REVISED: June 1, 2020

Housing Opportunities Commission OF MONTGOMERY COUNTY

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

EXPANDED AGENDA

June 3, 2020

			Res #
4:00 p.m. Page 5	**I. INFORMATION EXCHANGE** A. Resident Advisory Board B. Report of the Executive Director C. Commissioner Exchange **The Community Forum has been cancelled due to the current state of emergency and social distancing guidelines related to the Coronavirus Disease (COVID-19). Please refer to HOC's website for more information on HOC's State of Emergency Open Meeting Procedures.**		
4:30 p.m. Page 9 14	**II. APPROVAL OF MINUTES** A. Approval of Minutes of May 6, 2020 B. Approval of Minutes of May 6, 2020 Administrative Session C. Approval of Minutes of May 20, 2020 Special Session		
Page 21	**III. CONSENT** A. Approval to Appoint Commissioners to the Board of Directors of Various Development Corporation		20-52 (pg. 22)
	RECESS		
4:35 p.m.	**A. Development Corporation Annual Meetings and Approval of FY 21 Budget**		
4:35 p.m.	1. Alexander House Development Corporation – Annual Meeting and Approval of FY 21 Budget	27	20-001AH (pg. 32)
4:40 p.m.	2. Barclay Apartments Development Corporation – Annual Meeting and Approval of FY 21 Budget	34	20-001BC (pg. 39)
4:45 p.m.	3. Brookside Glen Apartments Development Corporation – Annual Meeting and Approval of FY 21 Budget	41	20-001BG (pg. 46)
4:50 p.m.	4. Diamond Square Development Corporation – Annual Meeting and Approval of FY 21 Budget	48	20-001DS (pg. 53)
4:55 p.m.	5. Glenmont Crossing Development Corporation – Annual Meeting and Approval of FY 21 Budget	55	20-001GC (pg. 60)
5:00 p.m.	6. Glenmont Westerly Development Corporation – Annual Meeting and Approval of FY 21 Budget	62	20-001GW (pg. 67)
5:05 p.m.	7. Magruder's Discovery Development Corporation – Annual Meeting and Approval of FY 21 Budget	69	20-001MD (pg. 74)
5:10 p.m.	8. The Metropolitan Development Corporation – Annual Meeting and Approval of FY 21 Budget	76	20-002ME (pg. 81)
5:15 p.m.	9. Montgomery Arms Development Corporation – Annual Meeting and Approval of FY 21 Budget	83	20-002MA (pg. 88)
5:20 p.m.	10. The Oaks at Four Corners Development Corporation – Annual Meeting and Approval of FY 21 Budget	90	20-001OC (pg. 95)
5:25 p.m.	11. Paddington Square Development Corporation – Annual Meeting and Approval of FY 21 Budget	97	20-001PS (pg. 102)
5:30 p.m.	12. Pooks Hill Development Corporation – Annual Meeting and Approval of FY 21 Budget	104	20-002PH (pg. 109)
5:35 p.m.	13. RAD 6 Development Corporation – Annual Meeting and Approval of FY 21 Budget	111	20-001RAD6 (pg. 121)

5:40 p.m.	14. Scattered Site One Development Corporation – Annual Meeting and Approval of FY 21 Budget	123	20-001SS1 (pg. 128)
5:45 p.m.	15. Scattered Site Two Development Corporation – Annual Meeting and Approval of FY 21 Budget	130	20-001SS2 (pg. 135)
5:50 p.m.	16. Sligo Hills Development Corporation – Annual Meeting and Approval of FY 21 Budget	137	20-001SH (pg. 142)
5:55 p.m.	17. TPM Development Corporation – Annual Meeting and Approval of FY 21 Budget	144	20-001TPM (pg. 149)
6:00 p.m.	18. VPC One Corporation – Annual Meeting and Approval of FY 21 Budget	151	20-001VPC1 (pg. 156)
6:05 p.m.	19. VPC Two Corporation – Annual Meeting and Approval of FY 21 Budget	158	20-001VPC2 (pg. 163)
6:10 p.m.	20. Wheaton Metro Development Corporation – Annual Meeting and Approval of FY 21 Budget	165	20-001WM (pg. 170)
6:15 p.m.	21. Damascus Gardens Development Corporation – Annual Meeting	172	20-001DG (pg. 173)
	RESUME HOC MONTHLY MEETING		
6:20 p.m.	**IV. ADMINISTRATIVE AND SPECIAL SESSION RATIFICATION**		
Page 175	A. **Ratification of Action Taken in Special Session on May 20, 2020**: Approval to Increase the Predevelopment Budget and a Final Installment of Predevelopment Funding from the Opportunity Housing Reserve Fund to Fund Closing and Development Related Expenses; Approval to Complete Acquisition & LIHTC Closing; and Approval to Increase the Number of Vacant Units to Complete the Renovations		20-39R (pg. 176)
179	B. **Ratification of Action Taken in Special Session on May 20, 2020**: Approval of the Financing Plan, Feasibility and Public Purpose for Bauer Park Apartments; Authorization to Issue Loans to Bauer Park Apartments LP for Acquisition and Construction Financing; Authorization to Issue a Commitment for up to $25.8 Million in Permanent Financing; and Authorization for the Borrower to Accept Loans in Accordance with the Finance Plan		20-40R (pg. 180)
6:25 p.m.	**V. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**		
	A. Budget, Finance and Audit Committee – Com. Nelson, Chair		
Page 185	1. Acceptance of Third Quarter Fiscal Year 2020 Budget to Actual Statements		20-41 (pg. 195)
202	2. Approval of Fiscal Year 2020 Third Quarter Budget Amendment		20-42 (pg. 206)
208	3. Authorization to Accept $1,000,000 from The Metropolitan Development Corporation Operating Account to the Commissions' General Fund Operating Reserve (GFOR)		20-43 (pg. 211)
212	4. Authorization to Write-off Bad Debt Related to Tenant Accounts Receivable (January 1, 2020 – March 31, 2020)		20-44 (pg. 217)
218	5. Acceptance of Calendar Year 2019 Low Income Tax Credit Partnership and Limited Liability Company Audits		20-45 (pg. 222)
224	6. Approval to Procure Property Management Services Pursuant to RFP #2200 for The Lindley		20-46 (pg. 234)
235	7. Approval to Extend the use of the PNC Bank Line of Credit and the Real Estate Line of Credit to Finance Commission Approved Actions Related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court		20-47 (pg. 240)

	Apartments, HOC Fenwick & Second Headquarters, Ambassador Apartments, Avondale Apartments and Year 15 LIHTC Properties		
241 7:05 p.m.	8. Adoption of the Fiscal Year 2021 Budget		20-48a (pg. 271) 20-48b (pg. 272)
Page 275	**B. Development and Finance Committee – *Com. Simon, Chair*** 1. **Bond Issuance**: Approval of a Bond Authorizing Resolution for the Issuance of one or more Series of Multifamily Housing Development Bonds to Finance the Acquisition and Rehabilitation of Bauer Park Apartments and to Refund the Multifamily Housing Development Bonds, 2007 Series A, 2007 Series C-1, and 2010 Series A; and the Multiple Purpose Bonds, 2002 Series A		20-49 (pg. 285)
292	2. **EH III/SCRRAC**: Approval to Select Hillis-Carnes Engineering Associates, Inc. as Construction Materials Testing and Third-Party Inspector and Authorization for the Executive Director to Execute a Contract for Request for Proposal #2205		20-50 (pg. 304)
306	3. **Westwood Tower Apartments**: Approval of Feasibility Funding for the Refinancing of Westwood Tower Apartments		20-51 (pg. 309)
7:25 p.m.	**ADJOURN**		
7:30 p.m. Page 314	**DEVELOPMENT CORPORATION MEETING** **Alexander House Development Corporation Meeting** • Approval of FY'20 Third Quarter Budget Amendment		20-002AH (pg. 317)
7:35 p.m.	**ADJOURN**		
7:40 p.m. Page 320	**DEVELOPMENT CORPORATION MEETING** **Metropolitan Development Corporation Meeting** • Authorization to Transfer $1,000,000 from the Metropolitan Development Corporation Operating Account to the Housing Opportunities Commission General Fund Operating Reserve (GFOR)		20-003ME (pg. 323)
7:45 p.m.	**ADJOURN**		

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.

Information Exchange

Report of the Executive Director
Stacy L. Spann
June 3, 2020

New Vouchers via the CARES Act

HOC was awarded 30 additional Mainstream vouchers as authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act directs the Department of Housing and Urban Development (HUD) to proportionally allocate additional vouchers to PHA's that received an award under either of the two most recent Notices of Funding Availability (NOFAs). HOC was awarded 99 Mainstream vouchers in FY 2017 and has qualified consequently for the additional vouchers. HOC will begin the leasing process in July 2020 as HUD will obligate the funds to HOC effective August 1, 2020.

HOC Real Estate Activities

HOC continues with its efforts to preserve and reinvest in affordable housing in Montgomery County. This is evident as we undertake the planning for the upcoming refinancing and the comprehensive renovation of a number of multifamily developments to ensure that housing of the highest quality is maintained for the families we serve. Bauer Park financing will close in June 2020, and later in the year and into 2021, the re-syndication of several former tax credit developments will enable capital reinvestment to complete rehabilitation of the units.

HOC also continues to work to expand the affordable housing in the County and through collaboration with its partner, Victory Housing, Inc., Victory Haven will deliver 72 units (68 affordable) in Damascus in June 2020. Along with the recently completed Fenton Silver Spring (formerly 900 Thayer), 196 new units have entered the market since October 2019.

Additionally, under construction are Upton II and Elizabeth House III. Upton II, which is replacement housing for Town Center Apartments in Rockville, is a 150-unit development in the heart of Rockville Town Center. It began construction in March 2019, will be delivered in October 2021, and is 14% complete. Elizabeth House III on Elizabeth Square closed on October 31, 2019, and construction is in full force. It will deliver 267 units for seniors in 2022 and is now approximately 22% complete on a schedule basis (7 months elapsed of 32-month contract duration) and 9% completion on a cost basis ($11.2 million of $124.8 million).

Next to emerge from HOC's new construction pipeline, the Hillandale Gateway development has had its Site Plan application submitted for approval and, if successful, it will start construction in the fall of 2021 and deliver 463 units in 2023. HOC also has a number of development opportunities in Wheaton, Shady Grove, and other locations throughout the County where it is seeking to deliver affordable housing that promotes social diversity near transportation and accessible to employment centers.

Service Coordination Support and Rental Assistance Continue During COVID-19

Service Coordination

The Resident Counselors continued to work remotely due to the COVID-19 pandemic and to provide information, referrals and resources to residents in need during this time. Information about residents who are in need of food, toiletries and other essentials has been collected and staff distributed 391 care packages to residents. Community Aides, Resident Counselors, and Property Management/Property Maintenance staff have worked together to ensure that our food distribution programs could continue to provide essential items, like groceries, to our customers throughout the county. We are serving approximately 200 households in our Manna Food Center Distributions at Town Center Rockville, Forest Oak Towers, Tanglewood Apartments, and Paddington Square. We are also serving approximately 185 seniors in our Capital Area Food Bank Distributions at Arcola Towers, Bauer Park, Town Center Rockville and Elizabeth House, and approximately 150 seniors at our Montgomery County Senior Nutrition Program host sites (Arcola Towers, Bauer Park, Elizabeth House, Forest Oak Towers, and Waverly House). Community Aide Mary Ellison has been working with Emmanuel Brinklow specifically to provide households with essential items in the TCP-Olney HUB.

We could not continue to make this happen on a weekly basis without a team effort. Despite COVID-19, we do hope to provide some virtual program opportunities for families and seniors in the coming weeks with the assistance of our partners to include HOCP.

Supportive Housing

The Supportive Housing team continued to provide critical services for the formerly chronically homeless and disabled population. Resident Counselors continued to be in almost constant contact via phone, email and available for emergencies. Supportive Housing staff also continued distributing gift cards to the homes of clients with no income. The Housing Specialist continued to conduct inspections for emergency relocations.

Rental Assistance

Resident Services continued to operate the Housing Stabilization and Rent Supplement programs. Program staff continued to primarily work remotely but have also been coming into the office to receive and process confidential documents. Residents Services staff continued to work with LPA and the General Counsel to issue additional rental assistance resources to County residents who have lost income due to COVID-19.

HOC has partnered with the Department of Housing and Community Affairs to secure CDBG funding to support this effort. Program information has been posted through the HOC website and application submissions will be conducted the week of June 1st through June 5th. Approximately 1,175 households will be serviced through the program, which will provide a subsidy of up to $500 per month for a maximum of three (3) months for each household.

HOC Steps Up Sanitation Efforts

HOC is committed to providing a high level of customer service during this pandemic balanced with our goal to keep residents and staff safe. To accomplish this, our custodians have continued increased cleaning and disinfecting efforts in common area spaces at our senior and multi-family properties numerous times throughout the day. Using environmentally friendly disinfectant approved by the Environmental Protection Agency, maintenance staff continue to disinfect all frequently touched surfaces in all community spaces including, but not limited to management offices, lobbies, community rooms, lounges, libraries, kitchens, bathrooms, laundry rooms and trash rooms. Special attention is being placed on disinfecting frequently touched areas such as doors, handrails, elevator buttons, light switches and laundry facilities. While common spaces have been closed to discourage resident gatherings and encourage social distancing best practices, staff continues to clean and disinfect all areas in an abundance of caution and to ensure the ongoing health and safety of all customers and property staff.

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

Minutes
May 6, 2020

20-05

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Wednesday, May 6, 2020, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:23 p.m. Due to technical difficulties, the meeting was not available via live-stream; a video recording of the meeting was made available on the HOC website. Those in attendance were:

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

Also Attending

Stacy L. Spann, Executive Director
Cornelia Kent
Christina Autin
Darcel Cox
Olutomi Adebo
Renee Harris
Jay Shepherd
Ian Williams
Fred Swan
Gail Willison
Nathan Bovelle
Jay Berkowitz
Marcus Ervin
Hyunsuk Choi
Victoria Dixon
Kathryn Hollister
Frederick Colas
Jonathan Cartagena
Nargiza Polvanova

Aisha Memon, General Counsel
Kayrine Brown
Terri Fowler
Gio Kaviladze
Zachary Marks
Kathryn Hollister
Lynn Hayes
Patrick Mattingly
Ian Hawkins
Charnita Jackson
Eamon Lorincz
Matt Husman
Ellen Goff
Jennifer Arrington
Millicent Anglin
Karlos Taylor
Guidy Paul
Sewavi Prince
Stephanie Moore

IT Support
Gabriel Taube
Michael Tadesse

Commission Support
Patrice Birdsong, Spec. Asst. to the Commission

I. **Information Exchange**

Chair Pro Tem Nelson expressed his appreciation to the Executive Director and to staff on the positive work and adjustments made during the pandemic.

Chair Priest thanked the Commissioners for their ongoing involvement ensuring that projects move forward.

II. **Approval of Minutes** - The minutes were approved as submitted with a motion by Chair Pro Tem Nelson and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, and Simon.

A. Approval of Minutes of April 1, 2020

B. Approval of Minutes of April 1, 2020 Administrative Session

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

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

1. Wheaton Gateway: Approval to Expand the Scope of Services for DSI Services, Inc. to Complete the Demolition of the Mattress Firm Site and Approval of a Change Order to Increase the Demolition Budget and Contract Value for the Mattress Firm Site

Kayrine Brown, Chief Investment and Real Estate Officer, and Marcus Ervin, Housing Acquisitions Manger, were the presenters.

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

RESOLUTION NO.: 20-36

RE: Approval to Select Demolition Services, Inc. ("DSI") to Complete the Demolition of the Mattress Firm Site and Approval of a Change Order to Increase the Demolition Budget and Contract Value for DSI to Include the Mattress Firm Site

WHEREAS, Ambassador Apartments is a 162-unit multifamily residential apartment building built around 1960 and located at 2715 University Blvd. W. Silver Spring, MD ("Ambassador Apartments") that has been vacated and fully demolished due to numerous physical and structural concerns to make way for redevelopment and the expansion of affordable housing at the site; and

WHEREAS, on May 8, 2019, the Commission approved awarding a contract to Demolition Services Inc. ("DSI") for the demolition of Ambassador Apartments in the amount of $679,787, that was subsequently increased to $815,745 (the "Contract"), which is funded by Montgomery County Capital Improvement Program ("CIP") funds totaling $1,300,000; and

WHEREAS, the demolition of Ambassador Apartments is part of the overall Wheaton Gateway development plan, which also includes the demolition of an adjacent site located at 11200 Veirs Mill Road, Wheaton, Maryland (the "Mattress Firm Site"); and

WHEREAS, in January 2020, HOC received approval from the Montgomery County Office of Management and Budget to use the remaining CIP funds to demolish the Mattress Firm Site, and HOC solicited bids from qualified demolition contractors, including DSI, Dabco Construction Inc., and Atlantic Environmental Solutions; and

WHEREAS, following the solicitation, DSI was deemed the lowest and most responsive bidder with a proposal amount of $133,509; and

WHEREAS, staff is seeking approval to amend the Contract (via change order) to expand the scope of work to include the demolition of the Mattress Firm Site and increase the amount by $133,509, which will bring the total Contract amount to no more than $949,254, and an overall estimated project budget of $1,278,826; and

WHEREAS, there are sufficient funds available in the initial CIP appropriation to cover the increase to the Contract amount.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves amending the Contract (via change order) to expand the scope of work to include the demolition of the Mattress Firm Site and increase the Contract amount by $133,509, bringing the total Contract value to a maximum of $949,254 and the total project budget to a maximum of $1,278,826, which will be funded by remaining CIP funds.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the 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 transactions and actions contemplated herein, including the execution of any documents related thereto.

2. **HQ Site:** Approval of Mandatory Referral Application Submission; Approval to Increase the Predevelopment Budget and Approval to Draw on the PNC Bank, N.A. Line of Credit to Fund a Second Installment of Predevelopment

Kayrine Brown, Chief Investment and Real Estate Officer, and Jay Shepherd, Senior Financial Analyst, were the presenters.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, and Simon. Commissioners Byrd and Croom abstained.

RESOLUTION NO.: 20-37A	**RE: Approval of Mandatory Referral Application Submission and Approval to Increase the Predevelopment Budget in the Amount of $2,650,150 for the Design and Entitlement of Fenwick & Second**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission"), has secured three lots located at 1324 and 1328 Fenwick Lane, Silver Spring, MD 20910, as the site of a new headquarters building projected to be approximately 85,000 gross square feet or the maximum allowed by the current zoning regulations (the "New HQ"); and

WHEREAS, on September 5, 2018, the Commission approved a predevelopment budget in the amount of $2,116,000 for the initial feasibility design and entitlement of the New HQ and a draw on the $60 million PNC Bank, N.A. Line of Credit to fund the first installment of predevelopment funding in the amount of $264,500; and

WHEREAS, in order to expedite the delivery of New HQ, reduce overall costs, and minimize development period risk, staff recommends submitting an application for Mandatory Referral for the New HQ; and

WHEREAS, the first installment of predevelopment funding has been exhausted, and unforeseen costs attributable to a required traffic engineering study and permit and application fees requires the total predevelopment budget to be revised; and

WHEREAS, the current revised predevelopment budget for the New HQ is $2,650,150, and the cost of the second installment of predevelopment funding is $793,800.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the submission of a Mandatory Referral Application for the New HQ.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves a revised total predevelopment budget of $2,650,150 for the design and entitlement of the New HQ.

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.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Croom, and Simon. Commissioner Byrd abstained.

RESOLUTION NO.: 20-37B **RE: Approval to Draw on the PNC Bank, N.A. Line of Credit to Fund a Second Installment of Predevelopment**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”), has secured three lots located at 1324 and 1328 Fenwick Lane, Silver Spring, MD 20910, as the site of a new headquarters building projected to be approximately 85,000 gross square feet or the maximum allowed by the current zoning regulations (the “New HQ”); and

WHEREAS, on September 5, 2018, the Commission approved a predevelopment budget in the amount of $2,116,000 for the initial feasibility design and entitlement of the New HQ and a draw on the $60 million PNC Bank, N.A. Line of Credit (the “PNC $60MM LOC”) to fund the first installment of predevelopment funding in the amount of $264,500; and

WHEREAS, the first installment of predevelopment funding has been exhausted, and unforeseen costs attributable to a required traffic engineering study and permit and application fees requires the total predevelopment budget to be revised; and

WHEREAS, the current revised predevelopment budget for the New HQ is $2,650,150, and the cost of the second installment of predevelopment funding is $793,800; and

WHEREAS, the Commission may make draws on the PNC $60MM LOC at a taxable rate equal to London Interbank Offered Rate (“LIBOR”) (at 1-month, 3-month, 6-month, or 12-month LIBOR) plus 90 basis points.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes a second draw in the amount of $793,800 at a rate of one-month LIBOR plus 90 basis points on the PNC $60MM LOC to fund a second installment of the total predevelopment budget to be repaid, including cost of interest, from the proceeds of the New HQ’s construction-period financing, and that this draw shall have a due date that coterminous with the termination date of the PNC $60MM LOC, which is currently June 30, 2020.

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.

Based upon this report and there being no further business to come before this session of the Commission, the open session adjourned at 5:11 p.m. and reconvened in closed session at approximately 5:15 p.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed session held on May 6, 2020 at approximately 5:15 p.m**.** via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(13) to discuss the confidential commercial and financial terms of a real estate transaction.

The meeting was closed on a motion by Vice Chair Kelleher, seconded by Commissioner Simon, with Commissioners Priest, Kelleher, Nelson, Byrd, Croom, and Simon unanimously voting in approval. The following persons were present: Roy Priest, Frances Kelleher, Richard Y. Nelson, Pamela Byrd, Linda Croom, Jackie Simon, Stacy Spann, Aisha Memon, Kayrine Brown, Christina Autin, Zachary Marks, Cornelia Kent, and Marcus Ervin.

In closed session, the Commission discussed the confidential commercial and financial terms of a real estate transaction. The following actions were taken:

1. With a quorum present, the Commission duly adopted Resolution 20-38AS, with Commissioners Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, and Jackie Simon voting in approval, which approved the following for a certain real estate transaction in Montgomery County: (1) amending the terms of an operating agreement and, (2) pending third-party approval, the transfer and acceptance of a lien.

The closed session was adjourned at 5:28 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

Special Session Minutes

May 20, 2020

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted via an online platiform and teleconference on Tuesday, May 20, 2020, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 12:10 p.m. Those in attendance were:

Present
Roy Priest, Chair
Frances Kelleher, Vice Chair
Richard Y. Nelson, Chair Pro Tem
Jackie Simon

Absent
Linda Croom
Pamela Byrd

Also Attending/Teleconference

Stacy L. Spann, Executive Director
Christina Autin
Kayrine Brown
Charnita Jackson
Cornelia Kent
Jay Berkowitz
Nathan Bovelle
Eamon Lorinez

Aisha Memon, General Counsel
Nicolas Deandreis
Jay Shepherd
Zachary Marks
Gail Willison
Victoria Dixon
Ellen Goff

Commission Support
Patrice Birdsong, Spec. Asst. to the Commission

I. **COMMITTEE REPORTS and RECOMMENDATION FOR ACTION**

A. **Bauer Park Apartments**: Approval to Increase the Predevelopment Budget and a Final Installment of Predevelopment Funding from the Opportunity Housing Reserve Fund ("OHRF") to Fund Closing and Development Related Expenses and Approval to Increase the Number of Vacant Units to Complete the Renovations

Kayrine Brown, Chief Investment and Real Estate Officer, and Jay Shepherd, Senior Financial Analyst, were the presenters.

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

RESOLUTION NO.: 20-39

RE: Approval to Increase the Predevelopment Budget and a Final Installment of Predevelopment Funding from the Opportunity Housing Reserve Fund to Fund Closing and development Related Expenses; Approval to Complete Acquisition & LIHTC Closing and Approval to Increase the Number of Vacant Units to Complete the Renovations

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") seeks to preserve Montgomery County's existing affordable housing, including those subsidized by Rental Assistance Payment ("RAP") contracts and Section 236 financing; and

WHEREAS, Bauer Park Apartments (the "Property"), located at 14635/39/43 Bauer Drive, consists of 142 units in three (3) buildings on 3.88 acres of land on the southeast corner of the intersection of Bauer Drive and Norbeck Road in Rockville, MD; and

WHEREAS, the Property was originally built in 1977 under the Section 236 Program and is owned by Banor Housing, Inc., a non-profit corporation ("Banor") that is managed by a Policy Board (the "Policy Board"); and

WHEREAS, on April 5, 2017, HOC passed Resolution 17-23 approving the advance of $850,000 in aggregate from the Opportunity Housing Reserve Fund ("OHRF") to reimburse Victory Housing, Inc. for predevelopment costs as they are incurred to prepare and submit tax credit applications for the Property for up to $350,000; and

WHEREAS, on July 11, 2018, HOC passed Resolution 18-54 approving the Preliminary Development Plan for the Property and authorized an additional $100,000 for predevelopment funding for costs as they are incurred to prepare and submit tax credit applications for the Property; and

WHEREAS, on July 10, 2019, HOC passed Resolution 19-76 approving the Final Development Plan for the Property (the "Final Development Plan") identifying additional predevelopment costs of $250,000 to be funded from the OHRF and a total development cost of approximately $40 million to be funded with HOC-issued FHA-insured tax-exempt bonds, County Capital Improvements Program funds, 4% Low Income Housing Tax Credit equity, a seller note (to be assigned from Banor to HOC), and acquired replacement reserves; and

WHEREAS, additional predevelopment funding in the amount of $400,000 is needed to fund permits fees and final obligations related to closing, which shall be funded from the OHRF; and

WHEREAS, in order to renovate more efficiently, staff recommends increasing vacancy at the Property; and

WHEREAS, in order to consummate the closing approved in the Final Development Plan, HOC desires to confirm its approval of certain elements of the transaction, including (i) causing the planned purchaser of the property, Bauer Park Apartments, LP ("Bauer LP") to (a) amend the Purchase and Sale Agreement for the Property dated August 8, 2019, (the "Purchase Agreement") to increase the purchase price to the "as-is unrestricted value" set forth in the planned updated appraisal for the Property and to transfer all reserves for the Property to Bauer LP (the "Purchase Agreement Amendment"), (b) accept a deed to the Property from Banor pursuant to the Purchase Agreement (the "Deed") and (c) accept an assignment of the construction contract with Hooten Construction, LLC and the architect agreement with Architecture by Design, Inc. (the "Contract Assignments") from a subsidiary of HOC's development partner, Victory Housing, Inc. ("VHI") and (ii) executing a (a) Guaranty Agreement from HOC in favor of Bauer LP's tax credit investor limited partner (the "Guaranty Agreement") and (b) a Grant Agreement between HOC and the Maryland Energy Administration (the "MEA Grant Agreement"), the proceeds of which, if received, will be used to reimburse HOC for expenditures for certain energy efficiency improvements paid for with the proceeds of HOC's subordinate loan to Bauer LP and will be deposited into the OHRF upon receipt; and

WHEREAS, in order to satisfy certain Low Income Housing Tax Credit requirements for acquisition and rehabilitation transactions, HOC desires for its development partner, VHI, to have up to a 45% non-managing member interest in Bauer Park Apartments, LLC ("Bauer LLC"), the managing member of Bauer LP.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County is authorized to incur up to Four Hundred Thousand Dollars ($400,000) in additional predevelopment costs, which shall be funded from the OHRF and reimbursed at closing with any excess sales proceeds.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves increasing vacancy at the Property to 35 units to facilitate the rehabilitation of the Property.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County (i) approves the execution of the Guaranty Agreement and the MEA Grant Agreement, (ii) acting on behalf of itself and of Bauer LLC, as its managing member, approves the execution of an Operating Agreement with a subsidiary of VHI granting such subsidiary up to a 45% non-managing member interest in Bauer LLC and (iii) acting on behalf of itself and of Bauer LLC, as its managing member, and Bauer LP, as its ultimate managing general partner, approves the execution of the Purchase Agreement Amendment, the Deed, the Contract Assignments and all related documents necessary to consummate the closing of the acquisition of the Property from Banor and the admission of an affiliate of Enterprise Community Partners as a tax credit investor limited partner in Bauer LP in accordance with the Development Plan set forth in Resolution 19-76 and with this resolution.

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

B. **Bauer Park Financing**: Approval of Financing Plan, Feasibility and Public Purpose for Bauer Park Apartments; Authorization to Issue Loans to Bauer Park Apartments LP for Acquisition and Construction Financing; Authorization to Issue a Commitment for Permanent Financing; and Authorization for the Borrower to Accept Loans in Accordance with the Finance Plan

Kayrine Brown, Chief Investment and Real Estate Officer, and Victoria Dixon, Senior Multifamily Underwriter, were the presenters.

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

RESOLUTION NO.: 20-40 **RE: Approval of the Financing Plan, Feasibility and Public Purpose for Bauer Park Apartments; Authorization to Issue Loans to Bauer Park Apartments LP for Acquisition and Construction Financing; Authorization to Issue a Commitment for up to $25.8 Million in Permanent Financing; and, Authorization for the Borrower to Accept Loans in Accordance with the Finance Plan**

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

WHEREAS, Bauer Park Apartments (the "Property") is an existing 142-unit age-restricted residential community located at 14635, 14639 and 14643 Bauer Drive, Rockville, Maryland owned by Banor Housing, Inc. ("Banor"); and

WHEREAS, the Property will be acquired by in a single purpose entity known as Bauer Park Apartments LP ("Borrower"), which will be controlled by Bauer Park Apartments LLC ("General Partner") an entity controlled by HOC; and

WHEREAS, HOC will enter into a partnership with Victory Housing, Inc. which will provide Victory Housing, Inc. with up to a non-managing 45% ownership interest in the General Partner; and

WHEREAS, the Borrower proposes for the Property to serve seniors with household incomes at 60% of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area Median Income ("AMI") or less, provided that the low income set-asides for the tax-exempt financing will be observed; and

WHEREAS, on July 10, 2019, the Commission approved the selection of Enterprise Community Investment, Inc. ("Enterprise") as the Low Income Housing Tax Credit ("LIHTC") syndicator and authorized the Executive Director to negotiate and execute a Limited Partnership Agreement to admit an affiliate of Enterprise as a non-managing member of the Borrower, with HOC remaining in control of the Borrower as the managing member of the General Partner entity; and

WHEREAS, on July 10, 2019, the Commission approved the final development plan totaling $40 million for the Property as a 142-unit, income and age-restricted community, which included predevelopment and renovation funding in a cumulative amount up to $3.4 million from various sources available to HOC including $1,348,897 from the Operating Housing Reserve Fund, which will be subject to repayment upon closing of the transaction; and

WHEREAS, the Commission has provided a loan to Banor to support operations of the Property, totaling approximately $812,000 from the Commission's General Fund as of March 31, 2020, which is to be repaid from sale proceeds of the Property; and

WHEREAS, as of March 31, 2029, the Property held approximately $564,000 of unrestricted cash in residual receipts, replacement reserve, and mortgage escrow accounts ("Property Cash"); and

WHEREAS, staff explored a variety of options for the estimated $42.9 million acquisition, rehabilitation and permanent financing for the Property, and determined to use a number of sources including (1) the issuance of private activity, long-term, tax-exempt bonds in an amount up to $25.8 million to fund a loan for costs of acquisition, rehabilitation, and equipping the Property, enhanced by FHA Risk Sharing ("Mortgage Loan" or "Permanent Loan"); (2) LIHTC equity estimated at $10.4 million; (3) a subordinate loan of approximately $2.1 million from HOC, funded from previously contributed sources available to HOC ("HOC Loan"); (4) a subordinate loan of approximately $6.2 million from Banor Housing Inc. representing contributed land equity which will be assigned to HOC ("Seller Loan"); and (5) available Property Cash (collectively, the "Financing Plan"); and

WHEREAS, Commission and the Borrower has applied for a Letter of Reservation/Determination for 4% LIHTC from the Maryland Department of Housing and Community Development, which will enable the Borrower to raise approximately $10.4 million in equity to pay part of its acquisition and development costs; and

WHEREAS, the Property will require an allocation of a portion of the Commission's tax-exempt volume cap in an amount not to exceed $25.8 million; and

WHEREAS, a review of the transaction has been completed and it has been determined that given the financial commitments to the Property and its operating projections, this transaction is believed to be feasible, and that by providing 142 units at or below 60% of the AMI to seniors aged 62 years old or higher, the Property will provide significant public purpose supporting an allocation of tax-exempt volume cap.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Financing Plan, Feasibility and Public Purpose, as recommended by the Development and Finance Committee and as described herein, is hereby approved and that the staff is hereby authorized to proceed with the review and processing of the necessary financing applications and other documentation.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the following:

1. The allocation of tax-exempt volume cap in an amount not to exceed $25,790,000 for the issuance of long-term bonds to finance the transaction and for the Commission, as conduit

lender, to use those bond proceeds to make a tax-exempt Mortgage Loan to Borrower with a maximum term of up to 516 months (43 years) to fund development of the Property, which will be subject to conversion to a Permanent Loan phase.

2. Issuance of a subordinate HOC Loan of approximately $2.1 million to the Borrower for up to 43 years representing previously contributed funds by the Commission from available sources.

3. Approval to use existing Property Cash balances from residual receipts, replacement reserves, and mortgage escrow accounts for the subject transaction.

4. Authorization to pursue obtaining a waiver from FHA for issuance of 40-year tax-exempt bonds with a 25-year balloon payment, if necessary to adjust for interest rate conditions to maintain economics of the transaction at the time of closing.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the issuance of a commitment for the Mortgage Loan in an amount up to $25,790,000, which will be credit enhanced by FHA Risk Share Mortgage Insurance, pursuant to the Risk Sharing Agreement between the Commission and the U.S. Department of Housing and Urban Development ("HUD"), of which the Commission shall assume 25% of the risk while HUD shall assume 75% for the transaction.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of the General Partner of Borrower, acting for itself and on behalf of Borrower accepts the Mortgage Loan, Permanent Loan, HOC Loan, and Seller Loan for the financing closing, which may occur separate and apart from the LIHTC equity closing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of the General Partner, the general partner of Borrower, acting for itself and on behalf of Borrower, that the Executive Director, or a duly appointed designee of the Executive Director, is hereby authorized, without any further action on their respective parts, to execute such other documents, including without limitation guarantees from HOC required by Borrower's lenders, and to take any and all other actions, in each case as necessary and proper, in the Executive Director's judgment, to carry out the Financing Plan and the transaction and actions contemplated herein.

Based upon this report and there being no further business to come before this session of the Commission, the open session adjourned at 12:30 p.m., on a motion by Vice Chair Kelleher, seconded by Commissioner Simon with Commissioners Priest, Kelleher, Nelson and Simon unanimously voting in approval. Commissioners Byrd and Croom were necessarily absent and did not participate in the vote.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Consent Items

APPROVAL TO APPOINT COMMISSIONERS TO THE BOARD OF DIRECTORS OF VARIOUS DEVELOPMENT CORPORATIONS

JUNE 3, 2020

- The Development Corporations are special purpose entities that hold various HOC properties.

- The Bylaws of the Development Corporations provide that the Board of Directors shall be selected annually by the Housing Opportunities Commission of Montgomery County.

- This action seeks the Commission's approval to appoint the current HOC Commissioners to the Board of Directors of each Development Corporation.

RESOLUTION No.: 20-52 **RE: Approval to Appoint Commissioners to the Board of Directors of Various Development Corporations**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") owns various properties through wholly-controlled corporate instrumentalities, including: Alexander House Development Corporation, Barclay Apartments Development Corporation, Brookside Glen Apartments Development Corporation, Damascus Gardens Development Corporation, Diamond Square Development Corporation, Glenmont Crossing Development Corporation, Glenmont Westerly Development Corporation, Magruder's Discovery Development Corporation, The Metropolitan Development Corporation, Montgomery Arms Development Corporation, Oaks at Four Corners Development Corporation, Paddington Square Development Corporation, Pooks Hill Development Corporation, Rad 6 Development Corporation, Scattered Site One Development Corporation, Scattered Site Two Development Corporation, Sligo Hills Development Corporation, TPM Development Corporation, VPC One Corporation, VPC Two Corporation, and Wheaton Metro Development Corporation (together, the "Corporations");

WHEREAS, the Bylaws of the Corporations provide that the Board of Directors of the Corporations shall be selected annually by HOC;

WHEREAS, the Commission desires to appoint Roy O. Priest, Fran Kelleher, Richard Y. Nelson, Pamela Byrd, Linda Croom, and Jackie Simon (each an "Appointee") to the Board of Directors of the Corporations;

WHEREAS, upon the death or resignation of any Appointee, such Appointee shall be automatically removed from the Board of Directors of the Corporations; and

WHEREAS, in the event a successor Commissioner is appointed to HOC, such Commissioner shall automatically be appointed to the Board of Directors of the Corporations.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County appoints Roy O. Priest, Fran Kelleher, Richard Y. Nelson, Pamela Byrd, Linda Croom, and Jackie Simon to the Board of Directors of the Corporations.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that upon the death or resignation of any Appointee, such Appointee shall be automatically removed from the Board of Directors of the Corporations, and in the event a successor Commissioner is appointed to HOC, such Commissioner shall automatically be appointed to the Board of Directors of the Corporations.

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

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June 3, 2020.

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Patrice Birdsong
Special Assistant to the Commission

Recess

Development Corporation Annual Meetings And Approval of FY 20 Budgets

Alexander House

Development Corporation

Annual Meeting

Alexander House Development Corporation

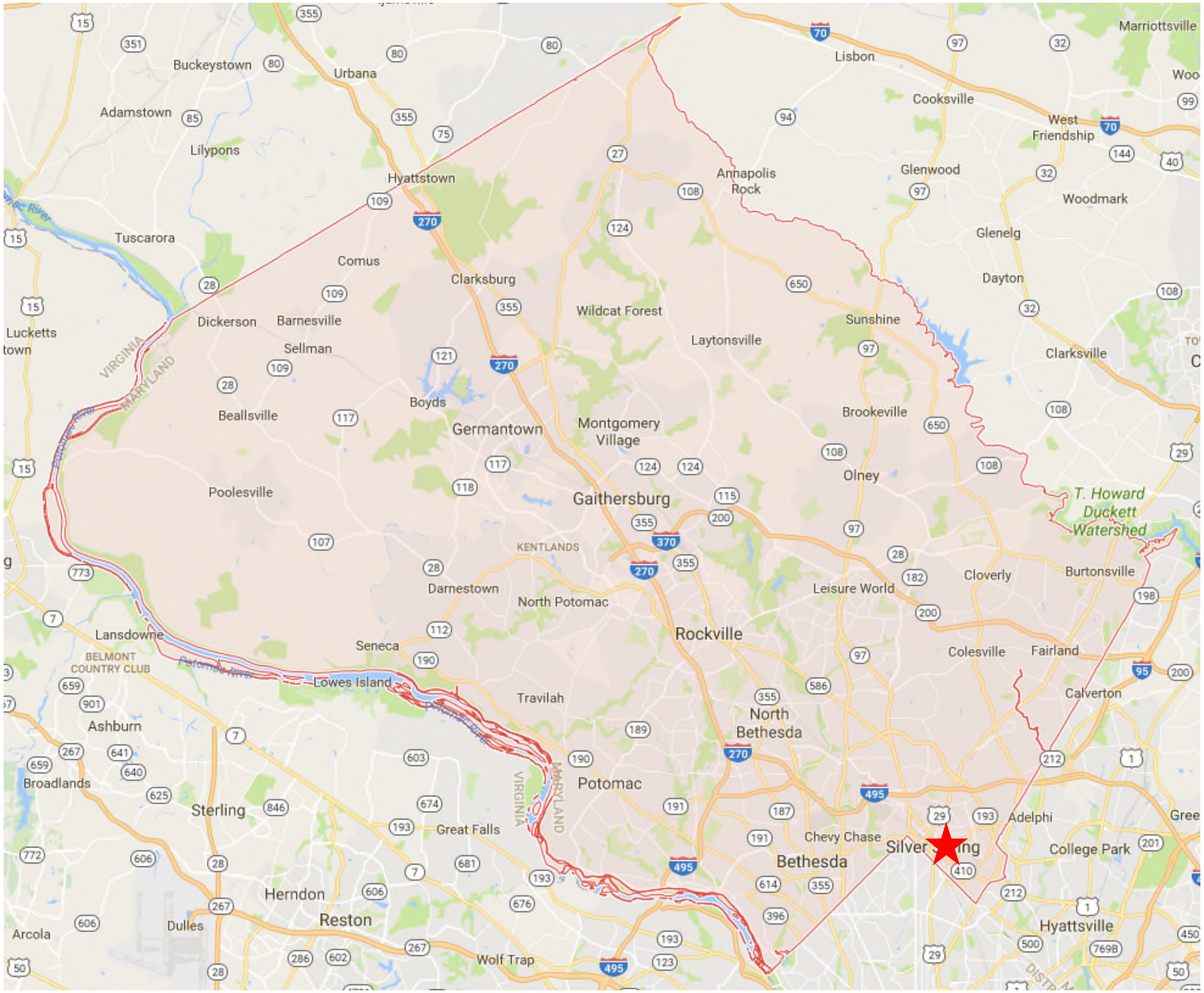
Annual Meeting and Adoption of FY 2021 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 3, 2020

Alexander House Development Corporation



Property Snapshot:

- Located in Downtown Silver Spring.
- Originally constructed in 1992.
- Refinanced on Jan 31, 2017.
- Comprehensive renovations were completed in 2019.

