmore Court .....	\$145,860	\$17,302	\$64,185	\$227,347	\$81,487
TPP LLC Pomander Court .....	\$42,994	\$795	(\$44,193)	(\$404)	(\$43,398)
TPP LLC Timberlawn .....	\$267,996	\$20,932	(\$22,294)	\$266,634	(\$1,362)
<b>Subtotal</b>	<b>\$757,174</b>	<b>(\$15,873)</b>	<b>(\$199,464)</b>	<b>\$541,837</b>	<b>(\$215,337)</b>
<b>Properties with restricted cash flow (external and internal)</b>					
617 Olney Sandy Spring Road .....	\$2,145	(\$6,327)	(\$1,677)	(\$5,859)	(\$8,004)
The Ambassador .....	\$0	\$0	(\$53,100)	(\$53,100)	(\$53,100)
Avondale Apartments .....	\$33,650	(\$28,757)	(\$28,730)	(\$23,837)	(\$57,487)
Brooke Park .....	(\$1,464)	\$1,138	(\$11,046)	(\$11,372)	(\$9,908)
Brookside Glen (The Glen) .....	\$108,491	(\$48,409)	\$42,628	\$102,710	(\$5,781)
Camp Hill Square .....	\$117,953	\$6,880	(\$30,741)	\$94,092	(\$23,861)
CDBG Units .....	\$8,000	\$1,317	\$1,198	\$10,516	\$2,516
Cider Mill Apartments .....	\$2,885	(\$78,623)	\$130,941	\$55,203	\$52,318
Dale Drive .....	\$4,980	(\$33)	(\$5,124)	(\$177)	(\$5,157)
Diamond Square .....	\$126,218	\$12,592	(\$113,236)	\$25,574	(\$100,644)
Elizabeth House Interim RAD .....	(\$67,290)	(\$399,388)	\$236,413	(\$230,265)	(\$162,975)
Holly Hall Interim RAD .....	(\$108,090)	\$93,645	(\$1,516)	(\$15,961)	\$92,129
King Farm Village .....	\$3,633	(\$310)	\$97	\$3,420	(\$213)
Manchester Manor .....	(\$12,774)	\$3,654	(\$11,138)	(\$20,259)	(\$7,485)
The Manor at Cloppers Mill .....	\$82,535	(\$20,482)	\$2,312	\$64,365	(\$18,170)
The Manor at Colesville .....	\$75,548	(\$3,446)	\$7,257	\$79,358	\$3,810
The Manor at Fair Hill Farm .....	\$59,989	\$26,849	\$284	\$87,122	\$27,133
NCI Units .....	\$30,182	\$4,699	\$5,163	\$40,044	\$9,862
NSP Units .....	\$15,752	\$271	\$9,899	\$25,922	\$10,170
Paint Branch .....	\$47,024	(\$4,547)	(\$17,973)	\$24,504	(\$22,520)
Shady Grove Apts .....	\$72,212	(\$8,778)	\$5,124	\$68,558	(\$3,654)
Southbridge .....	\$20,551	\$700	\$1,365	\$22,616	\$2,065
State Rental Combined .....	\$9,353	(\$7,590)	(\$136,488)	(\$134,725)	(\$144,078)
Westwood Tower .....	\$278,238	\$158,547	\$83,066	\$519,851	\$241,613
The Willows .....	(\$170,888)	(\$87,909)	\$83,947	(\$174,850)	(\$3,962)
<b>Subtotal</b>	<b>\$738,833</b>	<b>(\$384,307)</b>	<b>\$198,925</b>	<b>\$553,450</b>	<b>(\$185,383)</b>
<b>TOTAL ALL PROPERTIES</b>	<b>\$1,496,007</b>	<b>(\$400,180)</b>	<b>(\$539)</b>	<b>\$1,095,287</b>	<b>(\$400,720)</b>

**FY 20 Second Quarter Operating Budget to Actual Comparison**  
**For HUD Funded Programs**

	<b>(6 Months)</b> <b><u>Budget</u></b>	<b>(6 Months)</b> <b><u>Actual</u></b>	<b><u>Variance</u></b>
<b>Public Housing Rental</b>			
Revenue	\$0	\$479,938	\$479,938
Expenses	\$0	\$322,434	(\$322,434)
<b>Net Income</b>	<b>\$0</b>	<b>\$157,504</b>	<b>\$157,504</b>
<b>Housing Choice Voucher Program</b>			
HAP revenue	\$49,139,280	\$50,928,173	\$1,788,893
HAP payments	\$48,207,120	\$48,360,798	\$153,678
<b>Net HAP</b>	<b>\$932,160</b>	<b>\$2,567,375</b>	<b>\$1,635,215</b>
Admin.fees & other inc.	\$3,909,639	\$4,171,381	\$261,742
Admin. Expense	\$4,105,798	\$3,757,492	\$348,306
<b>Net Administrative</b>	<b>(\$196,159)</b>	<b>\$413,889</b>	<b>\$610,048</b>
<b>Net Income</b>	<b>\$736,001</b>	<b>\$2,981,264</b>	<b>\$2,245,263</b>

**FY 20 Second Quarter Operating Budget to Actual Comparison**  
**For Public Housing Rental Programs - Net Cash Flow**

	(6 Months)	Variance		(6 Months)	
	Net Cash Flow	Income	Expense	Net Cash Flow	
	<u>Budget</u>			<u>Actual</u>	<u>Variance</u>
Elizabeth House .....	\$0	\$479,604	(\$313,377)	\$166,227	\$166,227
Emory Grove .....	\$0	\$334	(\$9,057)	(\$8,723)	(\$8,723)
<b>TOTAL ALL PROPERTIES</b>	<b>\$0</b>	<b>\$479,938</b>	<b>(\$322,434)</b>	<b>\$157,504</b>	<b>\$157,504</b>

**FY 20 Second Quarter Operating Budget to Actual Comparison**  
**For Capital Improvements**

	(12 Months) Budget	(6 Months) Actual	Variance
<b>General Fund</b>			
880 Bonifant .....	\$200,000	\$140,259	\$59,741
East Deer Park .....	\$325,000	\$79,736	\$245,264
Kensington Office .....	\$375,000	\$133,957	\$241,043
Information Technology .....	\$802,560	\$303,687	\$498,873
<b>Subtotal</b>	<b>\$1,702,560</b>	<b>\$657,639</b>	<b>\$1,044,921</b>
<b>Opportunity Housing</b>			
Alexander House .....	\$123,556	\$12,219	\$111,337
Avondale Apartments .....	\$22,920	\$22,455	\$465
The Barclay .....	\$46,716	\$64,606	(\$17,890)
Brookside Glen (The Glen) .....	\$86,700	\$49,986	\$36,714
Camp Hill Square .....	\$27,100	\$20,619	\$6,481
CDBG Units .....	\$5,875	\$0	\$5,875
Chelsea Towers .....	\$29,040	\$7,439	\$21,601
Cider Mill Apartments .....	\$605,100	\$261,392	\$343,708
Dale Drive .....	\$5,220	\$3,296	\$1,924
Diamond Square .....	\$388,540	\$17,972	\$370,568
Elizabeth House Interim RAD .....	\$0	\$0	\$0
Fairfax Court .....	\$57,025	\$93,954	(\$36,929)
Glenmont Crossing .....	\$138,821	\$33,417	\$105,404
Glenmont Westerly .....	\$220,199	\$41,548	\$178,651
Holiday Park Interim RAD .....	\$26,550	\$16,251	\$10,299
Holly Hall .....	\$0	\$0	\$0
Jubilee Falling Creek .....	\$0	\$0	\$0
Jubilee Hermitage .....	\$250	\$0	\$250
Jubilee Horizon Court .....	\$0	\$0	\$0
Jubilee Woodedge .....	\$365	\$0	\$365
Ken Gar .....	\$6,000	\$6,301	(\$301)
King Farm Village .....	\$0	\$0	\$0
Magruder's Discovery .....	\$108,244	\$39,449	\$68,795
Manchester Manor .....	\$176,874	\$21,469	\$155,405
Manor at Cloppers Mill .....	\$78,823	\$39,315	\$39,508
Manor at Colesville .....	\$327,231	\$186,838	\$140,393
Manor at Fair Hill Farm .....	\$59,471	\$192,412	(\$132,941)
McHome .....	\$38,075	\$11,559	\$26,516
McKendree .....	\$23,250	\$1,998	\$21,252
MetroPointe .....	\$485,418	\$175,039	\$310,379
The Metropolitan .....	\$796,831	\$184,234	\$612,597
Montgomery Arms .....	\$75,620	\$63,898	\$11,722
MHLP VII .....	\$41,350	\$2,503	\$38,847
MHLP VIII .....	\$73,600	\$10,800	\$62,800
MHLP IX - Pond Ridge .....	\$30,500	\$15,484	\$15,016
MHLP IX - Scattered Sites .....	\$91,400	\$45,487	\$45,913
MHLP X .....	\$125,350	\$35,230	\$90,120
MPDU 2007 Phase II .....	\$8,850	\$0	\$8,850
617 Olney Sandy Spring Road .....	\$0	\$0	\$0
64 MPDUs .....	\$37,350	\$6,150	\$31,200
TPM - 59 MPDUs .....	\$21,700	\$27,387	(\$5,687)
Oaks at Four Corners .....	\$322,513	\$142,261	\$180,252
NCI Units .....	\$18,675	\$472	\$18,203
NSP Units .....	\$13,725	\$0	\$13,725
Paddington Square .....	\$98,824	\$65,273	\$33,551
Paint Branch .....	\$9,900	\$5,795	\$4,105
Parkway Woods .....	\$30,116	\$3,785	\$26,331
TPP LLC Pomander Court .....	\$13,500	\$1,500	\$12,000
Pooks Hill High-Rise .....	\$553,000	\$32,473	\$520,527
Pooks Hill Mid-Rise .....	\$52,600	\$11,589	\$41,011
Sandy Spring Meadow .....	\$12,000	\$11,030	\$970
Scattered Site One Dev. Corp. ....	\$108,925	\$79,522	\$29,403
Scattered Site Two Dev. Corp. ....	\$63,500	\$10,525	\$52,975
Seneca Ridge .....	\$22,419	\$11,871	\$10,548
Shady Grove Apts .....	\$186,945	\$85,526	\$101,419
Sligo Development Corp. ....	\$34,000	\$1,281	\$32,719
Southbridge .....	\$25,337	\$12,860	\$12,477
State Rental Combined .....	\$165,000	\$93,978	\$71,022
Strathmore Court .....	\$231,106	\$125,429	\$105,677
Towne Centre Place .....	\$12,004	\$4,770	\$7,234
TPP LLC Timberlawn .....	\$121,864	\$32,410	\$89,454
VPC One Dev. Corp. ....	\$78,300	\$50,697	\$27,603
VPC Two Dev. Corp. ....	\$65,750	\$54,713	\$11,037
Washington Square .....	\$10,500	\$8,553	\$1,947
Westwood Tower .....	\$648,700	\$45,064	\$603,636
The Willows .....	\$215,210	\$64,150	\$151,060
<b>Subtotal</b>	<b>\$7,504,327</b>	<b>\$2,666,234</b>	<b>\$4,838,093</b>
<b>TOTAL</b>	<b>\$9,206,887</b>	<b>\$3,323,873</b>	<b>\$5,883,014</b>

## **APPROVAL OF FY'20 SECOND QUARTER BUDGET AMENDMENT**

**March 4, 2020**

- The net effect of the FY'20 Second Quarter Budget Amendment is a balanced budget.
- Total operating budget for the Agency has increased from \$276.4 million to \$279.7 million.
- Total capital budget for the Agency has increased from \$155.2 million to \$155.4 million.
- Personnel Complement remains unchanged.
- No policy changes are reflected in the budget amendment.







Strathmore Court and the Metropolitan to cover the loss on the affordable units. The following chart depicts the overall impact of this amendment:

FY'20 Second Quarter Budget Amendment						
Reflects November 1, 2019 - June 30, 2020						Reflects February 1, 2020 - June 30, 2020
	Strathmore Court	Metropolitan	Georgian Court	Barclay	Total	Stewartown
<b>Total Revenue</b> .....	\$429,373	\$555,262	\$1,052,573	\$687,092	\$2,724,300	\$598,300
Gross Rents .....	\$428,840	\$542,486	\$1,075,396	\$693,506		\$633,700
Vacancy Loss .....	(\$4,428)	(\$2,139)	(\$80,341)	(\$25,766)		(\$63,370)
Other Revenue .....	\$4,961	\$14,915	\$57,518	\$19,352		\$27,970
<b>Total Operating Expenses</b> .....	\$242,697	\$508,805	\$601,820	\$293,635	\$1,646,957	\$386,217
Administrative .....	\$100,555	\$185,859	\$232,102	\$95,252		\$123,781
Tenant Services .....	\$3,906	\$18,083	\$58,634	\$3,215		\$41,003
Maintenance .....	\$71,527	\$146,820	\$203,920	\$103,504		\$132,900
Other .....	\$66,709	\$158,043	\$107,164	\$91,664		\$88,533
<b>Net Operating Income</b> .....	\$186,676	\$46,457	\$450,753	\$393,457	\$1,077,343	\$212,083
Annual RfR Contribution .....	\$35,376	\$27,600	\$34,118	\$16,200		\$15,665
Asset Management Fee .....	\$0	\$0	\$0	\$8,280		\$6,000
Excess Cash Flow Restricted .....	\$0	\$0	\$109,449	\$76,678		\$28,226
Annual Debt Service .....	\$483,439	\$364,716	\$307,186	\$292,299		\$162,192
<b>Total Non-Operating Expenses</b> .....	\$518,815	\$392,316	\$450,753	\$393,457	\$1,755,341	\$212,083
<b>Cash Flow / (Deficit)</b> .....	(\$332,139)	(\$345,859)	\$0	\$0	(\$677,998)	\$0
Reduce Cash Flow restricted from Market units ...	\$332,139	\$345,859	\$0	\$0	\$677,998	\$0
<b>Capital</b> .....	\$43,409	\$40,868	\$29,750	\$46,200	\$160,227	\$22,608

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

- **Capital Improvements:**

- **Property Transitions:** Strathmore Court, The Metropolitan, Georgian Court, Barclay, and Stewartown are no longer included in the tax credit budgets. Therefore, HOC is able to operate the properties on a fiscal year basis. This budget amendment reflects the proposed capital budgets for the period of November 1, 2019 through June 30,

2020 for Strathmore Court, The Metropolitan, Georgian Court, and Barclay; and February 1, 2020 through June 30, 2020 for Stewartown.

- Strathmore Court - \$43,409
- Metropolitan - \$40,868
- Georgian Court - \$29,750
- Barclay - \$46,200
- Stewartown - \$22,608

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**BUDGET IMPACT:**

The net effect of the FY'20 Second Quarter Budget Amendment maintains a balanced budget.

The total FY'20 Operating Budget for HOC increased from \$276,361,036 to \$279,683,636. This is an increase of \$3,322,600. The total FY'20 Capital Budget for HOC has increased from \$155,206,111 to \$155,388,946. This is an increase of \$182,835. Approval by the Commission of any budget amendments will revise the FY'20 Budget to reflect an accurate plan for the use of the Agency's resources for the remainder of the year.

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**TIME FRAME:**

The Budget, Finance and Audit Committee reviewed the FY'20 Second Quarter Budget Amendment at the February 18, 2020 meeting. Action is requested at the March 4, 2020 Commission meeting.

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**COMMITTEE RECOMMENDATION & COMMISSION ACTION NEEDED:**

The Budget, Finance and Audit Committee recommends to the full Commission approval of the proposed FY'20 Second Quarter Budget Amendment.

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (the "Commission") adopted a budget for FY'20 on June 5, 2019;

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

**WHEREAS**, the net effect of the FY'20 Second Quarter Budget Amendment is a balanced budget;

**WHEREAS**, the total FY'20 Operating Budget increased from \$276,361,036 to \$279,683,636;

**WHEREAS**, the total FY'20 Capital Budget increased from \$155,206,111 to \$155,388,946;  
and

**WHEREAS**, approval of the budget amendments to revise the FY'20 budget will reflect an accurate plan for the use of the Commission's resources for the remainder of FY'20.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'20 Operating Budget by increasing total revenues and expenses for the Commission from \$276,361,036 to \$279,683,636.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County hereby amends the FY'20 Capital Budget by increasing revenues and expenses for the Commission from \$155,206,111 million to \$155,388,946.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on March 4, 2020.

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Patrice Birdsong  
Special Assistant to the Commission

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FY'20 Operating Budget First Quarter Amendment		Revenues	Expenses	Adopted Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	First Quarter Budget Amendment
<b>General Fund</b>									
	General Fund	\$25,039,363	\$25,676,063	(\$636,700)	\$0	\$0	\$25,039,363	\$25,676,063	(\$636,700)
	<b>Restrict to GFOR</b>	\$0	\$1,152,719	(\$1,152,719)	\$0	\$0	\$0	\$1,152,719	(\$1,152,719)
	<b>Restrict to OHPR</b>	\$0	\$1,152,719	(\$1,152,719)	\$0	\$0	\$0	\$1,152,719	(\$1,152,719)
<b>Multifamily &amp; Single Family Bond Funds</b>									
	Multifamily Fund	\$16,352,524	\$16,352,524	\$0	\$0	\$0	\$16,352,524	\$16,352,524	\$0
	Single Family Fund	\$9,197,496	\$9,197,496	\$0	\$0	\$0	\$9,197,496	\$9,197,496	\$0
<b>Opportunity Housing Fund</b>									
	Opportunity Housing & Dev Corps	\$97,775,049	\$94,976,558	\$2,798,491	\$3,322,600	\$3,322,600	\$101,097,649	\$98,299,158	\$2,798,491
	<b>Draw from GFOR for MetroPointe Deficit</b>	\$143,647	\$0	\$143,647	\$0	\$0	\$143,647	\$0	\$143,647
	Opportunity Housing Reserve Fund	\$5,672,471	\$1,541,412	\$4,131,059	\$0	\$0	\$5,672,471	\$1,541,412	\$4,131,059
	<b>Restricted to OHRF</b>	\$0	\$4,131,059	(\$4,131,059)	\$0	\$0	\$0	\$4,131,059	(\$4,131,059)
<b>Public Fund</b>									
	Housing Choice Voucher Program	\$104,040,932	\$105,106,753	(\$1,065,821)	\$0	\$0	\$104,040,932	\$105,106,753	(\$1,065,821)
	<b>Draw from HCVP Administrative Reserve</b>	\$433,251	\$0	\$433,251	\$0	\$0	\$433,251	\$0	\$433,251
	<b>County Contributions towards HCVP Administration</b>	\$632,570	\$0	\$632,570	\$0	\$0	\$632,570	\$0	\$632,570
	Federal , State and Other County Grants	\$17,073,733	\$17,073,733	\$0	\$0	\$0	\$17,073,733	\$17,073,733	\$0
<b>TOTAL - ALL FUNDS</b>		<b>\$276,361,036</b>	<b>\$276,361,036</b>	<b>\$0</b>	<b>\$3,322,600</b>	<b>\$3,322,600</b>	<b>\$279,683,636</b>	<b>\$279,683,636</b>	<b>\$0</b>

**Footnotes - explanation of changes recommended to adopted**

OH R \$429,373 Add Budget for Stewartown  
OH R \$555,262 Add Budget for Metropolitan  
OH R \$1,052,573 Add Budget for Georgian Court  
OH R \$687,092 Add Budget for Barclay  
OH R \$598,300 Add Budget for Stewartown  
\$3,322,600 **Total Change to OH Fund**

OH E \$761,512 Add Budget for Stewartown  
OH E \$901,121 Add Budget for Metropolitan  
OH E \$1,052,573 Add Budget for Georgian Court  
OH E \$687,092 Add Budget for Barclay  
OH E \$598,300 Add Budget for Stewartown  
\$4,000,598 **Total Change to OH Fund**

OH E (\$332,139) Reduce Cash Flow restricted from Strathmore Market  
OH E (\$345,859) Reduce Cash Flow restricted from The Metropolitan Dev Corp

FY'20 Capital Budget 1st Quarter Amendment		Revenues	Expenses	Adopted Budget	Net Changes to Revenue	Net Changes to Expenses	Revenues	Expenses	1st Quarter Amendment
<b>Capital Improvements</b>									
	East Deer Park	\$525,000	\$525,000	\$0	\$0	\$0	\$525,000	\$525,000	\$0
	Kensington Office	\$592,560	\$592,560	\$0	\$0	\$0	\$592,560	\$592,560	\$0
	Information Technology	\$585,000	\$585,000	\$0	\$0	\$0	\$585,000	\$585,000	\$0
	Opportunity Housing Properties	\$7,504,327	\$7,504,327	\$0	\$182,835	\$182,835	\$7,687,162	\$7,687,162	\$0
		<b>\$9,206,887</b>	<b>\$9,206,887</b>	<b>\$0</b>	<b>\$182,835</b>	<b>\$182,835</b>	<b>\$9,389,722</b>	<b>\$9,389,722</b>	<b>\$0</b>
<b>Capital Development Projects</b>									
	900 Thayer	\$14,866,781	\$14,866,781	\$0	\$0	\$0	\$14,866,781	\$14,866,781	\$0
	Alexander House	\$9,616,457	\$9,616,457	\$0	\$0	\$0	\$9,616,457	\$9,616,457	\$0
	Bauer Park	\$22,764,505	\$22,764,505	\$0	\$0	\$0	\$22,764,505	\$22,764,505	\$0
	Deeply Affordable Units	\$1,250,000	\$1,250,000	\$0	\$0	\$0	\$1,250,000	\$1,250,000	\$0
	Elizabeth House III	\$32,435,744	\$32,435,744	\$0	\$0	\$0	\$32,435,744	\$32,435,744	\$0
	Georgian Court	\$12,001,713	\$12,001,713	\$0	\$0	\$0	\$12,001,713	\$12,001,713	\$0
	Greenhills	\$1,830,114	\$1,830,114	\$0	\$0	\$0	\$1,830,114	\$1,830,114	\$0
	The Lindley (CCL)	\$1,277,701	\$1,277,701	\$0	\$0	\$0	\$1,277,701	\$1,277,701	\$0
	Shady Grove	\$19,377,409	\$19,377,409	\$0	\$0	\$0	\$19,377,409	\$19,377,409	\$0
	Stewartown	\$16,815,541	\$16,815,541	\$0	\$0	\$0	\$16,815,541	\$16,815,541	\$0
	Upton II	\$12,728,883	\$12,728,883	\$0	\$0	\$0	\$12,728,883	\$12,728,883	\$0
	Waverly House	\$1,034,376	\$1,034,376	\$0	\$0	\$0	\$1,034,376	\$1,034,376	\$0
		<b>\$145,999,224</b>	<b>\$145,999,224</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$145,999,224</b>	<b>\$145,999,224</b>	<b>\$0</b>
<b>TOTAL - ALL FUNDS</b>		<b>\$155,206,111</b>	<b>\$155,206,111</b>	<b>\$0</b>	<b>\$182,835</b>	<b>\$182,835</b>	<b>\$155,388,946</b>	<b>\$155,388,946</b>	<b>\$0</b>

Footnotes - explanation of changes

OH R \$43,409 Add Budget for Stewartown  
OH R \$40,868 Add Budget for Metropolitan  
OH R \$29,750 Add Budget for Georgian Court  
OH R \$46,200 Add Budget for Barclay  
OH R \$22,608 Add Budget for Stewartown  
\$182,835 Total Change to OH Fund

OH E \$43,409 Add Budget for Stewartown  
OH E \$40,868 Add Budget for Metropolitan  
OH E \$29,750 Add Budget for Georgian Court  
OH E \$46,200 Add Budget for Barclay  
OH E \$22,608 Add Budget for Stewartown  
\$182,835 Total Change to OH Fund

## **APPROVAL OF THE CY'20 FIRST QUARTER BUDGET AMENDMENT**

**March 4, 2020**

- Following the expiration of the 15-year compliance periods for Georgian Court Silver Spring LP (Georgian Court), Barclay One Associates LP (Barclay), MV Affordable Housing Associates LP (Stewartown), the limited partners assigned their interest in the partnerships to HOC. Therefore, HOC is able to operate the properties on a fiscal year basis.
- This budget amendment removes the period of January 1, 2020 through December 31, 2020 for Georgian Court Silver Spring LP (Georgian Court) and Barclay One Associates LP (Barclay) from the CY'20 budget.
- This budget amendment also removes the period of February 1, 2020 through December 31, 2020 for MV Affordable Housing Associates LP (Stewartown) from the CY'20 budget.
- Finally, the budget amendment includes the establishment of CY'20 operating and capital budgets for 900 Thayer LP (Fenton Apartments).