Alexander House Development Corporation – FY 2021 Overview

Background

- **November 6, 1996** - Commission authorized the creation of Alexander House Development Corporation and approved the Articles of Incorporation.
- **December 11, 1996** - The Board of Directors for the Development Corporation adopted the By-laws which provide for the operations and functions of the Corporation and elected HOC's seven Commissioners as the officers.
- **January 22, 1997 -** Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.
- **April 23, 1997** - Board of Directors approved a resolution that allowed for the incorporation of the Alexander House annual budget preparation and presentation into the HOC budget process.
- **January 31, 2017 -** Alexander House was refinanced using tax exempt bond financing in the amount of $70,495,686. The property now consists of two entities: Alexander House Development Corporation - 183 market rate units, and Alexander House Apartments Limited Partnership - 122 affordable tax credit units.
- **October 3, 2019 –** Construction loan converted to permanent financing.

8560 2nd Avenue, Silver Spring, MD 20910
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
Studio	25	7	31
1BR	86	75	160
2BR	72	40	114
Total Units	**183**	**122**	**305**

The Regulatory Agreement restricts 122 units at or below 60% AMI.

Alexander House Development Corporation – FY 2021 Update

Property Management

- After reaching 91% occupancy in September 2019, occupancy declined in subsequent months due to reduced concessions and increased competition in downtown Silver Spring. Edgewood continues to drive leasing activity to improve occupancy.

Annual Turnover CY 2019	Avg. Occupancy CY 2019	Current Occupancy
26%	73%	91%

Maintenance

- The largest volume of work order tickets for CY2019 was for plumbing followed by HVAC and appliance repairs.

Total Work Orders CY 2019	Average Days to Close
558	5

Capital Improvements

- A replacement reserve was established for non-warranty replacements. Reserve was used in 2019 to replace equipment that was not included in the rehab scope of work, such as the garage door.

Redevelopment/Refinancing

- The renovation of Alexander House was completed in 2019. Improvements include updated unit fixtures and finishes, new lobby and community room, new cyber lounge, and new fitness center.

Alexander House Development Corporation – FY 2021 Budget Summary

Alexander House Development Corporation

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$3,930,305**	**$3,876,308**	**$1,970,266**	**$1,860,148**	**$3,762,341**
Expenses:					
Operating - Admin	$397,815	$398,298	$407,696	$293,088	$367,106
Operating - Fees	$144,451	$123,715	$147,500	$150,142	$171,804
Tenant & Protective Services	$128,852	$87,600	$123,765	$86,214	$128,619
Taxes, Insurance & Utilities	$291,403	$280,542	$248,844	$381,044	$360,962
Maintenance	$358,156	$342,894	$365,757	$410,079	$465,972
Subtotal - Operating Expenses	**$1,320,677**	**$1,233,049**	**$1,293,562**	**$1,320,567**	**$1,494,463**
Net Operating Income (NOI)	**$2,609,628**	**$2,643,259**	**$676,704**	**$539,581**	**$2,267,878**
Debt Service	$2,375,791	$2,293,270	$0	$0	$375,022
Debt Service Reserves	$0	$0	$0	$0	$675,003
Replacement Reserves	$65,976	$64,050	$0	$0	$114,366
Asset Management Fees	$195,800	$195,920	$206,900	$197,040	$185,930
Development Corporation Fees	$0	$0	$469,804	$342,541	$893,795
Excess Cash Flow Restricted	$0	$90,019	$0	$0	$23,762
Subtotal - Expenses Below NOI	**$2,637,567**	**$2,643,259**	**$676,704**	**$539,581**	**$2,267,878**
NET INCOME	**($27,939)**	**$0**	**$0**	**$0**	**$0**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Computer Equipment	$0	$0	$869	$0	$0
Kitchen and Bath Supplies	$0	$3,000	$0	$0	$0
Plumbing Supplies	$0	$0	$348	$0	$0
Health and Safety Materials	$0	$0	$0	$4,216	$0
Locks, Keys	$0	$0	$0	$29	$0
Doors	$4,400	$0	$540	($3,926)	$11,389
Flooring and Carpeting	$0	$0	$0	$0	$1,396
Plumbing Equipment	$0	$0	$53,511	$18,712	$0
HVAC Equipment	$0	$0	$0	$2,572	$16,919
Appliance Equipment	$4,470	$0	$518	$1,322	$16,350
Tools	$0	$0	$0	$1,231	$0
Miscellaneous Equipment	$0	$30,000	$0	$0	$0
Plumbing Contracts	$20,000	$90,556	$10,268	$350	$0
Flooring/Carpet Contracts	$7,700	$0	$0	$1,057	$28,724
Elevator Contracts	$0	$0	$0	$1,787	$0
Asphalt/Concrete Contracts	$5,000	$0	$0	$0	$0
Miscellaneous Contracts	$0	$0	$0	$809	$0
Total Capital Budget	**$41,570**	**$123,556**	**$66,054**	**$28,159**	**$74,778**

Issues for Consideration

- Alexander House market units are currently 86% occupied. Rents will be held stable in 2021 as we focus on increasing occupancy despite the competition in downtown Silver Spring and the disruption of Elizabeth House III construction activity.
- The property's $27,939 operating deficit will be funded with a draw from existing cash at the property.
- Capital is budgeted at $41,570.
- The operating budget will bear debt service in the amount of $2,375,791 in FY 2021.
- DSCR is 1.08.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for Alexander House Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for Alexander House Development Corporation by the Board of Directors.

RESOLUTION NO.: 20-001AH **RE: Alexander House Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets**

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

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Alexander House Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Alexander House Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Alexander House Development Corporation at a meeting conducted on June 3, 2020.

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

Barclay Apartments
Development Corporation
Annual Meeting

BARCLAY APARTMENTS DEVELOPMENT CORPORATION

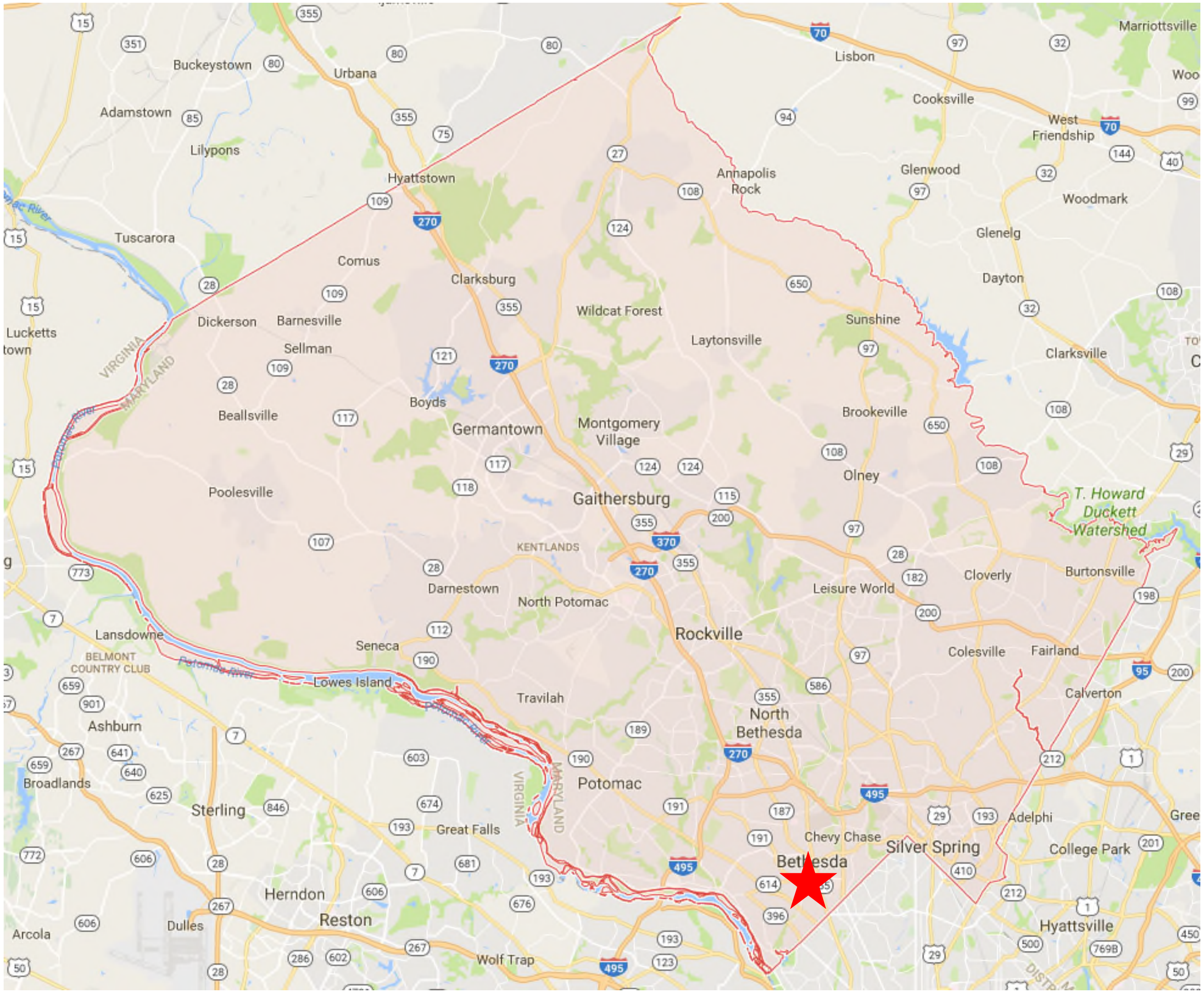
ANNUAL MEETING AND ADOPTION OF FY 2021 OPERATING & CAPITAL BUDGETS

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 3, 2020

Barclay Development Corporation



Property Snapshot:

- Located in Chevy Chase, near Bethesda's Central Business District.
- Constructed in 1955, interiors updated in 2005.
- Amenities include a Community Room, Fitness Room, Business Center, Controlled Building Access, and 24 Hour Laundry Facilities.

Barclay Development Corporation – FY 2021 Overview

Background

- **July 7, 2004** – Commission established Barclay One Associates Limited Partnership (the "Partnership"). The Commission also authorized the creation of Barclay Apartments Development Corporation (the "Corporation") and approved the Articles of Incorporation and the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.
- **June 13, 2007 -** Corporation approved the purchase of 76 units from the Partnership and authorized the execution of the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year. The Board also approved a resolution that allowed for the incorporation of the Barclay Apartments annual budget preparation and presentation into the HOC budget process.
- The Barclay consists of 157 units which are distributed as follows:
    - 81 tax credit units owned by Barclay One Associates LP with HOC as the General Partner.
    - 76 units owned by Barclay Development Corporation.
- In November 2019, the Barclay affordable units were transferred back to HOC and are now included in Opportunity Housing.

4716 Bradley Blvd., Chevy Chase, MD 20815
Manager: Residential One

Unit Mix	Market	Affordable	Total
Studio	11	13	24
1BR	40	51	91
2BR	25	17	42
Total Units	76	81	157

The regulatory agreement restricts 25 units at or below 30% AMI and 56 units at or below 60% AMI.

Barclay Development Corporation – FY 2021 Update

Property Management

- Occupancy declined during 2019 due to poor third-party management performance. As a result, the management company was changed through emergency procurement from CAPREIT to Residential One on March 1, 2019.
- Property received a 78c REAC score in June 2019 due to paint on sprinkler heads. This finding was subsequently resolved.

Annual Turnover CY 2019	Avg. Occupancy CY 2019	Current Occupancy
34%	94%	92%

Maintenance

- The largest volume of work tickets was for plumbing, followed by appliances, doors, and electrical.

Total Work Orders CY 2019	Average Days to Close
288	6

Capital Improvements

- The capital budget includes funding for replacement of flooring and other turnover activity to include replacement of kitchen countertops and appliances. Other uses of the reserve in 2019 include REAC preparation and door replacement.

Redevelopment/Refinancing

- Staff is currently evaluating redevelopment possibilities for the Barclay site.

Barclay Development Corporation – FY 2021 Budget Summary

Barclay Development Corporation

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$1,242,194**	**$1,293,932**	**$1,265,152**	**$1,294,894**	**$1,300,655**
Operating - Admin	$96,489	$82,268	$87,335	$100,039	$106,986
Operating - Fees	$50,654	$51,944	$54,578	$44,378	$50,112
Tenant & Protective Services	$10,860	$10,680	$4,491	$11,077	$8,238
Taxes, Insurance & Utilities	$131,671	$107,115	$116,157	$126,122	$135,707
Maintenance	$127,148	$128,804	$122,377	$139,917	$167,557
Subtotal - Operating Expenses	**$416,822**	**$380,811**	**$384,940**	**$421,533**	**$468,602**
Net Operating Income (NOI)	**$825,372**	**$913,121**	**$880,212**	**$873,361**	**$832,053**
Debt Service	$674,190	$675,737	$677,223	$678,652	$679,998
Replacement Reserves	$22,800	$22,800	$22,800	$22,800	$22,800
Asset Management Fees	$81,310	$81,370	$85,930	$81,830	$57,210
Loan Management Fees	$0	$0	$0	$0	($3,611)
Development Corporation Fees	$47,072	$133,214	$94,259	$18,763	$4,682
Excess Cash Flow Restricted	$0	$0	$0	$71,316	$70,974
Subtotal - Expenses Below NOI	**$825,372**	**$913,121**	**$880,212**	**$873,361**	**$832,053**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**
Kitchen and Bath Supplies	$6,000	$1,116	$3,185	$1,621	$2,442
Plumbing Supplies	$0	$0	$1,082	$0	$0
Grounds/Landscaping Sup.-Cap.	$0	$0	$0	$3,741	$1,791
Windows and Glass	$0	$0	$0	$0	$244
Doors	$15,000	$0	$0	$0	$0
Flooring and Carpeting	$0	$0	$1,286	$38,701	$12,011
Paint and Wallcoverings	$0	$0	$0	$910	$0
Miscellaneous Supplies	$3,000	$0	$0	$0	$0
Plumbing Equipment	$0	$0	$21,616	$677	$0
HVAC Equipment	$10,000	$24,000	$18,338	$729	$0
Appliance Equipment	$6,000	$2,700	$1,197	$4,148	$2,693
Tools	$0	$0	$20	$0	$0
Miscellaneous Equipment	$0	$0	$0	$328	$1,695
Flooring/Carpet Contracts	$18,900	$18,900	$11,951	$0	$0
Asphalt/Concrete Contracts	$5,000	$0	$0	$0	$0
Security System	$20,000	$0	$0	$0	$0
Total Capital Budget	**$83,900**	**$46,716**	**$58,675**	**$50,855**	**$20,876**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 2.6%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $47,072.
- Capital is budgeted at $83,900.
- DSCR is 1.19.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for Barclay Apartments Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for Barclay Apartments Development Corporation by the Board of Directors.

RESOLUTION NO.: 20-001BC | **RE: Barclay Apartments Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets**

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

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Barclay Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Barclay Apartments Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Barclay Apartments Development Corporation at a meeting conducted on June 3, 2020.

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

Brookside Glen Apartments Development Corporation Annual Meeting

Brookside Glen Limited Partnership

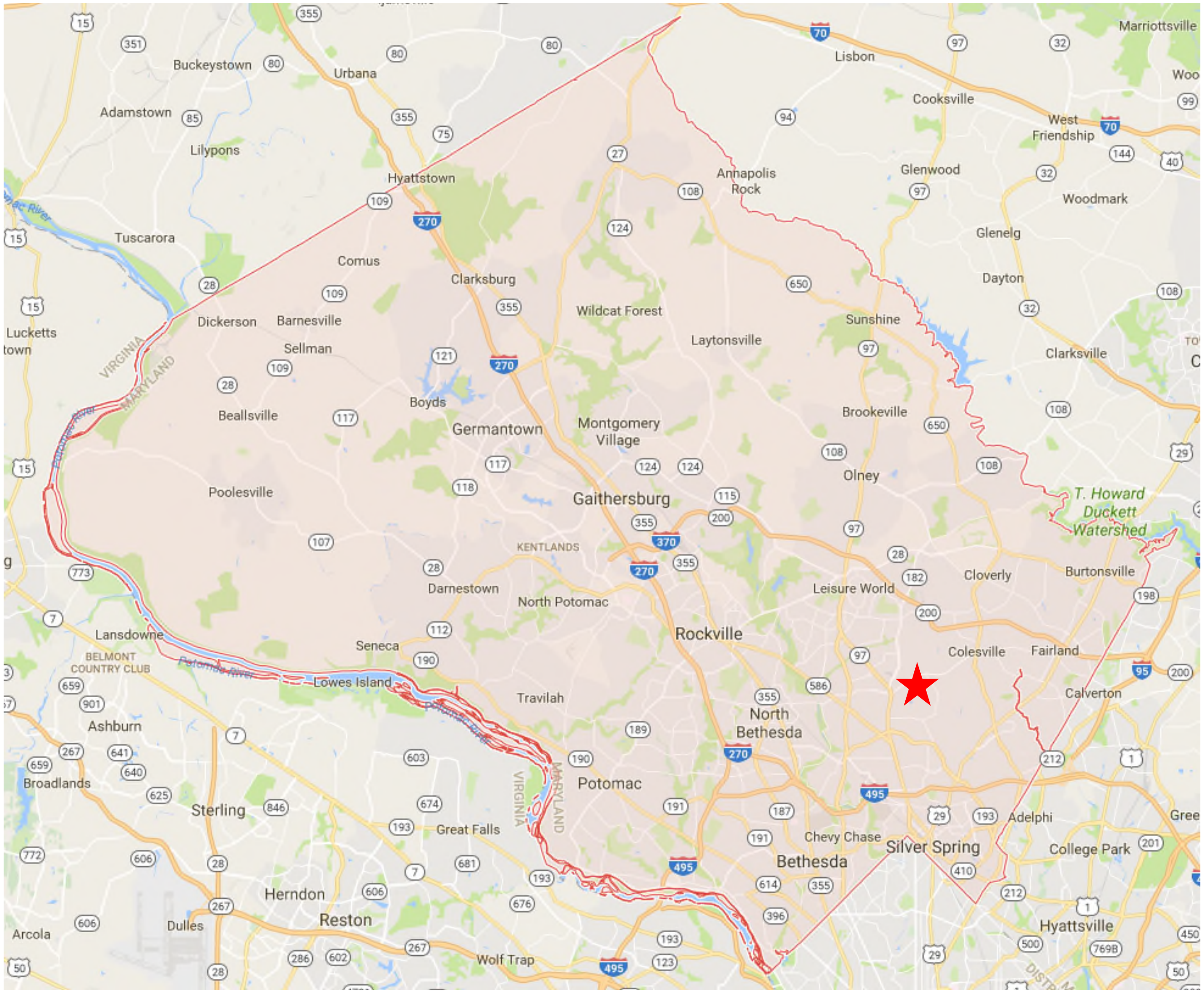
Annual Meeting and Adoption of FY 2021 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 3, 2020

Brookside Glen Limited Partnership



Property Snapshot:

- Located in Wheaton, Maryland.
- Constructed in 1995; comprehensive renovation completed in 2015.
- Garden-style community with 84 townhome style units and six 2-BR flats.
- Amenities include a Club Room, Washer/Dryer in the Unit, Free Onsite Parking, Decks/Patios, and a Business Center.

Housing Opportunities Commission OF MONTGOMERY COUNTY

Brookside Glen Limited Partnership – FY 2021 Overview

Background

- **June 20, 2003** - Commission established Brookside Glen Limited Partnership (the "Partnership").
  - HOC, as limited partner, owns 99.9% of the partnership interest.
  - Brookside Glen Apartments Development Corporation, as general partner, owns .1% of the interest in the Partnership.
- The limited partnership was established to own this property because, under its regulations, the Maryland Department of Housing and Community Development would not make a loan secured against the property to a corporation even if controlled by HOC. As a result, the limited partnership was created and the development corporation used as the general partner.
- The Commission also approved the Articles of Incorporation and the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.
- **June 20, 2003 –** Partnership authorized the execution of the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year. The Partnership also approved a resolution that allowed for the incorporation of the Brookside Glen annual budget preparation and presentation into the HOC budget process.

2399 Jones Lane, Wheaton, MD 20902
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
2BR	24	31	55
3BR	21	14	35
Total Units	**45**	**45**	**90**

Home Regulatory Agreement dated June 23, 1994 requires restricted income/rents for 20 units at 55% of area median and 5 units at 50% of area median. DHCD Regulatory Agreement dated May 24, 1994 restricts the income/rent of 20 units at 40% of the median income.

Brookside Glen Limited Partnership – FY 2021 Update

Property Management

- Property management firm changed from Avison Young to Edgewood Management on July 1, 2019. Edgewood has focused on increasing occupancy since assuming management.
- Property received an 86c REAC score in November 2019.

Annualized Turnover CY 2019	Avg. Occupancy CY 2019	Current Occupancy
20%	94%	98%

Maintenance

- The largest volume of work tickets during the past year was for unit turnovers, followed by appliance and plumbing repairs.

Annualized Work Orders CY 2019	Average Days to Close
486	8

Capital Improvements

- The property uses capital reserves to replace carpet, appliances, and HVAC equipment as needed during unit turnover. During 2019, the reserve was primarily used to make plumbing and appliance replacements.

Redevelopment/Refinancing

- A comprehensive renovation was completed in 2015. There are no further plans underway for redevelopment or refinancing for Brookside Glen.

Brookside Glen Limited Partnership – FY 2021 Budget Summary

Brookside Glen Development Corporation

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$1,540,205**	**$1,608,888**	**$1,563,987**	**$1,564,551**	**$1,535,267**
Expenses:					
Operating - Admin	$217,226	$208,729	$247,499	$160,278	$171,700
Operating - Fees	$57,468	$59,709	$62,908	$57,605	$60,841
Tenant & Protective Services	$13,968	$13,656	$12,566	$11,250	$6,548
Taxes, Insurance & Utilities	$153,006	$134,404	$145,719	$156,896	$132,438
Maintenance	$251,005	$245,595	$207,290	$314,799	$221,134
Subtotal - Operating Expenses	**$692,673**	**$662,093**	**$675,982**	**$700,828**	**$592,661**
Net Operating Income (NOI)	**$847,532**	**$946,795**	**$888,005**	**$863,723**	**$942,606**
Debt Service	$496,464	$497,654	$498,803	$499,887	$500,929
Operating Reserves	$16,248	$16,248	$16,250	$16,250	$16,250
Replacement Reserves	$107,484	$102,360	$97,488	$95,112	$90,576
Asset Management Fees	$96,290	$96,350	$101,750	$96,910	$67,750
Excess Cash Flow Restricted	$131,046	$234,183	$173,714	$155,564	$267,101
Subtotal - Expenses Below NOI	**$847,532**	**$946,795**	**$888,005**	**$863,723**	**$942,606**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Computer Equipment	$0	$3,600	$0	$0	$875
Kitchen and Bath Supplies	$0	$0	$0	$0	$4,332
Doors	$0	$1,800	$0	$0	$0
Electrical Equipment	$0	$0	$0	$0	$522
Plumbing Equipment	$7,200	$7,200	$4,427	$0	$0
HVAC Equipment	$0	$6,000	$216	$0	$1,714
Appliance Equipment	$15,000	$10,500	$13,451	$6,956	$12,072
Tools	$0	$0	$839	$1,107	$0
Plumbing Contracts	$0	$0	$2,213	$15,522	$18,594
Windows/Glass Contracts	$0	$10,800	$0	$10,457	$0
Flooring/Carpet Contracts	$34,800	$34,800	$18,441	$18,255	$24,072
Asphalt/Concrete Contracts	$0	$12,000	$0	$27,256	$0
Miscellaneous Contracts	$0	$0	$0	$0	$2,487
Total Capital Budget	**$57,000**	**$86,700**	**$39,587**	**$79,553**	**$64,668**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 2.6%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $131,046 and will be restricted to the property.
- Capital is budgeted at $57,000.
- DSCR is 1.49.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for Brookside Glen Limited Partnership were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for Brookside Glen Limited Partnership by the Board of Directors.

RESOLUTION NO.: 20-001BG

RE: Brookside Glen Apartments Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets

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

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Brookside Glen Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Brookside Glen Apartments Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Brookside Glen Apartments Development Corporation at a meeting conducted on June 3, 2020.

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

Diamond Square Development Corporation Annual Meeting

Diamond Square Limited partnership

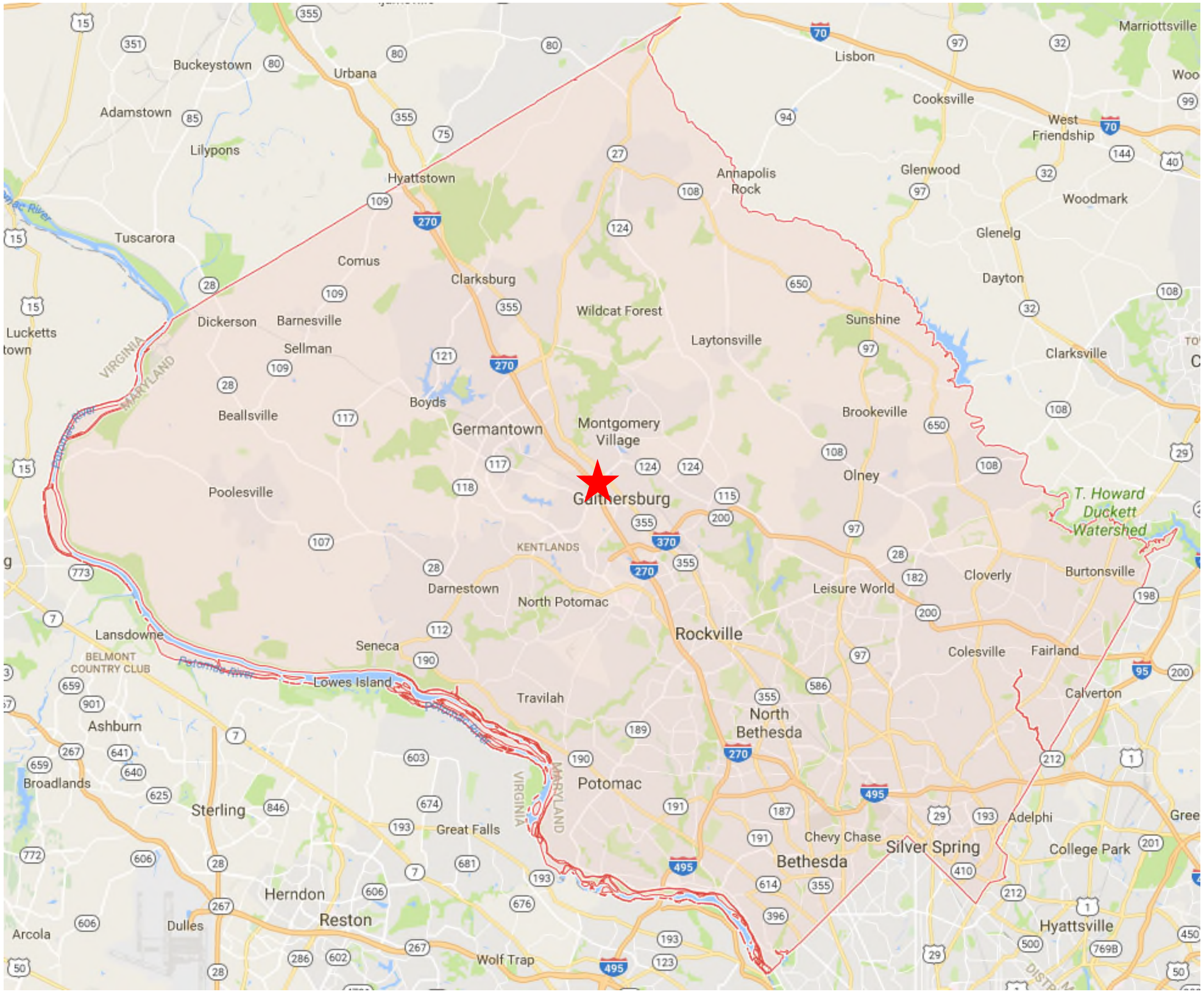
Annual Meeting and Adoption of FY 2021 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 3, 2020

Diamond Square Limited Partnership



Property Snapshot

- Located in Gaithersburg, Maryland.
- Five-story midrise constructed in 1985 as a Quality Inn Hotel.
- Renovated in 1991 to 120 single room occupancy units and two 1-BR units.
- Main Lobby, Offices, Community Room.

Diamond Square Limited Partnership – FY 2021 Overview

Background

- **June 6, 1990** - Agreement executed with Montgomery County, the City of Gaithersburg, and the Housing Opportunities Commission ("HOC") to jointly acquire the Quality Inn Hotel located in Gaithersburg. Per Agreement, Montgomery County assigned its contract to purchase the property to HOC. The City contributed $500,000 for its share of the purchase price, with title to the property held by HOC.

- **2003** - Commission established Diamond Square Limited Partnership.
  - HOC, as limited partner, owns 99.9% of the partnership interest.
  - Diamond Square Development Corporation, as general partner, owns .1% of the interest in the Partnership.

- The limited partnership was established to own this property because, under its regulations, the Maryland Department of Housing and Community Development would not make a loan secured against the property to a corporation even if controlled by HOC. As a result, the limited partnership was created and the development corporation used as the general partner.

- The Commission also approved the Articles of Incorporation and the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.

80 Bureau Dr, Gaithersburg, 20878
Manager : Residential One

Unit Mix	Market	Affordable	Total
Studio	41	81	122
1BR	2	0	2
Total Units	**43**	**81**	**124**

The regulatory agreement restricts 41 units at or below 50% AMI, and the Partnership Rental Housing Program (PRHP) loan restricts 40 units at or below 45% of state median income.

Diamond Square Limited Partnership – FY 2021 Update

Property Management

- The property operates under guidance from the Board of Governance (BOG) which consists of one representative from Montgomery County, the City of Gaithersburg, and HOC.
- Property occupancy remains very high. Leasing strategies include direct marketing to local businesses, residents referrals, employers, Catholic Charities and calls from prospects who had visited the HOC website .

Turnover Rate	Avg. Occupancy FY 2019	Current Occupancy
15%	99.07%	100%

Maintenance

- The majority of service requests in FY 2019 were for plumbing (55%), HVAC (13%), electrical (10%) and appliances (10%).

Total Work Orders FY 2019	Average Days to Close
224	1

Capital Improvements

- The Capital Budget includes upgrades to the elevators, replacement of carpet, HVAC and appliances in units on turnover. The current Capital budget had included anticipated renovations of units but this was not done. Replacement of pipes and risers was scheduled instead of unit renovation due to the issue of leaks at the property. The board agreed to this change. The work was to have started but was delayed due to COVID.

Redevelopment/Refinancing

- There are currently no plans underway for redevelopment or refinancing for Diamond Square.

Diamond Square Limited Partnership – FY 2021 Budget Summary

Diamond Square Development Corporation

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$1,319,916**	**$1,312,315**	**$1,296,624**	**$1,270,490**	**$1,288,101**
Expenses:					
Operating - Admin	$219,314	$232,135	$259,260	$202,587	$191,396
Operating - Fees	$66,870	$67,974	$73,655	$66,601	$63,899
Tenant & Protective Services	$11,844	$10,910	$9,491	$46,197	$66,165
Taxes, Insurance & Utilities	$197,275	$215,263	$201,653	$183,658	$236,576
Maintenance	$236,164	$239,563	$240,243	$228,598	$244,231
Subtotal - Operating Expenses	**$731,467**	**$765,845**	**$784,302**	**$727,641**	**$802,267**
Net Operating Income (NOI)	**$588,449**	**$546,470**	**$512,322**	**$542,849**	**$485,834**
Debt Service	$117,313	$117,614	$117,905	$118,184	$118,449
Operating Reserves	$19,920	$19,920	$19,920	$19,920	$19,920
Replacement Reserves	$116,494	$112,020	$107,364	$103,568	$99,585
Asset Management Fees	$25,270	$24,530	$23,820	$23,130	$22,460
Excess Cash Flow Restricted	$309,452	$272,386	$243,313	$278,047	$225,420
Subtotal - Expenses Below NOI	**$588,449**	**$546,470**	**$512,322**	**$542,849**	**$485,834**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Computer Equipment	$1,440	$1,200	$973	$1,965	$0
Kitchen and Bath Supplies	$0	$312,000	$0	$0	$0
Grounds/Landscaping Sup.-Cap.	$0	$0	$4,990	$0	$0
Doors	$2,400	$2,400	$0	$4,205	$1,110
Miscellaneous Supplies	$0	$0	$2,771	$3,778	$8,828
HVAC Equipment	$14,000	$14,000	$15,658	$6,690	$8,762
Appliance Equipment	$23,100	$23,100	$7,692	$4,146	$6,376
Tools	$0	$0	$1,947	$0	$1,111
Miscellaneous Equipment	$0	$0	$0	$3,275	$1,331
Grounds/Landscaping Contr-Cap.	$0	$10,000	$0	$0	$0
HVAC Contracts	$0	$0	$5,880	$0	$0
Flooring/Carpet Contracts	$21,840	$21,840	$22,450	$13,527	$15,355
Elevator Contracts	$275,000	$0	$0	$0	$0
Asphalt/Concrete Contracts	$4,400	$4,000	$0	$3,990	$48,815
Miscellaneous Contracts	$0	$0	$15,380	$1,250	$388,575
Total Capital Budget	**$342,180**	**$388,540**	**$77,741**	**$42,826**	**$480,263**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive’s voluntary rent guideline is 2.6%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at $309,452, all of which is restricted
- Capital is budgeted at $342,180.
- DSCR is 4.02.

Time Frame

The FY 2021 Adopted Operating and Capital Budgets for Diamond Square Limited Partnership were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting. The Governing Board approved the FY 2021 budget on May 27, 2020.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for Diamond Square Limited Partnership by the Board of Directors.

RESOLUTION NO.: 2020-001DS **RE: Diamond Square Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets**

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

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Diamond Square Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Diamond Square Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Diamond Square Development Corporation at a meeting conducted on June 3, 2020.

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

Glenmont Crossing Development Corporation Annual Meeting

Glenmont Crossing Development Corporation

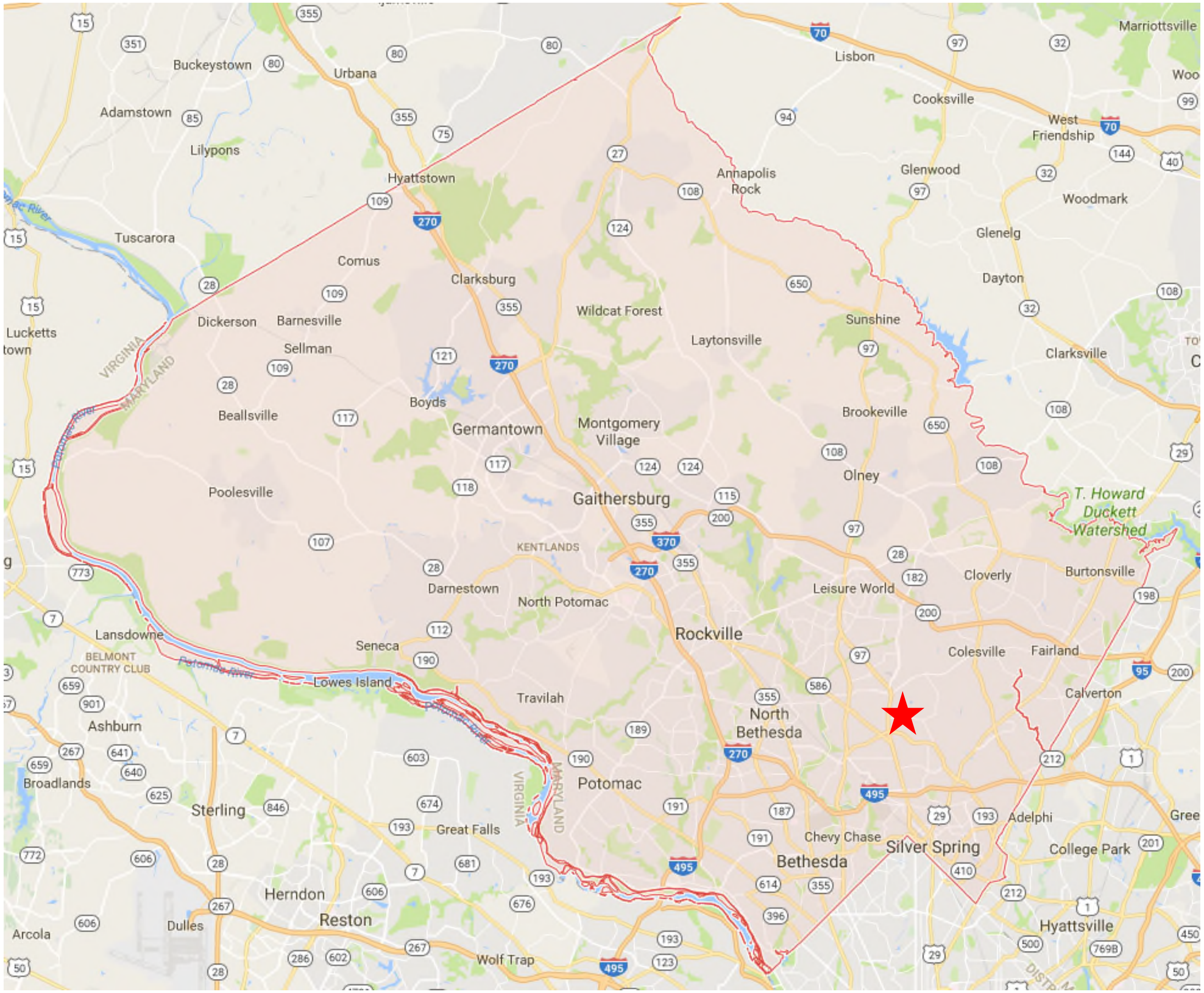
Annual Meeting and Adoption of FY 2021 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 3, 2020

Glenmont Crossing Development Corporation



Property Snapshot:

- Located in Wheaton.
- Constructed in 1965.
- Amenities include Washer/Dryer in Unit, Free Onsite Parking, and Outdoor Community Space.
- Loan refinancing was completed in 2019.

Glenmont Crossing Development Corporation – FY 2021 Overview

Background

- **October 3, 2012 -** Commission authorized the formation of two single purpose entities, Glenmont Crossing Development Corporation and Glenmont Westerly Development Corporation, to acquire a 199-unit property in the Glenmont area of Silver Spring consisting of two parcels, one with 97 townhome units (Glenmont Crossing) and the second parcel containing 102 garden units (Glenmont Westerly).

- **November 20, 2012 -** Glenmont Crossing Development Corporation was formed to acquire the 97 townhome unit portion of the project, referred to as "Woodberry" and the second parcel containing 102 garden units referred to as "Westerly" was acquired by Glenmont Westerly Development Corporation.

- **December 5, 2012** - The Board of Directors for the Development Corporation adopted the By-laws which provide for the operations and functions of the Corporation, and elected the seven Commissioners as the officers.

- **December 31, 2012 -** Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.

- **March 6, 2013** - Board of Directors approved a resolution that allowed for the incorporation of the Glenmont Crossing annual budget preparation and presentation into the HOC budget process.

- **November 1, 2019**- Glenmont Crossing Development Corporation loan was refinanced. A new $14.1 million loan from Federal Financing Bank paid off the CBRE Fannie Mae loan.

2309 Shorefield Road, Wheaton, MD 20902
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
2BR	9	12	21
3BR	38	38	76
Total Units	**47**	**50**	**97**

The regulatory agreement restricts 18 units at or below 50% AMI and 32 units at or below 80% AMI.

Glenmont Crossing Development Corporation – FY 2021 Update

Property Management

- Glenmont Crossing consistently maintains occupancy of 98% or greater. The property management firm changed from Avison Young to Edgewood Management on July 1, 2019.

Annualized Turnover CY 2019	Avg. Occupancy CY 2019	Current Occupancy
28%	98%	100%

Maintenance

- The largest volume of work order tickets was related to unit turnovers, followed by appliances and plumbing repairs.