- The table below summarizes the impact of the CY'20 Second Quarter Budget Amendment for the three properties:

CY'20 First Quarter Budget Amendment			
	Reflects January 1, 2020 - December 31, 2020		Reflects February 1, 2020 - December 31, 2020
	Georgian Court	Barclay	Stewartown
<b>Total Revenue</b> .....	<b>\$1,608,664</b>	<b>\$1,040,403</b>	<b>\$1,320,624</b>
Gross Rents .....	\$1,616,608	\$1,049,100	\$1,394,140
Vacancy Loss .....	(\$101,995)	(\$41,964)	(\$139,414)
Other Revenue .....	\$94,051	\$33,267	\$65,898
<b>Total Operating Expenses</b> .....	<b>\$916,726</b>	<b>\$464,704</b>	<b>\$867,437</b>
Administrative .....	\$339,902	\$146,642	\$281,721
Tenant Services .....	\$97,225	\$4,990	\$93,071
Maintenance .....	\$297,033	\$153,848	\$266,825
Other .....	\$182,566	\$159,224	\$225,820
<b>Net Operating Income</b> .....	<b>\$691,938</b>	<b>\$575,699</b>	<b>\$453,187</b>
Annual RfR Contribution .....	\$51,552	\$24,300	\$34,463
Partnership Management Fee .....	\$0	\$12,540	\$12,000
Asset Management Fee .....	\$0	\$20,784	\$5,004
Annual Debt Service .....	\$460,373	\$438,122	\$356,573
<b>Total Non-Operating Expenses</b> .....	<b>\$511,925</b>	<b>\$495,746</b>	<b>\$408,040</b>
<b>Cash Flow / (Deficit)</b> .....	<b>\$180,013</b>	<b>\$79,953</b>	<b>\$45,147</b>
<b>Capital</b> .....	<b>\$29,605</b>	<b>\$79,400</b>	<b>\$29,232</b>

- New Property:** Fenton Apartments is a 124-unit, income restricted apartment community with 5,169 square feet of ground-floor retail space located in Silver Spring, MD. The Property provides 84 units under HUD's Rental Assistance Demonstration ("RAD") / Project Based Rental Assistance ("PBRA") programs that provided relocation housing for households at the nearby Holly Hall and Elizabeth House properties. The building sets aside 44 units for households making 30% of AMI or less, 40 units for households making 60% of AMI or less, and another 40 units will be for households making 80% of AMI or less.



- The table below summarizes the CY'20 proposed budget for 900 Thayer:

<b>900 Thayer LP (Fenton Apartments)</b>	
	<b>CY'20 Budget</b>
<b>Total Revenue</b> .....	<b>\$1,357,727</b>
Gross Rents .....	\$1,649,196
Vacancy Loss .....	(\$262,152)
Other Revenue .....	(\$29,317)
<b>Total Operating Expenses</b> .....	<b>\$745,733</b>
Administrative .....	\$316,119
Maintenance .....	\$217,234
Other .....	\$212,380
<b>Net Operating Income</b> .....	<b>\$611,994</b>
Annual RfR Contribution .....	\$14,466
Annual Debt Service .....	\$257,384
<b>Total Non-Operating Expenses</b> .....	<b>\$271,850</b>
<b>Cash Flow / (Deficit)</b> .....	<b>\$340,144</b>
<b>Capital</b> .....	<b>\$15,000</b>

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**BUDGET IMPACT:**

Approval by the Commission will remove the CY'20 operating and capital budgets for Georgian Court, and Barclay, amend the CY'20 operating and capital budgets for Stewartown, and add the CY'20 operating and capital budget for Fenton Apartments.

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**TIME FRAME:**

The Budget, Finance and Audit Committee reviewed the CY'20 First Quarter Budget Amendment at the February 18, 2020 meeting. Commission action is required at the March 4, 2020.

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**COMMITTEE RECOMMENDATION & COMMISSION ACTION NEEDED:**

The Budget, Finance and Audit Committee recommends to the full Commission approval of the proposed CY'20 First Quarter Budget Amendment for Georgian Court Silver Spring LP (Georgian Court), Barclay One Associates LP (Barclay), MV Affordable Housing Associates LP (Stewartown), and 900 Thayer LP (Fenton Apartments).

**RESOLUTION NO: 20-18-A**

**RE:** Approval of the CY'20  
First Quarter Budget Amendment  
for Georgian Court Silver Spring  
LP, Barclay One Associates LP,  
and MV Affordable Housing  
Associates LP

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) is the general partner of Georgian Court Silver Spring Limited Partnership (“Georgian Court”), Barclay One Associates Limited Partnership (“Barclay”), and MV Affordable Housing Associates Limited Partnership (“Stewartown”, together with Georgian Court and Barclay, the Partnerships”);

**WHEREAS**, the limited partners of the Partnerships of assigned their interests in the Partnerships to HOC YR15, LLC (“HOC YR15”), a wholly owned and controlled HOC affiliate, following the expiration of their 15-year compliance periods, and no longer have any ownership interests in the Partnerships;

**WHEREAS**, after the limited partners transferred their respective interests in the Partnerships to HOC YR15, HOC can now operate the properties on a fiscal year basis; and

**WHEREAS**, the Commission desires to amend the CY'20 budget to remove the period of January 1, 2020 through December 31, 2020 for Georgian Court and Barclay; and

**WHEREAS**, the Commission desires to amend the CY'20 budget to remove the period of February 1, 2020 through December 31, 2020 Stewartown; and

**WHEREAS**, the Budget, Finance and Audit Committee reviewed this budget amendment on February 18, 2020.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Georgian Court Silver Spring Limited Partnership, as its general partner, that it hereby approves amending the CY'20 Budget to remove the period of January 1, 2020 through December 31, 2020.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Barclay One Associates Limited Partnership, as its general partner, that it hereby approves amending the CY'20 Budget to remove the period of January 1, 2020 through December 31, 2020.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of MV Affordable Housing Associates Limited

Partnership, as its general partner, that it hereby approves amending the CY'20 Budget to remove the period of February, 2020 through December 31, 2020.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on March 4, 2020.

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Patrice Birdsong  
Special Assistant to the Commission

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**RESOLUTION NO: 20-18-B**

**RE:** Approval of the CY'20 First Quarter Budget Amendment 900 Thayer LP (Fenton Apartments)

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC”) is the general partner in 900 Thayer LP (Fenton Apartments); and

**WHEREAS**, the Commission desires to add the CY'20 budget for the Partnerships for 900 Thayer LP (Fenton Apartments); and

**WHEREAS**, the Budget, Finance and Audit Committee reviewed this budget amendment on February 18, 2020.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of 900 Thayer LP (Fenton Apartments), that it hereby approves adding a CY'20 Operating Budget of \$1,357,727 for the period of January 1, 2020 through December 31, 2020.

**BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of 900 Thayer LP (Fenton Apartments), that it hereby approves adding a CY'20 Capital Budget of \$15,000 for the period of January 1, 2020 through December 31, 2020.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on March 4, 2020.

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Patrice Birdsong  
Special Assistant to the Commission

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**AUTHORIZATION TO WRITE OFF UNCOLLECTIBLE  
TENANT ACCOUNTS RECEIVABLE  
(OCTOBER 1, 2019 – DECEMBER 31, 2019)**

**March 4, 2020**

- The BF&A Committee requested that the Finance Department present quarterly write-offs so that more timely information would be available.
- HOC's current 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.
- The proposed write-off of uncollectible tenant accounts receivable balances from former tenants for the period covered October 1, 2019 to December 31, 2019 totaled \$66,218. This quarter write off includes \$62,800 from Opportunity Housing properties, \$1,154 from the Supportive Housing program, \$2,264 from RAD properties. Past tenants at VPC One Corporation, MHLP VII, NCI 1 – 13671 Harvest Glen Way and TPM Dev Corp MPDU II (59) accounted for the majority of the write-offs. These were mainly due to tenants who were evicted for non-payment and tenants who voluntarily left their units.
- The next anticipated write-off of former tenants' uncollectible accounts receivable balance will be for the period covered January 1, 2020 to March 31, 2020, and will be performed in the fourth quarter of FY'20.

**MEMORANDUM**

**TO:** Housing Opportunities Commission

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

**FROM:** Staff: Cornelia Kent      Division: Finance      Ext. 9754  
                 Eugenia Pascual      Finance      Ext. 9478  
                 Nilou Razeghi      Finance      Ext. 9494  
                 Charnita Jackson      Property Management      Ext. 9776

**RE:** Authorization to Write-off Uncollectible Tenant Accounts Receivable  
(Oct 1, 2019 – December 31, 2019)

**DATE:** March 4, 2020

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**STATUS:** Committee Report: Deliberation X

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**OVERALL GOAL & OBJECTIVE:**

To approve the authorization to write-off uncollectible tenant accounts receivable.

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**BACKGROUND:**

The agency’s current policy is to provide for an allowance for any tenant accounts receivable balance more than 90 days. HOC records all proposed write-offs of former tenant accounts receivable balances in HOC’s “Uncollectible Accounts Receivable Database” as well as in the various individuals’ Equifax Credit Bureau files. This process updates the financial records to reflect accurately the receivables and provides greater potential for outstanding receivable collection.

HOC also maintains a relationship with rent collections firm, Rent Collect Global (RCG). All delinquent balances of \$200 or more are submitted to RCG for further pursuit. Additionally, HOC 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. instead of paying a traditional security deposit to the Agency. Moreover, the full value of the Surety Bond is available to HOC for recovery of any damage or other loss, just like a traditional security deposit. Through HOC’s collection efforts and the services of RCG and SureDeposit, HOC makes every effort to pursue all tenant outstanding receivables.

The last approved write-off on December 20, 2019 was for \$45,338, which covered the three-month period from July 1, 2019 through September 30, 2019.

The proposed write-off of former tenant accounts receivable balances for the second quarter October 1, 2019 through December 31, 2019, is \$66,218.

The second quarter write-off totaling \$66,218 is primarily due to the Opportunity Housing properties (VPC One Corporation, MHLP VII, NCI 1 – 13671 Harvest Glen Way and TPM Dev Corp – MPDU II(59)). The RAD 6 properties and Supportive Housing also contribute to the write offs. The primary reasons for the write-offs include tenants who were evicted for non-payment and tenants who voluntarily left their units.

The following table shows the write-offs by fund/program.

Property Type	Current	Prior			Fiscal Year 2020	Fiscal Year 2019
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	10/01/19 - 12/31/19	07/01/19 - 09/30/19	09/30/19 - 12/31/19	09/30/19 - 12/31/19	07/01/19 - 12/31/19	07/01/18 - 12/31/18
Opportunity Housing	\$ 62,800	\$ 26,413	\$ 36,387	137.76%	\$ 89,213	\$ 291,413
Supportive Housing	1,154	2,323	(1,169)	-50.34%	3,477	11,669
RAD Properties	2,264	12,494	(10,230)	-81.88%	14,758	37,195
Rental Asst Sec8 Repays	-	4,108	(4,108)	-100.00%	4,108	-
Public Housing	-	-	-	0.00%	-	1,229
236 Properties	-	-	-	0.00%	-	318
	<b>\$ 66,218</b>	<b>\$ 45,338</b>	<b>\$ 20,880</b>	<b>46.05%</b>	<b>\$ 111,556</b>	<b>\$ 341,824</b>

The following tables show the write-offs by fund and property.

	Current	Prior			Fiscal Year 2020	Fiscal Year 2019
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	10/01/19 - 12/31/19	07/01/19 - 09/30/19	09/30/19 - 12/31/19	09/30/19 - 12/31/19	07/01/19 - 12/31/19	07/01/18 - 12/31/18
<b>Opportunity Housing (OH) Fund</b>						
Avondale	\$ -	\$ -	\$ -	0.00%	\$ -	\$ 24
Holiday Park	-	-	-	0.00%	-	3,775
MHLP I/64	148	-	148	0.00%	148	16,129
MHLP IX - MPDU	1,164	6,228	(5,064)	-81.31%	7,392	5,818
MHLP IX - Pondridge	2,435	-	2,435	0.00%	2,435	-
MHLP VII	3,404	-	3,404	0.00%	3,404	-
MHLP VIII	-	110	(110)	-100.00%	110	-
MHLP X	-	3,766	(3,766)	-100.00%	3,766	-
NCI-1 - 13671 Harvest Glen Way	9,104	-	9,104	0.00%	9,104	-
Scattered Site One Dev Corp	1,551	1,317	234	17.74%	2,868	6,085
State Rental Partnership	409	-	409	0.00%	409	8,078
TPM Dev Corp - MPDU II (59)	10,680	-	10,680	0.00%	10,680	-
VPC One Corp	30,673	11,071	19,602	177.06%	41,744	135,721
VPC Two Corp	3,232	3,921	(689)	-17.58%	7,153	115,783
<b>Total OH Fund</b>	<b>\$ 62,800</b>	<b>\$ 26,413</b>	<b>\$ 36,387</b>	<b>137.76%</b>	<b>\$ 89,213</b>	<b>\$ 291,412</b>

Within the Opportunity Housing portfolio, the \$62,800 write-off amounts were largely for VPC One Corporation, MHLP VII, NCI 1 – 13671 Harvest Glen Way and TPM Dev Corp – MPDU II (59). The write-offs were mainly due to tenants who were evicted due to non-payment of rents, voluntarily vacated their units and one tenant who purchased a home.

	Current	Prior			Fiscal Year 2020	Fiscal Year 2019
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	10/01/19 - 12/31/19	07/01/19 - 09/30/19	09/30/19 - 12/31/19	09/30/19 - 12/31/19	07/01/19 - 12/31/19	07/01/18 - 12/31/18
<b>Supportive Housing</b>						
McKinney X	\$ 1,154	\$ 2,323	\$ (1,169)	-50.34%	\$ 3,477	\$ 9,184
McKinney XII	-	-	-	0.00%	-	2,485
<b>Total Supportive Housing</b>	<b>\$ 1,154</b>	<b>\$ 2,323</b>	<b>\$ (1,169)</b>	<b>-50.34%</b>	<b>\$ 3,477</b>	<b>\$ 11,669</b>

Within the Supportive Housing Program, the \$1,154 write-off amounts were due to one tenant who vacated his unit without notice.

	Current Write-offs	Prior Write-offs	\$ Change	% Change	Fiscal Year 2020 Year-to-Date	Fiscal Year 2019 Year-to-Date
	10/01/19 - 12/31/19	07/01/19 - 09/30/19	09/30/19 - 12/31/19	09/30/19 - 12/31/19	07/01/19 - 12/31/19	07/01/18 - 12/31/18
<b>RAD Properties</b>						
RAD 6 - Ken Gar	\$ -	\$ -	\$ -	0.00%	\$ -	\$ 10,000
RAD 6 - Seneca Ridge	-	9,236	(9,236)	-100.00%	9,236	24,785
RAD 6 - Washington Square	-	3,258	(3,258)	-100.00%	3,258	-
Holly Hall RAD	57	-	57	0.00%	57	-
Arcola Towers LP	-	-	-	0.00%	0	274
Waverly House LP	2,207	-	2,207	0.00%	2,207	2,136
<b>Total RAD Properties</b>	<b>\$ 2,264</b>	<b>\$ 12,494</b>	<b>\$ (10,230)</b>	<b>-81.88%</b>	<b>\$ 14,758</b>	<b>\$ 37,195</b>

Within the RAD properties, the \$2,264 write-off amounts were due to two tenants who were voluntarily evicted from their units and one tenant who left to live in a nursing home.

	Current Write-offs	Prior Write-offs	\$ Change	% Change	Fiscal Year 2020 Year-to-Date	Fiscal Year 2019 Year-to-Date
	10/01/19 - 12/31/19	07/01/19 - 09/30/19	09/30/19 - 12/31/19	09/30/19 - 12/31/19	07/01/19 - 12/31/19	07/01/18 - 12/31/18
<b>Rental Asst Sec8 Repays</b>						
Rental Asst Sec8 Repays	\$ -	\$ 4,108	\$ (4,108)	-100.00%	\$ 4,108	\$ -
<b>Total Rental Asst Sec8 Repays</b>	<b>\$ -</b>	<b>\$ 4,108</b>	<b>\$ (4,108)</b>	<b>-100.00%</b>	<b>\$ 4,108</b>	<b>\$ -</b>

Within the Rental Assistant Sec8 Repays, there were no write-offs in the second quarter of FY '20.

Within the Public Fund and 236 Properties, there were no write-offs in the second quarter of FY '20.

The next anticipated write-off will be for the third quarter of FY'20, covering January 1, 2020, through March 31, 2020. Upon approval, the write-offs will be processed through Yardi's write-off function with the tenant detail placed into the uncollectible accounts receivable database.

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to authorize the write-off of uncollectible tenant accounts receivable?

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**BUDGET IMPACT:**

The recommended write-off of the tenant accounts receivable balances does not affect the net income or cash flow of the individual properties or the Agency as a whole. The write off expense was recorded when the initial 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.

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**TIME FRAME:**

The Budget, Finance and Audit Committee reviewed the write-off of uncollectible tenant accounts receivable at the February 18, 2020 meeting. Action is requested at the March 4, 2020 meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

The Budget, Finance and Audit Committee recommends to the full Commission the authorization to write-off uncollectible tenant accounts receivable.



**RESOLUTION NO. 20-19**

**RE: Authorization to Write-off  
Uncollectible Tenant Accounts Receivable**

**WHEREAS**, the current policy of the Housing Opportunities Commission of Montgomery County (“HOC”) is (i) to provide for an allowance for tenant accounts receivable balances that are delinquent for more than ninety (90) days; and (ii) to propose the write-off of former tenant balances; and

**WHEREAS**, staff periodically proposes the write-off of uncollected former tenant balances which updates the financial records to accurately reflect the receivables and the potential for collection; and

**WHEREAS**, the proposed write-off of former tenant accounts receivable balances for the period October 1, 2019 – December 31, 2019 is \$66,218, consisting of \$62,800 from Opportunity Housing properties, \$1,154 from the Supportive Housing program, \$2,264 from RAD properties.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or his designee, without further action on its part, to take any and all actions necessary and proper to write off \$66,218 in uncollectible accounts receivable related to (i) tenant balances that are delinquent for more than ninety (90) days, and (ii) former tenant balances, including the execution of any and all documents related thereto.

**I HEREBY CERTIFY** that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on Wednesday, March 4, 2020.

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Patrice M. Birdsong  
Special Assistant to the Commission

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## **APPROVAL TO RENEW THE PROPERTY MANAGEMENT CONTRACT AT TANGLEWOOD CLUSTER**

**March 4, 2020**

- The Property Management Contract with Tanglewood and Sligo Limited Partnership (“Tanglewood and Sligo”) 527 Dale Drive, Southbridge Apartments and Manchester Manor for Property Management Services is expiring March 31, 2020.
- Per the Commission’s procurement policy, the Commission must approve all property management contract renewals.
- Staff requests that the contract for Property Management Services for Tanglewood Cluster (Tanglewood and Sligo, Dale Drive, Southbridge Apartments and Manchester Manor) is expiring March 31, 2020, be renewed for one year with Residential One Management.

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

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

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

**FROM:** Staff: Jay Berkowitz Division: Property Management Ext. 4857

**RE:** Approval to Renew the Property Management Contract for Tanglewood Cluster (Tanglewood and Sligo, Dale Drive, Southbridge Apartments and Manchester Manor).

**DATE:** March 4, 2020

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**STATUS:** Consent [ ] Deliberation [X] Future Action [ ]

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**OVERALL GOAL & OBJECTIVE:**

To authorize the Executive Director to renew property management contract with Residential One for Property Management Services at the following properties: Tanglewood and Sligo, Dale Drive, Southbridge Apartments and Manchester Manor is expiring March 31, 2020.

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**BACKGROUND:**

Tanglewood and Sligo is a 132-unit garden style apartment community of 85 affordable LIHTC units at 60%, 14 units at 50% and 33 units at 33% of the median income. Tanglewood is located in Silver Spring two miles north of downtown Silver Spring. The property received a score of 87C for its most recent REAC inspection in 2020. The property has maintained an average occupancy of 95% over the last 2 years.

Manchester Manor is a 53-unit six-story mid-rise community, built in 1959 and renovated in 1999 located in Silver Spring. The community consists of 5 market and 48 units restricted at or below 60% AMI. The property received a 98A on its most recent REAC in March 2019 and the property has maintained an average occupancy of 98% over the last 2 years.

Southbridge is a 39 unit mixed income community built in 1964 and renovated in 2012 located in Takoma Park. The property has 19 Market units and 20 units restricted at or below 50% AMI. The property has maintained 97% occupancy over the last 2 years and is currently 100% occupied.

Dale Drive is a 10-unit garden-community built in 1943 and renovated in 2008 with eight units restricted at or below 40% AMI. Montgomery County Coalition for the Homeless rents the eight units and the other two units are used by the Coalition for an office and a live-in aide.

The Property Management Contract for the Tanglewood Cluster (Tanglewood and Sligo, Dale Drive, Southbridge Apartments and Manchester Manor) is expiring March 31, 2020.

Staff wishes to renew the property management contract for Tanglewood and Sligo, Dale Drive, Southbridge Apartments and Manchester Manor for one year with Residential One Management.

The following table details the property information, including number of units, current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Units	Current Vendor	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Start Date/End Date	Contract Terms (Remaining Renewals)

Manchester Manor	54	Residential One, LLC	\$73,260	3/31/2020	4/1/2020-3/31/2021	One Renewal Remaining
Tanglewood and Sligo	132	Residential One, LLC	\$58,608	3/31/2020	4/1/2020-3/31/2021	One Renewal Remaining
Dale Drive	10	Residential One, LLC	\$4,440	3/31/2020	4/1/2020-3/31/2021	One Renewal Remaining
Southbridge Apartment	39	Residential One, LLC	\$17,316	3/31/2020	4/1/2020-3/31/2021	One Renewal Remaining

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to authorize the Executive Director to execute a One Year Renewal of the property management services contract with Residential One Management for property management services at the Tanglewood and Sligo, Manchester Manor, Dale Drive and Southbridge?

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**BUDGET IMPACT:**

The renewal of the property management contract for Tanglewood and Sligo, Manchester Manor, Dale Drive and Southbridge for one year will not have a budget impact as the costs associated with the services were factored into the FY2020 property budget. Additionally, the renewal will be performance-based so the management fee would be lower if revenue declined below budgeted expectations. In addition to occupancy, performance criteria will include REAC scoring.

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**TIME FRAME:**

For Commission action at the March 4, 2020 meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff recommends that the Commission accept the recommendation of the Budget, Finance and Audit Committee and authorize the Executive Director to execute a renewal of the property management services contract with Residential One Management for property management services at the Tanglewood and Sligo, Manchester Manor, Dale Drive and Southbridge.

**RESOLUTION NO.: 20-20**

**RE: Approval to Renew Property Management Contract for Tanglewood and Sligo Hills Apartments, Dale Drive, Southbridge Apartments, and Manchester Manor**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC”) is the sole member of HOCMC, LLC, the general partner of Tanglewood and Sligo LP (“Tanglewood LP”), and Tanglewood LP owns the development known as Tanglewood and Sligo Hills Apartments located in Silver Spring, Maryland (“Tanglewood and Sligo”);

**WHEREAS**, HOC owns the development known as Dale Drive located in Silver Spring, Maryland (“Dale Drive”);

**WHEREAS**, HOC owns the development known as Southbridge Apartments located in Takoma Park, Maryland (“Southbridge”);

**WHEREAS**, HOC is the general partner of Manchester Manor Apartments Limited Partnership (“Manchester LP”), and Manchester LP owns the development known as Manchester Manor located in Silver Spring, Maryland (“Manchester”); and

**WHEREAS**, staff desires to renew the current property management contract at Tanglewood and Sligo, Dale Drive, Southbridge, and Manchester for one year with Residential One Management.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of HOCMC, LLC, as its sole member, acting for itself and on behalf of Tanglewood LP, as its general partner, that the Executive Director is hereby authorized and directed to execute a one-year renewal of the property management contract at Tanglewood and Sligo.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself that the Executive Director is hereby authorized and directed to execute a one-year renewal of the property management contract at Dale drive.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, that the Executive Director is hereby authorized and directed to execute a one-year renewal of the property management contract at Southbridge.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Manchester LP, as its general partner, that the Executive

Director is hereby authorized and directed to execute a one-year renewal of the property management contract at Manchester.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is hereby authorized and directed, 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 the execution of any documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on March 4, 2020.