Annualized Work Orders CY 2019	Average Days to Close
886	6

Capital Improvements

- The capital budget includes appliance and flooring replacements at turnover or as needed. FY21 budget also includes replacement of HVAC units and roof per the Physical Needs Assessment.

Redevelopment/Refinancing

- Refinancing of Glenmont Crossing was completed in 2019. A $2.5 million reserve was established to complete immediate and short-term needs identified in the Physical Needs Assessment including roof replacement, updating interior finishes, HVAC replacements, and façade improvements.

Glenmont Crossing Development Corporation – FY 2021 Budget Summary

Glenmont Crossing Development Corporation

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$1,934,888**	**$1,979,541**	**$2,135,452**	**$2,030,273**	**$1,989,565**
Expenses:					
Operating - Admin	$203,683	$195,237	$174,858	$178,499	$152,435
Operating - Fees	$62,222	$64,702	$69,750	$72,647	$66,505
Tenant & Protective Services	$5,998	$5,844	$4,342	$4,295	$4,241
Taxes, Insurance & Utilities	$132,664	$115,542	$275,853	$269,479	$248,809
Maintenance	$329,614	$332,122	$331,900	$397,555	$272,551
Subtotal - Operating Expenses	**$734,181**	**$713,447**	**$856,703**	**$922,475**	**$744,541**
Net Operating Income (NOI)	**$1,200,707**	**$1,266,094**	**$1,278,749**	**$1,107,798**	**$1,245,024**
Debt Service	$675,962	$828,905	$828,913	$828,913	$828,913
Replacement Reserves	$58,200	$58,200	$58,200	$58,200	$58,200
Asset Management Fees	$103,780	$103,850	$109,670	$104,450	$73,020
Development Corporation Fees	$234,476	$146,850	$31,275	$0	$39,699
Excess Cash Flow Restricted	$128,289	$128,289	$250,691	$116,235	$245,192
Subtotal - Expenses Below NOI	**$1,200,707**	**$1,266,094**	**$1,278,749**	**$1,107,798**	**$1,245,024**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Computer Equipment	$0	$1,200	$0	$0	$1,417
Kitchen and Bath Supplies	$5,004	$8,000	$2,532	$2,299	$14,696
Grounds/Landscaping Sup.-Cap.	$29,000	$0	$0	$0	$2,995
Doors	$0	$3,024	$1,150	$0	$0
Roofing Materials	$126,000	$0	$0	$0	$0
Miscellaneous Supplies	$0	$0	$0	$333	$0
Plumbing Equipment	$227,000	$0	$0	$0	$0
HVAC Equipment	$0	$3,900	$0	$742	$0
Appliance Equipment	$24,996	$34,650	$24,094	$21,465	$8,415
Tools	$0	$1,397	$0	$0	$0
Plumbing Contracts	$0	$8,490	$10,968	$1,697	$0
Roofing/Gutter Contracts	$0	$0	$14,000	$0	$0
HVAC Contracts	$2,500	$17,760	$1,989	$2,284	$0
Flooring/Carpet Contracts	$45,000	$48,400	$45,185	$43,844	$51,719
Paint/Wallcovering Int. Cont.	$24,000	$0	$0	$0	$0
Asphalt/Concrete Contracts	$2,000	$12,000	$1,472	$2,770	$3,220
Miscellaneous Contracts	$0	$0	$0	$0	$6,311
Total Capital Budget	**$485,500**	**$138,821**	**$101,390**	**$75,434**	**$88,773**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 2.1%; the County Executive’s voluntary rent guideline is 2.6%.
- Market rents will be increased 2.1%, but upon turnover will be increased to the prevailing “market rate”.
- Property cash flow is budgeted at $362,765, of which $128,289 is restricted.
- Capital is budgeted at $485,500.
- DSCR is 1.69.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for Glenmont Crossing Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for Glenmont Crossing Development Corporation by the Board of Directors.

RESOLUTION NO.: 20-001GC | **RE: Glenmont Crossing Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets**

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

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Glenmont Crossing Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Glenmont Crossing Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Glenmont Crossing Development Corporation at a meeting conducted on June 3, 2020.

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

Glenmont Westerly Development Corporation Annual Meeting

Glenmont Westerly Development Corporation

Annual Meeting and Adoption of FY 2021 Operating & Capital Budgets

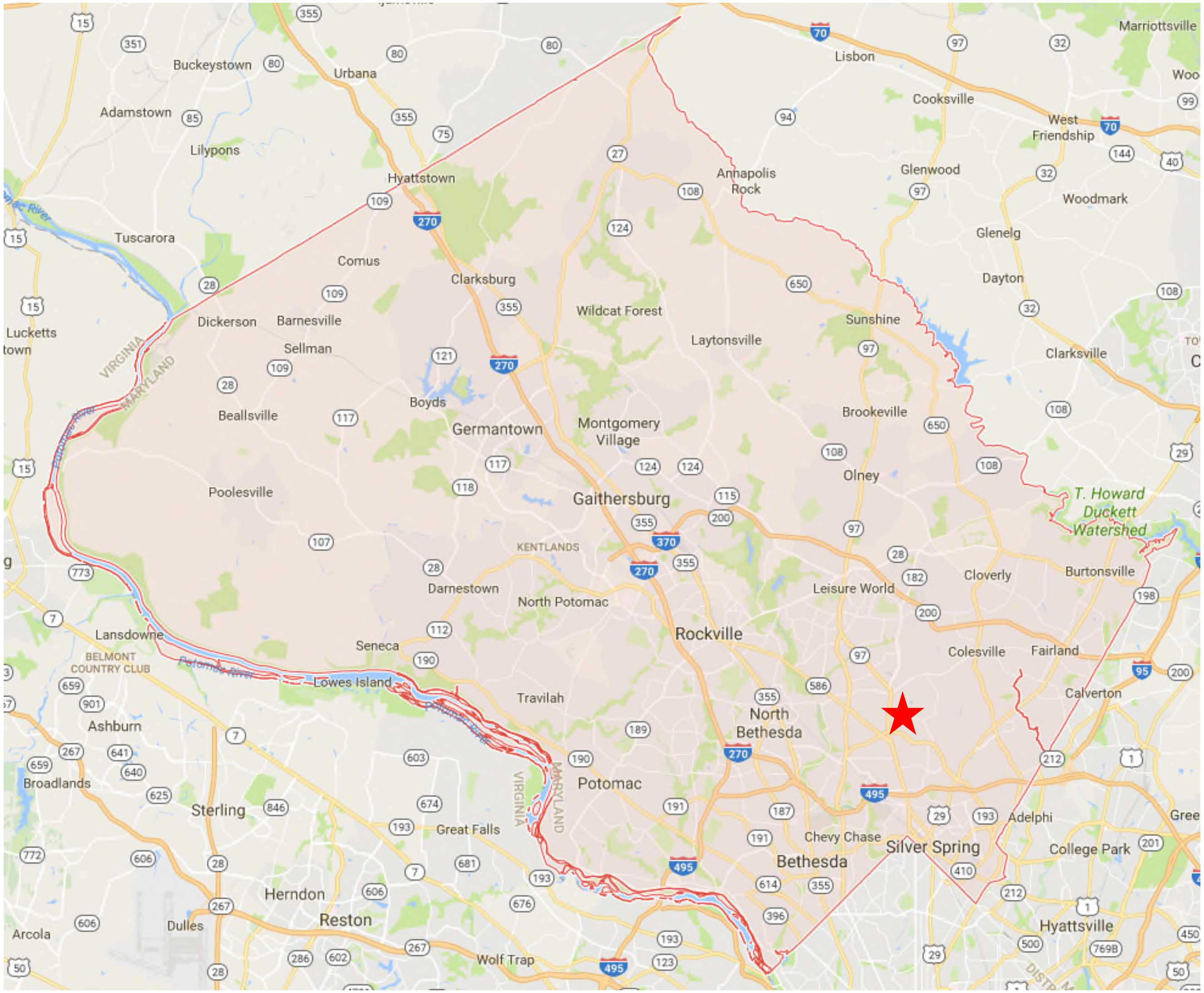
Housing Opportunities Commission of Montgomery County

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 3, 2020

Glenmont Westerly Development Corporation



Property Snapshot:

- Located in Wheaton.
- Constructed in 1965.
- Washer/Dryer in Unit, Free Onsite Parking, Outdoor Community Space.
- Loan refinancing was completed in 2019.

Glenmont Westerly Development Corporation – FY 2021 Overview

Background

- **October 3, 2012 -** Commission authorized the formation of two single purpose entities, Glenmont Crossing Development Corporation and Glenmont Westerly Development Corporation, to acquire a 199-unit property in the Glenmont area of Silver Spring consisting of two parcels, one with 97 townhome units (Glenmont Crossing) and the second parcel containing 102 garden units (Glenmont Westerly).
- **November 20, 2012 -** Glenmont Westerly Development Corporation was formed to acquire the 102 garden unit portion of the project, referred to as "Westerly" and the second parcel containing 97 townhome units referred to as "Woodberry" was acquired by Glenmont Crossing Development Corporation.
- **December 5, 2012** - The Board of Directors for the Development Corporation adopted the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.
- **December 31, 2012 -** Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.
- **March 6, 2013** - Board of Directors approved a resolution that allowed for the incorporation of the Glenmont Westerly annual budget preparation and presentation into the HOC budget process.
- **November 1, 2019**- Glenmont Westerly Development Corporation loan was refinanced. A new $14 million loan from Federal Financing Bank paid off the CBRE Fannie Mae loan.

2309 Shorefield Road, Wheaton, MD 20902
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
1BR	6	13	19
2BR	45	38	83
Total Units	**51**	**51**	**102**

The regulatory agreement restricts 18 units at or below 50% AMI and 33 units at or below 90% AMI.

Glenmont Westerly Development Corporation – FY 2021 Update

Property Management

- Glenmont Westerly consistently maintains occupancy of 98%. The property management firm changed from Avison Young to Edgewood Management on July 1, 2019.

Annualized Turnover CY 2019	Avg. Occupancy CY 2019	Current Occupancy
37%	98%	98%

Maintenance

- The largest volume of work order tickets was related to unit turnovers, followed by appliances, door, plumbing, and electrical repairs.

Annualized Work Orders CY 2019	Average Days to Close
856	5

Capital Improvements

- The capital budget includes appliance and flooring replacements at turnover or as needed. FY21 budget also includes plumbing and roof replacements per the Physical Needs Assessment.

Redevelopment/Refinancing

- Refinancing of Glenmont Westerly was completed in 2019. A $2.5 million reserve was established to complete immediate and short-term needs identified in the Physical Needs Assessment including roof replacement, updating interior finishes, HVAC replacements, and façade improvements.

Glenmont Westerly Development Corporation – FY 2021 Budget Summary

Glenmont Westerly Development Corporation

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$1,706,513**	**$1,740,180**	**$1,852,630**	**$1,723,813**	**$1,689,906**
Expenses:					
Operating - Admin	$196,934	$187,126	$174,004	$163,865	$169,010
Operating - Fees	$65,041	$67,681	$68,491	$63,498	$56,740
Tenant & Protective Services	$6,905	$7,757	$5,656	$6,229	$6,438
Taxes, Insurance & Utilities	$118,753	$98,744	$196,297	$181,343	$181,651
Maintenance	$316,023	$319,012	$255,088	$322,462	$281,074
Subtotal - Operating Expenses	**$703,656**	**$680,320**	**$699,536**	**$737,397**	**$694,913**
Net Operating Income (NOI)	**$1,002,857**	**$1,059,860**	**$1,153,094**	**$986,416**	**$994,993**
Debt Service	$671,171	$538,812	$538,833	$538,813	$538,812
Replacement Reserves	$61,200	$61,200	$61,200	$61,200	$61,200
Asset Management Fees	$109,130	$109,200	$115,320	$109,830	$76,780
Development Corporation Fees	$0	$186,398	$136,957	$61,439	$115,185
Excess Cash Flow Restricted	$164,250	$164,250	$300,784	$215,134	$203,016
Subtotal - Expenses Below NOI	**$1,005,751**	**$1,059,860**	**$1,153,094**	**$986,416**	**$994,993**
NET INCOME	**($2,894)**	**$0**	**$0**	**$0**	**$0**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Computer Equipment	$0	$0	$0	$0	$1,490
Kitchen and Bath Supplies	$0	$24,620	$0	$1,584	$10,150
Grounds/Landscaping Sup.-Cap.	$4,200	$0	$0	$0	$0
Doors	$0	$4,032	$0	$0	$0
Miscellaneous Supplies	$0	$0	$0	$349	$0
Plumbing Equipment	$140,000	$0	$0	$0	$0
HVAC Equipment	$0	$34,800	$0	$742	$0
Appliance Equipment	$0	$31,900	$16,326	$12,648	$8,426
Tools	$0	$1,397	$0	$0	$0
Plumbing Contracts	$0	$8,490	$0	$3,394	$0
Roofing/Gutter Contracts	$64,000	$0	$0	$0	$0
HVAC Contracts	$0	$17,760	$433	$0	$0
Flooring/Carpet Contracts	$0	$37,200	$16,023	$22,235	$39,974
Paint/Wallcovering Int. Cont.	$4,200	$0	$0	$0	$0
Paint/Wallcovering Ext. Cont	$23,000	$0	$0	$0	$0
Asphalt/Concrete Contracts	$0	$60,000	$3,650	$0	$0
Miscellaneous Contracts	$0	$0	$0	$0	$4,985
Total Capital Budget	**$235,400**	**$220,199**	**$36,432**	**$40,952**	**$65,025**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 2.6%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- The property's $2,894 operating deficit will be funded with a draw from existing cash at the property.
- Capital is budgeted at $235,400.
- DSCR is 1.41.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for Glenmont Westerly Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for Glenmont Westerly Development Corporation by the Board of Directors.

RESOLUTION NO.: 20-001GW | **RE: Glenmont Westerly Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets**

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

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Glenmont Westerly Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Glenmont Westerly Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Glenmont Westerly Development Corporation at a meeting conducted on June 3, 2020.

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

Magruder's Discovery

Development Corporation

Annual Meeting

Magruder's Discovery Development Corporation

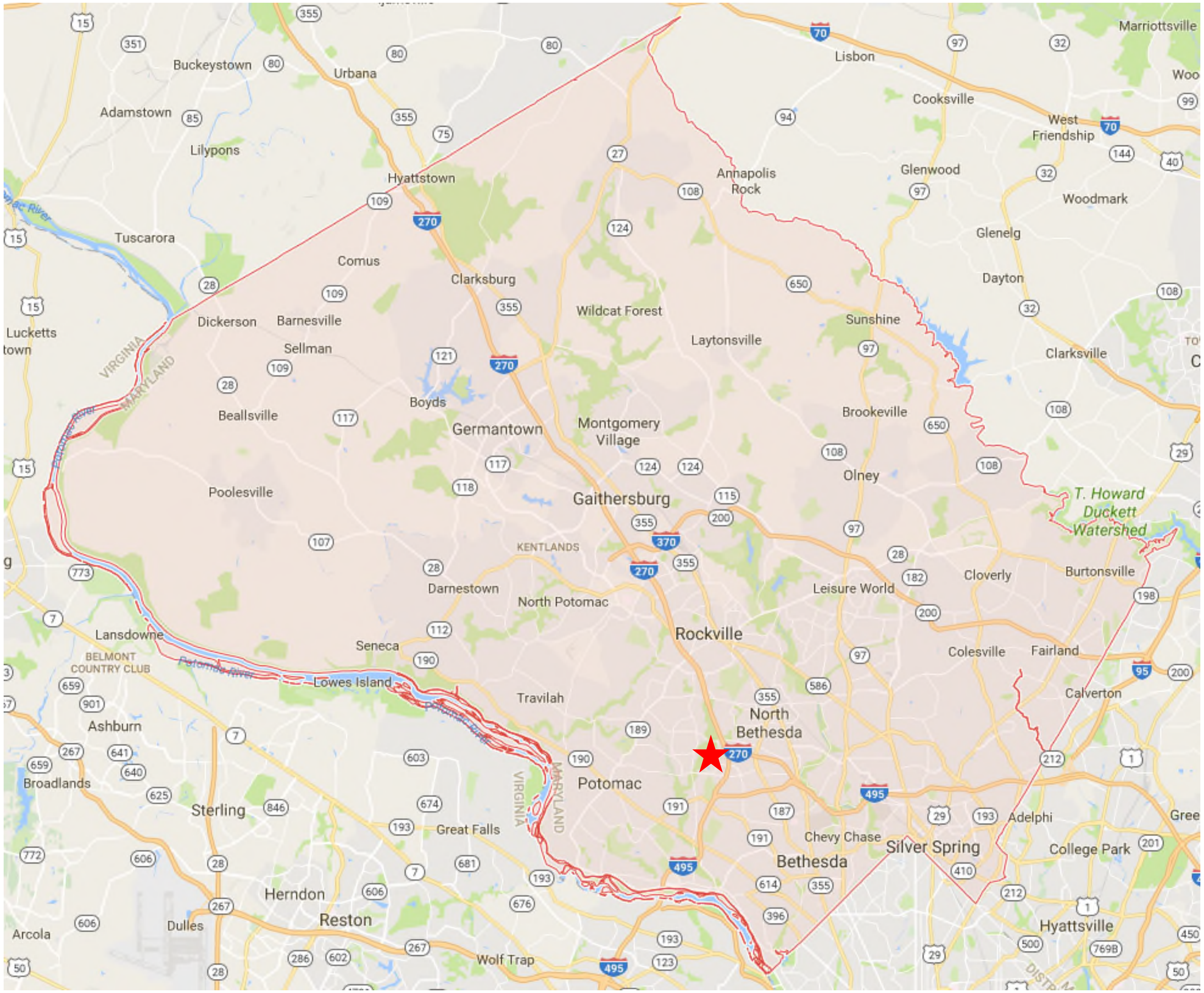
Annual Meeting and Adoption of FY 2021 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 3, 2020

Magruder's Discovery Development Corporation



Property Snapshot:

- Located in Bethesda.
- Consists of two-story and terrace level buildings constructed in 1980.
- Interiors updated in 2007.
- Amenities include a Community Room, Recreation Center, Controlled Building Access, and onsite laundry.
- Two playgrounds and ample green space.

Magruder’s Discovery Development Corporation – FY 2021 Overview

Background

- **August 2008** - Commission authorized the establishment of Magruder’s Discovery Development Corporation, a wholly controlled corporate instrumentality, and passed a resolution approving the Articles of Incorporation.

- **June 3, 2009** - the Board adopted the By-laws and elected Directors. The property was transferred to Magruder’s Discovery Development Corporation on June 17, 2010 and was refinanced with a new loan in the amount of $11,780,518 secured by a note and deed of trust credit with mortgage insurance under the FHA Risk Sharing Program.

- The Corporation executed an Asset Management Agreement which requires submission of an annual budget to the Owner an annual budget 90 days prior to each fiscal year and approved a resolution that allowed for the incorporation of the annual budget preparation and presentation into the HOC budget process.

- Magruder’s Discovery Development Corporation consists of 134 units all of which are Project-Based/New Construction.

10508 Westlake Dr., Bethesda, MD 20817
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
1BR	0	36	36
2BR	0	98	98
Total Units	0	134	134

Magruder's Discovery Development Corporation – FY 2021 Update

Property Management

- Occupancy continues to remain stable. Applications are pulled from Housing Path.
- Property scored a 98b on its most recent REAC inspection on September 20, 2019.

Turnover Rate	Avg. Occupancy CY 2019	Current Occupancy
7%	96.5%	98%

Maintenance

- The largest volume of work tickets was for plumbing (19%) followed by appliance repairs (22%), and Electrical repairs (15%).

Total Work Orders CY 2019	Average Days to Close
898	13

Capital Improvements

- Budget for FY 2021 includes flooring, Carpet, appliances and HVAC replacement.

Redevelopment/Refinancing

- There are currently no plans for redevelopment or refinancing for Magruder's Discovery.

Magruder’s Discovery Development Corporation – FY 2021 Budget Summary

Magruders Development Corporation

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$2,484,154**	**$2,449,328**	**$2,317,809**	**$2,433,766**	**$2,246,248**
Expenses:					
Operating - Admin	$118,771	$99,001	$290,367	$130,762	$126,624
Operating - Fees	$62,828	$65,707	$24,931	$123,805	$116,810
Tenant & Protective Services	$41,500	$41,840	$39,040	$38,403	$29,319
Taxes, Insurance & Utilities	$159,416	$137,479	$124,619	$143,339	$121,022
Maintenance	$261,732	$244,959	$260,615	$258,833	$239,255
Subtotal - Operating Expenses	**$644,247**	**$588,986**	**$739,572**	**$695,142**	**$633,030**
Net Operating Income (NOI)	**$1,839,907**	**$1,860,342**	**$1,578,237**	**$1,738,624**	**$1,613,218**
Debt Service	$924,882	$926,027	$927,100	$928,108	$929,054
Replacement Reserves	$41,832	$40,812	$39,816	$38,843	$38,256
Asset Management Fees	$90,050	$90,050	$0	$0	$0
Development Corporation Fees	$783,143	$803,453	$611,321	$771,673	$645,908
Subtotal - Expenses Below NOI	**$1,839,907**	**$1,860,342**	**$1,578,237**	**$1,738,624**	**$1,613,218**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$1,000	$6,000	$0	$0	$1,300
Electrical Supplies	$0	$0	$63	$42	$21
Appliance Supplies	$0	$0	$23	$644	$23
Plumbing Supplies	$0	$0	$317	$19	$92
Doors	$1,000	$1,000	$0	$0	$0
Hardware Supplies	$0	$0	$92	$0	$0
Flooring and Carpeting	$0	$0	$0	$0	$6,893
Paint and Wallcoverings	$0	$0	$1,425	$0	$6,206
Miscellaneous Supplies	$0	$0	$143	$0	$0
Plumbing Equipment	$0	$0	$0	$0	$399
HVAC Equipment	$3,470	$6,498	$3,477	$0	$0
Appliance Equipment	$7,800	$6,000	$14,850	$5,375	$3,742
Appliance Contracts	$6,000	$12,996	$0	$0	$0
Plumbing Contracts	$0	$0	$350	$8,073	$950
Grounds/Landscaping Contr-Cap.	$4,800	$8,750	$4,835	$8,800	$0
Roofing/Gutter Contracts	$10,000	$20,000	$19,095	$6,076	$0
HVAC Contracts	$0	$4,500	$0	$0	$0
Flooring/Carpet Contracts	$15,960	$10,000	$28,712	$18,395	$12,726
Paint/Wallcovering Int. Cont.	$12,600	$17,500	$13,065	$20,940	$325
Paint/Wallcovering Ext. Cont	$6,000	$6,000	$0	$0	$0
Fencing Contracts	$0	$2,000	$3,738	$0	$0
Asphalt/Concrete Contracts	$0	$5,000	$0	$0	$0
Miscellaneous Contracts	$0	$2,000	$950	$875	$0
Total Capital Budget	**$68,630**	**$108,244**	**$91,135**	**$69,239**	**$32,677**

Issues for Consideration

- Rent increases are issued per an approved OCAF; the County Executive’s voluntary rent guideline is 2.6%.
- Property cash flow is budgeted at $783,143.
- Capital is budgeted at $68,630.
- DSCR is 1.94.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for Magruder’s Discovery Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for Magruder’s Discovery Development Corporation by the Board of Directors.

RESOLUTION NO.: 20-001MD

RE: Magruder's Discovery Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets

WHEREAS, the Magruder's Discovery Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Magruder's Discovery Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Magruder's Discovery Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Magruder's Discovery Development Corporation at a meeting conducted on June 3, 2020.

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

The Metropolitan
Development Corporation
Annual Meeting

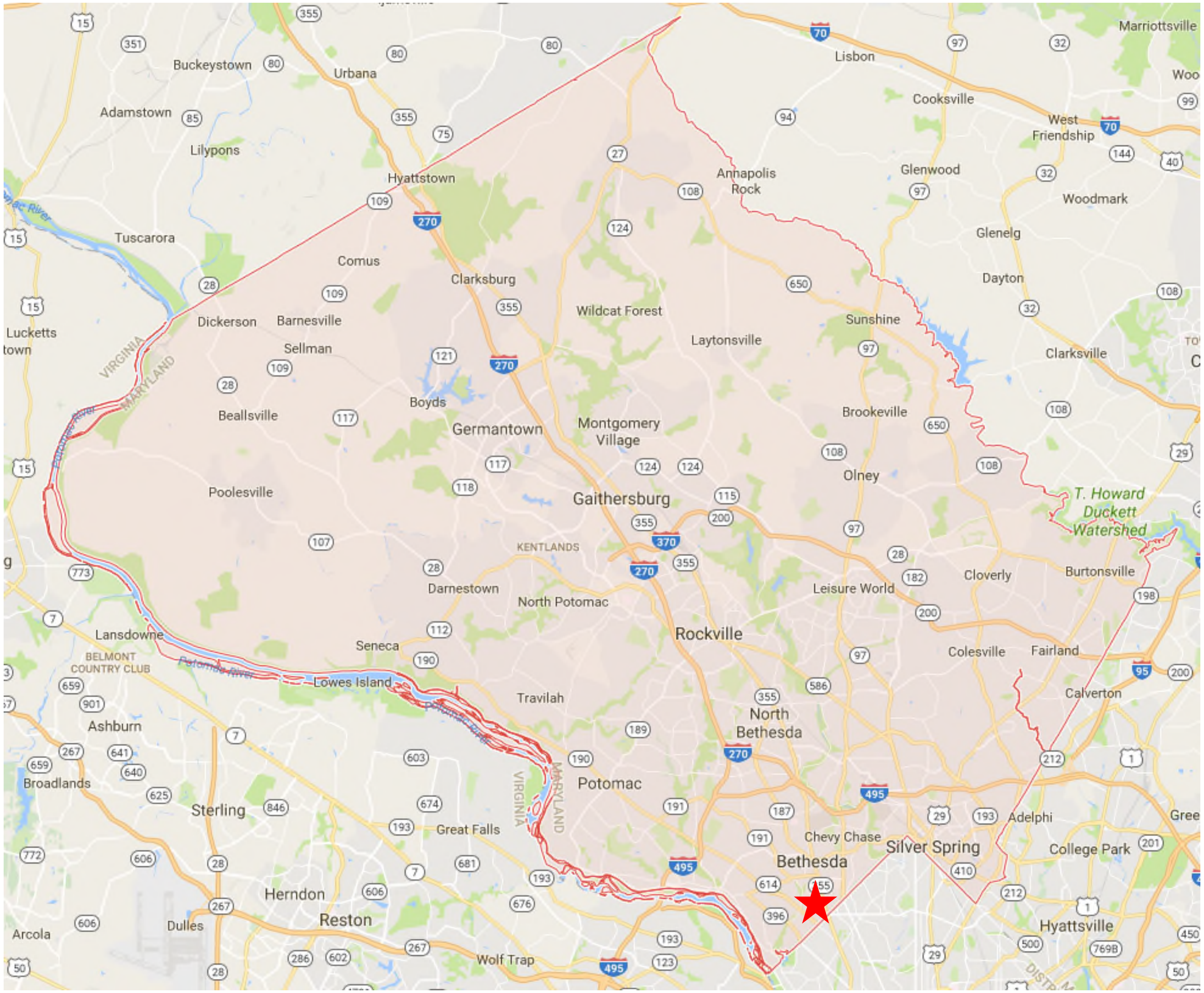
METROPOLITAN DEVELOPMENT CORPORATION

ANNUAL MEETING AND ADOPTION OF FY 2021 OPERATING & CAPITAL BUDGETS

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance
June 3, 2020

Metropolitan Development Corporation



Property Snapshot:

- Located in Downtown Bethesda.
- Luxury High-Rise community.
- Constructed in 1998.
- Renovations of market units completed 2012.
- Amenities include a Club Room, Fitness Center, Business Center, Garage Parking, Onsite Storage, 24-hour Concierge and Rooftop Swimming Pool.

Metropolitan Development Corporation – FY 2021 Overview

Background

- **May 28, 1997 -** Commission authorized the creation of a wholly-controlled corporate instrumentality known as The Metropolitan Development Corporation, adopted By-laws which provide for the operations and functions of the Corporation, and approved the appointment of the Commissioners as the Corporation's Board of Directors.

- **August 27, 1997 -** Board approved the purchase of The Metropolitan Apartment Development (216 units) from HOC and authorized the execution of the appropriate documents necessary to purchase the property and secure the loans from HOC.

- **August 27, 1997** – Board authorized the execution of the Asset Management Agreement which requires submission of an annual budget to the Owner 90 days prior to each fiscal year and approved a resolution that allowed for incorporation of the annual budget preparation and presentation into the HOC budget process.

  - The Metropolitan consists of 308 units distributed as follows:

    - 92 tax credit units owned by the Metropolitan of Bethesda LP with HOC as the General Partner.

    - 216 units owned by the Metropolitan Development Corporation, including five retail spaces .

- In November 2019, the Metropolitan affordable units were transferred back to HOC and are now included in Opportunity Housing.

7620 Old Georgetown Road, Bethesda, 20814
Manager: Bozzuto (utilizes Yieldstar)

Unit Mix	Market	Affordable	Total
Efficiency	13	23	36
1BR	113	43	156
2BR	78	24	102
3BR	12	2	14
Total Units	**216**	**92**	**308**

The regulatory agreement restricts 43 units at or below 30% AMI, 30 units at or below 40% AMI, and 19 units at or below 50% AMI.

Metropolitan Development Corporation – FY 2021 Update

Property Management

- Property occupancy remains stable despite the highly competitive Downtown Bethesda submarket. Yieldstar is utilized at Metropolitan to maximize rental rates. Dated apartment fixtures and finishes hinder growth in rents and occupancy.

Annual Turnover CY 2019	Avg. Occupancy CY 2019	Current Occupancy
49%	93%	92%

Maintenance

- The largest volume of work order tickets was related to appliances, lighting, and plumbing.

Total Work Orders CY 2019	Average Days to Close
2,128	3

Capital Improvements

- Plan to update units at turnover in CY 2020 was put on hold given comprehensive renovation planned for CY 2021. In 2019, the replacement reserve was used for flooring, HVAC, and appliance replacements. Budgeted replacements for FY 2021 include a fire panel replacement.

Redevelopment/Refinancing

- A moderate renovation of the market rate units and common area was performed between 2008 and 2011.
- Feasibility analysis is currently in progress to develop a renovation scope of work and budget for all units and common areas. Renovation is expected to begin by December 2021.

Metropolitan Development Corporation – FY 2021 Budget Summary

Metropolitan Development Corporation

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$6,802,533**	**$6,808,173**	**$6,685,875**	**$6,758,975**	**$6,958,708**
Expenses:					
Operating - Admin	$742,957	$707,183	$666,161	$749,855	$667,662
Operating - Fees	$216,369	$180,324	$177,006	$184,469	$201,812
Tenant & Protective Services	$126,924	$125,290	$123,815	$118,811	$117,647
Taxes, Insurance & Utilities	$538,444	$521,366	$456,639	$532,629	$508,831
Maintenance	$602,434	$585,639	$616,239	$539,828	$486,938
Subtotal - Operating Expenses	**$2,227,128**	**$2,119,802**	**$2,039,860**	**$2,125,592**	**$1,982,890**
Net Operating Income (NOI)	**$4,575,405**	**$4,688,371**	**$4,646,015**	**$4,633,383**	**$4,975,818**
Debt Service	$2,298,119	$2,301,956	$2,305,554	$2,308,932	$2,312,100
Replacement Reserves	$97,200	$97,200	$194,400	$97,200	$97,200
Asset Management Fees	$65,470	$63,630	$63,630	$62,020	$66,680
Loan Management Fees	$49,788	$0	$0	$0	$0
Development Corporation Fees	$1,116,732	$842,289	$933,095	$940,808	$1,047,022
Excess Cash Flow Restricted	$372,244	$1,037,437	$1,149,336	$1,224,423	$1,452,816
Subtotal - Expenses Below NOI	**$3,999,553**	**$4,342,512**	**$4,646,015**	**$4,633,383**	**$4,975,818**
NET INCOME	**$575,852**	**$345,859**	**$0**	**$0**	**$0**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Electrical Supplies	$0	$0	$11,389	$0	$0
Doors	$0	$9,100	$2,921	$918	$0
HVAC Equipment	$32,000	$4,900	$33,872	$36,372	$37,792
Appliance Equipment	$36,000	$19,800	$8,904	$12,968	$9,371
Plumbing Contracts	$25,200	$8,000	$15,595	$17,810	$5,218
Grounds/Landscaping Contr-Cap.	$0	$0	$2,325	$0	$0
Roofing/Gutter Contracts	$0	$630,000	$3,700	$0	$80,052
HVAC Contracts	$15,400	$0	$0	$8,547	$40,942
Flooring/Carpet Contracts	$161,800	$48,000	$25,135	$37,107	$19,515
Swimming Pool Contracts	$0	$6,132	$0	$0	$0
Asphalt/Concrete Contracts	$7,300	$22,400	$5,236	$2,142	$5,745
Miscellaneous Contracts	$15,274	$5,040	$53,945	$47,021	$97,805
Security System	$162,060	$0	$3,990	$0	$10,854
Total Capital Budget	**$455,034**	**$753,372**	**$167,012**	**$162,885**	**$307,294**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 2.6%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $2,064,828 of which $372,244 is restricted to pay Montgomery County pursuant to the Air Rights Lease Agreement and $575,852 will offset the anticipated operating losses of The Metropolitan Affordable property.
- Capital is budgeted at $455,034.
- DSCR is 1.91.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for Metropolitan Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for Metropolitan Development Corporation by the Board of Directors.

RESOLUTION NO.: 20-001ME | **RE: The Metropolitan Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets**

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 Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of The Metropolitan Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by The Metropolitan Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of The Metropolitan Development Corporation at a meeting conducted on June 3, 2020.

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

Montgomery Arms Development Corporation Annual Meeting

Montgomery Arms Development Corporation

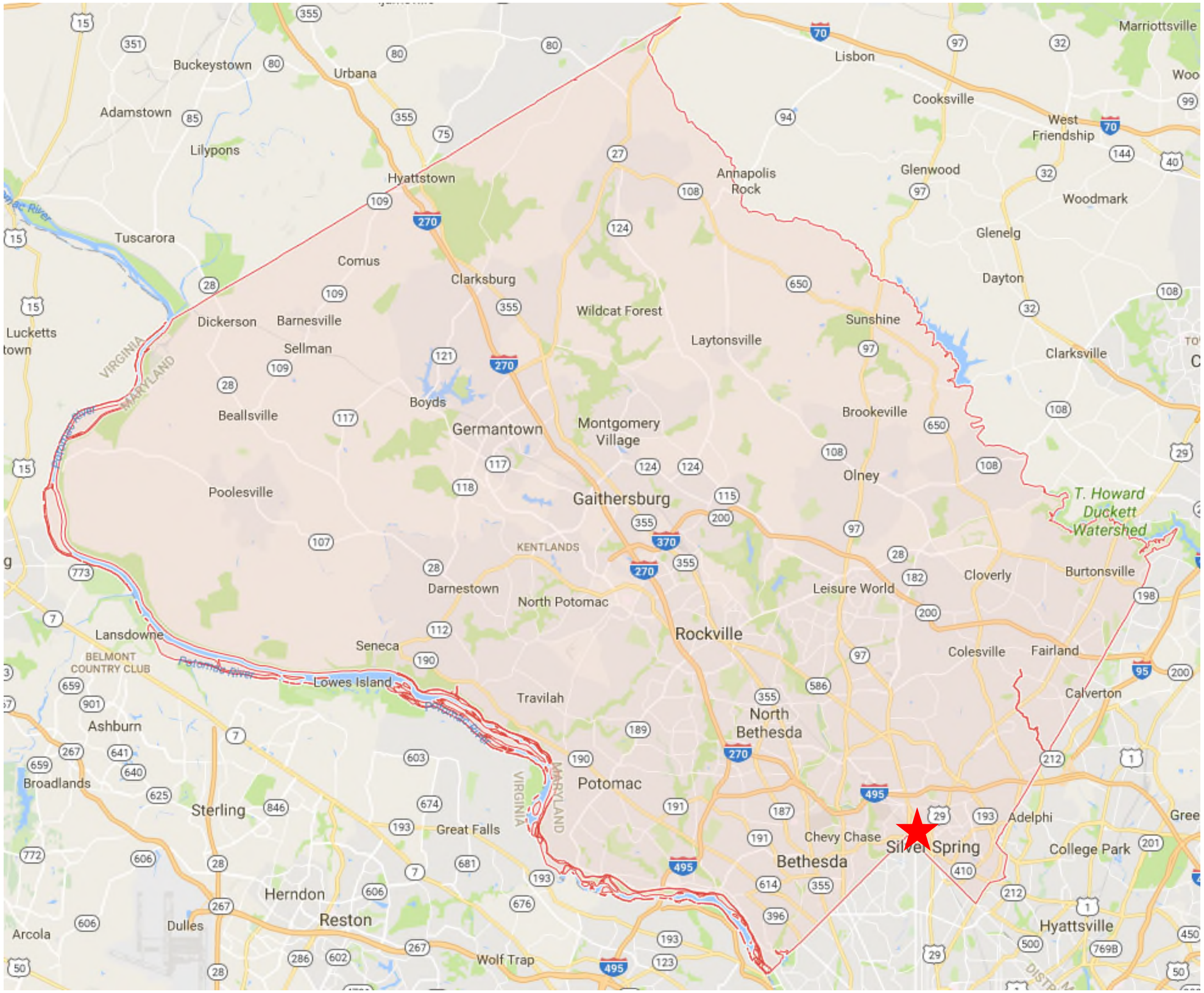
Annual Meeting and Adoption of FY 2021 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 3, 2020

Montgomery Arms Development Corporation



Property Snapshot:

- Located in Downtown Silver Spring.
- Historic apartment community constructed in 1941, restored in 1992, and renovated in 2005.
- Community Room, Fitness Room, and Limited Free Parking.

Montgomery Arms Development Corporation – FY 2021 Overview

Background

- **July 17, 2002 -** Commission authorized the creation of Montgomery Arms Development Corporation and passed a resolution approving the Articles of Incorporation for the Montgomery Arms Development Corporation and By-laws.

- **May 21, 2003 -** Commission priced and sold its Multi-family Housing Development Bonds to finance a mortgage of $10,400,000 for the Montgomery Arms Apartments Development.

- **June 11, 2003** – Commission adopted a resolution authorizing the transfer of the property and the assignment of all assets and liabilities associated with the property to the Montgomery Arms Development Corporation. The resolution further authorized the Executive Director of the Commission to issue a loan commitment to the Montgomery Arms Development Corporation to finance a loan for the property and allowed for the incorporation of Montgomery Arms annual budget preparation and presentation into the HOC budget process.

9711 Washingtonian Blv. Suite-200
Gaithersburg,MD 20902
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
Studio	4	3	7
1BR	51	48	99
2BR	10	13	23
Total Units	**65**	**64**	**129**

The regulatory agreement restricts 22 units at or below 30% AMI and 52 units at or below 60% AMI. Restricted units include 10 Project-Based Section 8 units and 10 McKinney units.

Montgomery Arms Development Corporation– FY 2021 Update

Property Management

- The property maintained 97.70% occupancy for CY2019 in a competitive market in downtown Silver Spring. At present, all market units are rented and current occupancy is 97.8%.
- The property scored a 99A on its most recent REAC inspection on April 24, 2019.

Turnover	Avg. Occupancy CY 2019	Current Occupancy
18.2%	97.7%	97.8%

Maintenance

- Inspection and make ready (44%), plumbing (20%), electrical and lighting (24%); general maintenance – hardware, drywall, flooring, etc. and appliances (10%).

Total Work Orders CY 2010	Average Days to Close
865	14

Capital Improvements

- Most of the proposed capital funding is to support routine turnover activity to include replacement of kitchen countertops, cabinets, vanities, carpet/flooring and appliances. Budget also includes replacement of HVAC System and the Water proofing for underground maintenance shop

Redevelopment/ Refinancing

- There are currently no plans underway for redevelopment or refinancing for Montgomery Arms.

Montgomery Arms Development Corporation – FY 2021 Budget Summary

Montgomery Arms Development Corporation

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$1,954,114**	**$1,920,181**	**$1,906,749**	**$1,908,929**	**$1,886,711**
Expenses:					
Operating - Admin	$234,832	$248,373	$199,539	$214,983	$227,840
Operating - Fees	$78,753	$78,496	$78,971	$78,031	$72,179
Tenant & Protective Services	$8,316	$8,084	$9,085	$800	$3,017
Taxes, Insurance & Utilities	$159,834	$138,920	$132,907	$132,279	$118,851
Maintenance	$257,678	$276,026	$298,196	$211,117	$251,887
Subtotal - Operating Expenses	**$739,413**	**$749,899**	**$718,698**	**$637,210**	**$673,774**
Net Operating Income (NOI)	**$1,214,701**	**$1,170,282**	**$1,188,051**	**$1,271,719**	**$1,212,937**
Debt Service	$683,958	$685,602	$687,174	$694,707	$690,111
Replacement Reserves	$46,200	$46,200	$46,200	$46,200	$46,200
Asset Management Fees	$138,020	$138,110	$145,850	$138,900	$97,110
Loan Management Fees	$0	$0	$0	$0	$4,333
Development Corporation Fees	$346,523	$300,370	$308,827	$386,135	$375,183
Excess Cash Flow Restricted	$0	$0	$0	$5,777	$0
Subtotal - Expenses Below NOI	**$1,214,701**	**$1,170,282**	**$1,188,051**	**$1,271,719**	**$1,212,937**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$3,570	$3,500	$6,185	$8,299	$8,160
Electrical Supplies	$0	$0	$826	$0	$0
Grounds/Landscaping Sup.-Cap.	$5,976	$4,000	$5,850	$2,980	$0
Doors	$1,600	$0	$1,408	$775	$850
Flooring and Carpeting	$36,904	$24,000	$36,013	$19,684	$11,479
Plumbing Equipment	$0	$0	$22,315	$4,358	$2,497
HVAC Equipment	$23,256	$23,800	$16,621	$18,002	$873
Appliance Equipment	$17,460	$8,370	$18,178	$1,011	$4,928
Miscellaneous Equipment	$1,460	$5,950	$9,477	$8,750	$19,774
Windows/Glass Contracts	$0	$0	$2,504	$0	$0
Fencing Contracts	$0	$6,000	$0	$0	$0
Asphalt/Concrete Contracts	$18,500	$0	$23,460	$3,480	$0
Miscellaneous Contracts	$5,000	$0	$17,611	$43,901	$0
Total Capital Budget	**$113,726**	**$75,620**	**$160,448**	**$111,240**	**$48,561**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 2.6%.
- Market rents will be increased 1.5%, but upon turnover will be increased to the prevailing "market rate".
- Property cash flow is budgeted at $346,523.
- Capital is budgeted at $113,726.
- DSCR is 1.71.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for Montgomery Arms Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for Montgomery Arms Development Corporation by the Board of Directors.

RESOLUTION NO.: 20-002MA

RE: Montgomery Arms Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets

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

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Montgomery Arms Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Montgomery Arms Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Montgomery Arms Development Corporation at a meeting conducted on June 3, 2020.

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

The Oaks at Four Corners Development Corporation Annual Meeting

Oaks at Four Corners Development Corporation

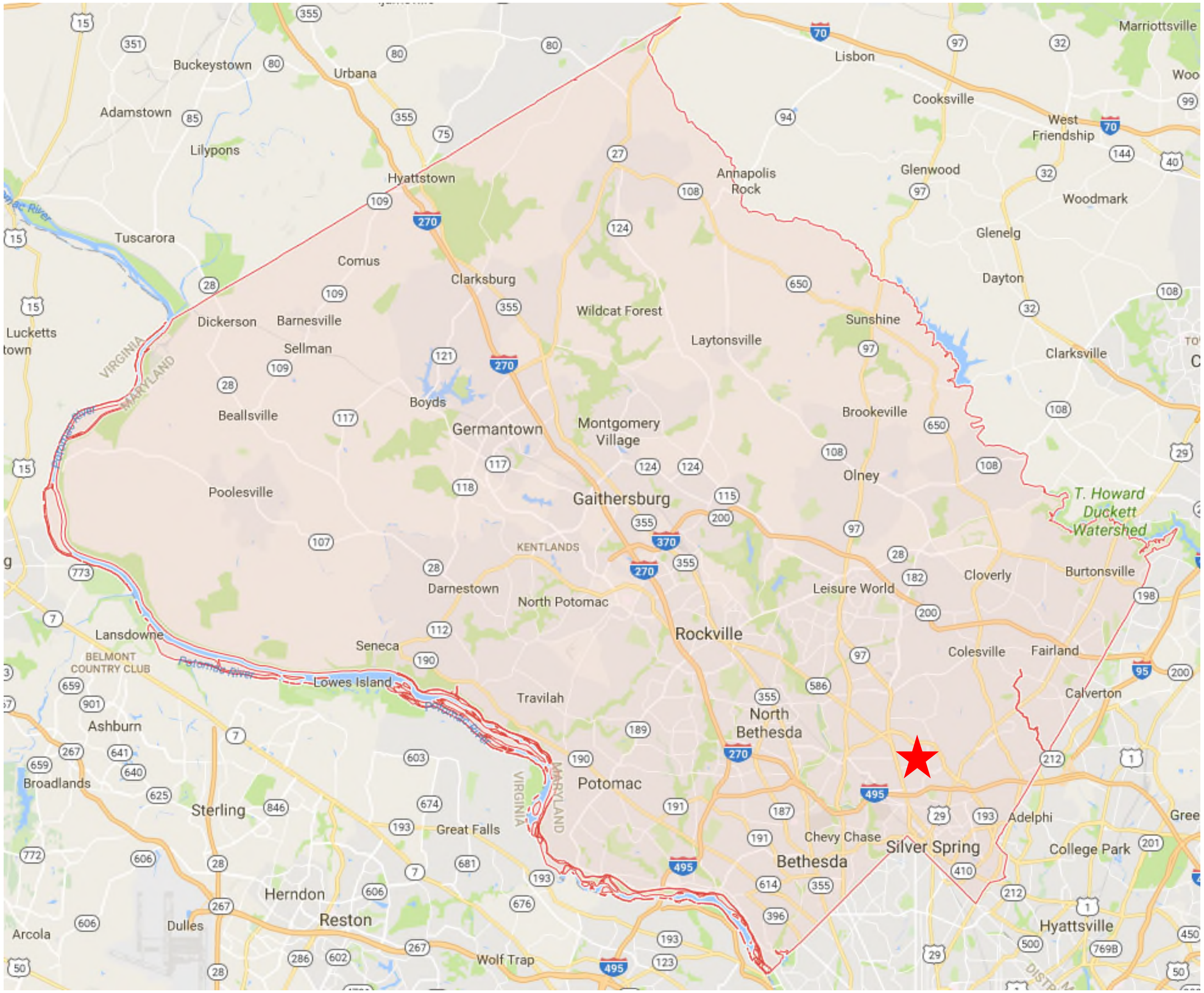
Annual Meeting and Adoption of FY 2021 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 3, 2020

Oaks at Four Corners Development Corporation



Property Snapshot:

- Located in West Silver Spring.
- Low-rise apartment community constructed in 1985 for residents 62 years of age or older.
- Community Room, Business Center, Free Parking, Outdoor Recreational Space, Pet Friendly.

Oaks at Four Corners Development Corporation – FY 2021 Overview

Background

- **August 21, 1996 -** Commission authorized the creation of The Oaks at Four Corners Corporation and passed a resolution approving the Articles of Incorporation for the Development and By-laws.

- **September 3, 1996** - The Housing Opportunities Commission (HOC) executed a Contract of Sale Agreement with the Corporation whereby the Corporation purchased the improvements known as The Oaks at Four Corners together with a ground lease.

- **December 11, 1996-** The Board of Directors for The Oaks at Four Corners Development Corporation adopted the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.

- **March 26, 1997 -** Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.

- **April 23, 1997 -** Board of Directors approved a resolution that allowed for the incorporation of The Oaks at Four Corners annual budget preparation and presentation into the HOC budget process.

- The Oaks is an apartment building for seniors, age 62 or older.

321 University Boulevard, Silver Spring, MD 20910
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
1BR	56	35	91
2BR	16	13	29
Total Units	**72**	**48**	**120**

The regulatory agreement restricts 48 units at or below 60% AMI.

Oaks at Four Corners Development Corporation – FY 2021 Update

Property Management

- The property maintained a 96.22% occupancy rate in 2019 with a strong competitive market in Silver Spring. Leasing of the units at turnover can lag due to applicants not meeting income requirements. Property received a score of 99B on its most recent REAC inspection on November 18, 2019.

Turnover	Avg. Occupancy CY 2019	Current Occupancy
6.6%	96.22%	95.83

Maintenance

- Maintenance Tickets performed during the year were:
  - Preventive Maintenance (30.38%) Turnover Work (10%), Appliance Repairs (3%), Plumbing (10.28%), HVAC (11.22%), Safety Equipment (1.9%) Electrical (7.5%), Door Repairs (1.63%), General Maintenance (22.49%)

Total Work Orders CY 2019	Average Days to Close
2218	1-2 days

Capital Improvements

- Most of the proposed capital funding is for the replacement of siding from Cedar Oaks to vinyl, Gutters and Downspouts. Replacement of elevator hydraulic system and the Replacement of Carpet/Flooring and Appliances on turns.

Redevelopment/Refinancing

- The property is in the Real Estate Development pipeline for refinance and renovation in the next 24 months.

Oaks at Four Corners Development Corporation – FY 2021 Budget Summary

Oaks at Four Corners Development Corporation

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$1,391,863**	**$1,399,315**	**$1,372,175**	**$1,366,464**	**$1,377,306**
Expenses:					
Operating - Admin	$254,054	$246,737	$193,034	$204,226	$209,605
Operating - Fees	$71,300	$70,730	$70,343	$70,167	$72,777
Tenant & Protective Services	$77,827	$76,176	$67,467	$64,214	$98,083
Taxes, Insurance & Utilities	$124,198	$109,371	$113,358	$107,377	$119,445
Ground Rent	$100	$100	$200	$0	$100
Maintenance	$285,374	$310,710	$270,838	$249,688	$246,767
Subtotal - Operating Expenses	**$812,853**	**$813,824**	**$715,240**	**$695,672**	**$746,777**
Net Operating Income (NOI)	**$579,010**	**$585,491**	**$656,935**	**$670,792**	**$630,529**
Debt Service	$280,922	$281,712	$282,813	$283,629	$284,398
Replacement Reserves	$171,996	$172,000	$171,996	$171,996	$171,996
Asset Management Fees	$128,390	$128,470	$135,670	$129,210	$90,330
Excess Cash Flow Restricted	$0	$3,309	$66,456	$85,957	$83,805
Subtotal - Expenses Below NOI	**$581,308**	**$585,491**	**$656,935**	**$670,792**	**$630,529**
NET INCOME	**($2,298)**	**$0**	**$0**	**$0**	**$0**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$6,400	$4,250	$6,610	$3,344	$4,544
Electrical Supplies	$6,572	$0	$3,531	$0	$0
Grounds/Landscaping Sup.-Cap.	$6,000	$6,000	$2,150	$0	$8,990
Windows and Glass	$0	$0	$2,267	$4,496	$0
Doors	$3,350	$2,750	$7,605	$4,668	$10,118
Flooring and Carpeting	$24,600	$22,980	$18,089	$11,196	$13,164
Miscellaneous Supplies	$0	$1,000	$0	$0	$0
Plumbing Equipment	$3,600	$2,250	$4,787	$1,133	$2,505
HVAC Equipment	$7,500	$9,760	$16,502	$7,333	$5,418
Appliance Equipment	$6,390	$5,230	$3,960	$4,907	$0
Miscellaneous Equipment	$4,200	$0	$7,920	$8,173	$4,187
Windows/Glass Contracts	$4,700	$1,650	$8,159	$1,454	$0
Roofing/Gutter Contracts	$8,000	$10,000	$40,390	$13,000	$1,970
Paint/Wallcovering Int. Cont.	$0	$0	$0	$0	$6,945
Elevator Contracts	$35,000	$0	$0	$0	$0
Fencing Contracts	$3,500	$0	$0	$0	$0
Asphalt/Concrete Contracts	$0	$10,600	$0	$0	$20,621
Miscellaneous Contracts	$70,000	$116,000	$0	$11,817	$76,341
Total Capital Budget	**$189,812**	**$192,470**	**$121,970**	**$71,521**	**$154,803**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 2.6%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- The property's $2,298 operating deficit will be funded with a draw from existing cash at the property.
- Capital is budgeted at $189,812.
- DSCR is 1.46.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for Oaks at Four Corners Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020, Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for Oaks at Four Corners Development Corporation by the Board of Directors.

RESOLUTION NO.: 20-001OC | **RE: Oaks at Four Corners Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets**

WHEREAS, the Oaks at Four Corners Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Oaks at Four Corners Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Oaks at Four Corners Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Oaks at Four Corners Development Corporation at a meeting conducted on June 3, 2020.

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

Paddington Square

Development Corporation

Annual Meeting

Paddington Square Development Corporation

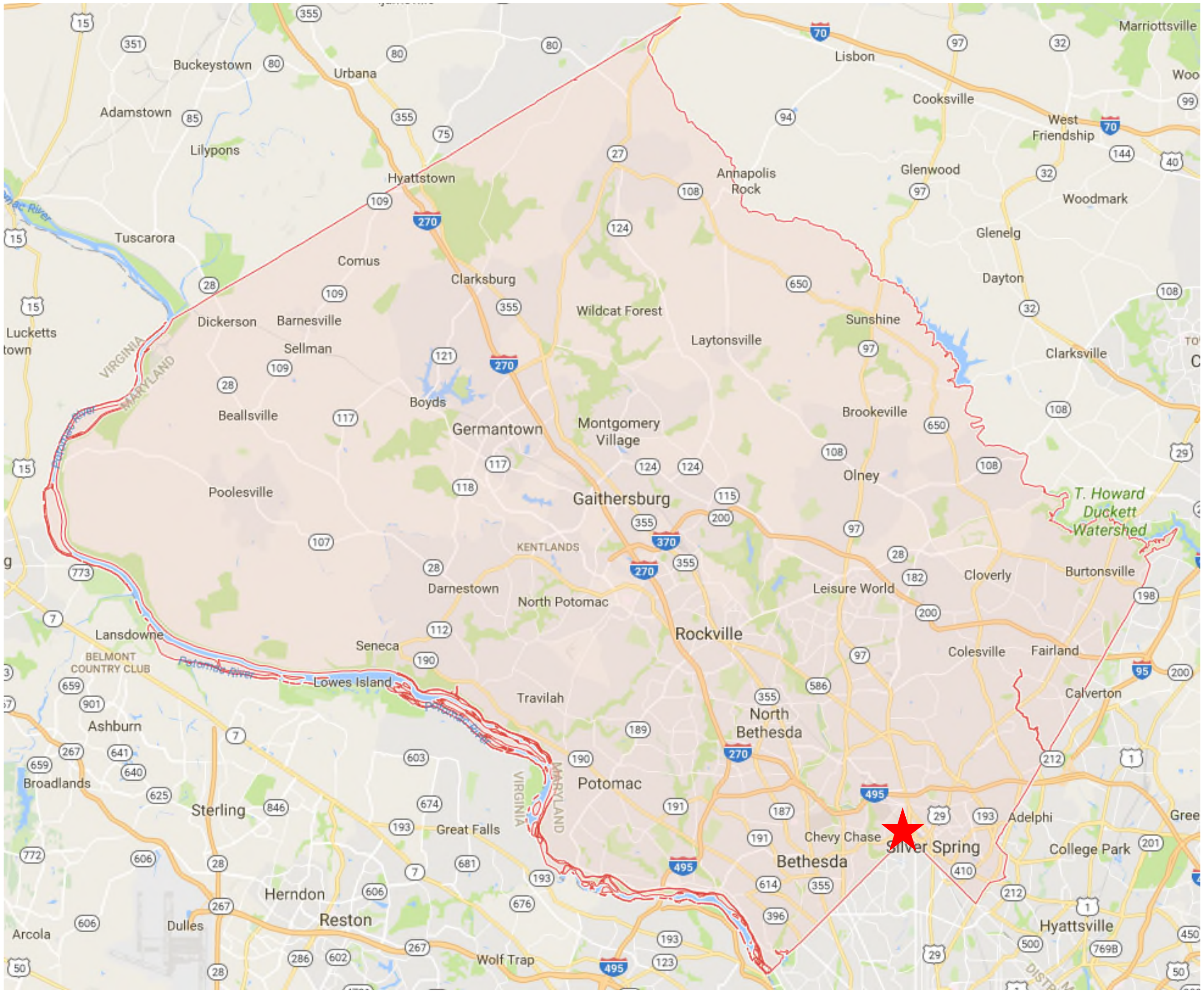
Annual Meeting and Adoption of FY 2021 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 3, 2020

Paddington Square Development Corporation



Property Snapshot:

- Located in Silver Spring.
- 165 unit garden-style apartment community constructed in 1960.
- Renovated in 2011.
- Business Center, Conference Room, Free Parking, and Swimming Pool.
- Situated on 7.94 acres in a neighborhood among single family homes and multifamily garden and high rise communities.

Paddington Square Development Corporation – FY 2021 Overview

Background

- **February 4, 2004** - The Articles of Incorporation for the Paddington Square Development Corporation approved with the purpose of acquiring, owning, operating and maintaining the Paddington Square Apartments. The Board of Directors adopted the By-laws, and final settlement for the acquisition of Paddington Square Apartments occurred on March 5, 2004.

- **December 6, 2011 -** A comprehensive renovation of Paddington Square Apartments was completed to include window replacement, masonry repairs and building façade detail, replacement of individual unit HVAC systems, redesign of the leasing office and community center with handicap accessibility, and renovation of unit interiors and common areas. Repaving of the parking areas and landscape upgrades were completed prior to the close of FY'12.

- **December 18, 2014** - With Commission approval, Paddington Square Development Corporation closed on a permanent mortgage in the amount of $20,741,700, issued by Love Funding Corporation and insured by FHA's Section 223(f) program. The mortgage has a loan term of 35 years, amortizing for 35 years, with a fixed interest rate of 3.60%. Proceeds from the $20.7 million loan funded the repayment of $20 million in debt to HOC's PNC Bank Line of Credit, HOC's OHRF, HOC's County Revolving Fund, and DHCA's Housing Initiative Fund.

- Residential One (formerly Equity Management) has managed the property since its selection in 2013. HOC staff has responsibility for the maintenance of the property.

- Paddington Square consists of 165 units which are distributed as follows:
    - 67 units affordable units at or below 50%/60% of median under the County HIF program
    - 98 Market units

8800 Lanier Drive, Silver Spring, MD 20910
Manager: Residential One

Unit Mix	Market	Affordable	Total
2BR	87	65	152
3BR	11	2	13
Total Units	**98**	**67**	**165**

The regulatory agreement restricts 14 units at or below 50% AMI and 53 units at or below 60% AMI.

Paddington Square Development Corporation – FY 2021 Update

Property Management

- With its close proximity to downtown Silver Spring and the benefit of residents with long-term tenancy, current occupancy is at 96%.
- *The property scored a 94B on its most recent REAC Inspection on January 9, 2020.*

Turnover Rate	Avg. Occupancy FY 2019	Current Occupancy
15%	98%	97%

Maintenance

- The largest volume of work tickets was for plumbing (24%), followed by appliances (16%), electrical (15%),

Total Work Orders FY 2019	Average Days to Close
1,284	2

Capital Improvements

- Capital replacements are done at unit turnover as needed; which include appliances, carpet/flooring replacements, cabinets and countertops.

Redevelopment/Refinancing

- Discussions have started regarding refinancing for Paddington Square.

Paddington Square Development Corporation – FY 2021 Budget Summary

Paddington Square Development Corporation

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$2,969,584**	**$2,981,416**	**$2,932,599**	**$2,927,005**	**$2,897,877**
Expenses:					
Operating - Admin	$274,596	$312,306	$303,351	$254,748	$271,424
Operating - Fees	$96,851	$94,115	$98,314	$97,418	$99,104
Tenant & Protective Services	$48,764	$47,818	$45,072	$28,072	$26,991
Taxes, Insurance & Utilities	$269,473	$249,824	$251,954	$221,000	$247,295
Maintenance	$563,121	$555,742	$539,423	$465,464	$482,884
Subtotal - Operating Expenses	**$1,252,805**	**$1,259,805**	**$1,238,114**	**$1,066,702**	**$1,127,698**
Net Operating Income (NOI)	**$1,716,779**	**$1,721,611**	**$1,694,485**	**$1,860,303**	**$1,770,179**
Debt Service	$1,127,631	$1,132,948	$1,132,326	$1,133,662	$1,150,992
Replacement Reserves	$57,744	$57,750	$57,750	$57,750	$57,750
Asset Management Fees	$104,470	$104,470	$104,470	$104,970	$104,970
Development Corporation Fees	$426,934	$426,443	$392,252	$429,178	$456,467
Excess Cash Flow Restricted	$0	$0	$7,687	$134,743	$0
Subtotal - Expenses Below NOI	**$1,716,779**	**$1,721,611**	**$1,694,485**	**$1,860,303**	**$1,770,179**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$10,032	$10,032	$9,289	$15,454	$12,505
Electrical Supplies	$0	$4,020	$0	$0	$0
Appliance Supplies	$14,748	$14,748	$13,365	$0	$0
Plumbing Supplies	$0	$0	$0	$436	$0
Cleaning/Janitorial Supplies	$0	$0	$0	$0	$1,231
Grounds/Landscaping Sup.-Cap.	$4,000	$4,000	$1,800	$0	$0
Windows and Glass	$0	$0	$0	$0	$116
Doors	$4,500	$4,500	$4,501	$1,056	$36
Roofing Materials	$3,600	$10,020	$3,460	$0	$0
Flooring and Carpeting	$0	$0	$10,309	$0	$0
Miscellaneous Supplies	$12,000	$12,504	$12,056	$9,757	$9,389
Plumbing Equipment	$16,200	$0	$0	$0	$0
Appliance Equipment	$0	$0	$0	$3,071	$0
Plumbing Contracts	$0	$0	$15,922	$18,900	$0
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$945	$0
Windows/Glass Contracts	$0	$0	$0	$545	$0
HVAC Contracts	$7,800	$7,800	$3,250	$0	$2,800
Flooring/Carpet Contracts	$36,000	$31,200	$34,113	$37,681	$33,261
Fencing Contracts	$0	$0	$0	$3,487	$0
Swimming Pool Contracts	$0	$0	$0	$5,339	$4,670
Asphalt/Concrete Contracts	$0	$0	$14,283	$9,823	$0
Total Capital Budget	**$108,880**	**$98,824**	**$122,348**	**$106,494**	**$64,008**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 2.6.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $426,934.
- Capital is budgeted at $108,880.
- DSCR is 1.47.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for Paddington Square Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for Paddington Square Development Corporation by the Board of Directors.

RESOLUTION NO.: 20-001PS

RE: Paddington Square Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets

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

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Paddington Square Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Paddington Square Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Paddington Square Development Corporation at a meeting conducted on June 3, 2020.

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

Pooks Hill

Development Corporation

Annual Meeting

Pooks Hill Development Corporation

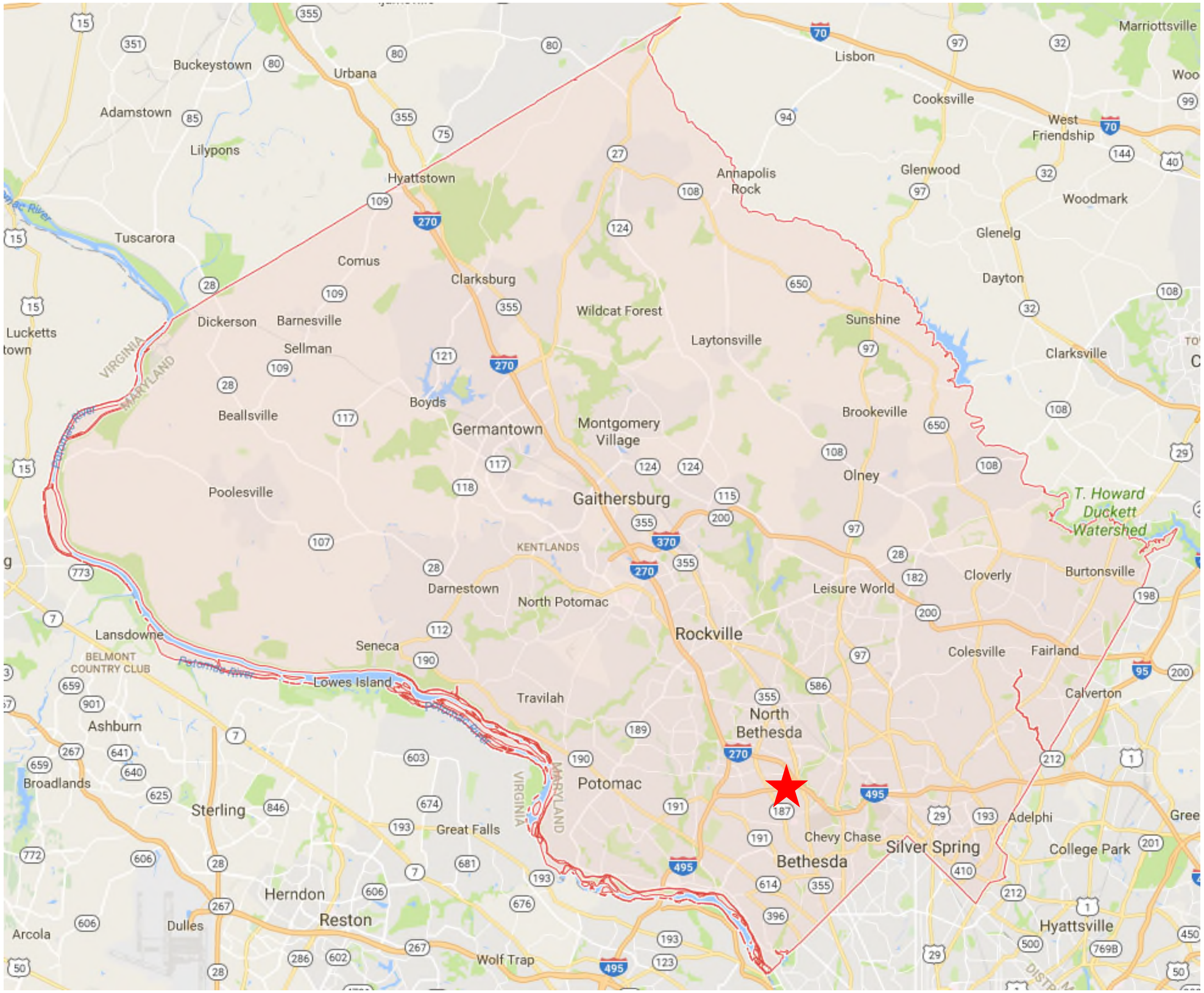
Annual Meeting and Adoption of FY 2021 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 3, 2020

Pooks Hill Development Corporation



Property Snapshot:

- Located in Bethesda.
- 189 unit high-rise building.
- Constructed in 1946 as the first high rise building in Montgomery County.
- Renovations completed in 2011.
- Controlled Access Building, Free Onsite Parking , Spacious Floor Plans, Ten-Foot Ceilings, Shared Pool with Pooks Hill Court.

Pooks Hill Development Corporation – FY 2021 Overview

Background

- **1992** - HOC purchased Pooks Hill Apartments through the issuance of tax-exempt fixed rate bonds. When the Commission constructed the Pooks Hill midrise development, it created a land condominium dividing the parcel of land on Pooks Hill Road into two condominium units. This allowed for separate ownership and financing of the high rise building on one parcel and the midrise on another. When the Commission determined to renovate the Pooks Hill high rise, it authorized the creation of Pooks Hill Development Corporation to provide a separate single purpose entity to own that land condominium unit.

- **June 2006 thru May 2010** - The property received multi-phased renovations substantially renovating unit interiors, common areas and upgrading and replacing major building systems. However, current finishes are not competitive with other class B properties in the submarket.

- **October – December 2012** - the Articles of Incorporation for the Pooks Hill Development Corporation were approved by the Maryland Department of Assessments and Taxation. At its meeting on December 5, 2012, the Board of Directors and officers were elected and the By-laws were adopted. Financing completed with FHA Risk Sharing insurance provided a loan of $18,200,000 to assist with renovation costs, pay off outstanding debt and permanently finance the property over 30 years.

- **2013** - Exterior repairs and site work continued involving landscaping to address water flow across the property and replacement of the front steps to the building to remediate water infiltration.

3 Pooks Hill Road, Bethesda, MD 20814
Manager: Vantage/Edgewood Management

Unit Mix	Market	Affordable	Total
Studio	53	2	55
1BR	46	51	97
2BR	21	16	37
Total Units	**120**	**69**	**189**

The regulatory agreement restricts 5 units at or below 30% AMI, 57 units at or below 50% AMI, 7 units at or below 60% AMI, and 57 units workforce housing between 80% and 120% of AMI.

Pooks Hill Development Corporation – FY 2021 Update

Property Management

- Staff are working to maintain occupancy in a highly competitive submarket. Occupancy is stable and is typically maintained at or above 97%.

Turnover Rate	Avg. Occupancy CY 2019	Current Occupancy
33%	98%	97%

Maintenance

- The largest volume of work tickets was for unit turnovers, following by appliances and plumbing repairs.

Total Work Orders CY 2019	Average Days to Close
1574	7

Capital Improvements

- Capital replacements are completed at unit turnover or as needed. During 2019, the reserve was primarily used for flooring, plumbing, and HVAC replacements.

Redevelopment/Refinancing

- There are currently no plans underway for redevelopment or refinancing for Pooks Hill Tower.

Pooks Hill Development Corporation – FY 2021 Budget Summary

Pooks Hill High-rise Development Corporation

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$2,896,057**	**$2,889,910**	**$2,903,352**	**$2,835,491**	**$2,788,457**
Expenses:					
Operating - Admin	$277,034	$275,155	$293,027	$247,671	$307,895
Operating - Fees	$123,442	$136,991	$123,146	$120,732	$118,333
Tenant & Protective Services	$13,604	$10,528	$3,462	$11,712	$7,242
Taxes, Insurance & Utilities	$221,770	$214,701	$193,039	$191,197	$190,635
Maintenance	$322,928	$340,690	$313,468	$376,099	$337,373
Subtotal - Operating Expenses	**$958,778**	**$978,065**	**$926,142**	**$947,411**	**$961,478**
Net Operating Income (NOI)	**$1,937,279**	**$1,911,845**	**$1,977,210**	**$1,888,080**	**$1,826,979**
Debt Service	$1,022,162	$1,024,453	$1,026,668	$1,028,814	$1,030,893
Replacement Reserves	$171,492	$166,380	$161,533	$161,533	$156,828
Asset Management Fees	$202,210	$202,340	$213,680	$203,510	$142,270
Loan Management Fees	$45,504	$45,504	$45,500	$45,500	$45,500
Development Corporation Fees	$495,911	$473,168	$529,829	$448,723	$451,488
Subtotal - Expenses Below NOI	**$1,937,279**	**$1,911,845**	**$1,977,210**	**$1,888,080**	**$1,826,979**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$3,200	$0	$0	$0	$4,197
Windows and Glass	$0	$0	$0	$0	$477
Doors	$0	$0	$114	$0	$2,116
Flooring and Carpeting	$15,000	$36,000	$35,263	$20,563	$15,123
Plumbing Equipment	$13,000	$12,000	$15,862	$32,012	$21,890
HVAC Equipment	$6,000	$5,000	$13,297	$5,791	$21,350
Appliance Equipment	$0	$0	$1,059	$5,026	$1,572
Miscellaneous Equipment	$0	$0	$3,773	$951	$0
Windows/Glass Contracts	$0	$0	$114	$0	$0
Flooring/Carpet Contracts	$65,000	$0	$0	$0	$0
Paint/Wallcovering Int. Cont.	$55,000	$0	$0	$0	$0
Asphalt/Concrete Contracts	$0	$500,000	$3,500	$37,828	$12,695
Miscellaneous Contracts	$0	$0	$5,874	$820	$150,735
Security System	$40,000	$0	$0	$0	$0
Total Capital Budget	**$197,200**	**$553,000**	**$78,856**	**$102,991**	**$230,155**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive’s voluntary rent guideline is 2.6%.
- Market rents will be increased 1.5%, but upon turnover will be increased to the prevailing “market rate”.
- Property cash flow is budgeted at $495,911.
- Capital is budgeted at $197,200.
- DSCR is 1.65.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for Pooks Hill Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for Pooks Hill Development Corporation by the Board of Directors.

RESOLUTION NO.: 20-002PH | **RE: Pooks Hill Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets**

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

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Pooks Hill Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Pooks Hill Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Pooks Hill Development Corporation at a meeting conducted on June 3, 2020.

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

RAD 6 Development Corporation Annual Meeting

RAD 6 Development Corporation

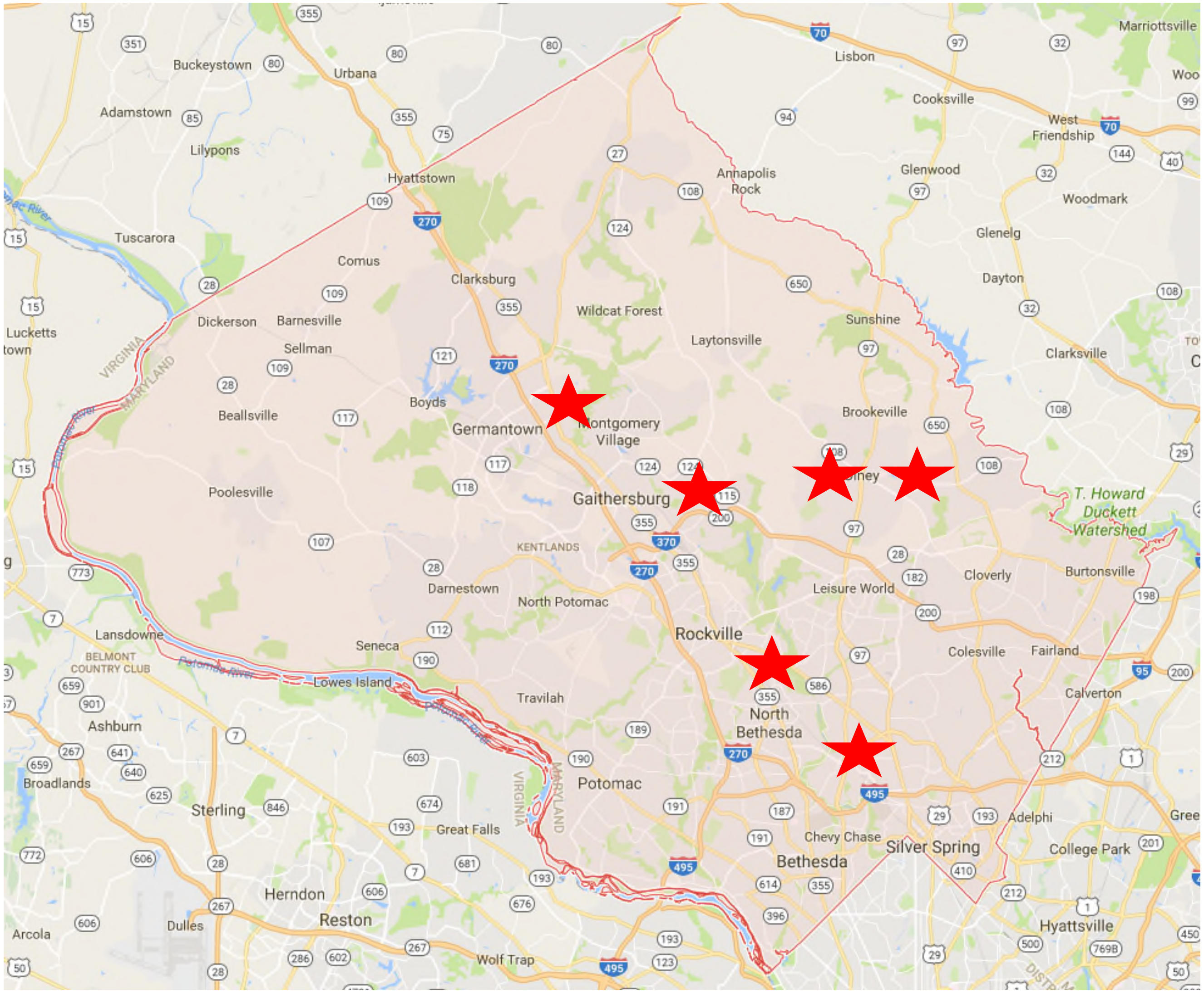
Annual Meeting and Adoption of FY 2021 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 3, 2020

RAD 6 Development Corporation



Property Snapshot:

- 209 affordable units at or below 50% of the Washington Metropolitan Statistical Area Median Income (AMI) and 59 market rate units.
- Renovations, completed in 2016, included both interior and exterior upgrades to finishes. Interior renovations include the replacement of kitchen and bathroom (appliances, cabinet fixtures and finishes), flooring and painting, HVAC systems and electrical modifications.
- The exterior work included the replacement of windows, roofs, gutters and downspouts, siding, and storm water management improvements. Work was also completed on the sidewalks, stoops, fencing and concrete walks.

RAD 6 Development Corporation – FY 2021 Overview

Background

- **June 4, 2014 -** Commission authorized the creation of RAD 6 Development Corporation (the "Corporation") to own and operate Ken Gar Apartments, Parkway Woods, Sandy Spring Meadows, Towne Centre Place, Seneca Ridge, and Washington Square (collectively, the "RAD 6 Development") and approved the Articles of Incorporation.
- **August 6, 2014 -** The Board of Directors for the Development Corporation adopted By-laws which provide for the operations and functions of the Corporation, elected the seven Commissioners as the officers and incorporated the Corporation's annual budget preparation and presentation in the HOC budget process. The Commission also approved the Final Development Plan for the properties which envisioned the creation of high quality, well designed, amenity rich, energy efficient affordable housing with strong supportive services.
- **November 6, 2014** - Commission approved the Financing Plan which combined a Construction Note with a permanent mortgage insured by the Federal Housing Administration (FHA) under its Risk Sharing Program. Tax-exempt bonds were issued by HOC in the amount of $24,000,000. HOC has assumed 50% of the insurance risk.
- The 268 units in the RAD 6 Development Corporation are distributed as follows:
  - 209 affordable units at or below 50% of the area median income.
  - 59 market rate units.

Ken Gar Apartments consists of a 14-townhome cluster and five single family detached homes in the historic Ken-Gar section of Kensington. The townhomes are three buildings, two story units originally constructed in 1979. There are seven two-bedroom units, five three-bedroom units, and seven four-bedroom units.

Parkway Woods is a 24-unit townhome community located on 2.0 acres in Rockville, MD. It was constructed in 1981 and consists of four buildings with nine two-bedroom units, nine three-bedroom units and six four-bedroom units.

Sandy Spring Meadow is located on 14.2 acres in Sandy Spring, MD. It was originally constructed in 1980 and is a 55-unit community consisting of 25 townhomes and 30 single family homes. All townhomes have two bedrooms and the single family homes have three or four bedrooms.

Towne Centre Place is a 49-unit townhome community located in Olney. The property was built in 1986 and consists of 14 one-bedroom units, 20 two-bedroom units, and 15 three-bedroom units. This community is on a 6.5 acre site.

Seneca Ridge is a 71-unit townhome community located in Germantown. It has two one-bedroom units, nine two-bedroom units, 40 three-bedroom units and 20 four-bedroom units. This community was constructed in 1970 and underwent renovations in 2008. It is located on 8.5 acres and is principally located at Scenery Drive in Germantown, MD.

Washington Square is a 50-unit townhome community consisting of 10 two-bedroom units, 32 three-bedroom units, and eight four-bedroom units originally constructed in 1968 and renovated in 2002. It is located on 4.08 acres in Gaithersburg, MD.

RAD 6 Development Corporation – FY 2021 Overview

Property Management

- The two properties with the most market rate units, Seneca Ridge (16 units) and Washington Square (30 units), have the lowest average occupancy. It has been difficult to attract market rate renters to these properties, particularly as they are in less desirable submarkets relative to other RAD 6 properties. Offering concessions at Washington Square is typically needed to fill vacancies.

Property	Annual Turnover CY 2019	Avg. Occupancy CY 2019	Current Occupancy
Washington Square	44%	90%	81%
Seneca Ridge	17%	92%	99%
Ken Gar	0%	100%	100%
Parkway Woods	4%	97%	96%
Towne Centre Place	20%	96%	100%
Sandy Spring Meadows	7%	98%	100%
Total	**18%**	**95%**	**96%**

Maintenance

- The largest volume of work order tickets was for appliance, plumbing, inspection, and unit turnover repairs. Completion times are two to three times longer than industry standard.
- HOC maintenance staff recently determined that flooring and appliance upgrades made in 2016 are deteriorating and need replacement.

Property	Annual Work Orders CY 2019	Avg. Days to Close
Washington Square	600	16
Seneca Ridge	672	16
Ken Gar	84	9
Parkway Woods	175	14
Towne Centre Place	300	25
Sandy Spring Meadows	492	19
Total	**2,393**	**16**

Capital Improvements

- The replacement reserve was primarily used for flooring and appliance replacements in 2019.