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

# APPROVAL TO RENEW THE PROPERTY MANAGEMENT CONTRACT FOR THE WILLOWS APARTMENTS

**March 4, 2020**

- The property management contract for The Willows Apartments is expiring **March 31, 2020**. The contract provides for a renewal period through January 14, 2021.
- Per the Commission's procurement policy, the Commission must approve all property management contract renewals.
- Staff requests that the contract for The Willows Apartments be renewed through January 14, 2021 with Edgewood Management.
- The Willows Apartments received a score of 98a on its most recent REAC inspection in July 2018 and is currently 96% occupied. All units are restricted to households earning at or below 60% AMI.



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

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

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

**FROM:** Staff: Millicent Anglin      Division: Property Management      Ext. 9676

**RE:** Approval to Renew the Property Management Contract for The Willows Apartments

**DATE:** March 4, 2020

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**STATUS:**      Consent []      Deliberation []      Future Action []

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**OVERALL GOAL & OBJECTIVE:**

To authorize the Executive Director to renew the property management contract with Edgewood Management for property management services at The Willows Apartments.

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**BACKGROUND:**

The Willows Apartments is a 195-unit, garden-style community located in Gaithersburg. Amenities include a community center with computer lab, on-site services, swimming pool, playground, parking, and picnic area. All units are restricted to households earning at or below 60% AMI.

Staff wishes to renew the property management contract for The Willows Apartments with Edgewood Management through January 14, 2021. The property is well-maintained and received a 98a score on its most recent REAC inspection in July 2018. Current occupancy is 96% and average occupancy over the past two years was 97%.

The following table details the property information, including number of units, current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Units	Current Vendor	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Start Date/End Date	Contract Terms (Remaining Renewals)
The Willows	195	Edgewood	\$86,279*	3/31/2020	4/1/2020 – 1/14/2021	One

\*Reflects prorated fee for 9.5-month renewal term.

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to authorize the Executive Director to renew the property management services contract with Edgewood Management for The Willows Apartments through January 14, 2021?

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**BUDGET IMPACT:**

The renewal of the property management contract for The Willows Apartments through January 14, 2021 will not have a budget impact as the costs associated with the services are factored into the FY2020 property budget and will be factored into the FY2021 budget. Additionally, the renewal contract will be performance-based so fees will be lower if performance criteria are not met. In addition to occupancy, performance criteria will include REAC scoring.

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**TIME FRAME:**

At the February 18, 2020 meeting, the Budget, Finance, and Audit Committee reviewed the request to renew the property management contract at The Willows Apartments through January 14, 2021. For Commission action at the March 4, 2020 meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

The Budget, Finance, and Audit Committee recommends to the full Commission approval of the property management contract renewal with Edgewood Management through January 14, 2021 for The Willows Apartments.

**RESOLUTION NO.: 20-21**

**RE: Approval to Renew Property Management Contract for The Willows Apartments**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC”) is the general partner of The Willows of Gaithersburg Associates Limited Partnership (“The Willows LP”), and The Willows LP owns the development known as The Willows Apartments (the “Property”); and

**WHEREAS**, HOC’s staff desires to renew the current property management contract at the Property through January 14, 2021 with Edgewood Management.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of The Willows LP, as its general partner, that the Executive Director is hereby authorized and directed to execute a renewal of the property management contract at the Property through January 14, 2021 with Edgewood Management.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on March 4, 2020.

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**Patrice M. Birdsong**  
**Special Assistant to the Housing**  
**Opportunities Commission of Montgomery**  
**County**

# APPROVAL TO EXTEND THE PROPERTY MANAGEMENT CONTRACT FOR CCL MULTIFAMILY LLC (THE LINDLEY)

**March 4, 2020**

- Bozzuto Management Company's property management contract for CCL Multifamily LLC (The Lindley) expires **May 2, 2020**.
- Staff requests an extension of Bozzuto's contract to September 30, 2020 to maintain continuity of property management services and staffing during the summer, which is typically the most productive leasing season. An RFP is expected to be issued in March 2020 for property management services starting October 1, 2020.
- Per the Commission's procurement policy, the Commission must approve all property management contract extensions.
- Staff requests that the contract for CCL Multifamily LLC (The Lindley) be extended through September 30, 2020 with Bozzuto Management Company.
- The property is in lease-up and is currently 68% occupied and 73% leased. Bozzuto anticipates the property will achieve occupancy of 94% by September 2020. The property includes 40 units at or below 50% AMI, 40 units at or below 100% AMI, and 120 unrestricted units.

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

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

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

**FROM:** Staff: Millicent Anglin      Division: Property Management      Ext. 9676

**RE:** Approval to Extend the Property Management Contract for CCL Multifamily LLC (The Lindley)

**DATE:** March 4, 2020

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**STATUS:**      Consent       Deliberation       Future Action

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**OVERALL GOAL & OBJECTIVE:**

To authorize the Executive Director to extend the property management contract with Bozzuto Management Company for property management services at CCL Multifamily LLC (The Lindley).

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**BACKGROUND:**

CCL Multifamily LLC (The Lindley) is a 200-unit luxury new construction development with 1, 2, and 3-bedrooms apartments in Chevy Chase, MD. Construction was completed in 2018 and lease-up began in October 2018. The property offers extensive amenities including a fitness room with yoga studio, children's play area, courtyard, pet spa, and rooftop dog park. This is a mixed-income community with 40 affordable units at 50% AMI, 40 workforce housing units at 100% AMI, and 120 market rate units. The Lindley is not a tax credit property and does not have project-based subsidy. The property is internally subsidized with market rate rents. Bozzuto began providing property management services in January 2019.

Staff wishes to extend the property management contract with Bozzuto Management Company for The Lindley through September 30, 2020 to maintain leasing momentum during summer 2020. In 2019, the months with the highest net absorption were May to August, with an average of 16 units leased per month. Comparatively, from January 2019 to April 2019, an average of 7 net units were leased per month. From September 2019 to December 2019, an average of 1 net unit was leased per month. Currently, the property is 68% occupied and 73% leased. To achieve occupancy of 94% by September 2020, average unit absorption is expected to exceed 7 units per month.

The following table details the property information, including number of units, current property management company, annual contract cost, current contract end date, proposed extension start and end date and contract terms remaining.

Property	Units	Current Vendor	Annual Extension Contract Cost	Contract End Date	Proposed Extension Start Date/End Date	Contract Terms (Remaining Renewals)
The Lindley	200	Bozzuto	\$65,753*	5/2/2020	5/3/2020 – 9/30/2020	None

\*Reflects prorated fee for 5-month term.

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to authorize the Executive Director to extend the property management services contract with Bozzuto Management Company for The Lindley through September 30, 2020?

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**BUDGET IMPACT:**

The extension of the property management contract for The Lindley through September 30, 2020 will not have a budget impact as the costs associated with the services are factored into the CY2020 property budget. Additionally, the contract is performance-based and fees will be lower if revenue declines below budgeted expectations.

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**TIME FRAME:**

At the February 18, 2020 meeting, the Budget, Finance, and Audit Committee reviewed the request to extend the property management contract at The Lindley through September 30, 2020. For Commission action at the March 4, 2020 meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

The Budget, Finance, and Audit Committee recommends to the full Commission approval of the property management contract extension with Bozzuto Management Company through September 30, 2020 for The Lindley.

**RESOLUTION NO.: 20-22**

**RE: Approval to Extend Property Management Contract for The Lindley**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC”) is the managing member of CCL Multifamily LLC, which owns the development known as The Lindley located in Chevy Chase, Maryland (the “Property”); and

**WHEREAS**, HOC staff desires to extend the current property management contract at the Property through September 30, 2020 with Bozzuto Management Company.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of CCL Multifamily LLC, as its managing member, that the Executive Director is hereby authorized and directed to execute an extension of the property management contract at the Property through September 30, 2020 with Bozzuto Management Company.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on March 4, 2020.

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**Patrice M. Birdsong**  
**Special Assistant to the Housing**  
**Opportunities Commission of Montgomery**  
**County**

# Development and Finance Committee



# **BROOKE PARK: AUTHORIZATION TO ACCEPT A FINANCING PACKAGE PROVIDED BY DHCA TO COMPLETE RENOVATION OF BROOKE PARK APARTMENTS**

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**BETHESDA**

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN  
ZACHARY MARKS  
GIO KAVILADZE

March 4, 2020

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# Executive Summary

- In 2013 the Montgomery County DHCA exercised its Right of First Refusal and assigned the right to HOC to purchase Brooke Park Apartments. DHCA provided acquisition and development funding of \$5,200,000.
- The location of the property provided an opportunity for DHCA and HOC to pursue the mission of providing quality affordable housing to Montgomery County residents in highly desirable neighborhoods with very limited availability of affordable housing units, thereby promoting mixed income communities across the County.
- At the time of acquisition, the property was entitled for redevelopment to 10 townhome units. HOC had to undergo a lengthy entitlement process of amending the preliminary plan and revising the plat to obtain approval to revert to the 17 apartment units at the site. Project entitlement process was completed in 2019 and, as a result, all 17 units are required to be MPDUs with rents levels at 65% AMI or less.
- The total project cost, including costs of acquisition, entitlement, and renovation, is higher than the cost that was contemplated at the time of the acquisition. Relatively high cost of the project is due to several factors, including the lengthy and costly entitlement process; deteriorated condition of the property, requiring complete replacement of building systems, most of the building envelope, and the interiors; and extensive site improvements needed to address existing site deficiencies related to parking, grading, storm water management, and landscaping.
- DHCA proposes to fund the completion of the renovation through a combination of HOME, HIF, and potentially energy-efficiency improvement related funding sources. In addition to all units being restricted to rent levels at or below 65% AMI, proposed HOME financing may require some of the units to be restricted to 50% AMI level. DHCA and HOC may further adjust rents and set affordability levels, within the site entitlement covenants, to promote public purpose goals.

# Transaction History

<b>Project Name:</b>	Brooke Park Apts	<b>Total Sq. ft.:</b>	20,790	<b>Estimated Construction Start:</b>	Q4 FY2019
<b>Location:</b>	Bethesda, MD	<b>Average Unit Size (SF):</b>	871	<b>Estimated Completion:</b>	Q3 FY2020
<b>Product Type:</b>	Garden	<b>Units:</b>	17	<b>Recap Strategy:</b>	Rehab
<b>Year Built (Renovated):</b>	1956	<b>Occupancy:</b>	Vacant	<b>Funding Strategy:</b>	HIF/Private Loan
<b>Property Address:</b>	6400, 6402, 6404, 6406 Brookes Lane (previously 6301, 6303, 6305, 6307 Macarthur Blvd)				

- In 2013 the Montgomery County DHCA exercised its Right of First Refusal and assigned the right to HOC to purchase Brooke Park Apartments to preserve affordability for 18 units at 65% AMI; however, only 17 units are legally permitted at the site.
- DHCA provided acquisition and development funding of \$5,200,000, with the understanding that after final development costs are determined, additional funding would be requested if needed.
- Prior to the purchase of Brooke Park, the property was planned for demolition, to be replaced with 10 luxury townhomes.
- HOC had to undergo a lengthy entitlement process of amending the preliminary plan and revising the plat to obtain approval to revert to the 17 apartment units at the site.
- The Planning Board approved the Preliminary Plan amendment in July 2018. After meeting the conditions for the approval, HOC obtained an amended Plan certification in March 2019.
- All tenants have been relocated to other HOC properties until after the renovation is completed.
- In addition to the acquisition cost of \$3,592,817, approximately \$447,538 has been spent on site entitlement and other predevelopment costs, leaving a balance of \$893,149 from the original \$5,200,000 loan for property renovation.
- Project entitlement and permitting are fully completed.
- On-site renovation activities funded from the remaining balance of the original 2013 HIF loan started in December 2019.