Redevelopment/Refinancing

- The property completed renovation work in 2016 and no further redevelopment or refinancing is being considered at this time.

RAD 6 Development Corporation – FY 2021 Budget Summary – Ken Gar

RAD 6: Ken Gar

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$256,487**	**$256,389**	**$264,983**	**$247,507**	**$238,377**
Expenses:					
Operating - Admin	$21,950	$27,613	$38,836	$22,266	$10,882
Operating - Fees	$9,639	$9,596	$10,238	$27,584	$25,785
Tenant & Protective Services	$6,410	$6,430	$6,292	$8,003	$7,493
Taxes, Insurance & Utilities	$18,130	$14,820	$12,518	$15,932	$17,359
Maintenance	$42,645	$44,660	$46,859	$47,195	$43,653
Subtotal - Operating Expenses	**$98,774**	**$103,119**	**$114,743**	**$120,980**	**$105,172**
Net Operating Income (NOI)	**$157,713**	**$153,270**	**$150,240**	**$126,527**	**$133,205**
Debt Service	$103,026	$103,190	$103,243	$103,501	$103,646
Replacement Reserves	$9,852	$9,282	$9,288	$9,012	$8,751
Asset Management Fees	$18,470	$18,070	$0	$0	$0
Development Corporation Fees	$26,365	$0	$0	$0	$0
Excess Cash Flow Restricted	$0	$22,728	$37,709	$0	$0
Subtotal - Expenses Below NOI	**$157,713**	**$153,270**	**$150,240**	**$112,513**	**$112,397**
NET INCOME	**$0**	**$0**	**$0**	**$14,014**	**$20,808**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Plumbing Supplies	$0	$0	$0	$17	$0
HVAC Equipment	$0	$0	$1,736	$0	$0
Appliance Equipment	$1,500	$1,500	$1,314	$1,750	$0
Electrical Contracts	$0	$0	$0	$1,765	$0
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$0	$130
HVAC Contracts	$0	$2,500	$0	$0	$0
Flooring/Carpet Contracts	$5,000	$2,000	$0	$0	$0
Snow Removal Contracts	$0	$0	$0	$3,276	$7,293
Total Capital Budget	**$6,500**	**$6,000**	**$3,050**	**$6,808**	**$7,423**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 2.0%; the County Executive’s voluntary rent guideline is 2.6%.
- Market rents will be increased by 2.0% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at $26,365.
- Capital is budgeted at $6,500.
- DSCR is 1.44.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2021 Budget Summary – Parkway Woods

RAD 6: Parkway Woods

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$319,973**	**$316,192**	**$319,433**	**$292,629**	**$285,765**
Expenses:					
Operating - Admin	$36,483	$33,526	$61,942	$31,313	$24,315
Operating - Fees	$11,259	$11,377	$4,182	$26,587	$27,085
Tenant & Protective Services	$7,440	$7,140	$6,677	$4,239	$6,146
Taxes, Insurance & Utilities	$26,079	$21,115	$18,849	$17,871	$22,905
Maintenance	$67,556	$71,654	$69,649	$66,329	$56,919
Subtotal - Operating Expenses	**$148,817**	**$144,812**	**$161,299**	**$146,339**	**$137,370**
Net Operating Income (NOI)	**$171,156**	**$171,380**	**$158,134**	**$146,290**	**$148,395**
Debt Service	$116,518	$116,703	$116,882	$117,054	$117,219
Replacement Reserves	$12,444	$11,725	$11,724	$11,384	$11,052
Asset Management Fees	$23,330	$22,830	$0	$0	$0
Development Corporation Fees	$18,864	$0	$0	$0	$0
Excess Cash Flow Restricted	$0	$20,122	$29,528	$0	$0
Subtotal - Expenses Below NOI	**$171,156**	**$171,380**	**$158,134**	**$128,438**	**$128,271**
NET INCOME	**$0**	**$0**	**$0**	**$17,852**	**$20,124**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Plumbing Supplies	$0	$0	$0	$179	$0
Doors	$0	$10,000	$0	$0	$2,328
Appliance Equipment	$2,040	$2,016	$2,896	$0	$0
Appliance Contracts	$0	$3,600	$0	$0	$250
HVAC Contracts	$0	$6,000	$0	$0	$0
Flooring/Carpet Contracts	$3,000	$6,000	$2,244	$0	$1,743
Paint/Wallcovering Int. Cont.	$0	$0	$220,160	$0	$0
Fencing Contracts	$20,000	$0	$0	$0	$0
Miscellaneous Contracts	$0	$2,500	$0	$0	$0
Security System	$20,000	$0	$0	$0	$0
Total Capital Budget	**$45,040**	**$30,116**	**$225,300**	**$179**	**$4,321**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 2.6%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $18,864.
- Capital is budgeted at $45,040.
- DSCR is 1.36.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2021 Budget Summary – Sandy Spring Meadow

RAD 6: Sandy Spring Meadow

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$681,401**	**$706,335**	**$676,641**	**$607,291**	**$573,204**
Expenses:					
Operating - Admin	$77,591	$75,062	$87,377	$78,245	$48,269
Operating - Fees	$25,908	$26,881	$29,561	$79,403	$72,997
Tenant & Protective Services	$11,980	$12,820	$11,632	$11,523	$13,420
Taxes, Insurance & Utilities	$50,707	$42,396	$38,183	$40,705	$48,003
Maintenance	$170,705	$142,826	$144,262	$124,216	$104,755
Subtotal - Operating Expenses	**$336,891**	**$299,985**	**$311,015**	**$334,092**	**$287,444**
Net Operating Income (NOI)	**$344,510**	**$406,350**	**$365,626**	**$273,199**	**$285,760**
Debt Service	$260,495	$260,913	$261,314	$261,699	$262,066
Replacement Reserves	$28,512	$26,870	$26,868	$26,088	$25,329
Asset Management Fees	$53,470	$52,310	$0	$0	$0
Development Corporation Fees	$2,033	$0	$0	$0	$0
Excess Cash Flow Restricted	$0	$66,257	$77,439	$0	$0
Subtotal - Expenses Below NOI	**$344,510**	**$406,350**	**$365,621**	**$287,787**	**$287,395**
NET INCOME	**$0**	**$0**	**$5**	**($14,588)**	**($1,635)**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Electrical Supplies	$0	$0	$209	$21	$0
Plumbing Supplies	$0	$0	$26	$17	$0
Windows and Glass	$0	$0	$30	$0	$0
Hardware Supplies	$0	$0	$113	$0	$0
Flooring and Carpeting	$3,090	$3,000	$0	$0	$0
Miscellaneous Supplies	$0	$0	$125	$421	$0
Electrical Equipment	$0	$0	$0	$0	$1,934
Plumbing Equipment	$1,546	$1,500	$0	$0	$0
HVAC Equipment	$0	$0	$19	$0	$0
Appliance Equipment	$2,319	$3,000	$3,265	$1,377	$0
Plumbing Contracts	$1,545	$1,500	$1,200	$1,300	$0
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$0	$2,326
HVAC Contracts	$0	$1,500	$0	$0	$0
Flooring/Carpet Contracts	$3,000	$1,500	$0	$1,393	$2,479
Paint/Wallcovering Int. Cont.	$0	$0	$0	$425	$0
Asphalt/Concrete Contracts	$10,000	$0	$0	$0	$0
Total Capital Budget	**$21,500**	**$12,000**	**$4,987**	**$4,954**	**$6,739**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $2,033.
- Capital is budgeted at $21,500.
- DSCR is 1.21.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2021 Budget Summary – Town Centre Place

RAD 6: Towne Centre Place

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$559,056**	**$564,938**	**$570,113**	**$542,502**	**$519,275**
Expenses:					
Operating - Admin	$68,988	$71,475	$81,157	$69,438	$74,746
Operating - Fees	$22,196	$22,900	$25,488	$70,963	$65,041
Tenant & Protective Services	$11,176	$11,934	$11,133	$10,774	$11,522
Taxes, Insurance & Utilities	$46,132	$33,687	$37,774	$27,375	$37,813
Maintenance	$162,749	$114,080	$152,069	$109,531	$97,957
Subtotal - Operating Expenses	**$311,241**	**$254,076**	**$307,621**	**$288,081**	**$287,079**
Net Operating Income (NOI)	**$247,815**	**$310,862**	**$262,492**	**$254,421**	**$232,196**
Debt Service	$174,622	$174,982	$175,205	$175,461	$175,708
Replacement Reserves	$25,392	$23,939	$23,940	$23,242	$22,560
Asset Management Fees	$47,640	$46,600	$0	$0	$0
Development Corporation Fees	$161	$0	$0	$0	$0
Excess Cash Flow Restricted	$0	$65,341	$63,347	$0	$0
Subtotal - Expenses Below NOI	**$247,815**	**$310,862**	**$262,492**	**$198,703**	**$198,268**
NET INCOME	**$0**	**$0**	**$0**	**$55,718**	**$33,928**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Plumbing Supplies	$0	$0	$0	$90	$0
Doors	$0	$0	$0	$0	$990
Plumbing Equipment	$0	$0	$0	$0	$550
HVAC Equipment	$4,120	$8,000	$0	$0	$1,545
Appliance Equipment	$2,060	$2,000	$1,173	$2,723	$0
Electrical Contracts	$0	$0	$0	$0	$452
Plumbing Contracts	$0	$0	$1,800	$1,800	$475
Flooring/Carpet Contracts	$2,880	$2,004	$0	$4,711	$0
Asphalt/Concrete Contracts	$3,000	$0	$0	$3,775	$0
Miscellaneous Contracts	$0	$0	$0	$0	$640
Security System	$15,000	$0	$0	$0	$0
Total Capital Budget	**$27,060**	**$12,004**	**$2,973**	**$13,099**	**$4,652**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.0%; the County Executive’s voluntary rent guideline is 2.6%.
- Market rents will be increased by 1.0% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at $161.
- Capital is budgeted at $27,060.
- DSCR is 1.27.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2021 Budget Summary – Seneca Ridge

RAD 6: Seneca Ridge

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$1,139,408**	**$1,031,999**	**$1,038,799**	**$814,458**	**$881,689**
Expenses:					
Operating - Admin	$122,475	$126,143	$179,737	$103,718	$91,647
Operating - Fees	$30,777	$32,048	$35,883	$102,908	$100,844
Tenant & Protective Services	$19,690	$19,836	$17,237	$17,835	$16,570
Taxes, Insurance & Utilities	$249,236	$225,892	$209,098	$206,976	$227,501
Maintenance	$270,163	$204,914	$216,555	$177,355	$201,531
Subtotal - Operating Expenses	**$692,341**	**$608,833**	**$658,510**	**$608,792**	**$638,093**
Net Operating Income (NOI)	**$447,067**	**$423,166**	**$380,289**	**$205,666**	**$243,596**
Debt Service	$515,492	$516,317	$517,110	$517,869	$518,598
Replacement Reserves	$36,792	$34,682	$34,680	$33,677	$32,700
Asset Management Fees	$69,030	$67,530	$0	$0	$0
Development Corporation Fees	($174,247)	$0	$0	$0	$0
Excess Cash Flow Restricted	$0	($195,363)	($171,501)	$0	$0
Subtotal - Expenses Below NOI	**$447,067**	**$423,166**	**$380,289**	**$551,546**	**$551,298**
NET INCOME	**$0**	**$0**	**$0**	**($345,880)**	**($307,702)**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$325	$0	($190)	$436	$0
Appliance Supplies	$0	$0	($7)	$103	$0
Plumbing Supplies	$230	$0	$231	$53	$2,111
Windows and Glass	$0	$0	$360	$890	$0
Doors	$0	$0	$87	$0	$0
Hardware Supplies	$0	$0	$0	$29	$0
HVAC Supplies	$5,150	$4,539	$206	$0	$0
Flooring and Carpeting	$2,640	$2,640	$1,100	$0	$0
Plumbing Equipment	$0	$0	$0	$0	$1,637
HVAC Equipment	$0	$0	$1,180	$0	$0
Appliance Equipment	$0	$0	$10,018	$5,872	$0
Appliance Contracts	$0	$0	$0	$0	$419
Plumbing Contracts	$0	$0	$10,000	$575	$0
Grounds/Landscaping Contr-Cap.	$10,000	$0	$0	$11,900	$0
Roofing/Gutter Contracts	$0	$0	$700	$0	$0
Flooring/Carpet Contracts	$15,000	$12,240	$30,642	$22,813	$6,479
Paint/Wallcovering Int. Cont.	$0	$0	($855)	$855	$0
Asphalt/Concrete Contracts	$0	$3,000	$650	$0	$0
Miscellaneous Contracts	$0	$0	$0	$0	$250
Total Capital Budget	**$33,345**	**$22,419**	**$54,122**	**$43,526**	**$10,896**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive’s voluntary rent guideline is 2.6%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at ($174,247).
- Capital is budgeted at $33,345.
- DSCR is 0.80.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2021 Budget Summary – Washington Square

RAD 6: Washington Square

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$827,834**	**$815,079**	**$743,472**	**$726,747**	**$816,200**
Expenses:					
Operating - Admin	$85,212	$72,031	$97,877	$190,352	$82,642
Operating - Fees	$24,522	$25,046	$26,407	$74,109	$67,877
Tenant & Protective Services	$10,900	$12,480	$13,232	$16,772	$13,076
Taxes, Insurance & Utilities	$88,086	$72,098	$84,404	$71,569	$62,778
Maintenance	$200,711	$133,723	$164,023	$146,424	$116,664
Subtotal - Operating Expenses	**$409,431**	**$315,378**	**$385,943**	**$499,226**	**$343,037**
Net Operating Income (NOI)	**$418,403**	**$499,701**	**$357,529**	**$227,521**	**$473,163**
Debt Service	$335,073	$335,609	$336,125	$336,619	$337,092
Replacement Reserves	$25,920	$24,427	$24,427	$23,716	$23,022
Asset Management Fees	$48,610	$47,560	$0	$0	$0
Development Corporation Fees	$8,800	$0	$0	$0	$0
Excess Cash Flow Restricted	$0	$92,105	($3,023)	$0	$0
Subtotal - Expenses Below NOI	**$418,403**	**$499,701**	**$357,529**	**$360,335**	**$360,114**
NET INCOME	**$0**	**$0**	**$0**	**($132,814)**	**$113,049**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$0	$115	$0
Appliance Supplies	$0	$0	$18	$0	$0
Plumbing Supplies	$0	$0	$172	$40	$0
Doors	$0	$0	$619	$0	$0
Flooring and Carpeting	$0	$0	$1,208	$0	$0
HVAC Equipment	$0	$0	$0	$1,572	$0
Appliance Equipment	$4,000	$1,500	$6,425	$4,070	$0
Miscellaneous Equipment	$4,000	$0	$0	$0	$0
Electrical Contracts	$0	$0	$575	$0	$0
Appliance Contracts	$0	$0	$0	$0	$225
Plumbing Contracts	$0	$0	$0	$0	$4,905
Flooring/Carpet Contracts	$10,500	$9,000	$9,767	$6,167	$0
Total Capital Budget	**$18,500**	**$10,500**	**$18,784**	**$11,964**	**$5,130**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 2.0%; the County Executive's voluntary rent guideline is 2.6%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $8,800.
- Capital is budgeted at $18,500.
- DSCR is 1.17.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RESOLUTION NO.: 20-001RD6 **RE: Rad 6 Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets**

WHEREAS, the Rad 6 Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Rad 6 Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Rad 6 Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Rad 6 Development Corporation at a meeting conducted on June 3, 2020.

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

Scattered Site One

Development Corporation

Annual Meeting

SCATTERED SITE ONE DEVELOPMENT CORPORATION

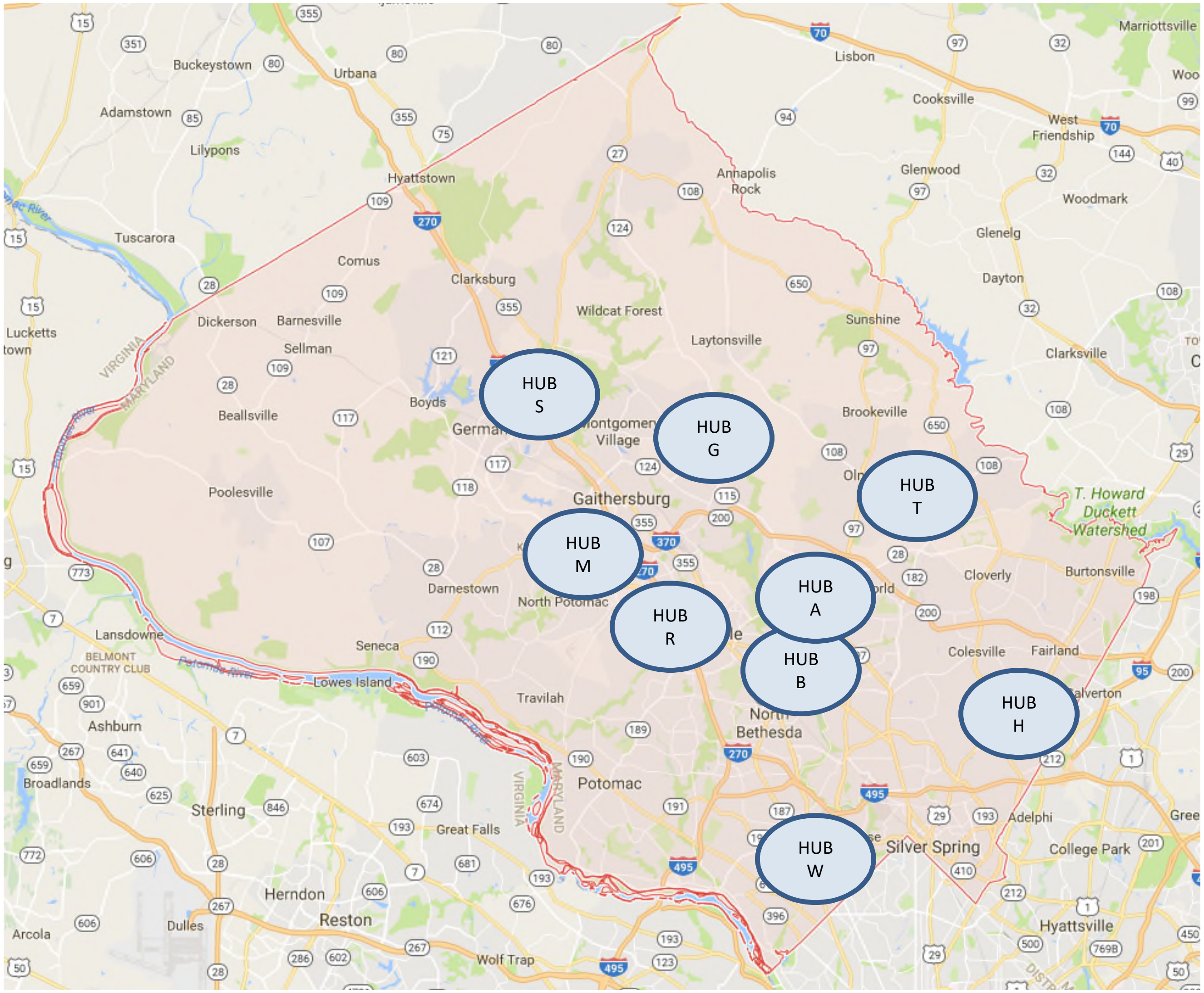
ANNUAL MEETING AND ADOPTION OF FY 2021 OPERATING & CAPITAL BUDGETS

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 3, 2020

Scattered Site One Development Corporation



Property Snapshot:

- 190 units scattered across nine HUBs throughout Montgomery County.
- Scattered site units that include condominiums, townhomes and single family homes, ranging from one to four bedrooms. Amenities are specific to the unit and the community.
- The age of the properties in Scattered Site One Development Corporation range from 1987 to 2012. A revised renovation plan will be brought forward for Commission approval by the Corporation in FY 2020 as funding permits.

Scattered Site One Development Corporation – FY 2021 Overview

Background

- **October 5, 2011 -** The Housing Opportunities Commission (HOC) authorized the establishment of Scattered Site One Development Corporation, a wholly-controlled corporate instrumentality and passed a resolution approving the Articles of Incorporation.
- **November 2, 2011** - The Board adopted the By-laws and elected Directors. The 190 scattered site units were transferred to Scattered Site One Development Corporation.
- **July 2012** – The Scattered Site One Development Corporation was financed with a loan in the amount of $9,200,000 and secured by a note and deed of trust credit with mortgage insurance under the FHA Risk Sharing Program.
- **February 2013** - A comprehensive renovation plan of Scattered Site One began. Depending on need, renovations included roof and window replacements, painting and re-carpeting, new kitchen and bath upgrades and new energy efficient appliances. The renovation plan, established before the Commission created its new renovation standards, was determined to be inadequate in its scope and only approximately 25% of the units were renovated. Staff suspended renovations and reconfigured the standards so that the remaining units could be completed in a similar fashion as VPC One and Two.
- Scattered Site One Development Corporation consists of 190 units, which are distributed as follows:

Unit Mix	Market	Affordable	Total
1BR	4	11	15
2BR	11	10	21
3BR	50	92	142
4BR	0	12	12
Total Units	**65**	**125**	**190**

The regulatory agreement restricts 23 units at or below 50% AMI and 102 units at or below 60% AMI.

Scattered Site One Development Corporation – FY 2021 Overview

Property Management

- The principal challenge is aging units. Some are among the oldest in HOC's property portfolio and require significant upgrades to compete in today's rental market.

Turnover	Avg. Occupancy FY 2019	Current Occupancy
9%	89%	92%

Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (31%), plumbing (12%) and appliances (13%).

Total Work Orders FY 2019	Average Days to Close
1,970	17

Capital Improvements

- Capital replacements for appliance and flooring are done at turnover and as needed.
- Staff is developing a scope and timeline for units remaining to be renovated.

Redevelopment/Refinancing

- A renovation plan for this entity will be presented to the Commission in FY'20 as funding permits.

Scattered Site One Development Corporation – FY 2021 Budget Summary

Scattered Site One Development Corporation

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$2,686,257**	**$2,743,660**	**$2,474,673**	**$2,406,164**	**$2,474,339**
Expenses:					
Operating - Admin	$191,366	$239,476	$185,283	$180,448	$200,924
Operating - Fees	$749,162	$703,817	$748,425	$736,916	$644,071
Tenant & Protective Services	$52,402	$56,372	$52,450	$59,338	$51,813
Taxes, Insurance & Utilities	$92,448	$82,409	$84,043	$85,663	$82,338
Maintenance	$387,440	$374,856	$460,379	$483,319	$418,176
Subtotal - Operating Expenses	**$1,472,818**	**$1,456,930**	**$1,530,580**	**$1,545,684**	**$1,397,322**
Net Operating Income (NOI)	**$1,213,439**	**$1,286,730**	**$944,093**	**$860,480**	**$1,077,017**
Debt Service	$561,752	$563,030	$564,081	$565,110	$566,189
Replacement Reserves	$114,000	$114,000	$114,000	$114,000	$114,000
Loan Management Fees	$23,000	$23,000	$23,000	$23,000	$23,000
Development Corporation Fees	$514,687	$586,700	$243,012	$158,370	$373,828
Subtotal - Expenses Below NOI	**$1,213,439**	**$1,286,730**	**$944,093**	**$860,480**	**$1,077,017**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$8,619	$15,330	$9,154
Electrical Supplies	$0	$0	$767	$1,534	$6,591
Appliance Supplies	$0	$0	$255	$295	$475
Plumbing Supplies	$0	$0	$3,610	$3,950	$3,801
Cleaning/Janitorial Supplies	$0	$0	$0	$42	$4
Locks, Keys	$0	$0	$0	$0	$33
Windows and Glass	$0	$0	$875	$4,079	$4,629
Doors	$0	$0	$2,043	$791	$1,661
Roofing Materials	$0	$0	$0	$450	$0
Hardware Supplies	$0	$0	$282	$857	$3,742
HVAC Supplies	$0	$0	$25	$0	$1,210
Flooring and Carpeting	$0	$0	$1,589	$17,028	$10,403
Paint and Wallcoverings	$0	$0	$0	$0	$2,240
Miscellaneous Supplies	$0	$0	$2,332	$383	$1,033
Plumbing Equipment	$0	$0	$7,174	$0	$824
HVAC Equipment	$0	$0	$21,351	$14,221	$321
Appliance Equipment	$6,000	$7,125	$23,567	$19,929	$20,814
Electrical Contracts	$0	$0	$0	$0	$517
Appliance Contracts	$0	$0	$0	$0	$645
Plumbing Contracts	$0	$0	$4,770	$11,362	$33,405
Cleaning/Janitorial Contracts-Cap.	$0	$0	$754	$0	$150
Grounds/Landscaping Contr-Cap.	$0	$0	$1,200	$0	$0
Windows/Glass Contracts	$0	$0	$9,200	$0	$8,380
Roofing/Gutter Contracts	$27,000	$8,800	$27,961	$6,801	$4,410
HVAC Contracts	$0	$0	$4,380	$1,393	$23,538
Flooring/Carpet Contracts	$30,000	$93,000	$77,936	$30,268	$62,816
Paint/Wallcovering Int. Cont.	$0	$0	$1,400	$7,836	$3,425
Paint/Wallcovering Ext. Cont	$0	$0	$0	$725	$48
Fencing Contracts	$0	$0	$600	$0	$0
Asphalt/Concrete Contracts	$0	$0	$0	$0	$3,930
Miscellaneous Contracts	$0	$0	$4,450	$160	$3,781
Total Capital Budget	**$63,000**	**$108,925**	**$205,140**	**$137,434**	**$211,980**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive’s voluntary rent guideline is 2.6%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at $514,687.
- Capital is budgeted at $63,000.
- DSCR is 1.88.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for Scattered Site One Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for Scattered Site One Development Corporation by the Board of Directors.

RESOLUTION NO.: 20-001$_{SS1}$

RE: Scattered Site One Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets

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

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Scattered Site One Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Scattered Site One Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Scattered Site One Development Corporation at a meeting conducted on June 3, 2020.

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

Scattered Site Two

Development Corporation

Annual Meeting

Scattered Site Two Development Corporation

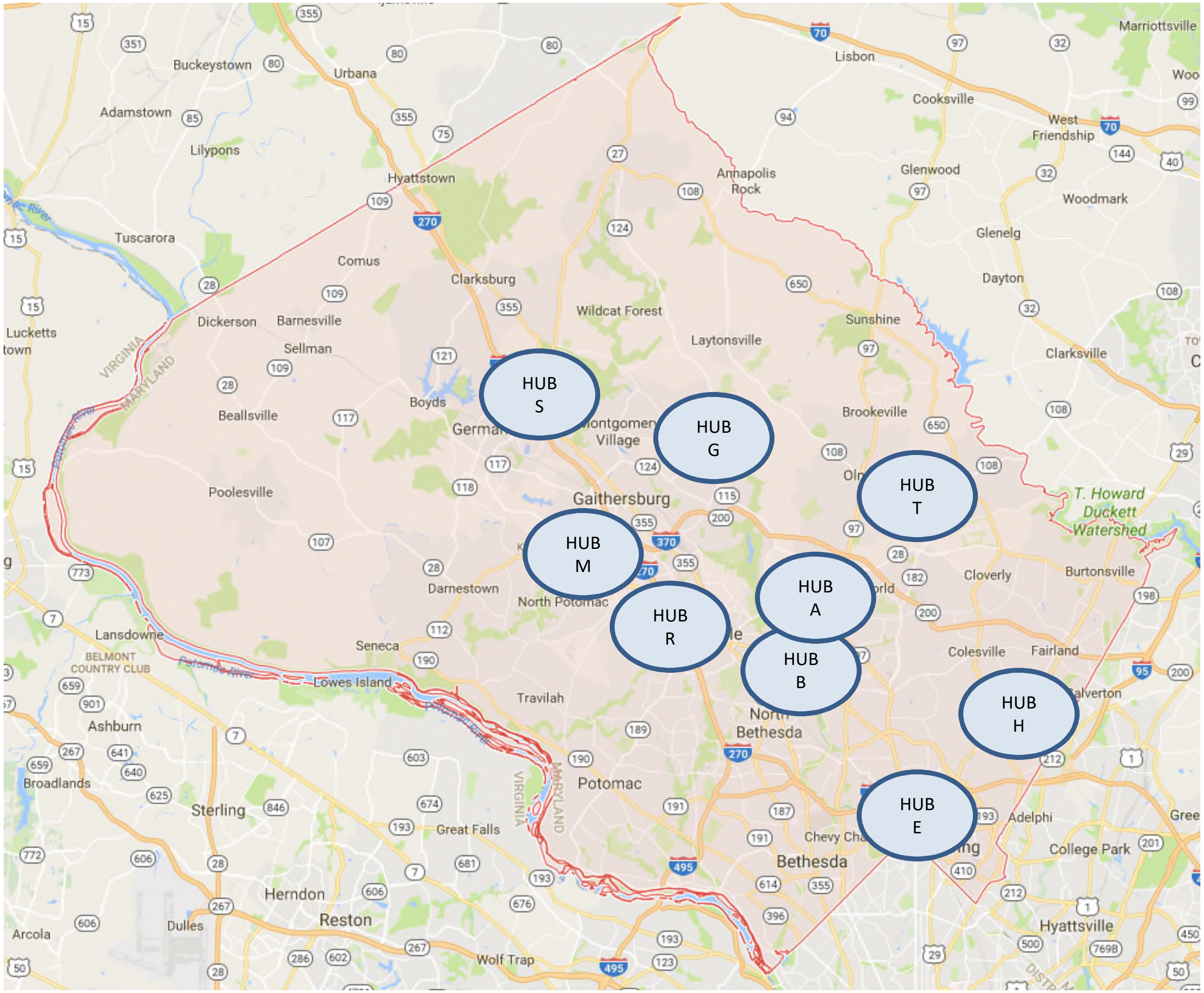
Annual Meeting and Adoption of FY 2021 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 3, 2020

Scattered Site Two Development Corporation



Property Snapshot:

- 54 units located in nine HUBs throughout Montgomery County.
- Scattered site units that include condominiums , townhomes and single family homes ranging from two to four bedrooms. Amenities are specific to the unit and the community .
- The age of the properties in Scattered Site Two Development Corporation range from 1987 to 2006. A revised renovation plan will be brought forward for Commission approval by the Corporation in FY 2021.

Scattered Site Two Development Corporation – FY 2021 Overview

Background

- **December 5, 2012 -** The Housing Opportunities Commission (HOC) authorized the establishment of Scattered Site Two Development Corporation, a wholly controlled corporate instrumentality and passed a resolution approving the Articles of Incorporation.

- **January 9, 2013 -** The Board adopted the By-laws and elected Directors. The 54 scattered site units were transferred to Scattered Site Two Development Corporation. The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process.

- **June 13, 2013** – The property was financed with a new taxable loan from PNC Bank N.A. for $4,900,000 guaranteed by HOC.

- **January – March 2014 -** A comprehensive renovation plan was put on hold to reconfigure the standards so that units could be completed in a similar fashion as the newly renovated VPC units.

- Scattered Site Two Development Corporation consists of 54 units, which are distributed as follows:

    - 16 expired Low Income Housing Tax Credit units with no extended use covenant.

    - 38 units, formerly part of MPDU 2004; eight units affordable under a County HOME loan.

Unit Mix	Market	Affordable	Total
1BR	0	3	3
2BR	2	8	10
3BR	10	26	36
4BR	3	1	4
5BR	1	0	1
Total Units	**16**	**38**	**54**

The regulatory agreement restricts 7 units at or below 40% AMI, 1 unit at or below 50% AMI, and 30 units of workforce housing between 80% and 120% of AMI.

Scattered Site Two Development Corporation – FY 2021 Overview

Property Management

- The principal challenge is aging units. Some are among the oldest in HOC's property portfolio and require significant upgrades to compete in today's rental market.

Turnover	Avg. Occupancy FY 2019	Current Occupancy
6%	91%	91%

Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (25%), appliances (17%) and plumbing (11%).

Total Work Orders FY 2019	Average Days to Close
548	17

Capital Improvements

- Capital replacements for appliance, flooring, and HVAC are done at turnover and as needed.
- Significant capital expense has been undertaken to update aging appliances and systems in these units.
- Two vacant units are scheduled to undergo comprehensive unit renovations starting in June 2020. The renovations will be funded by the County CIP program for deeply subsidized units.

Redevelopment/Refinancing

- A renovation plan for this entity will be presented to the Commission in FY2021 as funding permits.

Scattered Site Two Development Corporation – FY 2021 Budget Summary

Scattered Site Two Development Corporation

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$771,994**	**$772,532**	**$790,036**	**$710,352**	**$760,647**
Expenses:					
Operating - Admin	$48,462	$59,735	$43,371	$44,444	$43,138
Operating - Fees	$227,440	$211,051	$226,091	$212,810	$182,516
Tenant & Protective Services	$16,343	$16,713	$15,255	$16,106	$15,062
Taxes, Insurance & Utilities	$24,180	$19,422	$19,993	$21,773	$21,183
Maintenance	$104,655	$105,532	$113,444	$124,602	$95,506
Subtotal - Operating Expenses	**$421,080**	**$412,453**	**$418,154**	**$419,735**	**$357,405**
Net Operating Income (NOI)	**$350,914**	**$360,079**	**$371,882**	**$290,617**	**$403,242**
Debt Service	$268,822	$268,925	$271,994	$271,181	$271,307
Replacement Reserves	$74,400	$74,400	$74,400	$74,400	$74,400
Development Corporation Fees	$7,692	$16,754	$0	$0	$2,503
Excess Cash Flow Restricted	$0	$0	$25,488	$0	$55,032
Subtotal - Expenses Below NOI	**$350,914**	**$360,079**	**$371,882**	**$345,581**	**$403,242**
NET INCOME	**$0**	**$0**	**$0**	**($54,964)**	**$0**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$504	$1,000	$0	$6,854	($209)
Electrical Supplies	$0	$0	$226	$63	$2,704
Appliance Supplies	$0	$0	$8	$224	$125
Plumbing Supplies	$0	$0	$433	$1,671	$2,520
Cleaning/Janitorial Supplies	$0	$0	$0	$0	$75
Windows and Glass	$0	$0	$0	$0	$317
Doors	$0	$0	$0	$3,091	$1,300
Hardware Supplies	$0	$0	$0	$92	$1,584
Flooring and Carpeting	$0	$0	$1,250	$0	$707
Miscellaneous Supplies	$0	$0	$0	$143	$488
Plumbing Equipment	$0	$0	$1,487	$640	$0
HVAC Equipment	$0	$0	$3,652	$6,808	$7,145
Appliance Equipment	$5,004	$10,000	$5,138	$6,480	$9,430
Electrical Contracts	$0	$0	$0	$1,165	$0
Appliance Contracts	$0	$0	$0	$0	$225
Plumbing Contracts	$0	$0	$1,615	$1,225	$950
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$0	$1,200
Windows/Glass Contracts	$2,496	$4,000	$0	$0	$0
Roofing/Gutter Contracts	$8,000	$9,500	$4,716	$4,974	$0
HVAC Contracts	$9,200	$16,500	$0	$0	$11,613
Flooring/Carpet Contracts	$15,000	$22,500	$5,595	$12,130	$14,022
Paint/Wallcovering Int. Cont.	$0	$0	$0	$0	$3,805
Asphalt/Concrete Contracts	$0	$0	$0	$0	$2,820
Miscellaneous Contracts	$0	$0	$0	$200	$625
Total Capital Budget	**$40,204**	**$63,500**	**$24,120**	**$45,760**	**$61,446**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive’s voluntary rent guideline is 2.6%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at $7,692.
- Capital is budgeted at $40,204.
- DSCR is 1.03.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for Scattered Site Two Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for Scattered Site Two Development Corporation by the Board of Directors.

RESOLUTION NO.: 20-001SS2

RE: Scattered Site Two Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets

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

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Scattered Site Two Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Scattered Site Two Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Scattered Site Two Development Corporation at a meeting conducted on June 3, 2020.

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

Sligo Hills

Development Corporation

Annual Meeting

Sligo Hills Development Corporation

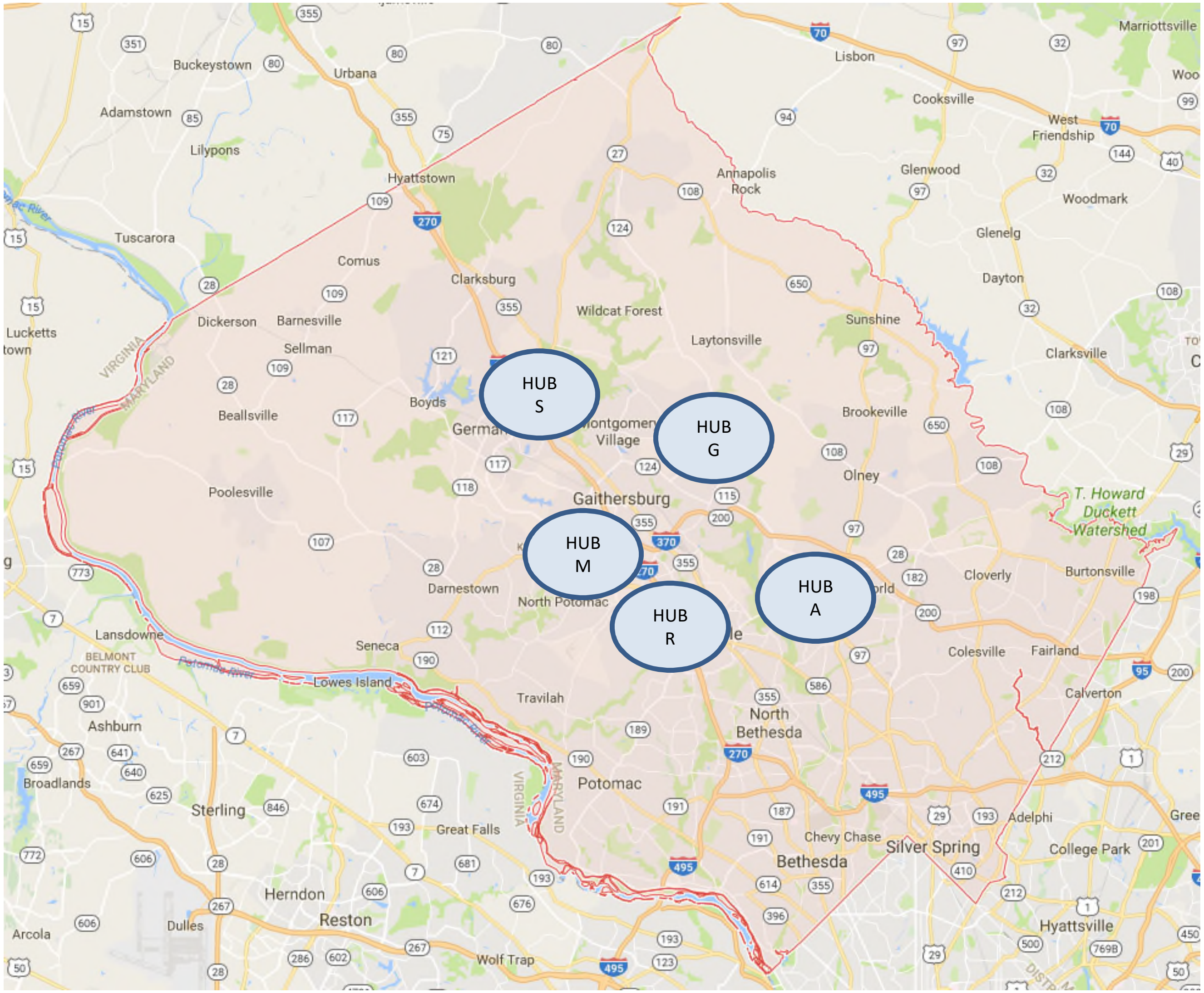
Annual Meeting and Adoption of FY 2021 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 3, 2020

Sligo Hills Development Corporation



Property Snapshot:

- 23 scattered units across five HUBs from Silver Spring to Germantown.
- 7 three-bedroom townhomes, 6 one-bedroom and 10 two-bedroom condo units.
- Affordability is 50% of AMI.
- The properties are managed by Housing Opportunities Commission with assistance from Edgewood Management.

Sligo Hills Development Corporation – FY 2021 Overview

Background

- **December 11, 1996 -** Commission authorized the creation of a wholly- controlled corporate instrumentality known as Sligo Hills Development Corporation (the "Corporation") and passed a resolution approving the Articles of Incorporation.

- **June 11, 1997 -** Board approved the purchase of Sligo Hills Apartments & MPDU III, subject to an outstanding $300,000 note to Montgomery County. The Board authorized the execution of documents to purchase the properties and the loan from HOC, and the execution of an Asset Management Agreement by and between Sligo Hills Development Corporation and HOC.

- **June 23, 1997 -** the Corporation approved a resolution which allowed for the incorporation of the Sligo Hills Development Corporation annual budget preparation, presentation and approval process into the HOC budget process.

- **August 1, 1997** - Documents signed transferring the properties from HOC to the Sligo Hills Development Corporation. The new mortgage in the amount of $3,443,568 (provided by funds obtained through the issuance of tax exempt bonds) is insured under the FHA Risk Sharing Program.

- **October 3 2012** - A newly formed LIHTC limited partnership entity, Tanglewood and Sligo LP, was approved to purchase Sligo Hills Apartments from Sligo Hills Development Corporation. The Corporation retains the lien free title to MPDU III (23 scattered sites); therefore, the budget reflects only the operations of the 23 scattered site MPDUs.

Unit Mix	Market	Affordable	Total
1BR	0	6	6
2BR	0	10	10
3BR	0	7	7
Total Units	**0**	**23**	**23**

The regulatory agreement restricts 15 units at or below 50% AMI and 8 units of workforce housing between 80% and 120% of AMI.

Sligo Hills Development Corporation – FY 2021 Overview

Property Management

- Vacant units are being actively marketed to families on HOC's Housing Path waiting list. Occupancy has been stable for 2019.

Turnover Rate	Avg. Occupancy FY 2019	Current Occupancy
11%	80%	87%

Maintenance

- The largest volume of work tickets was for appliances (16%), and plumbing (12%).

Total Work Orders FY 2019	Average Days to Close
185	17

Capital Improvements

- Capital replacements for appliances, flooring, done at unit turnover and as needed.

Redevelopment/Refinancing

- There are no large scale plans to redevelop or refinance the entity.

Sligo Hills Development Corporation – FY 2021 Budget Summary

Sligo Hills Development Corporation

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$281,592**	**$239,595**	**$243,385**	**$231,501**	**$270,142**
Expenses:					
Operating - Admin	$21,256	$19,696	$19,506	$20,583	$18,837
Operating - Fees	$130,800	$118,767	$130,273	$122,540	$117,866
Tenant & Protective Services	$6,581	$6,821	$6,281	$7,176	$6,204
Taxes, Insurance & Utilities	$10,105	$9,745	$8,379	$7,924	$7,312
Maintenance	$51,583	$51,318	$47,259	$51,686	$42,563
Subtotal - Operating Expenses	**$220,325**	**$206,347**	**$211,698**	**$209,909**	**$192,782**
Net Operating Income (NOI)	**$61,267**	**$33,248**	**$31,687**	**$21,592**	**$77,360**
Replacement Reserves	$9,200	$9,192	$9,192	$9,192	$9,192
Development Corporation Fees	$52,067	$24,056	$22,495	$12,400	$68,168
Subtotal - Expenses Below NOI	**$61,267**	**$33,248**	**$31,687**	**$21,592**	**$77,360**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$4,500	$0	$2,127	$0
Electrical Supplies	$0	$0	$29	$0	$1,971
Appliance Supplies	$1,500	$2,000	$68	$8	$92
Plumbing Supplies	$996	$1,000	$103	$289	$1,776
Cleaning/Janitorial Supplies	$0	$0	$0	$0	$2
Windows and Glass	$0	$0	$0	$0	$97
Hardware Supplies	$0	$0	$2	$0	$1,135
Flooring and Carpeting	$1,500	$0	$0	$0	$2,800
Miscellaneous Supplies	$0	$0	$0	$0	$451
Plumbing Equipment	$0	$0	$0	$0	$127
HVAC Equipment	$7,000	$2,500	$0	$0	$10
Appliance Equipment	$0	$3,000	$3,872	$2,232	$7,318
Appliance Contracts	$1,500	$0	$793	$250	$250
Plumbing Contracts	$0	$0	$0	$400	$2,950
Roofing/Gutter Contracts	$996	$1,500	$0	$0	$1,660
HVAC Contracts	$0	$4,500	$0	$5,674	$0
Flooring/Carpet Contracts	$9,000	$15,000	$7,075	$3,471	$6,740
Paint/Wallcovering Int. Cont.	$0	$0	$600	$0	$0
Miscellaneous Contracts	$0	$0	$850	$500	$0
Total Capital Budget	**$22,492**	**$34,000**	**$13,392**	**$14,951**	**$27,379**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive’s voluntary rent guideline is 2.6%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at $52,067.
- Capital is budgeted at $22,492.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for Sligo Hills Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for Sligo Hills Development Corporation by the Board of Directors.

RESOLUTION NO.: 20-001SH | **RE: Sligo Hills Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets**

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

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Sligo Hills Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Sligo Hills Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Sligo Hills Development Corporation at a meeting conducted on June 3, 2020.

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

TPM Development Corporation Annual Meeting

TPM Development Corporations

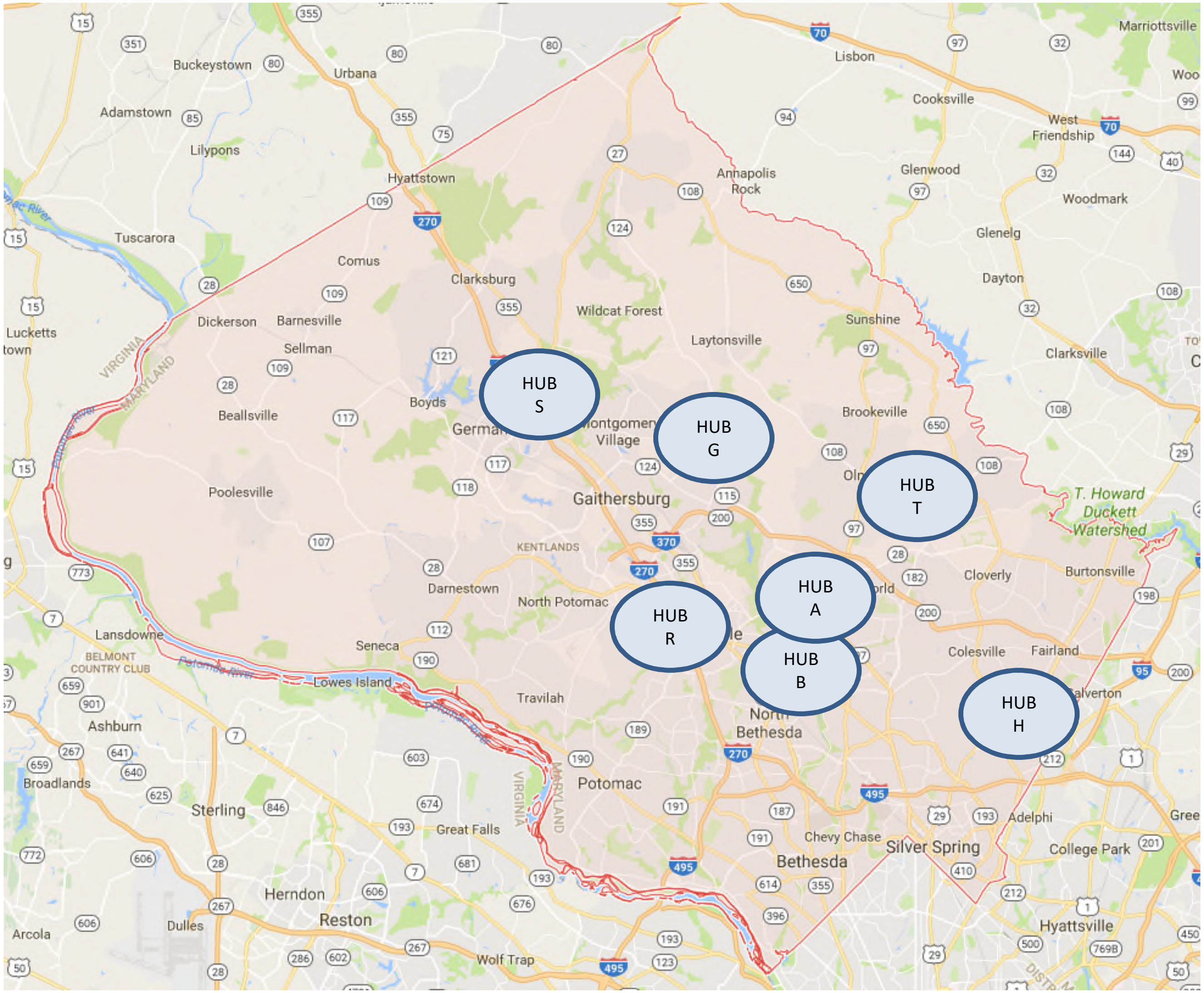
Annual Meeting and Adoption of FY 2021 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 3, 2020

TPM Development Corporation



Property & Submarket Snapshot:

- Consists of 59 scattered site units in MPDU II .
- 59 scattered site units across seven HUBs from Silver Spring to Damascus.

TPM Development Corporation – FY 2021 Overview

Background

- **1998** - Commission authorized and approved the creation of a wholly- controlled corporate instrumentality known as TPM Development Corporation (the "Corporation").
- **1999** - Board approved the purchase of Timberlawn Crescent, Pomander Court, and MPDU II from the Housing Opportunities Commission.
- **2015** - HOC drew funds from its PNC $90 million Real Estate Line of Credit to repay the outstanding FHA first mortgage as part of the interim refinancing plan approved by the Commission on May 6, 2015. Staff expects to present a recommendation to the Board which will retire all existing interim debt for all three properties.
- **2016** - The Board approved an amended renovation plan for Timberlawn Crescent to include additional exterior work and clubhouse renovations.
- **2017** – Renovations were completed at Pomander Court and Timberlawn Crescent. Both properties were refinanced and sold to the newly formed Timberlawn Pomander Properties, LLC. The only properties remaining in the Development Corporation are the 59 scattered site units in MPDU II.

Unit Mix	Market	Affordable	Total
MPDU II	41	18	59
Total Units	**41**	**18**	**59**

MPDU II

MPDU II contains 59 scattered site units that were acquired by HOC between 1986 and 1989. The units are located in Rockville, Silver Spring, Burtonsville, Germantown, Gaithersburg and Olney. The MPDUs consist of seven back-to-back units, five single family units and 47 townhouse units. No major renovation work is planned for the MPDU II units.

TPM Development Corporation – FY 2021 Overview

Property Management

- Occupancy remains stable at this entity. With very little turnover, staff does not expect occupancy to significantly fluctuate during FY21. All lead sources comes from the Housing path waiting list.

Turnover Rate	Avg. Occupancy CY 2019	Current Occupancy
1%	100%	98.31%

Maintenance

- The largest volume of work tickets was for general maintenance – plumbing (20%), appliances (18%).

Property	Total Work Orders CY2019	Average Days to Close
MPDU II	677	21

Capital Improvements

- The current capital improvement plans at MPDU II are for roofs, carpet and HVAC replacements.

Redevelopment/Refinancing

- There are no large scale plans to redevelop or refinance the entity.

TPM Development Corporation – FY 2021 Budget Summary Consolidated

TPM Dev Corp-MPDU II/59

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$867,426**	**$874,361**	**$854,216**	**$865,673**	**$803,692**
Expenses:					
Operating - Admin	$73,251	$68,680	$63,763	$47,649	$47,934
Operating - Fees	$186,290	$172,213	$184,177	$162,684	$150,500
Tenant & Protective Services	$17,027	$18,107	$17,090	$18,841	$17,996
Taxes, Insurance & Utilities	$34,898	$29,460	$25,596	$22,578	$25,682
Maintenance	$142,177	$120,184	$150,172	$113,948	$166,168
Subtotal - Operating Expenses	**$453,643**	**$408,644**	**$440,798**	**$365,700**	**$408,280**
Net Operating Income (NOI)	**$413,783**	**$465,717**	**$413,418**	**$499,973**	**$395,412**
Debt Service	$0	$0	$0	$6,971	$19,742
Debt Service Reserves	$0	$0	$0	$35,733	$151,056
Replacement Reserves	$17,700	$17,700	$17,700	$17,700	$17,700
Development Corporation Fees	$396,083	$448,017	$395,718	$377,938	$206,914
Excess Cash Flow Restricted	$0	$0	$0	$61,631	$0
Subtotal - Expenses Below NOI	**$413,783**	**$465,717**	**$413,418**	**$499,973**	**$395,412**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$3,679	$6,895	$14,226
Electrical Supplies	$0	$0	$21	$899	$1,358
Appliance Supplies	$0	$0	$94	$23	$74
Plumbing Supplies	$0	$0	$1,187	$1,117	$1,533
Cleaning/Janitorial Supplies	$0	$0	$0	$0	$4
Windows and Glass	$0	$0	$0	$4,022	$123
Doors	$0	$0	$1,300	$197	$3,410
Hardware Supplies	$0	$0	$112	$307	$628
HVAC Supplies	$0	$0	$0	$1,655	$0
Paint and Wallcoverings	$0	$0	$1,070	$0	$0
Miscellaneous Supplies	$0	$0	$838	$45	$246
HVAC Equipment	$0	$0	$0	$3,430	$5,762
Appliance Equipment	$8,800	$5,700	$11,309	$5,902	$10,918
Plumbing Contracts	$0	$0	$1,125	$800	$0
Windows/Glass Contracts	$0	$0	$2,775	$600	$12,560
Roofing/Gutter Contracts	$26,724	$5,500	$24,413	$3,566	$0
HVAC Contracts	$4,500	$4,500	$3,922	$0	$5,700
Flooring/Carpet Contracts	$22,000	$6,000	$23,857	$12,027	$21,865
Paint/Wallcovering Int. Cont.	$0	$0	$0	$2,050	$3,003
Miscellaneous Contracts	$0	$0	$3,340	$0	$15,000
Total Capital Budget	**$62,024**	**$21,700**	**$79,042**	**$43,535**	**$96,410**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 2.6%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $396,083.
- Capital is budgeted at $62,024

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for TPM Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for TPM Development Corporation by the Board of Directors.

RESOLUTION NO.: 20-001TPM | **RE: TPM Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets**

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

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of TPM Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by the TPM Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of TPM Development Corporation at a meeting conducted on June 3, 2020.

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

VPC One Corporation Annual Meeting

VPC One Development Corporation

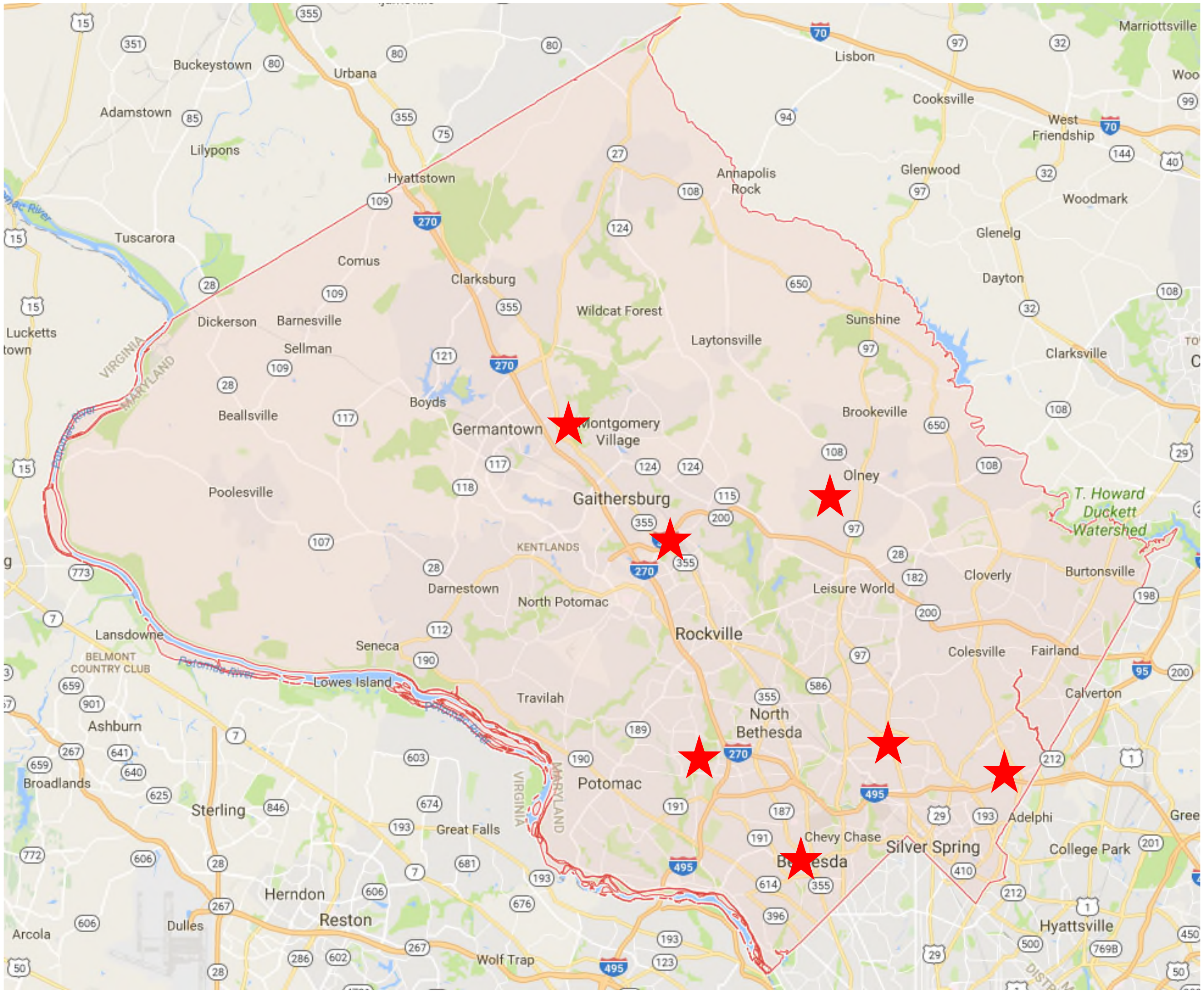
Annual Meeting and Adoption of FY 2021 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 3, 2020

VPC One Development Corporation



Property Snapshot:

- 399 units scattered across seven HUBs throughout Montgomery County.
- Scattered site units include condominiums, townhomes and single family homes ranging from one to four bedrooms. Amenities are specific to the unit and the community.
- There has been a transfer of assistance for 55 former Public Housing units that converted under the RAD program with Project Based Voucher Subsidies. As part of the Section 18 disposition, affordability of the remaining units is restricted to 80% of AMI. Eight market units were purchased by the corporation and do not share the same AMI restrictions.
- The Property is managed by the Housing Opportunities Commission with assistance from Edgewood Management.

VPC One Development Corporation – FY 2021 Overview

Background

- **July 18, 2012 -** Commission authorized and approved the establishment of VPC One Corporation, a wholly-controlled corporate instrumentality, and passed a resolution approving the Articles of Incorporation.

- **June 5, 2013 -** Commission approved a rehabilitation plan for VPC One and VPC Two, formerly known as the 669 Scattered Sites. The plan included an allocation of $20 million of Commission funds that would be reimbursed either through a financing of the properties or project cash flows.

- **March 2, 2016 -** HOC approved a revised development budget for both Corporations of $41.5 million to complete the rehabilitation of the Scattered Sites based on 55% of the units (371) completed at that time and advanced funds to VPC One and VPC Two for such rehabilitation, on an interim basis, from draws on the original line of credit ($60 million) with PNC Bank, N.A.

- **May 13, 2016** - The Commission approved a Financing Plan for both VPC One and VPC Two to pursue a $65 million working capital non-revolving Line of Credit with Eagle Bank to complete the renovations of the Scattered Sites and retire the draws on the PNC LOC totaling approximately $22 million.

- **December 7, 2016** - The Commission approved the Final Aggregate Renovation Budget of $43 million for both Corporations and the Final Financing Plan, and authorized acceptance of a loan from Eagle Bank for permanent financing for no more than $35.4 million.

- **March 9, 2017 -** The Corporation closed on an Eagle Bank non-revolving line of credit with the option to issue sub notes for $32,400,000.

- **November 17, 2017 –** The commission approved the refinancing Plan for VPC One and VPC Two Corporations to accept the PNC Facility with PNC Bank, N.A. not to exceed a combined amount of $60,000,000, that repaid all renovation funds drawn on the PNC LOC, repaid financing costs under the Eagle LOC, repaid acquisition draws on the OHDF, and established an initial Replacement Reserve Escrow of $1,200 per unit.

- The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process.

Unit Mix	Market	Affordable	Total
1BR	8	10	18
2BR	0	104	103
3BR	0	241	241
4BR	0	34	34
5BR	0	2	2
Total Units	**8**	**391**	**399**

The regulatory agreement restricts 55 units at or below 50% AMI and 336 units at or below 80% AMI.

VPC One Development Corporation – FY 2021 Overview

Property Management

- Occupancy remains below metric standard. Waitlist restrictions have been removed to increase income eligible occupancy. And there was a pricing special .Hard to lease units are being targeted for a series of HOC Leasing events open to the general public. The two top sources for applicants are Housing Path, HVC voucher holders and PBV participants.

FY18 Turnover	Avg. Occupancy FY2019	Current Occupancy
10%	90.87%	92.48%

Maintenance

- The largest volume of work tickets was for general maintenance – Plumbing (13%), (Appliance (16%), HVAC (6%) and Electrical (7%)

Total Work Orders CY 2019	Average Days to Close
3349	23

Capital Improvements

- Budget includes replacement items identified by Maintenance Supervisor and the Asset Manager to include roofs (5), HVAC (3) , flooring, and appliances.

Redevelopment/Refinancing

- The property completed renovation work in 2017 and no further redevelopment or refinancing is being considered at this time.

VPC One Development Corporation – FY 2021 Budget Summary

VPC One Development Corporation

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$6,701,216**	**$6,617,699**	**$6,307,688**	**$6,316,811**	**$5,621,480**
Expenses:					
Operating - Admin	$345,834	$466,716	$518,315	$462,266	$361,654
Operating - Fees	$1,704,596	$1,595,745	$1,670,648	$1,557,292	$1,373,075
Tenant & Protective Services	$117,417	$121,987	$118,082	$130,239	$117,476
Taxes, Insurance & Utilities	$248,673	$223,306	$238,816	$207,800	$246,056
Maintenance	$781,914	$727,740	$903,897	$826,005	$788,159
Subtotal - Operating Expenses	**$3,198,434**	**$3,135,494**	**$3,449,758**	**$3,183,602**	**$2,886,420**
Net Operating Income (NOI)	**$3,502,782**	**$3,482,205**	**$2,857,930**	**$3,133,209**	**$2,735,060**
Debt Service	$1,481,324	$1,481,256	$1,482,915	$994,846	$428,371
Debt Service Reserves	$828,708	$828,707	$0	$644,722	$2,180,546
Replacement Reserves	$119,700	$119,700	$117,900	$119,700	$108,075
Development Corporation Fees	$1,073,050	$1,052,542	$1,257,115	$1,367,693	$18,068
Excess Cash Flow Restricted	$0	$0	$0	$6,248	$0
Subtotal - Expenses Below NOI	**$3,502,782**	**$3,482,205**	**$2,857,930**	**$3,133,209**	**$2,735,060**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$941	$243	$660
Electrical Supplies	$0	$0	$96	$29	$822
Appliance Supplies	$0	$0	$430	$23	$115
Plumbing Supplies	$0	$0	$4,804	$747	$459
Cleaning/Janitorial Supplies	$0	$0	$0	$0	$6
Windows and Glass	$0	$0	$400	$505	$76
Doors	$2,004	$1,600	$3,360	$1,135	$3,320
Hardware Supplies	$0	$0	$69	$8	$285
HVAC Supplies	$0	$0	$0	$595	$0
Flooring and Carpeting	$0	$0	$4,218	$0	$984
Miscellaneous Supplies	$0	$0	$336	$0	$131
HVAC Equipment	$20,004	$4,500	$4,559	$3,026	$12,068
Appliance Equipment	$20,000	$10,200	$35,148	$8,346	$19,197
Electrical Contracts	$0	$0	$10,430	$455	$950
Appliance Contracts	$0	$0	$0	$0	$900
Plumbing Contracts	$0	$0	$4,250	$10,351	$575
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$1,082	$680
Windows/Glass Contracts	$0	$0	$950	$0	$0
Roofing/Gutter Contracts	$31,500	$5,000	$950	$21,830	$0
HVAC Contracts	$10,000	$9,000	$0	$0	$0
Flooring/Carpet Contracts	$20,004	$48,000	$18,474	$19,670	$12,440
Paint/Wallcovering Int. Cont.	$0	$0	$1,100	$1,950	$0
Paint/Wallcovering Ext. Cont	$0	$0	$3,250	$0	$1,600
Fencing Contracts	$0	$0	$0	$5,250	$0
Asphalt/Concrete Contracts	$0	$0	$0	$30,430	$5,298
Miscellaneous Contracts	$0	$0	$500	$2,085	$5,406
Security System	$0	$0	$968	$0	$0
Total Capital Budget	**$103,512**	**$78,300**	**$95,233**	**$107,760**	**$65,972**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive’s voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at $1,073,050.
- Capital is budgeted at $103,512.
- DSCR is 2.28.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for VPC One Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for VPC One by the Board of Directors.

RESOLUTION NO.: 20-001VPC1 **RE: VPC One Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets**

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

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of VPC One Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by the VPC One Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of VPC One Development Corporation at a meeting conducted on June 3, 2020.

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

VPC Two Corporation Meeting

VPC Two Development Corporation

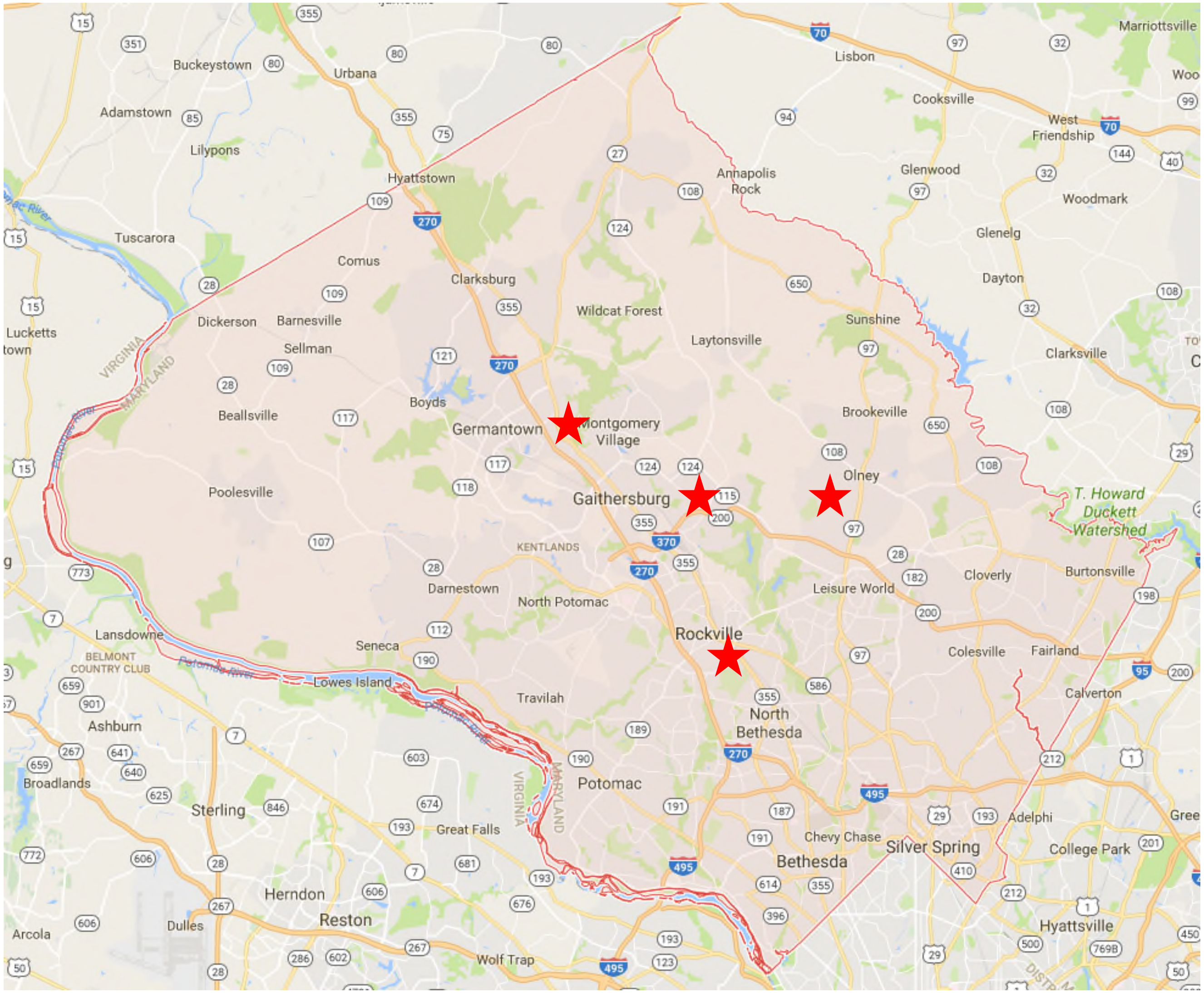
Annual Meeting and Adoption of FY 2021 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 3, 2020

VPC Two Development Corporation



Property Snapshot:

- 280 units scattered across four HUBs throughout Montgomery County from Olney to Damascus.
- Scattered site units include condominiums, townhomes and single family homes ranging from one to four bedrooms. Amenities are specific to the unit and the community.
- There has been a transfer of assistance for 58 former Public Housing units that converted under the RAD program with Project Based Voucher Subsidies. As part of the Section 18 disposition, the occupancy of the remaining units will be restricted to tenants at or below 80% AMI.
- The Property is managed by the Housing Opportunities Commission with assistance from Edgewood Management.

VPC Two Development Corporation – FY 2021 Overview

Background

- **August 7, 2013 -** Commission authorized and approved: the establishment of VPC Two Corporation, a wholly-controlled corporate instrumentality, and passed a resolution approving the Articles of Incorporation.

- **June 5, 2013 -** Commission approved a rehabilitation plan for VPC One and VPC Two, formerly known as the 669 Scattered Sites. The plan included an allocation of $20 million of Commission funds that would be reimbursed either through a financing of the properties or project cash flows.

- **March 2, 2016 -** HOC approved a revised development budget for both Corporations of $41.5 million to complete the rehabilitation of the Scattered Sites based on 55% of the units (371) completed at that time and advanced funds to VPC One and VPC Two for such rehabilitation, on an interim basis, from draws on the original line of credit ($60 million) with PNC Bank, N.A.

- **May 13, 2016** - The Commission approved a Financing Plan for both VPC One and VPC Two to pursue a $65 million working capital non-revolving Line of Credit with Eagle Bank to complete the renovations of the Scattered Sites and retire the draws on the PNC LOC totaling approximately $22 million.

- **December 7, 2016** - The Commission approved the Final Aggregate Renovation Budget of $43 million for both Corporations and the Final Financing Plan, and authorized acceptance of a loan from Eagle Bank for permanent financing for no more than $35.4 million.

- **March 9, 2017 -** The Corporation closed on an Eagle Bank non-revolving line of credit with the option to issue sub notes for $32,400,000.

- **November 7, 2017 –** The commission approved the refinancing Plan for VPC One and VPC Two Corporations to accept the PNC Facility with PNC Bank, N.A. not to exceed a combined amount of $60,000,000, that repaid all renovation funds drawn on the PNC LOC, repaid financing costs under the Eagle LOC, repaid acquisition draws on the OHDF, and established an initial Replacement Reserve Escrow of $1,200 per unit.

- The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process.

Unit Mix	Market	Affordable	Total
1BR	0	15	15
2BR	0	37	37
3BR	0	192	192
4BR	0	35	35
5BR	0	1	1
Total Units	**0**	**280**	**280**

The regulatory agreement restricts 58 units at or below 50% AMI and 222 units at or below 80% AMI.

VPC Two Development Corporation – FY 2021 Overview

Property Management

- Occupancy remains below metric standard. Waitlist restrictions have been removed to increase income eligible occupancy. Hard to lease units are being targeted for a series of HOC Leasing events open to the general public. Housing Path and Voucher holders are the top two sources of traffic and leases

Turnover	Avg. Occupancy FY2019	Current Occupancy
13%	89.79	90%

Maintenance

- The largest volume of work tickets was for general maintenance – Plumbing (12%), Appliance (12%) , electrical (7%), HVAC (5%), Doors (5%) and Carpentry (5%)

Total Work Orders CY2019	Average Days to Close
2977	20

Capital Improvements

- Budget includes replacement items identified by Maintenance Supervisor and the Asset Manager to include replacements of roofs (4-5), HVAC (4) , flooring, and appliances(8-9)

Redevelopment/Refinancing

- The property completed renovation work in 2017 and no further redevelopment or refinancing is being considered at this time.

VPC Two Development Corporation – FY 2021 Budget Summary

VPC Two Development Corporation

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$4,594,790**	**$4,418,144**	**$4,400,379**	**$4,269,468**	**$4,012,282**
Expenses:					
Operating - Admin	$406,339	$358,079	$444,383	$312,447	$252,541
Operating - Fees	$992,460	$920,326	$1,012,417	$954,328	$812,681
Tenant & Protective Services	$63,058	$71,478	$66,367	$74,177	$73,582
Taxes, Insurance & Utilities	$152,341	$141,822	$155,979	$121,821	$159,696
Maintenance	$586,712	$572,112	$624,027	$548,453	$596,579
Subtotal - Operating Expenses	**$2,200,910**	**$2,063,817**	**$2,303,173**	**$2,011,226**	**$1,895,079**
Net Operating Income (NOI)	**$2,393,880**	**$2,354,327**	**$2,097,206**	**$2,258,242**	**$2,117,203**
Debt Service	$1,053,888	$1,053,951	$1,052,298	$562,058	$138,023
Debt Service Reserves	$580,188	$580,189	$0	$705,593	$1,458,600
Replacement Reserves	$84,000	$84,000	$84,000	$84,000	$77,000
Development Corporation Fees	$675,804	$636,187	$912,064	$899,109	$443,580
Excess Cash Flow Restricted	$0	$0	$48,844	$7,482	$0
Subtotal - Expenses Below NOI	**$2,393,880**	**$2,354,327**	**$2,097,206**	**$2,258,242**	**$2,117,203**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$0	$639	$0
Electrical Supplies	$0	$0	$143	$0	$209
Appliance Supplies	$0	$0	$166	$66	$153
Plumbing Supplies	$0	$0	$1,199	$680	$651
Windows and Glass	$0	$0	$0	$0	$66
Doors	$6,000	$7,200	$855	$547	$1,648
Hardware Supplies	$0	$0	$1	$0	$146
HVAC Supplies	$0	$0	$3,474	$1,188	$0
Flooring and Carpeting	$0	$0	$522	$0	$0
Paint and Wallcoverings	$0	$0	$0	$45	$0
Miscellaneous Supplies	$0	$0	$189	$0	$118
Plumbing Equipment	$0	$0	$0	$420	$0
HVAC Equipment	$8,856	$5,500	$7,096	$13,360	$2,558
Appliance Equipment	$4,500	$7,050	$18,357	$13,983	$2,787
Plumbing Contracts	$0	$0	$13,424	$11,200	$5,930
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$0	$2,600
Roofing/Gutter Contracts	$20,004	$20,000	$17,965	$13,725	$7,400
HVAC Contracts	$17,500	$11,000	$0	$8,732	$0
Flooring/Carpet Contracts	$15,000	$15,000	$24,020	$11,986	$5,492
Paint/Wallcovering Int. Cont.	$0	$0	$0	$0	$915
Fencing Contracts	$0	$0	$0	$0	$8,160
Asphalt/Concrete Contracts	$0	$0	$0	$0	$6,360
Total Capital Budget	**$71,860**	**$65,750**	**$87,411**	**$76,571**	**$45,193**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 2.6%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $675,804
- Capital is budgeted at $71,860.
- DSCR is 2.19.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for VPC Two Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for VPC Two Corporation by the Board of Directors.

RESOLUTION NO.: 20-001VPC2 **RE: VPC Two Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets**

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

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of VPC Two Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by the VPC Two Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of VPC Two Development Corporation at a meeting conducted on June 3, 2020.

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

Wheaton Metro Development Corporation Annual Meeting

WHEATON METRO DEVELOPMENT CORPORATION

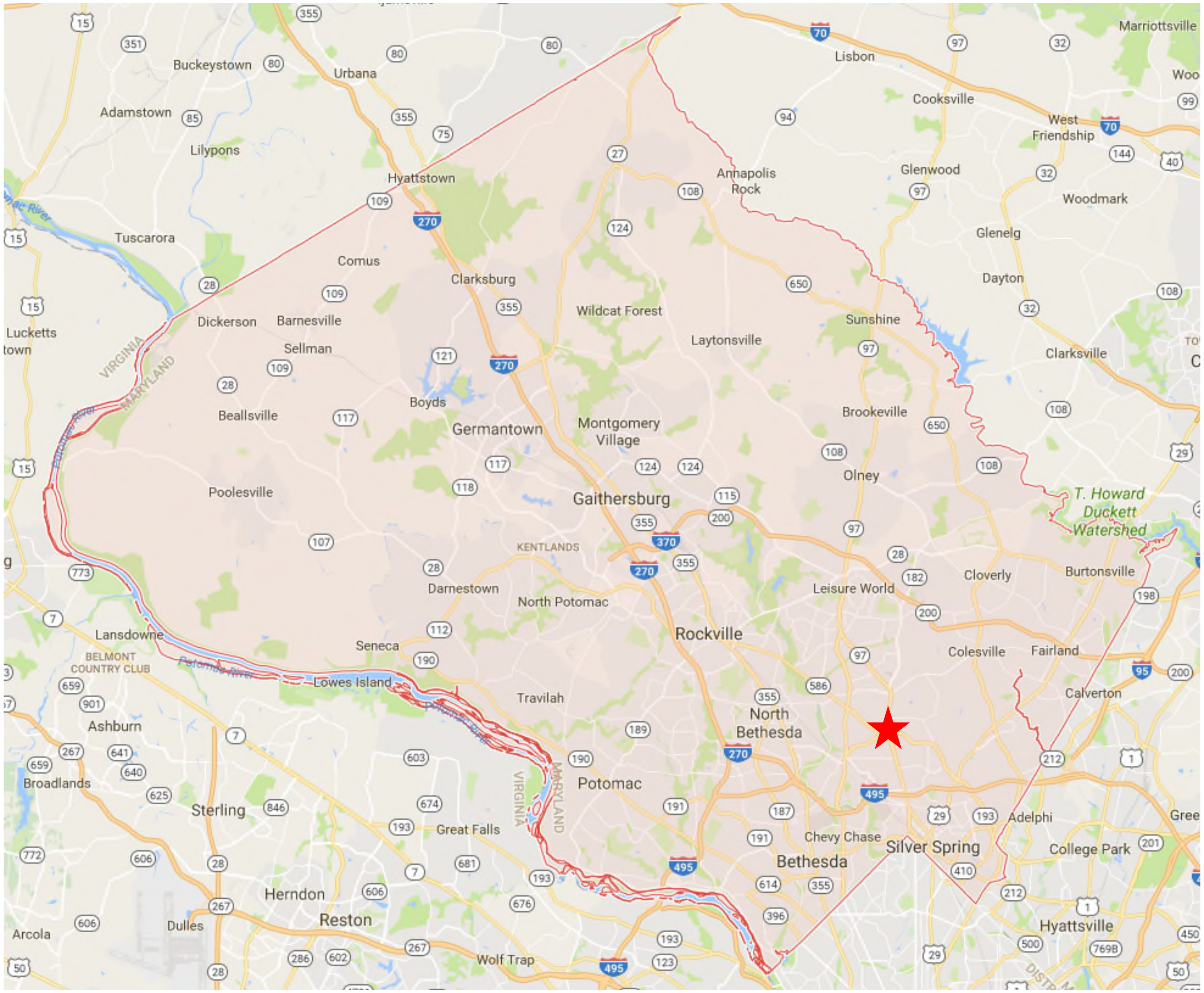
ANNUAL MEETING AND ADOPTION OF FY 2021 OPERATING & CAPITAL BUDGETS

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 3, 2020

Wheaton Metro Development Corporation



Property Snapshot:

- Located in Silver Spring.
- Constructed in 2008.
- Situated on top of a metro station and close to shopping and restaurants.
- Amenities include a Fitness Center, Business Center, Club Room, Garage Parking, Onsite Retail.