Expenditures Incurred to Date	
Acquisition Cost	(\$3,592,817)
Feasibility Studies at Acquisition	(\$60,217)
Site Entitlement and Design: A&E Fees	(\$233,595)
Site Entitlement: Legal	(\$46,908)
Site Entitlement: Third Party Consultants	(\$35,610)
Site Entitlement: Record Plat	(\$7,500)
Site Entitlement and Permit Fees	(\$123,924)
Unit Demolition Costs (Code Compliance)	(\$175,000)
Tenant Relocation	(\$10,085)
Predevelopment: Legal	(\$18,099)
Other Predevelopment Costs	(\$3,096)
<b>Total Expenditures to Date</b>	<b>(\$4,306,851)</b>
<b>Remaining Funds from 2013 HIF Loan</b>	<b>\$893,149</b>

March 4, 2020

# Existing Condition



- The property has significant issues related to parking, grading, storm water management, and deteriorating building envelope.
- The existing parking area slopes down in the direction of the building, resulting in storm water flows towards the building and water penetration in the basement areas and residential units.
- The building's roof is old and is in bad condition, with storm water leaking in several places and further damaging the roof, the walls, and unit interiors.
- The building's systems, windows and doors are also old and in poor condition, requiring frequent maintenance, and negatively impacting energy efficiency.





# Renovation Plan



- The scope includes correction of significant site issues related to parking, grading, storm water management, and landscaping.
- A new retaining wall will be constructed to address the parking area condition.
- A new driveway and frontage improvements to Brookes Lane and Sangamore Road.
- Some areas will be re-graded to improve storm water flows and address water penetration issues.



- New storm water management facility will be constructed between the parking area and the building.
- New landscaping will be added.
- Two (2) accessible units will be added, including a new pedestrian bridge from the parking area to the second floor of the building.
- Exterior wall furring and insulation will be added.
- The building will have a new façade that is more fitting to the surrounding community.
- Roof, gutters and downspouts will be replaced.

# Renovation Scope

## Building Exterior and Site Work

- The scope includes correction of significant site issues related to parking, grading, storm water management, and landscaping.
- New retaining wall will be constructed to address the parking area condition.
- Paving, concrete repairs, new signage, new trash enclosures.
- A new driveway and frontage improvements to Brookes Lane and Sangamore Road.
- Some areas will be re-graded to improve storm water flows and address existing water penetration issues.
- Tree protection measures will be implemented; some existing trees will be removed.
- New storm water management facility will be constructed between the parking area and the building.
- New landscaping will be added.
- Two (2) accessible units will be added, including a new pedestrian bridge from the parking area to the second floor of the building.
- Existing balconies will be removed and replaced with Juliet balconies.
- Exterior wall furring and insulation will be added.
- The building will have a new façade that is more fitting to the surrounding community.
- Roof, gutters and downspouts will be replaced.

## Building Interior / Units Renovation

- Windows and doors will be replaced.
- Sprinkler fire protection will be added to the building.
- HVAC and hot water systems will be converted from central to individual units.
- Kitchen and bathroom upgrades including but not limited to new energy efficient appliances, cabinets, and countertops.
- Washer and dryer units will be provided within each unit.
- New fixtures and energy efficient lighting.
- New electrical distribution systems.
- Currently all of the utility systems are centralized except for electricity. By individually metering the units and updating the systems, the property will operate more efficiently.

**Construction is estimated to take eight (8) to 12 months.**

**March 4, 2020**

# Construction Cost Summary and Early Start Work Scope

Facility Construction	Total Budget	Per Unit
Division 02 - Existing Conditions	\$134,466	\$7,910
Division 03 - Concrete	\$71,950	\$4,232
Division 04 - Masonry	\$10,000	\$588
Division 05 - Metals	\$4,500	\$265
Division 06 - Wood, Plastics, and Composites	\$141,110	\$8,301
Division 07 - Thermal and Moisture Protection	\$109,528	\$6,443
Division 08 - Openings	\$118,969	\$6,998
Division 09 - Finishes	\$301,278	\$17,722
Division 10 - Specialties	\$44,691	\$2,629
Division 11 - Equipment	\$71,795	\$4,223
Division 12 - Furnishings	\$3,145	\$185
	<b>\$1,011,432</b>	<b>\$59,496</b>
Facility Services (MEP)	Total Budget	Per Unit
Division 21 - Fire Suppression	\$67,500	\$3,971
Division 22 - Plumbing	\$375,020	\$22,060
Division 23 - Heating Ventilating and AC	\$181,050	\$10,650
Division 26 - Electrical	\$291,550	\$17,150
	<b>\$915,120</b>	<b>\$53,831</b>
Site and Infrastructure	Total Budget	Per Unit
Division 31 - Earthwork	\$287,497	\$16,912
Division 32 - Exterior Improvements	\$505,265	\$29,721
Division 33 - Utilities	\$119,430	\$7,025
	<b>\$912,191</b>	<b>\$53,658</b>
Total Direct Cost	\$2,838,743	\$166,985
General Conditions	\$255,487	\$15,029
Fee	\$157,032	\$9,237
General Liability	\$46,413	\$2,730
Bond	\$1,608	\$95
	<b>\$460,538</b>	<b>\$27,090</b>
Total Cost	\$3,299,281	\$194,075

- Total per unit cost of the renovation is projected to be \$194,075.
- Of this amount, unit renovation costs are about \$60K, and MEP costs are additional \$54K per unit. This includes complete unit renovations, systems replacement, roof replacement, exterior wall repairs, and common area renovation.
- Site and infrastructure work adds \$54K per unit to the cost; this includes earthwork and grading, wet and dry utilities, paving, driveway and access improvements, new retaining wall construction, storm water management facility construction, and new landscaping.
- Pending the approval of County financing package to complete the renovation, and to avoid further delays, the project scope has been split in two parts.
- Early Start Work Scope is funded from the remaining 2013 HIF loan balance and includes some preliminary site work, sediment control and tree saving activities, site and building interior demolition activities, and roof replacement. Notice to Proceed for Early Start Work has been issued in December 2019 and the work is currently underway.
- Upon the approval of additional financing to fund the rest of the construction budget, a second Notice to Proceed will be issued for the balance of the contract.

Soil Nail and Retaining Wall Design	\$38,000
Stormwater Pipe/Structures	\$61,200
Plumbing Permit & Submittals	\$4,500
HVAC Permit & Submittals	\$3,200
Electric Permit & Submittals	\$3,500
Fire Suppression Design	\$13,000
Perimeter Sediment Controls	\$15,000
Clearing & Site Demolition	\$60,189
Contract Select Demolition	\$68,515
Change Order Asbestos Demolition	\$46,145
Contract Slab Demolition	\$24,000
Contract Framing	\$25,000
Roof Installation	\$70,340
General Conditions and GC Fee	\$118,561
<b>Total Early Start Budget</b>	<b>\$551,150</b>



# Operating Proforma

OPERATING PERFORMANCE	Year 1	PER UNIT
<b>RENTAL INCOME</b>		
Rental Income	\$311,352	\$18,315
Less: Concession to Existing Tenants	(\$64,116)	(\$3,772)
Other Income	\$7,020	\$413
Less: Vacancy Loss/Bad Debt	(\$20,340)	(\$1,196)
Less: Concessions	\$0	\$0
<b>NET RENTAL INCOME</b>	<b>\$233,916</b>	<b>\$13,760</b>
<b>TOTAL OPERATING EXPENSES</b>		
Admin & Operating Expenses	\$12,000	\$706
Maintenance Expenses	\$25,500	\$1,500
Contract Management Fee	\$12,000	\$706
Utility Expenses	\$30,000	\$1,765
Taxes & Insurance	\$2,613	\$154
Replacement Reserve Contribution	\$5,950	\$350
<b>TOTAL EXPENSES</b>	<b>\$88,063</b>	<b>\$5,180</b>
<b>NET OPERATING INCOME</b>	<b>\$145,853</b>	<b>\$8,580</b>
<b>NET CASH FLOW</b>	<b>\$145,853</b>	<b>\$8,580</b>
DSCR	NA	

Units Type	AMI Target	# of Units	Net Rent	Annual Revenue
1BR	65%	4	\$1,368	\$65,664
1BR	65%	4	\$1,368	\$65,664
2BR	65%	7	\$1,639	\$137,676
2BR	65%	1	\$1,639	\$19,668
3BR	65%	1	\$1,890	\$22,680
	<b>Total:</b>	<b>17</b>	<b>\$1,526</b>	<b>\$311,352</b>

- The property's entitlement approval requires all 17 units to be MPDUs with rents at 65% AMI or less.
- Additionally, proposed HOME financing may require four of the units to be restricted to 50% AMI level.
- Unit mix includes two (2) accessible units
- Most of the existing eight residents that will be returning to the property after the completion of renovation currently pay rents that are significantly lower than 65% AMI limits.
- Operating proforma assumes that these residents will continue paying lower rents. This assumption is reflected in the \$64,116 "Concession to the Existing Tenants" reduction of the rental income.

# Proposed County Financing Terms and Project Sources & Uses

- In addition to the original \$5,200,000 DHCA loan, \$3,804,390 is needed to complete the renovation.
- The property currently has \$56,561 reserves that will be used as source of funds for the renovation.
- The net funding need of \$3,747,829 is to be provided by the County DHCA through a combination of HOME and HIF resources.
- DHCA proposes to fund the project through a combination of HOME, HIF, and potentially energy-efficiency improvement related funding sources.
- DHCA may require adjustments to affordability levels, within the site entitlement covenants, to either maximize debt repayment or set and promote public purpose goals.
- Published June 2019 HOME maximum per unit subsidy for the Washington SMSA is approximately \$184,000 for one-bedroom units, \$222,000 for two-bedroom units, and \$285,717 for three bedrooms.

USES OF FUNDS	AMOUNT	PER UNIT
Construction Costs	\$4,029,363	\$237,021
Construction Costs - Davis Bacon Impact (Est)	\$190,101	\$11,182
Construction Costs - Entitlement & Permit Fees	\$138,924	\$8,172
Costs Related To Construction	\$683,367	\$40,198
Acquisition Costs	\$3,603,283	\$211,958
Financing Fees and Charges	\$0	\$0
Developer's Fees	\$259,351	\$15,256
Guarantees and Reserves	\$100,000	\$5,882
<b>TOTAL</b>	<b>\$9,004,390</b>	<b>\$529,670</b>

SOURCES OF FUNDS	AMOUNT	PER UNIT
2013 HIF Loan - Expended	\$4,306,851	\$253,344
2013 HIF Loan - Remaining Balance	\$893,149	\$52,538
Property RfR Fund Balance	\$56,561	\$3,327
<b>2020 HOME Loan (Estimated)</b>	<b>\$3,533,717</b>	<b>\$207,866</b>
<b>Funding Gap - 2020 HIF Loan</b>	<b>\$214,112</b>	<b>\$12,595</b>
<b>TOTAL</b>	<b>\$9,004,390</b>	<b>\$529,670</b>

<b>Total Additional Funding Needed, 2020</b>	<b>\$3,747,829</b>	<b>\$220,461</b>
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- Above per unit amounts would provide up to \$3,533,717 total, or \$207,866 average per unit funding for the project.
- If the above maximum HOME funding is obtained, additional funding need is reduced to \$214,112. This additional amount will be funded from either HIF or energy efficiency improvement related funding sources, or a combination of the two.
- The property cash flow is not sufficient to amortize the loan. With the above assumptions, DHCA can potentially recover its HIF funds in three years and HOME repayment can begin after the HIF investment is repaid.

# Summary and Recommendations

## Issues for Consideration

Does the Commission wish to authorize HOC staff to accept a financing package provided by DHCA?

The approval is subject to receiving DHCA's commitment and funding of the project.

## Time Frame

Action at the March 4, 2020 meeting of the Commission.

## Committee Recommendation

The Development and Finance Committee met on February 21, 2020 and voted to advance this item to the full Commission for approval.

## Budget/Fiscal Impact

No impact to the Agency budget.

## Previous Commission Approvals

**Resolution 19-52** – Authorization to Select General Contractor for Renovation of Brooke Park Apartments in Accordance with RFP # 2149 and Authorization for the Executive Director to Negotiate and Execute a Contract to Complete the Planned Renovations.