Wheaton Metro Development Corporation – FY 2021 Overview

Background

- **2003** – Commission authorized the creation of a wholly controlled corporate instrumentality known as Wheaton Metro Development Corporation and adopted By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers .
- **May 2005** - Commission authorized the establishment of Wheaton Metro Limited Partnership in which HOC is the general partner for the apartment facility, certain retail space and a parking garage above the Wheaton Metro station.
- **March 1, 2007 -** A condominium was created and 120 units, the retail space and parking garage were transferred to the Corporation pursuant to a Contract of Sale.
- **December 31, 2010 -** Corporation executed the Asset Management Agreement which requires submission of an annual budget to the Owner an annual budget 90 days prior to each fiscal year and approved a resolution that allowed for the incorporation of the annual budget preparation and presentation into the HOC budget process.
- Wheaton Metro consists of 173 units distributed as follows:
  - 53 tax credit units owned by Wheaton Metro LP with HOC as the General Partner.
  - 120 units owned by Wheaton Metro Development Corporation.

11175 Georgia Avenue, Silver Spring, MD 20902
Manager: Bozzuto (utilizes Yieldstar)

Unit Mix	Market	Affordable	Total
1BR	85	34	119
2BR	34	16	50
3BR	1	3	4
Total Units	**120**	**53**	**173**

The regulatory agreement restricts 53 units at or below 50% AMI, 18 of which are Project Based Section 8 units.

Housing Opportunities Commission OF MONTGOMERY COUNTY

Wheaton Metro Development Corporation – FY 2021 Update

Property Management

- Despite robust competition in the market, MetroPointe has remained competitive and retained stabilized occupancy of 95%. Yieldstar is used as a tool to maintain occupancy at/above 95%. The turnover rate has been historically high, however the comparative market experiences the same turnover rate at an average of 50%.

Turnover	Avg. Occupancy CY 2019	Current Occupancy
49%	95%	95%

Maintenance

- The largest volume of work order tickets for CY 2019 were related to plumbing, appliances, and lighting.

Total Work Orders CY 2019	Average Days to Close
535	4

Capital Improvements

- The replacement of all four balcony tiers was completed in February 2020. Other capital replacements completed in 2019 include flooring and lighting. In FY 2021, common area and apartment HVAC replacements are budgeted as well as exterior painting.

Redevelopment/Refinancing

- There are currently no plans underway for redevelopment or refinancing for MetroPointe.

Wheaton Metro Development Corporation – FY 2021 Budget Summary

Metropointe Development Corporation

FY 2021 Operating and Capital Budgets

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Total Revenue	**$2,627,747**	**$2,642,296**	**$2,573,702**	**$2,536,857**	**$2,513,815**
Expenses:					
Operating - Admin	$271,360	$259,821	$242,889	$262,564	$250,991
Operating - Fees	$124,906	$105,769	$109,864	$115,767	$95,203
Tenant & Protective Services	$32,758	$33,680	$25,204	$34,938	$22,593
Taxes, Insurance & Utilities	$97,997	$139,912	$100,143	$129,810	$121,040
Maintenance	$267,081	$261,520	$277,331	$250,379	$211,202
Subtotal - Operating Expenses	**$794,102**	**$800,702**	**$755,431**	**$793,458**	**$701,029**
Net Operating Income (NOI)	**$1,833,645**	**$1,841,594**	**$1,818,271**	**$1,743,399**	**$1,812,786**
Debt Service	$1,944,067	$1,946,561	$1,948,946	$1,951,226	$1,953,406
Replacement Reserves	$30,000	$30,000	$30,000	$30,000	$30,000
Asset Management Fees	$8,680	$8,680	$8,680	$8,680	$8,680
Subtotal - Expenses Below NOI	**$1,982,747**	**$1,985,241**	**$1,987,626**	**$1,989,906**	**$1,992,086**
NET INCOME	**($149,102)**	**($143,647)**	**($169,355)**	**($246,507)**	**($179,300)**

	FY 2021 Proposed Budget	FY 2020 Amended Budget	FY 2019 Actuals	FY 2018 Actuals	FY 2017 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$0	$478	$264
Doors	$0	$0	$0	$0	$4,778
Flooring and Carpeting	$0	$0	$0	$0	$14,175
Paint and Wallcoverings	$108,045	$0	$0	$0	$0
HVAC Equipment	$0	$0	$1,581	$0	$0
Appliance Equipment	$7,500	$6,000	$2,382	$392	$56
Miscellaneous Equipment	$0	$34,700	$13,819	$2,230	$0
Electrical Contracts	$0	$0	$8,859	$0	$0
Plumbing Contracts	$1,500	$1,500	$0	$439	$0
HVAC Contracts	$93,533	$72,000	$0	$0	$0
Flooring/Carpet Contracts	$18,045	$30,000	$21,060	$33,986	$10,006
Asphalt/Concrete Contracts	$15,000	$0	$3,261	$3,420	$0
Miscellaneous Contracts	$0	$225,000	$85,971	$26,257	$12,438
Security System	$23,667	$0	$0	$0	$0
Total Capital Budget	**$267,290**	**$369,200**	**$136,933**	**$67,202**	**$41,717**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 2.6%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- The property's $149,102 operating deficit will be funded with a draw from the Agency's General Fund Operating Reserve.
- Capital is budgeted at $267,290.
- DSCR is 1.00.

Time Frame

The FY 2021 Proposed Operating and Capital Budgets for Wheaton Metro Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 12, 2020. Board action is requested at the June 3, 2020 meeting.

Budget Impact

The FY 2021 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2021 Operating and Capital Budgets for Wheaton Metro Development Corporation by the Board of Directors.

RESOLUTION NO.: 20-001WM

RE: Wheaton Metro Development Corporation Annual Meeting: Election of Officers and Adoption of FY'21 Operating and Capital Budgets

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

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Wheaton Metro Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'21 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 12, 2020; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'21 Operating and Capital Budgets for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Wheaton Metro Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. The Corporation approves the FY'21 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Wheaton Metro Development Corporation at a meeting conducted on June 3, 2020.

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

Damascus Gardens Development Corporation Annual Meeting

DAMASCUS GARDENS DEVELOPMENT CORPORATION
ANNUAL MEETING: ELECTION OF OFFICERS

JUNE 3, 2020

- Damascus Gardens Development Corporation is a wholly-controlled corporate instrumentality of HOC.

- On June 6, 2018, the Board of Directors approved dissolving the Corporation.

- The Articles of Dissolution, which must be filed with the Maryland State Department of Assessments & Taxation, must identify the current Board of Directors and Officers of the Corporation.

- Staff intends to file the Articles of Dissolution after it receives documentation that the Board of Directors and Officers of the Corporation were properly appointed and elected.

RESOLUTION NO.: 20-001DG

RE: Damascus Gardens Development Corporation Annual Meeting: Election of Officers

WHEREAS, the Damascus Gardens Development Corporation (the “Corporation”) is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”);

WHEREAS, the Corporation’s Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation held its Annual Meeting on June 3, 2020 and elected the officers of the Commission as officers of the Corporation; and

WHEREAS, on June 6, 2018 via Resolution No. 18-001DG, the Corporation approved dissolving the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Damascus Gardens Development Corporation that:

1. The officers of the Corporation are the same as the officers of the Commission.
2. It affirms the action taken in Resolution No. 18-001DG to dissolve the Corporation.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Damascus Gardens Development Corporation at a meeting conducted on June 3, 2020.

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

Administrative and Special Session Ratifications

RATIFICATION OF ACTION TAKEN IN SPECIAL SESSION ON MAY 20, 2020:

APPROVAL TO INCREASE THE PREDEVELOPMENT BUDGET AND A FINAL INSTALLMENT OF PREDEVELOPMENT FUNDING FROM THE OPPORTUNITY HOUSING RESERVE FUND TO FUND CLOSING AND DEVELOPMENT RELATED EXPENSES; APPROVAL TO COMPLETE ACQUISITION & LIHTC CLOSING; AND APPROVAL TO INCREASE THE NUMBER OF VACANT UNITS TO COMPLETE THE RENOVATIONS

JUNE 3, 2020

- At a Special Session held on May 20, 2020, the Commission adopted Resolution 20-39 in which the Commission approved various actions related to Bauer Park Apartments.

- Consistent with the Commission's Second Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in a regular open meeting with a quorum participating, the action undertaken at the May 20, 2020 Special Session. Additionally, the Commission wishes to ratify any action taken since the Special Session with respect to the approved action.

RESOLUTION: 20-39R **RE: Approval to Increase the Predevelopment Budget and a Final Installment of Predevelopment Funding from the Opportunity Housing Reserve Fund to Fund Closing and Development Related Expenses; Approval to Complete Acquisition & LIHTC Closing; and Approval to Increase the Number of Vacant Units to Complete the Renovations**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") seeks to preserve Montgomery County's existing affordable housing, including those subsidized by Rental Assistance Payment ("RAP") contracts and Section 236 financing; and

WHEREAS, Bauer Park Apartments (the "Property"), located at 14635/39/43 Bauer Drive, consists of 142 units in three (3) buildings on 3.88 acres of land on the southeast corner of the intersection of Bauer Drive and Norbeck Road in Rockville, MD; and

WHEREAS, the Property was originally built in 1977 under the Section 236 Program and is owned by Banor Housing, Inc., a non-profit corporation ("Banor") that is managed by a Policy Board (the "Policy Board"); and

WHEREAS, on April 5, 2017, HOC passed Resolution 17-23 approving the advance of $850,000 in aggregate from the Opportunity Housing Reserve Fund ("OHRF") to reimburse Victory Housing, Inc. for predevelopment costs as they are incurred to prepare and submit tax credit applications for the Property for up to $350,000; and

WHEREAS, on July 11, 2018, HOC passed Resolution 18-54 approving the Preliminary Development Plan for the Property and authorized an additional $100,000 for predevelopment funding for costs as they are incurred to prepare and submit tax credit applications for the Property; and

WHEREAS, on July 10, 2019, HOC passed Resolution 19-76 approving the Final Development Plan for the Property (the "Final Development Plan") identifying additional predevelopment costs of $250,000 to be funded from the OHRF and a total development cost of approximately $40 million to be funded with HOC-issued FHA-insured tax-exempt bonds, County Capital Improvements Program funds, 4% Low Income Housing Tax Credit equity, a seller note (to be assigned from Banor to HOC), and acquired replacement reserves; and

WHEREAS, additional predevelopment funding in the amount of $400,000 is needed to fund permits fees and final obligations related to closing, which shall be funded from the OHRF; and

WHEREAS, in order to renovate more efficiently, staff recommends increasing vacancy at the Property; and

WHEREAS, in order to consummate the closing approved in the Final Development Plan, HOC desires to confirm its approval of certain elements of the transaction, including (i) causing the planned purchaser of the property, Bauer Park Apartments, LP ("Bauer LP") to (a) amend the Purchase and Sale Agreement for the Property dated August 8, 2019, (the "Purchase Agreement") to increase the purchase price to the "as-is unrestricted value" set forth in the planned updated appraisal for the Property and to transfer all reserves for the Property to Bauer LP (the "Purchase Agreement Amendment"), (b) accept a deed to the Property from Banor pursuant to the Purchase Agreement (the "Deed") and (c) accept an assignment of the construction contract with Hooten Construction, LLC and the architect agreement with Architecture by Design, Inc. (the "Contract Assignments") from a subsidiary of HOC's development partner, Victory Housing, Inc. ("VHI") and (ii) executing a (a) Guaranty Agreement from HOC in favor of Bauer LP's tax credit investor limited partner (the "Guaranty Agreement") and (b) a Grant Agreement between HOC and the Maryland Energy Administration (the "MEA Grant Agreement"), the proceeds of which, if received, will be used to reimburse HOC for expenditures for certain energy efficiency improvements paid for with the proceeds of HOC's subordinate loan to Bauer LP and will be deposited into the OHRF upon receipt; and

WHEREAS, in order to satisfy certain Low Income Housing Tax Credit requirements for acquisition and rehabilitation transactions, HOC desires for its development partner, VHI, to have up to a 45% non-managing member interest in Bauer Park Apartments, LLC ("Bauer LLC"), the managing member of Bauer LP.

WHEREAS, at a Special Session duly called and held on May 20, 2020, with a quorum participating, the Commission duly adopted Resolution 20-39, with Commissioners Priest, Kelleher, Nelson, and Simon voting in approval, and Commissioners Byrd and Croom being necessarily absent and not participating in the vote;

WHEREAS, by adopting resolution 20-39, the Commission approved the following actions:

1. Incurring up to Four Hundred Thousand Dollars ($400,000) in additional predevelopment costs, which shall be funded from the OHRF and reimbursed at closing with any excess sales proceeds;
2. Increasing vacancy at the Property to 35 units to facilitate the rehabilitation of the Property;
3. The execution of the Guaranty Agreement and the MEA Grant Agreement; and
4. Acting on behalf of itself and of Bauer LLC, as its managing member, approved the execution of an Operating Agreement with a subsidiary of VHI granting such subsidiary up to a 45% non-managing member interest in Bauer LLC; and
5. Acting on behalf of itself and of Bauer LLC, as its managing member, and Bauer LP, as its ultimate managing general partner, approved the execution of the Purchase Agreement Amendment, the Deed, the Contract Assignments and all related documents necessary to consummate the closing of the acquisition of the Property from Banor and the admission of an affiliate of Enterprise Community Partners as a tax credit investor limited partner in Bauer LP in accordance with the Development Plan set forth in Resolution 19-76 and with this resolution.

WHEREAS, consistent with the Commission's Second Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in a regular open meeting with a quorum participating, the action undertaken by the Commissioners in adopting Resolution 20-39 and any actions taken since May 20, 2020 to effectuate the actions contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 20-39 and any subsequent actions taken in relation thereto are hereby ratified and affirmed.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 3, 2020.

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Patrice M. Birdsong
Special Assistant to the Commission

RATIFICATION OF ACTION TAKEN IN SPECIAL SESSION ON MAY 20, 2020:

APPROVAL OF THE FINANCING PLAN, FEASIBILITY AND PUBLIC PURPOSE FOR BAUER PARK APARTMENTS; AUTHORIZATION TO ISSUE LOANS TO BAUER PARK APARTMENTS LP FOR ACQUISITION AND CONSTRUCTION FINANCING; AUTHORIZATION TO ISSUE A COMMITMENT FOR UP TO $25.8 MILLION IN PERMANENT FINANCING; AND AUTHORIZATION FOR THE BORROWER TO ACCEPT LOANS IN ACCORDANCE WITH THE FINANCE PLAN

JUNE 3, 2020

- At a Special Session held on May 20, 2020, the Commission adopted Resolution 20-40 in which the Commission approved various actions related to Bauer Park Apartments.

- Consistent with the Commission’s Second Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in a regular open meeting with a quorum participating, the action undertaken at the May 20, 2020 Special Session. Additionally, the Commission wishes to ratify any action taken since the Special Session with respect to the approved action.

RESOLUTION: 20-40R **RE: Approval of the Financing Plan, Feasibility and Public Purpose for Bauer Park Apartments; Authorization to Issue Loans to Bauer Park Apartments LP for Acquisition and Construction Financing; Authorization to Issue a Commitment for up to $25.8 Million in Permanent Financing; and Authorization for the Borrower to Accept Loans in Accordance with the Finance Plan**

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

WHEREAS, Bauer Park Apartments (the "Property") is an existing 142-unit age-restricted residential community located at 14635, 14639 and 14643 Bauer Drive, Rockville, Maryland owned by Banor Housing, Inc. ("Banor");

WHEREAS, the Property will be acquired by in a single purpose entity known as Bauer Park Apartments LP ("Borrower"), which will be controlled by Bauer Park Apartments LLC ("General Partner") an entity controlled by HOC;

WHEREAS, HOC will enter into a partnership with Victory Housing, Inc. which will provide Victory Housing, Inc. with up to a non-managing 45% ownership interest in the General Partner;

WHEREAS, the Borrower proposes for the Property to serve seniors with household incomes at 60% of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area Median Income ("AMI") or less, provided that the low income set-asides for the tax-exempt financing will be observed;

WHEREAS, on July 10, 2019, the Commission approved the selection of Enterprise Community Investment, Inc. ("Enterprise") as the Low Income Housing Tax Credit ("LIHTC") syndicator and authorized the Executive Director to negotiate and execute a Limited Partnership Agreement to admit an affiliate of Enterprise as a non-managing member of the Borrower, with HOC remaining in control of the Borrower as the managing member of the General Partner entity;

WHEREAS, on July 10, 2019, the Commission approved the final development plan totaling $40 million for the Property as a 142-unit, income and age-restricted community, which included predevelopment and renovation funding in a cumulative amount up to $3.4 million from various sources available to HOC including $1,348,897 from the Operating Housing Reserve Fund, which will be subject to repayment upon closing of the transaction;

WHEREAS, the Commission has provided a loan to Banor to support operations of the Property, totaling approximately $812,000 from the Commission's General Fund as of March 31, 2020, which is to be repaid from sale proceeds of the Property;

WHEREAS, as of March 31, 2029, the Property held approximately $564,000 of unrestricted cash in residual receipts, replacement reserve, and mortgage escrow accounts (“Property Cash”);

WHEREAS, staff explored a variety of options for the estimated $42.9 million acquisition, rehabilitation and permanent financing for the Property, and determined to use a number of sources including (1) the issuance of private activity, long-term, tax-exempt bonds in an amount up to $25.8 million to fund a loan for costs of acquisition, rehabilitation, and equipping the Property, enhanced by FHA Risk Sharing (“Mortgage Loan” or “Permanent Loan”); (2) LIHTC equity estimated at $10.4 million; (3) a subordinate loan of approximately $2.1 million from HOC, funded from previously contributed sources available to HOC (“HOC Loan”); (4) a subordinate loan of approximately $6.2 million from Banor Housing Inc. representing contributed land equity which will be assigned to HOC (“Seller Loan”); and (5) available Property Cash (collectively, the “Financing Plan”);

WHEREAS, Commission and the Borrower has applied for a Letter of Reservation/Determination for 4% LIHTC from the Maryland Department of Housing and Community Development, which will enable the Borrower to raise approximately $10.4 million in equity to pay part of its acquisition and development costs;

WHEREAS, the Property will require an allocation of a portion of the Commission’s tax-exempt volume cap in an amount not to exceed $25.8 million;

WHEREAS, a review of the transaction has been completed and it has been determined that given the financial commitments to the Property and its operating projections, this transaction is believed to be feasible, and that by providing 142 units at or below 60% of the AMI to seniors aged 62 years old or higher, the Property will provide significant public purpose supporting an allocation of tax-exempt volume cap;

WHEREAS, at a Special Session duly called and held on May 20, 2020, with a quorum participating, the Commission duly adopted Resolution 20-40, with Commissioners Priest, Kelleher, Nelson, and Simon voting in approval, and Commissioners Byrd and Croom being necessarily absent and not participating in the vote;

WHEREAS, by adopting resolution 20-40, the Commission took the following actions:

1. Approved the Financing Plan, Feasibility and Public Purpose, as recommended by the Development and Finance Committee and as described herein, and the staff is authorized to proceed with the review and processing of the necessary financing applications and other documentation;
2. Authorized the allocation of tax-exempt volume cap in an amount not to exceed $25,790,000 for the issuance of long-term bonds to finance the transaction and for the Commission, as conduit lender, to use those bond proceeds to make a tax-exempt Mortgage Loan to Borrower with a maximum term of up to 516 months (43 years) to fund development of the Property, which will be subject to conversion to a Permanent Loan phase;
3. Authorized the issuance of a subordinate HOC Loan of approximately $2.1 million to the Borrower for up to 43 years representing previously contributed funds by the Commission from available sources;
4. Approved using existing Property Cash balances from residual receipts, replacement reserves, and mortgage escrow accounts for the subject transaction;

5. Authorized pursuing obtaining a waiver from FHA for issuance of 40-year tax-exempt bonds with a 25-year balloon payment, if necessary to adjust for interest rate conditions to maintain economics of the transaction at the time of closing;
6. Authorized the issuance of a commitment for the Mortgage Loan in an amount up to $25,790,000, which will be credit enhanced by FHA Risk Share Mortgage Insurance, pursuant to the Risk Sharing Agreement between the Commission and the U.S. Department of Housing and Urban Development ("HUD"), of which the Commission shall assume 25% of the risk while HUD shall assume 75% for the transaction;
7. Acting on behalf of itself and on behalf of the General Partner of Borrower, acting for itself and on behalf of Borrower, accepted the Mortgage Loan, Permanent Loan, HOC Loan, and Seller Loan for the financing closing, which may occur separate and apart from the LIHTC equity closing; and
8. Acting on behalf of itself and on behalf of the General Partner, the general partner of Borrower, acting for itself and on behalf of Borrower, that the Executive Director, or a duly appointed designee of the Executive Director, is authorized, without any further action on their respective parts, to execute such other documents, including without limitation guarantees from HOC required by Borrower's lenders, and to take any and all other actions, in each case as necessary and proper, in the Executive Director's judgment, to carry out the Financing Plan and the transaction and actions contemplated herein.

WHEREAS, consistent with the Commission's Second Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in a regular open meeting with a quorum participating, the action undertaken by the Commissioners in adopting Resolution 20-40 and any actions taken since May 20, 2020 to effectuate the actions contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 20-40 and any subsequent actions taken in relation thereto are hereby ratified and affirmed.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 3, 2020.

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Patrice M. Birdsong
Special Assistant to the Commission

Committee Reports and Recommendations for Action

Budget, Finance & Audit Committee

ACCEPTANCE OF THIRD QUARTER FY'20
BUDGET TO ACTUAL STATEMENTS

June 3, 2020

- The Agency ended the quarter with a net cash flow surplus of $3,092,306 that resulted in a third quarter budget to actual negative variance of $457,208.

- The General Fund experienced savings throughout most administrative expenses and maintenance contracts.

- At the end of the third quarter, many 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 March 31, 2020 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.

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM:	Staff:	Cornelia Kent	Division: Finance	Ext. 9754
		Terri Fowler		Ext. 9507
		Tomi Adebo		Ext. 9472

RE: Acceptance of Third Quarter FY'20 Budget to Actual Statements

DATE: June 3, 2020

STATUS: Committee Report: Deliberation [X]

OVERALL GOAL & OBJECTIVE:
Acceptance of the Third Quarter FY'20 Budget to Actual Statements.

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

ISSUES FOR CONSIDERATION:
To assess the financial performance of the Agency for the third quarter of FY'20 against the budget for the same period.

BUDGET IMPACT:
A third quarter budget amendment was discussed with the Budget, Finance and Audit Committee at the May 19, 2020 meeting. The Commission will be asked to approve the third quarter budget amendment at the June 3, 2020 Commission meeting. Future amendments will be presented to the Commission as necessary.

TIME FRAME:
The Budget, Finance and Audit Committee reviewed the Third Quarter Budget to Actual Statements at the May 19, 2020 Committee meeting. Actions is requested at the June 3, 2020 Commission meeting.

COMMITTEE RECOMMENDATION & COMMISSION ACTION NEEDED:
The Budget, Finance and Audit Committee recommends to the full Commission acceptance of the Third Quarter FY'20 Budget to Actual Statements.

DISCUSSION – THIRD QUARTER BUDGET TO ACTUAL STATEMENTS

This review of the Budget to Actual Statements for the Agency through the third 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 Third Quarter Capital Budget to Actual Comparison.

The Agency ended the quarter with a net positive cash flow of $3,092,306. This resulted in a third quarter budget to actual negative variance of $457,208 when compared to the anticipated third quarter net cash flow of $3,549,514. The primary causes were 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) that was partially offset by savings in expenses in the General Fund (see General 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 $4,288,835 that resulted in a positive variance of $851,480 when compared to the projected deficit of $5,140,315.

As of March 31, 2020, income in the General Fund was $16,423 lower than anticipated. The majority of the positive variance is the result of expenses in the General Fund that were $867,903 lower than budgeted. The positive variance was primarily the result of savings throughout most administrative and maintenance expenses that were partially offset by the security services that were provided at the empty Emory Grove site from November 2019 through February 2020. 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. Income (the bond draw downs that finance the operating costs for these funds) is in line with the budget. The positive expense variance in the Bond Funds is a result of small savings in most administrative accounts.

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 $6,393,267 or $258,854 lower than projected. It should be noted that we currently 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 $5,956,325 or $695,796 below budget.

Unrestricted Development Corporations

	(9 Months) Budget	(9 Months) Actual	Variance		(9 Months) Adjusted
The Barclay	$113,618	($11,589)	($125,207)		$0
Glenmont Crossing	$229,825	$390,032	$160,207	(1)	$229,825
Glenmont Westerly	$283,613	$341,720	$58,107	(1)	$283,613
Magruder's Discovery	$551,229	$444,170	($107,059)		$444,170
The Metropolitan	$1,414,802	$1,408,415	($6,387)		$1,408,415
Montgomery Arms	$257,248	$318,383	$61,135	(1)	$257,248
TPM - 59 MPDUs	$332,913	$330,220	($2,693)		$330,220
Paddington Square	$311,276	$304,740	($6,536)		$304,740
Pooks Hill High-Rise	$392,611	$525,983	$133,372	(1)	$392,611
Scattered Site One Dev. Corp.	$415,977	$229,925	($186,052)		$229,925
Scattered Site Two Dev. Corp.	$4,130	$15,354	$11,224	(2)	$4,130
Sligo Development Corp.	$14,540	$39,026	$24,486	(1)	$14,540
VPC One Corp.	$1,409,960	$1,322,860	($87,100)		$1,322,860
VPC Two Corp.	$920,379	$734,028	($186,351)		$734,028
Subtotal	**$6,652,121**	**$6,393,267**	**($258,854)**		**$5,956,325**
		Recognizable Cash Flow			**($695,796)**

Notes:
(1) - Properties exceeding budgeted cash flow.

The Barclay ended the quarter with a negative cash flow variance of $125,207 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 $160,207 and $58,107, respectively, largely due to savings in administrative and maintenance expenses coupled with timing of debt service payments from the refinancing. The savings were partially offset by lower gross rents at both properties and slightly higher vacancies at Westerly. Cash flow at

Magruder's Discovery was $107,059 lower than anticipated due to lower gross rents and higher vacancies coupled with higher utilities and maintenance expense. **Montgomery Arms** ended the quarter with a positive cash flow variance of $61,135 as a result of savings in administrative and maintenance expense. **Pooks Hill High-Rise** ended the quarter with a positive cash flow variance of $133,372 primarily due to lower than expected vacancy loss coupled with savings in utilities, maintenance, insurance and bad debt expense that was slightly offset by administrative and security expenses that exceeded budget. Cash flow for **Scattered Site One Dev. Corp.** was $186,052 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. Cash flow for **Scattered Site Two Dev. Corp.** was $11,224 higher than budget driven mostly by higher than anticipated tenant income and lower bad debt expense that were offset by overages in maintenance expenses. **VPC One** and **VPC Two Development Corporation** ended the quarter with negative cash flow variances of $87,100 and $186,351, respectively, due to higher than expected vacancy and concessions, coupled with overages in maintenance and utility expense. The negative variances were slightly offset at both properties due to savings in administrative cost and tenant services.

- 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 $159,421 more than budgeted for the quarter. **Alexander House** experienced a positive cash flow variance of $477,548 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 and higher than expected maintenance expense. The budgeted shortfall at **MetroPointe** was $49,973 more than projected primarily due to higher vacancy loss coupled with slight overages through most expense categories. On a consolidated basis, the **RAD 6** properties ended the quarter with a negative variance of $328,270, which consisted primarily of variances at **Seneca Ridge** and **Washington Square.** The planned deficit at **Seneca Ridge** was $97,658 more than anticipated mainly as a result of overages in maintenance and utility expenses. Cash flow for **Washington Square** was $162,474 lower than projected largely due to higher than expected administrative, utility and maintenance expense as well as unanticipated bad debt expense. **Sandy Spring** ended the quarter with a negative cash flow variance of $31,952 due to lower rents coupled with higher than anticipated maintenance and bad debt expenses. The negative variances were partially offset by small savings in administrative and utility costs. Cash flow for **Town Centre Place** was $33,806 lower than anticipated because of lower gross rents and higher utility allowances coupled with higher utility and maintenance costs that were offset by savings in administrative expenses and adjustments to the bad debt allowance.

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 $1,883,692 or $154,016 less than budgeted. As noted above for the Development Corporations, we currently 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 $1,424,816 or $612,892 below budget.

Unrestricted Opportunity Housing Properties

	(9 Months) Budget	(9 Months) Actual	Variance		(9 Months) Adjusted
64 MPDUs	$56,145	$64,108	$7,963	(1)	$56,145
Camp Hill Square	$191,889	$74,590	($117,299)		$74,590
Chelsea Towers	$30,252	$53,864	$23,612	(1)	$30,252
Fairfax Court	$85,828	$51,152	($34,676)		$51,152
Holiday Park	$50,992	$4,655	($46,337)		$4,655
Jubilee Falling Creek	$11,012	$5,298	($5,714)		$5,298
Jubilee Hermitage	$3,504	($13,566)	($17,070)		($13,566)
Jubilee Horizon Court	($36)	($3,017)	($2,981)		($3,017)
Jubilee Woodedge	$5,378	($8,856)	($14,234)		($8,856)
Metropolitan Affordable	($215,149)	($227,053)	($11,904)		($227,053)
McHome	$86,815	$78,790	($8,025)		$78,790
McKendree	$28,488	$49,640	$21,152	(1)	$28,488
MHLP VII	$56,002	$70,775	$14,773	(1)	$56,002
MHLP VIII	$128,828	$121,538	($7,290)		$121,538
MHLP IX Pond Ridge	$9,027	($86,603)	($95,630)		($86,603)
MHLP IX Scattered Sites	($71,390)	($123,569)	($52,179)		($123,569)
MHLP X	$127,792	$56,240	($71,552)		$56,240
MPDU 2007 Phase II	$5,326	$25,248	$19,922	(1)	$5,326
Pooks Hill Mid-Rise	$219,735	$175,189	($44,546)		$175,189
Strathmore Court	$476,325	$448,987	($27,338)		$448,987
Strathmore Court Affordable	($208,210)	($223,729)	($15,519)		($223,729)
TPP LLC Pomander Court	$75,227	$34,629	($40,598)		$34,629
TPP LLC Timberlawn	$415,914	$444,808	$28,894	(1)	$415,914
Westwood Tower	$468,014	$810,574	$342,560	(1)	$468,014
Subtotal	**$2,037,708**	**$1,883,692**	**($154,016)**		**$1,424,816**
			Recognizable Cash Flow		**($612,892)**

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 overages in utilities and maintenance expense. **Camp Hill Square** ended the quarter with a negative cash flow variance of $117,299 largely due to greater than anticipated maintenance, utility, and security cost that was partially offset by slightly higher tenant income. Cash flow at **Chelsea Towers** was $23,612 higher than anticipated due to lower than anticipated vacancies coupled with savings in administrative, utility and maintenance cost. **Fairfax Court** experienced a negative cash flow variance of $34,676 as a result of higher administrative, maintenance and bad debt expenses. **Holiday Park** ended the quarter with a negative cash flow variance of $46,337 primarily due to lower rents and higher than projected vacancy loss coupled with overages in utility and maintenance expense. **Jubilee Hermitage** and **Jubilee Woodedge** experienced negative cash flow variances of $17,070 and $14,234, respectively primarily as a result of adjustments for prior year subsidy payments that decreased tenant income. **Metropolitan Affordable** ended the quarter with a $11,904 larger shortfall then expected due to the timing of the audit payment and addition of loan management fee expenses that were not incorporated at the time the budget was developed. The additional expenses were partially offset by savings in maintenance cost. Cash flow at **McHome** was $8,025 lower than expected due to lower tenant income and higher utilities expense offset by savings in maintenance cost. **McKendree** experienced a positive variance of $21,152 as a result of maintaining 100% occupancy coupled with savings in most major expense categories. **MHLP VII** ended the quarter with a positive variance of $14,773 primarily due to savings in maintenance expense. Cash flow at **MHLP VIII** was $7,290 lower than anticipated as a result of overages in maintenance and administrative cost that was partially offset by the expiration of the front foot benefit tax. **MHLP IX Pond Ridge** and **MHLP IX Scattered Sites** ended the quarter with negative cash flow variances of $95,630 and $52,179, respectively, primarily due to higher than anticipated vacancy loss and overages throughout most expense categories. Cash flow at **MHLP X** was $71,552 lower than expected due to higher administrative, maintenance and tax 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. **MPDU 2007** experienced a positive variance of $19,922 as a result of maintaining 100% occupancy coupled with savings in administrative, maintenance and tax expenses. Cash flow for **Pooks Hill Mid-Rise** was $44,546 lower than projected due to lower tenant income coupled with higher than anticipated utility and bad debt expense that were partially offset by savings in administrative, maintenance and security expenses. **Strathmore Court** experienced a negative cash flow variance of $27,338 as a result of higher than anticipated administrative, utility and security expense. **Strathmore Court Affordable** ended the quarter with a $15,519 larger shortfall then expected due to higher than anticipated utility and security expense. **TPP LLC Pomander Court** experienced a negative cash flow variance of $40,598 mainly due to higher than anticipated utility, maintenance, and bad debt expense that were partially offset by lower vacancies and savings in debt service. **TPP LLC Timberlawn's** cash flow exceeded budget through March 31 by $28,894 as a result of higher tenant fee income coupled with savings in tenant services, maintenance and bad debt expenses as well as savings in debt service. Cash flow at **Westwood Tower** was $342,560 more than anticipated as a result of higher gross rents and lower concessions and vacancy coupled with savings in utility, maintenance, security and bad debt expenses that were partially offset by higher than expected administrative costs at the property.

- 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 $937,026 lower than budgeted. **The Ambassador**, which was in the process of demolition, experienced expenses of $35,351 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 Real Estate Line of Credit (RELOC). There are sufficient reserves at the property to cover the costs. **Avondale Apartments** reported a negative cash flow variance of $54,458 primarily attributable to lower gross rents coupled with greater than anticipated vacancies and concession as well as overages in utility, maintenance and bad debt expense offset by savings in interest paid on outstanding debt on the RELOC. **Brooke Park** ended the quarter with a $10,160 greater loss than projected mainly due to higher than anticipated utility and maintenance expense. **Brookside Glen** experienced a negative cash flow variance of $74,057 primarily due to higher vacancy loss coupled with overages in administrative and utility costs that were partially offset by savings in maintenance and bad debt expense. **Cider Mill Apartments** reported a negative cash flow variance of $94,904 primarily due to higher vacancies coupled with overages in maintenance, bad debt, and debt service expenses as well as payments to mezzanine lender. The negative variance was largely offset by savings in administrative, utility and tax expense. **Diamond Square** experienced a negative cash flow variance of $85,287 largely due to higher security and insurance cost offset by lower than anticipated vacancies and savings in administrative, utility and maintenance cost. **Elizabeth House Interim RAD** experienced a negative cash flow variance of $190,518 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 had not been converted until July 31 (30 units) and March 31 (106 units) is shown in the Public Housing Program. **Holly Hall** ended the quarter with a positive cash flow variance of $25,108 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 tenant services expense that were partially offset by higher than anticipated maintenance and utility costs. **Manchester Manor** experienced a negative cash flow variance of $50,031 mainly due to higher than anticipated administrative and security cost. Cash flow for **The Manor at Cloppers Mills** ended the quarter with a negative variance of $40,306 as a result of higher vacancy loss, maintenance and bad debt expense that was partially offset by savings in utilities. **Paint Branch** experienced a negative cash flow variance of $37,248 largely due to slightly higher than anticipated vacancy loss coupled with overages in maintenance and bad debt expenses. **Shady Grove** ended the quarter with a positive variance of $40,417 primarily due to savings in most expense categories offset by higher vacancy loss. Cash flow at **State Rental Combined** was $174,877 lower than projected due to higher vacancies coupled with overages in administrative and maintenance cost that were partially offset by lower than anticipated bad debt expense. **Stewartown Affordable** ended the quarter with a positive variance of $48,536 due to lower vacancy loss and savings in tenant services, maintenance and administrative costs. **The Willows** ended the quarter with a negative cash flow variance of $161,359 largely due to higher concessions and vacancies at the property coupled the establishment of allowances for bad debt that were partially offset by savings throughout most expense categories.

<u>The Public Fund</u> (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 which did not occur until March 31, 2020, the program ended the quarter with a surplus of $154,190 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 $3,283,028. The surplus was comprised of Housing Assistance Payment (HAP) revenue that exceeded HAP payments by $2,817,742 coupled with an administrative surplus of $465,286. 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 $699,503 when compared to the projected shortfall of $234,217 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.

<u>Tax Credit Partnerships</u>

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

<u>The Capital Budget</u> (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.

Avondale exceeded the capital budget due to work related to paving the parking lot. **The Barclay** exceeded its capital budget for the year as a result of the Real Estate Assessment Center (REAC) inspection related work. **Brookside Glen** exceeded the capital budget due to work related to plumbing and flooring contracts. **Camp Hill Square** has exceeded the capital budget due to carpet replacement. **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. **MHLP IX Pond Ridge** exceeded the capital budget due to work related to painting.

TPM - 59 MPDUs exceeded its capital budget for the year as a result of roof and HVAC work that was higher than anticipated. **Paddington Square** exceeded its capital budget for the year as a result of the REAC inspection related work. **Sandy Springs** exceeded the capital budget due to tree removals. **Seneca Ridge** exceeded the capital budget primarily due to work related to ex-tenant damages in the units. Staff is working to charge the improvements back to the respective individuals. **Town Centre Place** exceeded the capital budget due to tree removal cost. **Scattered Site One Dev. Corp.** experienced capital expenditure in excess of budget in several categories including kitchen and bath, window, HVAC, and roof replacements based on the need for renovations of the units. Both **VPC One** and **VPC Two Dev. Corp.** have exceeded their respective capital budgets as a result of unanticipated capital needs in several units including painting, appliance, flooring and roof replacements, waterproofing at a few units, and rewiring of one home after a fire. **Washington Square** exceeded the capital budget due to work related to plumbing and flooring contracts.

The majority of the properties have sufficient property reserves to cover the overages. Where this is not the case, staff is reviewing the obligations from the Opportunity Housing Property Reserve (OHPR) to ensure sufficient funds are available to cover the balance of the overages.

Resolution No.: 20-41

Re: Acceptance of Third Quarter FY'20 Budget to Actual Statements

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 Third Quarter FY'20 Budget to Actual Statements during its June 3, 2020 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Third 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, June 3, 2020.