## Staff Recommendation and Commission Action Needed

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and authorize HOC staff to accept a financing package provided by DHCA to complete renovation.

The approval is subject to receiving DHCA's commitment and funding of the project. The financing package may include HOME, HIF, and energy efficiency funds in any combination to fully fund the renovation costs and the development budget.

**RESOLUTION No: 20-23**

**RE: Authorization to Accept a Financing Package provided by DHCA to Complete Renovation of Brooke Park Apartments**

**WHEREAS**, in 2013 the Montgomery County Department of Housing and Community Affairs (“DHCA”) exercised its right of first refusal and assigned the right to the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) to purchase Brooke Park Apartments (“the Property”) to preserve affordability; and

**WHEREAS**, DHCA provided an acquisition and development loan of \$5,200,000 at the time of the acquisition and committed to provide additional funding as needed to complete the renovation; and

**WHEREAS**, prior to the acquisition by HOC, the Property was planned for demolition, to be replaced with 10 townhomes; and

**WHEREAS**, HOC underwent a lengthy entitlement process to amend the Preliminary Plan to preserve 17 apartment units; and

**WHEREAS**, the Planning Board approved the Preliminary Plan amendment in July 2018, and the project entitlement was fully complete and construction permits were obtained in 2019; and

**WHEREAS**, in February 2019, HOC issued an RFP for general contracting services for the renovation of the Property, and in May 2019, the Commission approved the selection of Hooten Construction as the general contractor to complete the renovation; and

**WHEREAS**, the total final project cost is \$9,004,390 and therefore, in addition to the original \$5,200,000 DHCA loan, \$3,804,390 million is needed to complete the renovation, with a net funding need, taking into consideration \$56,561 in available property reserves, of \$3,747,829; and

**WHEREAS**, DHCA proposes to fund the net funding need of \$3,747,829 through a combination of HOME, HIF, and, potentially, energy-efficiency improvement related funding sources.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to accept a financing package in the amount of \$3,747,829 from DHCA to complete renovation of the Property.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is authorized and directed, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein including, without limitation, the negotiation and execution of related documents.

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on March 4, 2020.

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Patrice M. Birdsong  
Special Assistant to the Commission

**EH III: AUTHORIZATION TO INCREASE THE CONTRACT VALUE FOR CDC CAPITAL, LLC TO ASSIST WITH THE MANAGEMENT OF AGREEMENTS BETWEEN HOC AND MONTGOMERY COUNTY FOR THE CONSTRUCTION OF THE SOUTH COUNTY REGIONAL AND RECREATION CENTER AT ELIZABETH SQUARE**

**March 04, 2020**

- Elizabeth House III will be a 267-unit development for seniors (including replacement housing for the current Elizabeth House residents) and will include the South County Regional Recreation and Aquatic Center (“SCRRAC”) totaling approximately 120,000 square feet and a 7,500 square feet Senior Resource Center/Primary Care Facility that will be operated by Holy Cross Hospital.
- On October 31, 2019, HOC executed a General Development Agreement (“GDA”), Gross Maximum Price Contract (“GMP”), and Design Build Contract (“DBC”) with Montgomery County to act as the Turnkey Developer for the SCRRAC.
- Based on the executed contracts, HOC is responsible to meet certain requirements to fulfill its obligation as the Turnkey Developer.
- CDC Capital, LLC (“CDC”) led the negotiations to develop the GDA, GMP and DBC with the County.
- HOC wishes to execute a change order under the existing contract with CDC for management of the General Development Agreement as well as the accompanying Design Build and Gross Maximum Price contracts (altogether, “Agreements”) between HOC and Montgomery County at Elizabeth Square.
- Staff recommends that the Commission authorizes and directs the Executive Director to execute an increase to the contract via change order with CDC Capital, LLC for continuation of development consulting services for the Elizabeth Square development.

# MEMORANDUM

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

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

**FROM:** Division: Real Estate  
Staff: Kayrine V. Brown, Chief Investment & Real Estate Officer Ext. 9589  
Hyunsuk Choi, Senior Financial Analyst Ext. 9762

**RE:** EH III: Authorization to Increase the Contract Value for CDC Capital, LLC to Assist with the Management of the Agreements between HOC and Montgomery County for the Construction of the South County Regional Recreation and Aquatic Center at Elizabeth Square

**DATE:** March 4, 2020

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**STATUS:** COMMITTEE REPORT: Deliberation  X

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## **OVERALL GOAL & OBJECTIVE:**

To increase the scope of work and contract value for development consulting services provided by CDC Capital, LLC ("CDC") via change order for management of the General Development Agreement ("GDA"), Gross Maximum Price Contract ("GMP"), and Design Build Contract ("DBC") between HOC and Montgomery County for the South County Regional Recreation and Aquatic Center ("SCRRAC").

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## **BACKGROUND:**

Elizabeth House III will be a 267-unit development for seniors (including replacement housing for the current Elizabeth House residents) and will include the SCRRAC, totaling approximately 120,000 square feet and a 7,500 square feet Senior Resource Center/Primary Care Facility that will be operated by Holy Cross Hospital. On November 7, 2018, the Commission approved the final development plan and budget for Elizabeth House III.

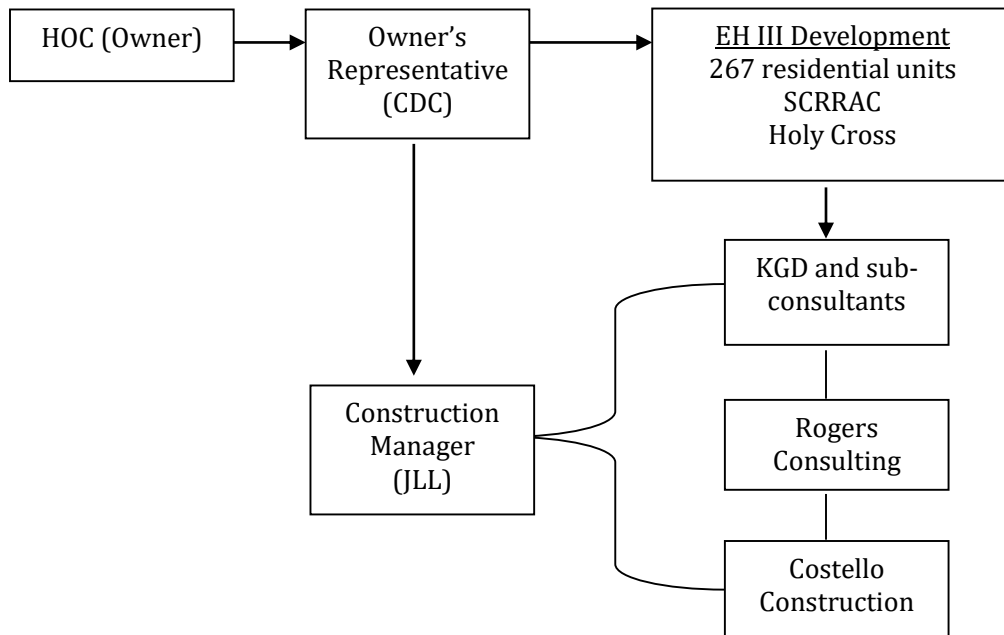
On February 6, 2019, the Commission approved the task orders under the current contract with CDC Capital, LLC ("CDC") to continue to serve as the development consultant and on September 3, 2019, HOC engaged Jones Lang Lasalle ("JLL") as the construction manager through a Request for Proposal (RFP # 2056) process. The final development budget included fees related to development consulting and construction management services to assist HOC to complete design and construction of the Elizabeth House III development, including the SCRRAC.

## **Consultants Roles**

- 1) CDC was engaged as the development consultant to oversee the overall development process for the EH III development. The scope of services includes:
  - a. Entitlement of the project;
  - b. Creating a development program that yields the highest and best outcome for HOC;
  - c. Providing oversight of the design process;
  - d. Reporting to HOC staff and Commission;
  - e. Engagement of third-party consultants;

- f. Executing financial closings for tax credit equity;
  - g. Completing construction loan closing;
  - h. Securing other sources to fund as needed for the financing;
  - i. Negotiating lease with Holy Cross Hospital;
  - j. Negotiating GDA, GMP, and DBC with Montgomery County; and
  - k. Providing other related services for the type of development project.
- 2) JLL was engaged to provide construction management services to provide oversight of architect, engineers, and contractor during the construction of the development. The scope of services includes:
- a. Weekly meetings with the construction team;
  - b. Review of all Request for Information (“RFI”) and Submittals from contractor;
  - c. Review change order requests from contractor;
  - d. Management of contractor schedule;
  - e. Ensuring the project is constructed in accordance with the approved plans and specification;
  - f. Construction schedule management; and
  - g. Provide other services related to a typical construction process.

**Flow Chart of Consultants**



***Note: CDC acts on behalf of HOC as Owner’s Representative to manage the EH III development, JLL, and other consultants on the team (including minor consultants not included on this flow chart). JLL acts on behalf of HOC to ensure EH III development is constructed in accordance to the approved plans and specifications, which includes management of consultants as it relates directly to the construction of EH III Development.***



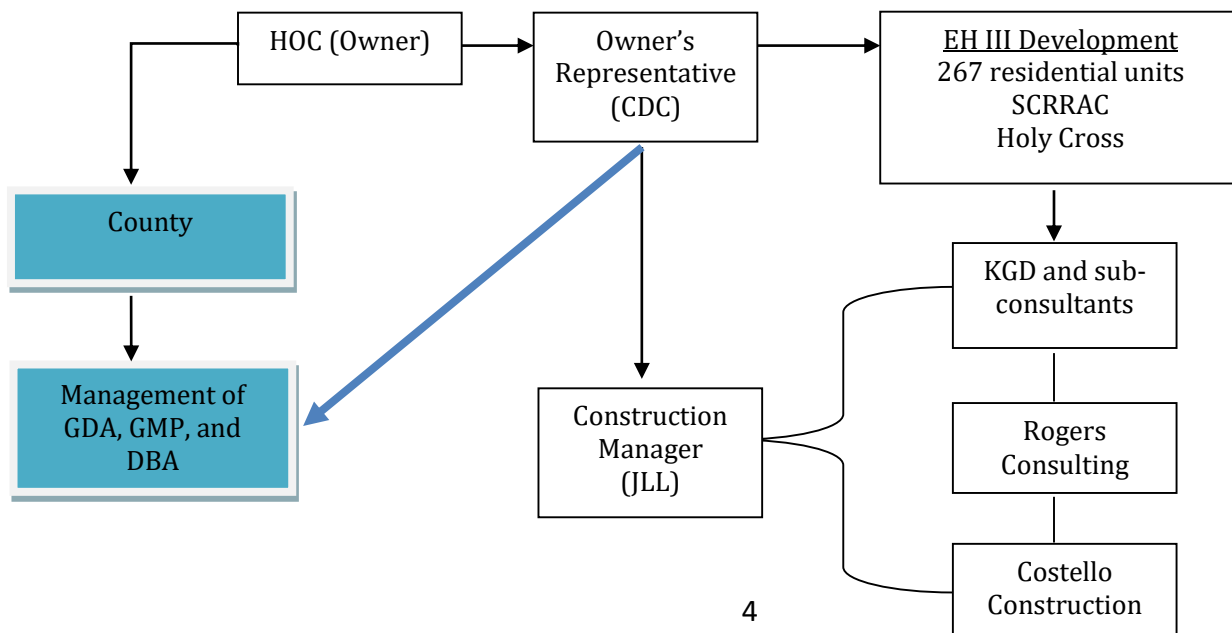
**Management of GDA, GMP, and DBC**

On October 30, 2019, HOC executed a GDA, GMP, and DBC with Montgomery County to act as the Turnkey Developer for SCRRAC. Based on the executed contracts, HOC must meet certain requirements to fulfill its obligation as the Turnkey Developer. These obligations are above and beyond what is normally required for a typical construction, places all risk on HOC for any deviation from the documents and inserts another layer of oversight between HOC and its consultants, requiring additional coordination.

The tasks required to fulfill the obligations under the executed documents with the County were not known and therefore, were not considered when HOC engaged CDC and JLL. These tasks include, but are not limited to the following items, which require separate oversight beyond standard construction management services.

- Weekly progress meetings with the County and their many sub-consultants;
- Monthly SCRRAC project status reporting to the County;
- Coordinate site visits with the County and their sub-consultants;
- Coordinate contractor’s work with the work that the County is performing at the site;
- Manage approximately 1,250 County design comments;
- Facilitate the process to obtain permits specifically related to SCRRAC;
- Update County GMP budget and seek the County’s approval;
- Review and arbitrate proposed change orders, unilateral change orders, and file orders related to County Requirement;
- Coordinate pay application from County;
- Manage County Critical Path Method (“CPM”) schedule;
- Review County comments to submittals and Request for Information (“RFI”) to ensure they are within the approved plans and specifications;
- Monitor County testing and inspection; and
- Resolve County interpretation of non-conforming work based on their field inspection against approved final plans and specifications.

**Flow Chart of GDA, GMP, and DBC**



**\* CDC led the negotiation to develop the GDA, GMP and DBC with the County. CDC will manage the requirements on HOC's behalf outlined in the GDA, GMP, and DBA. This service is considered strictly as risk management to HOC.**

**Fee Proposals**

The construction of EHIII, SCRRAC and the Holy Cross facility is complex. Its oversight and management are advantaged by having personnel or contractors with prior knowledge of the details and challenges of the project. CDC negotiated the Agreements with the County and has intimate knowledge of the details governing the transaction.

While staff would normally issue a request for proposal (“RFP”) in order for the Commission to meet its obligations to the County, because of the complexities of the construction, staff solicited a proposal from CDC to evaluate against provisions contained in the executed JLL contract for additional services. Both firms are familiar with the relationship between HOC and the County and the needs of this project and are equipped to provide the additional services that are being sought. A summary of the fee proposals from CDC and the fee schedule in the JLL contract are provided in the table below.

Elizabeth House III / SCRRAC	# Months	Monthly Fee	Total
CDC Capital, LLC	35	\$18,000.00	\$630,000.00
			<b>\$ 1,372,000.00</b>
Jones Lang Lasalle (*)			
Project Manager	32	\$22,500	\$720,000.00
Assistant Project Manager	32	\$18,500	\$592,000.00
Closeout period	3	\$20,000	\$60,000.00
<i>*Note: Based on the executed contract</i>			

Based on the fee proposal and its experience with negotiating the documents with the County, staff proposes engaging CDC Capital, LLC to provide additional services to manage HOC’s obligations under GDA, GMP and DBC with the County by executing a change order to the existing engagement, effective November 1, 2019. The duration of the engagement would be for 35 months from the effective date and the total estimated cost of the engagement is \$630,000.

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to authorize the Executive Director to execute the change order with CDC Capital, LLC for management of the GDA, GMP and DBC between HOC and Montgomery County for the construction of the SCRRAC at Elizabeth Square?

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**BUDGET/FISCAL IMPACT:**

There is no impact on the Commission’s operating budget. The CDC Capital, LLC change order of \$630,000 will be funded by the Elizabeth House III development budget.

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**PRINCIPALS:**

CDC Capital, LLC

HOC

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**TIME FRAME:**

Action at the March 4, 2020 meeting of the Commission.

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**COMMITTEE RECOMMENDATION:**

At the February 21, 2020 meeting of the Development & Finance Committee, it approved for recommendation to the Commission authorization for the Executive Director to execute the change order with CDC Capital, LLC for management of the GDA, GMP and DBC between HOC and Montgomery County at Elizabeth Square. Though unexpected and is an added cost to the project, the committee viewed this as a necessary cost to manage risks to the Commission.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff recommends to the Commission that it approve a change order under the current contract with CDC Capital, LLC that increases the contract value by \$630,000, with an effective date of November 1, 2019.

Staff further recommends authorization for the Executive Director to execute the change order so that the work at Elizabeth House III may continue uninterrupted.

**Resolution No.: 20-24**

**RE: EH III: Authorization to Increase the Contract Value for CDC Capital, LLC to Assist with the Management of Agreements between HOC and Montgomery County for the Construction of the South County Regional Recreation Center at Elizabeth Square**

**WHEREAS**, Elizabeth House III is currently under construction and will be a 267-unit development for seniors and will include the South County Regional Recreation and Aquatic Center (the "SCRRAC"), totaling approximately 120,000 square feet, and a 7,500 square foot Senior Resource Center/Primary Care Facility that will be operated by Holy Cross Hospital; and

**WHEREAS**, on January 3, 2017, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") engaged CDC Capital, LLC ("CDC") as the lead project manager of the Elizabeth Square Development (which includes Alexander House, Elizabeth House III, and the SCRRAC) for an initial term of twenty-four months; and

**WHEREAS**, on November 7, 2018, the Commission approved the final development budget, which included fees related to development consulting and construction management services in order to assist HOC in completing the design and construction of the Elizabeth Square Development; and

**WHEREAS**, on February 6, 2019, the Commission approved task orders with CDC for continuation of development consulting services for the Elizabeth Square Development; and

**WHEREAS**, On October 31, 2019, HOC executed a General Development Agreement ("GDA"), Gross Maximum Price Contract ("GMP"), and Design Build Contract ("DBC," together with the GDA and GMP, the "County Contracts") with Montgomery County to act as the "Turnkey" developer for the SCRRAC; and

**WHEREAS**, the County Contracts place substantial requirements and obligations on HOC that were not fully anticipated when CDC was initially engaged; and

**WHEREAS**, staff proposes executing a change order to the existing contract with CDC in the amount of Six Hundred Thirty Thousand Dollars (\$630,000), to be effective November 1, 2019, to allow CDC to manage HOC's obligations under the County Contracts.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County hereby authorizes and directs the Executive Director, without any further action on its part, to execute a change order to the existing CDC contact in the amount of Six Hundred Thirty Thousand Dollars (\$630,000), to be effective November 1, 2019, to allow CDC to provide management of the County Contracts.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the change order shall be funded by the Elizabeth House III development budget.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is hereby authorized to take any and all other actions necessary and proper to carry out the transactions and activities contemplated herein, including the execution of any documents related thereto.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at regular meeting conducted on March 4, 2020.

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Patrice M. Birdsong  
Special Assistant to the Commission

# Deliberation and/or Action

# Future Action

Adjourn



# Development Corporation Meetings

# The Metropolitan Development Corporation

**Approval of FY'20 Second Quarter  
Budget Amendment for  
The Metropolitan Development Corporation**

**March 4, 2020**

- The Metropolitan LP is no longer included in the tax credit budgets. Following the expiration of the 15-year compliance periods, the limited partners assigned their interest in the partnerships to HOC and no longer have an ownership interest in the partnership. Therefore, HOC is able to operate the property on a fiscal year basis.
- The negative cash flow of the affordable units of the former LP will now be included in the Opportunity Housing Fund.
- The FY'20 Second Quarter Budget Amendment reduces expenses for The Metropolitan Development Corporation by \$345,859 to reflect the removal of the restriction of these funds to cover losses on the affordable unit of the LP.
- The additional unrestricted cash flow will be used to offset the negative cash flow of the affordable units at the property that are now reflected in the Opportunity Housing Fund as a distinct property.
- Personnel Complement remains unchanged.
- No policy changes are reflected in the budget amendment.



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**BUDGET IMPACT:**

The net effect of the FY'20 Second Quarter Budget Amendment reduces expenses for The Metropolitan Development Corporation by \$345,859.

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**TIME FRAME:**

The Budget, Finance and Audit Committee reviewed the FY'20 Second Quarter Budget Amendment at the February 18, 2020 meeting. Action is requested at the March 4, 2020 Board meeting.

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**COMMITTEE RECOMMENDATION & BOARD ACTION NEEDED:**

The Budget, Finance and Audit Committee recommends to the Board of The Metropolitan Development Corporations approval of the proposed FY'20 Second Quarter Budget Amendment.

**Re: Approval of FY'20 Second  
Quarter Budget Amendment for The  
Metropolitan Development  
Corporation**

**WHEREAS**, The Metropolitan Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

**WHEREAS**, the Board of Directors (the "Board") is solely comprised of HOC Commissioners;

**WHEREAS**, the Board adopted a budget for FY'20 on June 5, 2019;

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

**WHEREAS**, the total FY'20 Expense Budget for the Corporation decreased by \$345,859;  
and

**WHEREAS**, approval of the budget amendments to revise the FY'20 budget will reflect an accurate plan for the use of the Corporation's resources for the remainder of FY'20.

**WHEREAS**, the Corporation has reviewed and desires to approve the FY'20 Second Quarter budget Amendment for the Property.

**NOW, THEREFORE, BE IT RESOLVED** by the The Metropolitan Development Corporation that it hereby amends the FY'20 Operating Budget by decreasing total expenses for the Corporation by \$345,859.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of The Metropolitan Development Corporation at a meeting conducted on March 4, 2020.

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Patrice M. Birdsong  
Special Assistant to the Board of Directors of  
the Corporation

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Adjourn

# Paddington Square Development Corporation



## **PADDINGTON SQUARE DEVELOPMENT CORPORATION**

### **APPROVAL TO RENEW THE PROPERTY MANAGEMENT CONTRACT**

**March 4, 2020**

The Property Management Contract with Paddington Square Development Corporation for Management Services is expiring March 31, 2020.

- Per the Commission's procurement policy, the Commission must approve all property management contract renewals.
- Staff requests that the contract for Property Management Services for Paddington Square Development Corporation be renewed for one year with Residential One Management.

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

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

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

**FROM:** Staff: Jay Berkowitz Division: Property Management Ext. 4857

**RE:** Approval to Renew the Property Management Contract at Paddington Square Development Corporation

**DATE:** March 4, 2020

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**STATUS:** Consent [ ] Deliberation [X] Future Action [ ]

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**OVERALL GOAL & OBJECTIVE:**

To authorize the Executive Director to renew property management contract with Residential One Management for Property Management Services at Paddington Square Development Corporation

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**BACKGROUND:**

Paddington Square Development Corporation (“Paddington Square”) is a 165-unit garden style apartment community of 98 market units and 67 units that are affordable under the County HIF program with 14 units @ or below 50% AMI and 53 units @ or below 60% AMI. Paddington Square was built in 1960 and is located on 7.94 acres in Silver Spring. The Property Management contract for Paddington Square is expiring on March 31, 2020. The property received a score of 94B for its most recent REAC inspection and the property has maintained an average occupancy of 98% over the last 2 years.

Staff wishes to renew the property management contract for Paddington for a one year with Residential One Management.

The following table details the property information, including number of units, current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Units	Current Vendor	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Start Date/End Date	Contract Terms (Remaining Renewals)
Paddington Square	165	Residential One Management	\$75,240	3/31/2020	4/1/2020 to 3/31/2021	No renewals Remaining

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to authorize the Executive Director to execute a One Year Renewal of the property management services contract with Residential One Management for property management services t Paddington Square?

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**BUDGET IMPACT:**

The renewal of the property management contract for Paddington Square for one year will not have a budget impact as the costs associated with the services were factored into the FY2020/FY 2021 property budget. Additionally, the renewal will be performance-based so the management fee would be lower if revenue declined below budgeted expectations. In addition to occupancy, performance criteria will include REAC scoring.

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**TIME FRAME:**

For Commission action at the March 4, 2020 meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff recommends that the Commission accept the recommendation of the Budget, Finance and Audit Committee and authorize the Executive Director to execute a renewal of the property management services contract with Residential One Management for property management services at Paddington Square.

**RESOLUTION NO.: 20-001PS**

**RE: Approval to Renew Property Management Contract for Paddington Square Development Corporation**

**WHEREAS**, Paddington Square Development Corporation owns the development known as Paddington Square Apartments located in Silver Spring, Maryland (the "Property"); and

**WHEREAS**, staff desires to renew the current property management contract at the Property for one year with Residential One Management.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Paddington Square Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed to execute a one year renewal of the property management contact at the Property.

**BE IT FURTHER RESOLVED** by the Board of Directors of Paddington Square Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County, or his designee, is hereby authorized and directed , 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 the execution of any documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Paddington Square Development Corporation at a meeting conducted on March 4, 2020.

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**Patrice M. Birdsong**  
**Special Assistant to the Board of Directors of**  
**Paddington Square Development**  
**Corporation**

Adjourn

# Administrative Session