Patrice Birdsong
Special Assistant to the Commission

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FY 20 Third Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow		
	(9 Months) Budget	(9 Months) Actual	Variance
General Fund			
General Fund	($5,140,315)	($4,288,835)	$851,480
Administration of Multifamily and Single Family Fund			
Multifamily Fund	$466,800	$514,929	$48,129
Draw from / (Restrict to) Multifamily Bond Fund	($466,800)	($514,929)	($48,129)
Single Family Fund	$378,488	$412,995	$34,507
Draw from / (Restrict to) Single Family Bond Fund	($378,488)	($412,995)	($34,507)
Opportunity Housing Fund			
Opportunity Housing Properties	$2,037,708	$1,424,816	($612,892)
Development Corporation Property Income	$6,652,121	$5,956,325	($695,796)
OHRF			
OHRF Balance	$3,786,349	$3,836,676	$50,327
Excess Cash Flow Restricted	($3,786,349)	($3,836,676)	($50,327)
Draw from existing funds	$0	$0	$0
Net -OHRF	**$0**	**$0**	**$0**
SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing	**$3,549,514**	**$3,092,306**	**($457,208)**

	(9 Months) Budget	(9 Months) Actual	Variance
Public Fund			
Public Housing Rental (1)	$0	$144,074	$144,074
Housing Choice Voucher Program HAP (2)	$610,479	$2,817,742	$2,207,263
Housing Choice Voucher Program Admin (3)	($234,217)	$465,286	$699,503
Total -Public Fund	**$376,262**	**$3,427,102**	**$3,050,840**
Public Fund - Reserves			
(1) Public Housing Rental - Draw from / Restrict to Program	$0	($144,074)	($144,074)
(2) Draw from / Restrict to HCV Program Cash Reserves	($610,479)	($2,817,742)	($2,207,263)
(3) Draw from / Restrict to HCV Program Excess Admin Fee	$234,217	($465,286)	($699,503)
SUBTOTAL - Public Funds	**$0**	**$0**	**$0**
TOTAL - All Funds	**$3,549,514**	**$3,092,306**	**($457,208)**

FY 20 Third Quarter Operating Budget to Actual Comparison

	Capital Expenses		
	(12 Months) Budget	(9 Months) Actual	Variance
General Fund			
880 Bonifant	$200,000	$140,259	$59,741
East Deer Park	$325,000	$128,310	$196,690
Kensington Office	$375,000	$152,035	$222,965
Information Technology	$802,560	$486,095	$316,465
Opportunity Housing Fund	$8,059,213	$4,170,184	$3,889,029
TOTAL - All Funds	**$9,561,773**	**$4,936,624**	**$4,625,149**

FY 20 Third Quarter Operating Budget to Actual Comparison

Development Corp Properties - Net Cash Flow

	(9 Months) Net Cash Flow Budget	Variance Income	Variance Expense	(9 Months) Net Cash Flow Actual	Variance
Properties with unrestricted cash flow for FY18 operating budget					
The Barclay	$113,618	($53,971)	($71,236)	($11,589)	($125,207)
Glenmont Crossing	$229,825	($63,982)	$224,189	$390,032	$160,207
Glenmont Westerly	$283,613	($45,963)	$104,069	$341,720	$58,107
Magruder's Discovery	$551,229	($50,290)	($56,769)	$444,170	($107,059)
The Metropolitan	$1,414,802	($13,644)	$7,257	$1,408,415	($6,387)
Montgomery Arms	$257,248	$3,627	$57,508	$318,383	$61,135
TPM - 59 MPDUs	$332,913	$20,082	($22,775)	$330,220	($2,693)
Paddington Square	$311,276	$85,972	($92,507)	$304,740	($6,536)
Pooks Hill High-Rise	$392,611	$59,801	$73,570	$525,983	$133,372
Scattered Site One Dev. Corp.	$415,977	($96,647)	($89,404)	$229,925	($186,052)
Scattered Site Two Dev. Corp.	$4,130	$7,303	$3,922	$15,354	$11,224
Sligo Development Corp.	$14,540	$27,635	($3,150)	$39,026	$24,486
VPC One Corp.	$1,409,960	($45,647)	($41,453)	$1,322,860	($87,100)
VPC Two Corp.	$920,379	$3,805	($190,156)	$734,028	($186,351)
Subtotal	**$6,652,121**	**($161,919)**	**($96,935)**	**$6,393,267**	**($258,854)**
Properties with restricted cash flow (external and internal)					
Alexander House	$83,226	($293,887)	$771,435	$560,774	$477,548
MetroPointe	($99,536)	($31,714)	($18,259)	($149,509)	($49,973)
Oaks at Four Corners	$39,464	$4,699	$55,418	$99,580	$60,116
RAD 6 Total	**$15,228**	**($80,856)**	**($247,413)**	**($313,042)**	**($328,270)**
Ken Gar	$15,820	$6,049	($12,241)	$9,628	($6,192)
Parkway Woods	$14,935	($3,115)	$6,927	$18,747	$3,812
Sandy Spring Meadow	$60,508	($37,952)	$6,000	$28,556	($31,952)
Seneca Ridge	($208,512)	($6,107)	($91,551)	($306,170)	($97,658)
Towne Centre Place	$59,231	($37,133)	$3,327	$25,425	($33,806)
Washington Square	$73,246	($2,598)	($159,875)	($89,228)	($162,474)
Subtotal	**$38,382**	**($401,758)**	**$561,181**	**$197,803**	**$159,421**
TOTAL ALL PROPERTIES	**$6,690,503**	**($563,677)**	**$464,246**	**$6,591,070**	**($99,433)**

FY 20 Third Quarter Operating Budget to Actual Comparison

For Opportunity Housing Properties - Net Cash Flow

	(9 Months) Net Cash Flow Budget	Variance Income	Variance Expense	(9 Months) Net Cash Flow Actual	Variance
Properties with unrestricted cash flow for FY18 operating budget					
64 MPDUs	$56,145	($2,894)	$10,857	$64,108	$7,963
Camp Hill Square	$191,889	$13,413	($130,712)	$74,590	($117,299)
Chelsea Towers	$30,252	$11,446	$12,166	$53,864	$23,612
Fairfax Court	$85,828	($2,950)	($31,726)	$51,152	($34,676)
Holiday Park	$50,992	($20,601)	($25,735)	$4,655	($46,337)
Jubilee Falling Creek	$11,012	($1,668)	($4,046)	$5,298	($5,714)
Jubilee Hermitage	$3,504	($13,872)	($3,197)	($13,566)	($17,070)
Jubilee Horizon Court	($36)	($1,774)	($1,206)	($3,017)	($2,981)
Jubilee Woodedge	$5,378	($13,154)	($1,080)	($8,856)	($14,234)
Metropolitan Affordable	($215,149)	$270	($12,174)	($227,053)	($11,904)
McHome	$86,815	($11,624)	$3,599	$78,790	($8,025)
McKendree	$28,488	$11,505	$9,647	$49,640	$21,152
MHLP VII	$56,002	($2,053)	$16,825	$70,775	$14,773
MHLP VIII	$128,828	$1,551	($8,841)	$121,538	($7,290)
MHLP IX Pond Ridge	$9,027	($30,670)	($64,960)	($86,603)	($95,630)
MHLP IX Scattered Sites	($71,390)	($40,061)	($12,118)	($123,569)	($52,179)
MHLP X	$127,792	$3,127	($74,679)	$56,240	($71,552)
MPDU 2007 Phase II	$5,326	$1,725	$18,197	$25,248	$19,922
Pooks Hill Mid-Rise	$219,735	($30,200)	($14,346)	$175,189	($44,546)
Strathmore Court	$476,325	($2,965)	($24,374)	$448,987	($27,338)
Strathmore Court Affordable	($208,210)	($946)	($14,573)	($223,729)	($15,519)
TPP LLC Pomander Court	$75,227	$3,712	($44,310)	$34,629	($40,598)
TPP LLC Timberlawn	$415,914	$13,916	$14,978	$444,808	$28,894
Westwood Tower	$468,014	$201,549	$141,011	$810,574	$342,560
Subtotal	**$2,037,708**	**$86,782**	**($240,797)**	**$1,883,692**	**($154,016)**
Properties with restricted cash flow (external and internal)					
617 Olney Sandy Spring Road	$6,478	($11,844)	($1,790)	($7,156)	($13,634)
The Ambassador	$0	$0	($35,351)	($35,351)	($35,351)
Avondale Apartments	$60,106	($37,393)	($17,065)	$5,648	($54,458)
Barclay Affordable	$59,890	$16,143	($49,979)	$26,054	($33,836)
Brooke Park	($1,464)	$1,517	($11,678)	($11,624)	($10,160)
Brookside Glen (The Glen)	$195,272	($77,691)	$3,634	$121,215	($74,057)
CDBG Units	$13,799	$1,214	$1,266	$16,279	$2,480
Cider Mill Apartments	$357,116	($221,277)	$126,373	$262,212	($94,904)
Dale Drive	$11,826	$33	($10,511)	$1,349	($10,477)
Diamond Square	$201,938	$13,938	($99,225)	$116,651	($85,287)
Elizabeth House Interim RAD	($172,067)	($576,386)	$385,868	($362,585)	($190,518)
Georgian Court Affordable	$76,711	$30,525	($21,917)	$85,320	$8,609
Holly Hall Interim RAD	($127,703)	$86,970	($61,861)	($102,595)	$25,108
King Farm Village	$5,552	($376)	$102	$5,278	($274)
Manchester Manor	($575)	$3,092	($53,124)	($50,606)	($50,031)
The Manor at Cloppers Mill	$161,996	($27,590)	($12,716)	$121,690	($40,306)
The Manor at Colesville	$141,346	($4,783)	($7,321)	$129,242	($12,104)
The Manor at Fair Hill Farm	$135,243	$35,050	($38,874)	$131,419	($3,824)
NCI Units	$54,879	$661	$6,050	$61,590	$6,711
NSP Units	$26,558	($2,401)	$12,081	$36,238	$9,680
Paint Branch	$75,389	($12,878)	($24,370)	$38,141	($37,248)
Shady Grove Apts	$184,357	($20,137)	$60,554	$224,774	$40,417
Southbridge	$41,863	$1,551	$2,587	$46,001	$4,138
State Rental Combined	$31,244	($38,780)	($136,096)	($143,633)	($174,877)
Stewartown Affordable	$25,670	$16,425	$32,112	$74,206	$48,536
The Willows	($165,728)	($26,664)	($134,695)	($327,087)	($161,359)
Subtotal	**$1,399,696**	**($851,081)**	**($85,946)**	**$462,670**	**($937,026)**
TOTAL ALL PROPERTIES	**$3,437,404**	**($764,299)**	**($326,743)**	**$2,346,362**	**($1,091,042)**

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

	(9 Months) Budget	(9 Months) Actual	Variance
Public Housing Rental			
Revenue	$0	$661,102	$661,102
Expenses	$0	$517,028	($517,028)
Net Income	**$0**	**$144,074**	**$144,074**

	(9 Months) Budget	(9 Months) Actual	Variance
Housing Choice Voucher Program			
HAP revenue	$72,990,774	$75,852,801	$2,862,027
HAP payments	$72,380,295	$73,035,059	$654,764
Net HAP	**$610,479**	**$2,817,742**	**$2,207,263**
Admin.fees & other inc.	$5,869,726	$6,158,418	$288,692
Admin. Expense	$6,103,943	$5,693,132	$410,811
Net Administrative	**($234,217)**	**$465,286**	**$699,503**
Net Income	**$376,262**	**$3,283,028**	**$2,906,766**

Attachment D

FY 20 Third Quarter Operating Budget to Actual Comparison

For Public Housing Rental Programs - Net Cash Flow

	(9 Months) Net Cash Flow Budget	Variance Income	Variance Expense	(9 Months) Net Cash Flow Actual	Variance
Elizabeth House	$0	$660,767	($506,577)	$154,190	$154,190
Emory Grove	$0	$336	($10,451)	($10,115)	($10,115)
TOTAL ALL PROPERTIES	**$0**	**$661,103**	**($517,028)**	**$144,075**	**$144,075**

FY 20 Third Quarter Operating Budget to Actual Comparison

For Capital Improvements

	(12 Months) Budget	(9 Months) Actual	Variance
General Fund			
880 Bonifant	$200,000	$140,259	$59,741
East Deer Park	$325,000	$128,310	$196,690
Kensington Office	$375,000	$152,035	$222,965
Information Technology	$802,560	$486,095	$316,465
Subtotal	**$1,702,560**	**$906,699**	**$795,861**
Opportunity Housing			
Alexander House	$123,556	$27,667	$95,889
Avondale Apartments	$22,920	$34,637	($11,717)
The Barclay	$46,716	$73,456	($26,740)
Barclay Affordable	$46,200	$14,534	$31,666
Brookside Glen (The Glen)	$86,700	$104,394	($17,694)
Camp Hill Square	$27,100	$42,462	($15,362)
CDBG Units	$5,875	$2,052	$3,823
Chelsea Towers	$29,040	$10,049	$18,991
Cider Mill Apartments	$605,100	$383,259	$221,841
Dale Drive	$5,220	$4,032	$1,188
Diamond Square	$388,540	$17,972	$370,568
Fairfax Court	$57,025	$109,520	($52,495)
Georgian Court Affordable	$29,750	$17,749	$12,001
Glenmont Crossing	$138,821	$55,536	$83,285
Glenmont Westerly	$220,199	$66,374	$153,825
Holiday Park Interim RAD	$26,550	$16,251	$10,299
Jubilee Hermitage	$250	$0	$250
Jubilee Woodedge	$365	$0	$365
Ken Gar	$6,000	$6,301	($301)
Magruder's Discovery	$108,244	$63,916	$44,328
Manchester Manor	$176,874	$176,077	$797
Manor at Cloppers Mill	$78,823	$54,248	$24,575
Manor at Colesville	$327,231	$202,926	$124,305
Manor at Fair Hill Farm	$59,471	$162,286	($102,815)
McHome	$38,075	$24,669	$13,406
McKendree	$23,250	$1,998	$21,252
MetroPointe	$485,418	$191,777	$293,641
The Metropolitan	$796,831	$223,968	$572,863
Metropolitan Affordable	$383,388	$56,797	$326,591
Montgomery Arms	$75,620	$74,605	$1,015
MHLP VII	$41,350	$15,498	$25,852
MHLP VIII	$73,600	$15,660	$57,940
MHLP IX - Pond Ridge	$30,500	$40,069	($9,569)
MHLP IX - Scattered Sites	$91,400	$72,236	$19,164
MHLP X	$125,350	$66,814	$58,536
MPDU 2007 Phase II	$8,850	$0	$8,850
64 MPDUs	$37,350	$14,292	$23,058
TPM - 59 MPDUs	$21,700	$68,511	($46,811)
Oaks at Four Corners	$322,513	$160,818	$161,695
NCI Units	$18,675	$11,209	$7,466
NSP Units	$13,725	$666	$13,059
Paddington Square	$98,824	$160,972	($62,148)
Paint Branch	$9,900	$5,795	$4,105
Parkway Woods	$30,116	$4,843	$25,273
TPP LLC Pomander Court	$13,500	$1,500	$12,000
Pooks Hill High-Rise	$553,000	$64,120	$488,880
Pooks Hill Mid-Rise	$52,600	$18,681	$33,919
Sandy Spring Meadow	$12,000	$26,096	($14,096)
Scattered Site One Dev. Corp.	$108,925	$130,381	($21,456)
Scattered Site Two Dev. Corp.	$63,500	$30,805	$32,695
Seneca Ridge	$22,419	$34,771	($12,352)
Shady Grove Apts	$186,945	$98,878	$88,067
Sligo Development Corp.	$34,000	$8,237	$25,763
Southbridge	$25,337	$16,147	$9,190
State Rental Combined	$165,000	$126,884	$38,116
Stewartown Affordable	$22,608	$2,355	$20,253
Strathmore Court	$231,106	$161,160	$69,946
Strathmore Court Affordable	$72,940	$20,579	$52,361
Towne Centre Place	$12,004	$17,497	($5,493)
TPP LLC Timberlawn	$121,864	$103,231	$18,633
VPC One Dev. Corp.	$78,300	$125,489	($47,189)
VPC Two Dev. Corp.	$65,750	$123,085	($57,335)
Washington Square	$10,500	$35,712	($25,212)
Westwood Tower	$648,700	$75,163	$573,537
The Willows	$215,210	$92,518	$122,692
Subtotal	**$8,059,213**	**$4,170,184**	**$3,889,029**
TOTAL	**$9,761,773**	**$5,076,883**	**$4,684,890**

APPROVAL OF FY’20 THIRD QUARTER BUDGET AMENDMENT

June 3, 2020

- The net effect of the FY'20 Third Quarter Budget Amendment is a surplus of $465,019.

- The FY’20 Amended Budget includes a contribution of $1,152,719 to the General Fund Operating Reserve (GFOR) for future operation needs. The Budget, Finance and Audit Committee recommends that the anticipated contribution be increased by $465,019 to $1,617,738 in order to maintain 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 remains unchanged at $155.4 million.

- Personnel Complement remains unchanged.

- No policy changes are reflected in the budget amendment.

M E M O R A N D U M

TO:	Housing Opportunities Commission			
VIA:	Stacy L. Spann, Executive Director			
FROM:	Staff:	Cornelia Kent	Division: Finance	Ext. 9754
		Terri Fowler		Ext. 9507
		Tomi Adebo		Ext. 9472
RE:	Approval of FY'20 Third Quarter Budget Amendment			
DATE:	June 3, 2020			

STATUS: Committee Report Deliberation [X]

OVERALL GOAL & OBJECTIVE:
To amend the FY'20 Budget so that it reflects an accurate plan for the use of the Agency's financial resources for the remainder of the year.

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

ISSUES FOR CONSIDERATION:

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

- **General Fund:**
  - **Information Technologies Capital Rollover:** The FY'20 First Quarter Budget Amendment requested authorization to rollover $217,560 of unspent capital funds for Information Technologies (IT) to cover planned capital expenses that were not completed in FY'19. The funding for these expenditures was restricted at the end of FY'19 in anticipation of this rollover request. This budget amendment identifies the restricted cash as the source for the expenditures and will be reflected in the FY'20 budget as a transfer in and transfer out of existing cash. Both income and expenses in the General Fund will increase by $217,560 to reflect the source and use of the funds to pay for the capital expenditures.
  - **Alexander House Development Corporation:** The income in the General Fund will

increase by $465,019 as a result of unrestricting the cash flow from the amended Alexander House Development Corporation budget (See Opportunity Housing Fund).

- **Opportunity Housing Fund:**

  - **Alexander House Development Corporation:** As a result of the delay in permanent financing for Alexander House, the property has experienced significant savings in debt service payments. During the development of the FY'20 budget, the property was only projected to generate $90,019 cash flow. A decision was made to not depend on the income to balance the Agency Budget because the property was still in the stage of lease-up. In fact, rents were lowered on some units and concessions offered to support the lease-up which resulted in lower tenant revenue for the year. This amendment will reduce projected revenue by $370,000 to account for the loss of tenant income. In addition, expenses will be reduced by $745,000 to reflect the estimated savings in debt service payments for the year. Staff is recommending that the property be unrestricted to allow the additional cash flow to be used as a resource for any COVID 19 impacts to the Agency FY'20 Amended and FY'21 Proposed operating budgets. Both income and expenses in the fund will decrease by $370,000 to reflect the budget amendment.

  - **Cash flow from Unrestricted Properties:** It has been a practice of the Agency to only recognize cash flow from individual properties up to the amount budgeted for each respective property. As a result, the cash flow from properties exceeding budget at year-end has not been able to offset the loss in cash flow from properties that did not meet budget expectations. This has resulted in losses of revenue / cash flow each year to the Agency for operations. Staff is recommending that the practice be changed to allow for balancing of cash flow across the unrestricted properties as long as the total does not exceed the total cash flow authorized to be transferred from the Opportunity Housing Fund to the General Fund.

BUDGET IMPACT:

The net effect of the FY'20 Third Quarter Budget Amendment is a surplus of $465,019. The FY'20 Amended Budget includes a contribution of $1,152,719 to the General Fund Operating Reserve (GFOR) for future operation needs. Staff recommends that the anticipated contribution be increased by $465,019 to $1,617,738 in order to maintain a balanced budget.

The total FY'20 Operating Budget for HOC increased from $279,683,636 to $279,996,215. This is an increase of $312,579. The total FY'20 Capital Budget for HOC remained unchanged at $155,388,946. 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.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the FY'20 Third Quarter Budget Amendment at the May 19, 2020 meeting. Action is requested at the June 3, 2020 Commission meeting.

COMMITTEE RECOMMENDATION & COMMISSION ACTION NEEDED:

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

Resolution No.: 20-42 **Re: Approval of FY'20 Third 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 Third Quarter Budget Amendment is a balanced budget;

WHEREAS, the total FY'20 Operating Budget increased from $279,683,636 to $279,996,215;

WHEREAS, the total FY'20 Capital Budget remained unchanged at $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 $279,683,636 to $279,996,215.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 3, 2020.

Patrice Birdsong
Special Assistant to the Commission

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FY'20 Operating Budget Third Quarter Amendment	Revenues	Expenses	Second Quarter Budget Amendment	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Third Quarter Budget Amendment
General Fund								
General Fund	$25,039,363	$25,676,063	($636,700)	$682,579	$217,560	$25,721,942	$25,893,623	($171,681)
Restrict to GFOR	$0	$1,152,719	($1,152,719)	$0	$465,019	$0	$1,617,738	($1,617,738)
Restrict to OHPR	$0	$1,152,719	($1,152,719)	$0	$0	$0	$1,152,719	($1,152,719)
Multifamily & Single Family Bond Funds								
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
Opportunity Housing Fund								
Opportunity Housing & Dev Corps	$101,097,649	$98,299,158	$2,798,491	($370,000)	($370,000)	$100,727,649	$97,929,158	$2,798,491
Draw from GFOR for MetroPointe Deficit	$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
Restricted to OHRF	$0	$4,131,059	($4,131,059)	$0	$0	$0	$4,131,059	($4,131,059)
Public Fund								
Housing Choice Voucher Program	$104,040,932	$105,106,753	($1,065,821)	$0	$0	$104,040,932	$105,106,753	**($1,065,821)**
Draw from HCVP Administrative Reserve	$433,251	$0	$433,251	$0	$0	$433,251	$0	**$433,251**
County Contributions towards HCVP Administration	$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**
TOTAL - ALL FUNDS	**$279,683,636**	**$279,683,636**	**$0**	**$312,579**	**$312,579**	**$279,996,215**	**$279,996,215**	**$0**

Footnotes - explanation of changes recommended to adopted

GF-IT R	$217,560	Roll forward IT FY'19 Capital
GF-IT E	$217,560	Roll forward IT FY'19 Capital
GF R	$465,019	Add Development Corporation Fee from Alexander House Development Corporation
GF E	$465,019	Restrict income Fee Income to GFOR
OH R	($370,000)	Amend Alexander House Development Corporation Budget
OH E	($745,000)	Amend Alexander House Development Corporation Budget
OH E	**($90,019)**	**Remove Restrict Cash Flow from Alexander Development Corporation**
OH E	**$465,019**	**Unrestrict revised Cash Flow from Alexander Development Corporation**

AUTHORIZATION TO ACCEPT $1,000,000 FROM THE METROPOLITAN DEVELOPMENT CORPORATION OPERATING ACCOUNT TO THE AGENCY GENERAL FUND OPERATING RESERVE (GFOR)

June 3, 2020

- The FY'21 Agency Proposed Operating Budget is currently projecting a shortfall due to anticipated impacts from the COVID 19 Pandemic. In addition, staff anticipates that impacts over the next several months may necessitate draws from the General Fund Operating Reserve (GFOR) to cover Agency expenses.

- The Budget, Finance and Audit Committee is recommending that $1,000,000 of excess cash in the Metropolitan Development Corporation operating account be transferred to the General Fund Operating Reserve (GFOR) to provide additional funding for the anticipated Agency operating shortfall projected for FY'21 as a result of the COVID 19 Pandemic.

- The transfer of $1,000,000 from the property excess cash will leave a cash balance in excess of 2.5 times the property's monthly disbursements which is above the minimum threshold of 1.5 times established for minimum cash balances.

M E M O R A N D U M

TO:	Housing Opportunities Commission			
VIA:	Stacy L. Spann, Executive Director			
FROM:	Staff:	Cornelia Kent	Division: Finance	Ext. 9574
		Terri Fowler		Ext. 9507
		Tomi Adebo		Ext. 9472
RE:	Authorization to Accept $1,000,000 from the Metropolitan Development Corporation Operating Account to the Agency General Fund Operating Reserve (GFOR)			
DATE:	May 19, 2020			

STATUS: Committee Report: Deliberation [X]

OVERALL GOAL & OBJECTIVE:
Authorization to accept $1,000,000 from the Metropolitan Development Corporation operating account to the Agency General Fund Operating Reserve (GFOR).

BACKGROUND:
The FY'21 Proposed Operating Budget is currently projecting a shortfall due to anticipated impacts from the COVID 19 Pandemic. In addition, staff anticipates that impacts over the next several months may necessitate draws from the General Fund Operating Reserve (GFOR) to cover Agency expenses. Staff is recommending that $1,000,000 of excess cash in the Metropolitan Development Corporation operating account be transferred to the General Fund Operating Reserve (GFOR) to provide additional funding for the anticipated Agency operating shortfall projected for FY'21 as a result of the COVID 19 Pandemic.

The transfer of $1,000,000 from the property excess cash will leave a cash balance in excess of 2.5 times the property's monthly disbursements which is above the minimum threshold of 1.5 times established for minimum cash balances. The excess funds were generated by cash flow from prior years in excess of the Development Corporation Fee paid to HOC and the required payment to the County under the Air Rights Agreement. The excess cash has accumulated over the years as a result of the practice of not taking more cash at year end than was budgeted from any individual property.

ISSUES:

Does the Commission wish to accept of $1,000,000 from the Metropolitan Development Corporation operating account to the Agency General Fund Operating Reserve (GFOR)?

BUDGET IMPACT:

There is no budget impact on the FY'20 Adopted Budget.

TIME FRAME:

The Budget, Finance and Audit Committee discussed the recommendation at the May 19, 2020 meeting. Commission action is requested at the June 3, 2020 Commission meeting.

COMMITTEE RECOMMENDATION & BOARD ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full Commission authorization to accept $1,000,000 from the Metropolitan Development Corporation operating account to the Agency General Fund Operating Reserve (GFOR).

RESOLUTION NO.: 20- 43

RE: Authorization to Accept $1,000,000 from the Metropolitan Development Corporation operating account to the Agency General Fund Operating Reserve (GFOR)

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

WHEREAS, the Agency is projecting a shortfall for FY'21 operating budget due to anticipated impacts from the COVID 19 Pandemic; and

WHEREAS, impacts over the next several months may necessitate draws from the General Fund Operating Reserve (GFOR) to cover Agency expenses.

WHEREAS, the Corporation's property has excess unrestricted cash in its operating account that was generated by cash flow from operations from prior years; and

WHEREAS, the Corporation desires to transfer $1,000,000 of unrestricted cash from its operating account to the Commission's GFOR to address the anticipated operating shortfall for FY'21;

WHEREAS, the Commission desires to accept $1,000,000 of unrestricted cash from the Corporation to deposit in its GFOR;

WHEREAS, the transfer of $1,000,000 from the Corporation's property excess cash will leave a cash balance in excess of 2.5 times the property's monthly disbursements which is above the minimum threshold of 1.5 times established for minimum cash balances.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission authorizes staff to accept $1,000,000 from the Metropolitan Development Corporation's operating account to the Agency General Fund Operating Reserve.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 3, 2020.

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Patrice M. Birdsong
Special Assistant to the Commission

AUTHORIZATION TO WRITE OFF UNCOLLECTIBLE TENANT ACCOUNTS RECEIVABLE (JANUARY 1, 2020 – MARCH 31, 2020)

May 19, 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 January 1, 2019 to March 31, 2020 totaled $106,513. This quarter write off includes $99,656 from Opportunity Housing properties, $6,850 from the RAD program, $7 from Rental Assistance Sec8 Repays. Past tenants at VPC Two Corporation, State Rental Partnership, MHLP VII, VPC One Corporation, Paint Branch, Chelsea Towers and MHLP X accounted for the majority of the write-offs. These were mainly due to tenants who were evicted for non-payment, tenants who voluntarily left their units, deceased tenant and one tenant who left to live in a nursing home.

- The next anticipated write-off of former tenants' uncollectible accounts receivable balance will be for the period covered April 1, 2020 to June 30, 2020, and will be performed in the first quarter of FY'21.

M E M O R A N D U M

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 (January 1, 2020 – March 31, 2020)				
DATE:	May 19, 2020				

STATUS: Committee Report: Deliberation X

OVERALL GOAL & OBJECTIVE:
To approve the authorization to write-off uncollectible tenant accounts receivable.

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 accurately reflect 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 31, 2019 was for $66,218, which covered the three-month period from October 1, 2019, through December 31, 2019.

The proposed write-off of former tenant accounts receivable balances for the third quarter January 1, 2020, through March 31, 2020, is $106,513.

The third quarter write-off totaling $106,513 is primarily due to the Opportunity Housing properties (VPC Two Corporation, State Rental Partnership, MHLP VII, VPC One Corporation, Paint Branch, Chelsea Towers and MHLP X). The RAD properties and Rental Assistant Sec8 Repays also contribute to the write offs. The primary reasons for the write-offs include tenants who were evicted for non-payments, tenants who voluntarily left their units, deceased tenants and one tenant who left to live in a nursing home.

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

	Current	Prior			Fiscal Year 2020	Fiscal Year 2019
	Write-offs	Write-offs	$ Change	% Change	Year-to-Date	Year-to-Date
Property Type	01/01/20 - 03/31/20	10/01/19 - 12/31/19	12/31/19 - 03/31/20	12/31/19 - 03/31/20	07/01/19 - 03/31/20	07/01/18 - 03/31/19
Public Housing	$ -	$ -	$ -	0.00%	$ -	$ 3,095
Opportunity Housing	99,656	62,800	36,856	58.69%	188,868	372,859
Supportive Housing	-	1,154	(1,154)	-100.00%	3,477	12,698
RAD Properties	6,850	2,264	4,586	202.56%	21,608	60,627
Rental Asst Sec8 Repays	7	-	7	0.00%	4,115	-
236 Properties	-	-	-	0.00%	-	318
	$ 106,513	$ 66,218	$ 40,295	60.85%	$ 218,068	$ 449,597

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
	01/01/20 - 03/31/20	10/01/19 - 12/31/19	12/31/19 - 03/31/20	12/31/19 - 03/31/20	07/01/19 - 03/31/20	07/01/18 - 03/31/19
Opportunity Housing (OH) Fund						
Avondale	$ -	$ -	$ -	0.00%	$ -	$ 24
Bauer Park	35	-	35	0.00%	35	-
Chelsea Towers	2,934	-	2,934	0.00%	2,934	315
Holiday Park	-	-	-	0.00%	-	3,775
MHLP I/64	-	148	(148)	-100.00%	148	22,627
MHLP IX - MPDU	-	1,164	(1,164)	-100.00%	7,392	5,818
MHLP IX - Pondridge	-	2,435	(2,435)	-100.00%	2,435	244
MHLP VII	3,659	3,404	255	7.49%	7,063	-
MHLP VIII	-	-	-	0.00%	110	-
MHLP X	1,676	-	1,676	0.00%	5,442	-
NCI-1 - 13671 Harvest Glen Way	-	9,104	(9,104)	-100.00%	9,104	-
Paintbranch	3,191	-	3,191	0.00%	3,191	-
Scattered Site One Dev Corp	-	1,551	(1,551)	-100.00%	2,868	24,660
State Rental Partnership	4,899	409	4,490	1097.80%	5,308	11,911
TPM Dev Corp - MPDU II (59)	-	10,680	(10,680)	-100.00%	10,680	-
TPP LLC -Pomander	-	-	-	0.00%	-	845
VPC One Corp	3,448	30,673	(27,225)	-88.76%	45,192	157,531
VPC Two Corp	79,815	3,232	76,583	2369.52%	86,967	145,109
Total OH Fund	**$ 99,656**	**$ 62,800**	**$ 36,856**	**58.69%**	**$ 188,868**	**$ 372,859**

Within the Opportunity Housing portfolio, the $99,656 write-off amount is largely due to VPC Two Corporation, which accounted for about 80% of the total. Other properties such as State Rental Partnership, MHLP VII, VPC One Corporation, Paint Branch, Chelsea Towers and MHLP X accounted for the remaining 20%. 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 Write-offs 01/01/20 - 03/31/20	Prior Write-offs 10/01/19 - 12/31/19	$ Change 12/31/19 - 03/31/20	% Change 12/31/19 - 03/31/20	Fiscal Year 2020 Year-to-Date 07/01/19 - 03/31/20	Fiscal Year 2019 Year-to-Date 07/01/18 - 03/31/19
Supportive Housing						
McKinney X - HUD	$ -	$ 1,154	$ (1,154)	-100.00%	$ 3,477	$ 9,684
McKinney XII	-	-	-	0.00%	-	3,014
Total Supportive Housing	**$ -**	**$ 1,154**	**$ (1,154)**	**-100.00%**	**$ 3,477**	**$ 12,698**

Within the Supportive Housing Program, there were no write-offs to report in the third quarter of FY '20.

	Current Write-offs 01/01/20 - 03/31/20	Prior Write-offs 10/01/19 - 12/31/19	$ Change 12/31/19 - 03/31/20	% Change 12/31/19 - 03/31/20	Fiscal Year 2020 Year-to-Date 07/01/19 - 03/31/20	Fiscal Year 2019 Year-to-Date 07/01/18 - 03/31/19
RAD Properties						
Arcola Towers LP	$ 2,315	$ -	$ 2,315	0.00%	$ 2,315	$ 274
Holly Hall RAD	274	57	217	380.70%	331	-
RAD 6 - Ken Gar	-	-	-	0.00%	-	10,000
RAD 6 - Sandy Spring	-	-	-	0.00%	-	5,017
RAD 6 - Seneca Ridge	486	-	486	0.00%	9,722	24,974
RAD 6 - Washington Square	2,976	-	2,976	0.00%	6,234	18,226
Waverly House LP	799	2,207	(1,408)	-63.80%	3,006	2,136
Total RAD Properties	**$ 6,850**	**$ 2,264**	**$ 4,586**	**202.56%**	**$ 21,608**	**$ 60,627**

Within the RAD properties, the $6,850 write-off amounts were due to two tenants who were voluntarily evicted from their units, one tenant who left to live in a nursing home and two who passed away.

	Current Write-offs 01/01/20 - 03/31/20	Prior Write-offs 10/01/19 - 12/31/19	$ Change 12/31/19 - 03/31/20	% Change 12/31/19 - 03/31/20	Fiscal Year 2020 Year-to-Date 07/01/19 - 03/31/20	Fiscal Year 2019 Year-to-Date 07/01/18 - 03/31/19
Rental Asst Sec8 Repays						
Rental Asst Sec8 Repays	$ 7	$ -	$ 7	0.00%	$ 4,115	$ -
Total Rental Asst Sec8 Repays	**$ 7**	**$ -**	**$ 7**	**0.00%**	**$ 4,115**	**$ -**

Within the Rental Assistance Sec8 Repays, the $7 write-off amount was due to one tenant who is no longer in the Housing Choice Voucher Program.

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

The next anticipated write-off will be for the fourth quarter of FY'20, covering April 1, 2020, through June 30, 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.

ISSUES FOR CONSIDERATION:

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

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.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the write-off of uncollectible tenant accounts receivable at the May 19, 2020 meeting. Action is requested at the June 3, 2020 meeting.

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.: 20-44 **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 January 1, 2020 – March 30, 2020 is $106,513, consisting of $99,656 from Opportunity Housing properties, $6,850 from RAD Properties, and $7 from Rental Assistance Sec8 Repays.

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 $106,513 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, June 3, 2020.

Patrice M. Birdsong
Special Assistant to the Commission

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ACCEPTANCE OF CALENDAR YEAR 2019 (CY'19)
TAX CREDIT PARTNERSHIPS AND CCL MULTIFAMILY LLC AUDITS
June 3, 2020

- The Finance Division was responsible for the successful completion of 10 Tax Credit Partnership Audits and the CCL Multifamily LLC Property Audit for CY'19.

- A standard unqualified audit opinion was received for all 10 Tax Credit Partnership Property Audits from the respective independent certified public accounting firms performing the audits.

- A standard unqualified audit opinion was received for CCL Multifamily LLC from the respective independent certified public accounting firm performing the audit.

- The audit for 900 Thayer LP and HOC at The Upton II LLC has not been finalized; however, staff is currently reviewing drafts of both audits. The audits will be presented to the BF&A Committee and the Commission once completed.

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM:	Staff:	Cornelia Kent	Division:	Finance	Ext. 9754
		Eugenia Pascual		Finance	Ext. 9478
		Claudia Wilson		Finance	Ext. 9474
		Niketa Patel		Finance	Ext. 9584

RE: Acceptance of Calendar Year 2019 Low Income Tax Credit Partnerships and Limited Liability Company Audits

DATE: May 19, 2020

STATUS: Consent ___ Deliberation _X__ Status Report___ Future Action_____

OVERALL GOAL & OBJECTIVE:

Acceptance of Calendar Year 2019 Tax Credit Partnerships and Limited Liability Company Audits.

BACKGROUND:

The Commission ("HOC") is the managing partner in thirteen (13) Calendar Year (CY) 2019 tax credit partnerships. Twelve of the thirteen tax credit partnerships required year-end audits for 2019. One of the tax credit partnerships, Elizabeth House III LP is currently under construction and does not yet require an annual audit.

HOC also has two calendar year LLC properties, CCL Multifamily LLC (The Lindley) and Hillandale Gateway LLC. HOC is the managing member and 50% owner of CCL Multifamily LLC, a Maryland limited liability company that is a partnership with a private foundation. CCL Multifamily LLC owns the Lindley and reports on a calendar year end. The CY2019 audit of CCL Multifamily LLC is included in this recommendation as well. Hillandale Gateway LLC is currently in planning and does not yet require an annual audit.

The individual real estate limited partnerships and LLC's presented in the table below are currently required to have an annual audit to satisfy investor requirements. These entities are audited as of December 31, 2019:

Calendar Year 2019 Properties
Low Income Housing Tax Credit (LIHTC)
4913 Hampden Lane LP (Lasko Manor)
Alexander House Limited Partnership
Arcola Towers RAD LP
Forest Oak Towers LP
Greenhills Limited Partnership
Spring Garden One Associates LP
Tanglewood and Sligo LP
Waverly House RAD LP
Wheaton Metro Limited Partnership (MetroPointe)
900 Thayer LP
MV Affordable Housing Associates, LP
HOC at the Upton II Limited Liability Company
Limited Liability Company (LLC)
CCL Multifamily Limited Liability Company

See Appendix A for each of the properties that report on a calendar year basis.

Ten of the twelve (12) Calendar Year 2019 Tax Credit Partnership audits and the CCL Multifamily LLC audit have been finalized and have received a standard unqualified audit opinion from independent certified public accounting firms performing the audits. The remaining two tax credit partnership audits will presented to the BF&A Committee and the Commission once completed.

One property, Tanglewood and Sligo LP, received a management letter comment. The management letter comment noted that the management agency fee for CY2019 exceeded the authorized amount of $60,192 under HUD-9839-B by $708. The status of these comments will be reviewed during the next audit engagement.

ISSUES FOR CONSIDERATION:

Does the Commission wish to accept the 10 CY 2019 Tax Credit Partnership and the CCL Multifamily LLC Audits?

BUDGET IMPACT:

There is no budget impact related to acceptance of the 10 CY 2019 Tax Credit Partnership and CCL Multifamily LLC Audits.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the request to accept the 10 CY 2019 Tax Credit Partnerships and the CCL Multifamily LLC audits at the May 19, 2020 meeting. Action is requested at the June 3, 2020 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommend to the full Commission acceptance of the 10 CY 2019 Tax Credit Partnership and CCL Multifamily LLC Audits.

RESOLUTION No.: 20-45

RE: Acceptance of CY 2019 Tax Credit Partnerships and CCL Multifamily LLC Audits

WHEREAS, the Housing Opportunities Commission of Montgomery County ("Commission"), or its wholly-owned and controlled affiliate, is the managing general partner in ten (10) tax credit partnerships, including: 4913 Hampden Lane Limited Partnership, Alexander House Limited Partnership, Arcola Towers RAD Limited Partnership, Forest Oak Towers Limited Partnership, Greenhills Limited Partnership, MV Affordable Housing Associates Limited Partnership, Spring Garden One Associates Limited Partnership, Tanglewood and Sligo Limited Partnership, Waverly House RAD Limited Partnership, and Wheaton Metro Limited Partnership (together, the "Tax Credit Partnerships");

WHEREAS, the Commission is the managing member and fifty percent (50%) owner of CCL Multifamily LLC ("CCL Multifamily"), which owns The Lindley;

WHEREAS, the calendar year annual audits for 10 of the Tax Credit Partnerships and CCL Multifamily have been completed;

WHEREAS, a standard unqualified audit opinion was received from the respective independent certified public accounting firms performing the audits for all 10 of the Tax Credit Partnerships; and

WHEREAS, a standard unqualified audit opinion was received from the respective independent certified public accounting firm performing the audit for CCL Multifamily.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County accepts the CY 2019 audits for the Tax Credit Partnerships and CCL Multifamily.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on Wednesday, June 3, 2020.

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Patrice Birdsong
Special Assistant to the Commission

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Appendix A

Calendar Year 2019 Audit Status

	Name of the Partnership	Number of Units	Scattered Site	Remaining Compliance Years	Audit Firm	Opinion		Finding	Audit Status
1	4913 Hampden Lane LP (Lasko Manor)	12	No	6	PKF O'Connor Davies	Unqualified		None	*Completed*
2	Alexander House Limited Partnership	122	No	14	Novogradac & Company	Unqualified		None	*Completed*
3	Arcola Towers RAD LP	141	No	12	Novogradac & Company	Unqualified		None	*Completed*
4	Forest Oak Towers LP	175	No	3	Novogradac & Company	Unqualified		None	*Completed*
5	Greenhills Limited Partnership	77	No	14	Novogradac & Company	Unqualified		None	*Completed*
6	Spring Garden One Associates LP	83	No	1	Novogradac & Company	Unqualified		None	*Completed*
7	Tanglewood and Sligo LP	132	No	9	Novogradac & Company	Unqualified	a)	yes	*Completed*
8	Waverly House RAD LP	157	No	12	Novogradac & Company	Unqualified		None	*Completed*
9	Wheaton Metro Limited Partnership (MetroPointe)	53	No	3	CohnReznick LLP	Unqualified		None	*Completed*
10	900 Thayer LP	124	No	15	Novogradac & Company	Unqualified		None	*waiting for draft*
11	MV Affordable Housing Associates, LP	94	No	None	PKF O'Connor Davies	Unqualified		None	*Completed*
12	HOC at The Upton II Limited Liability Company	150	No	NA	Novogradac & Company	Unqualified		None	*waiting for draft*
	LLC								
13	CCL Multifamily Limited Liability Company	200	No	NA	Novogradac & Company	Unqualified		None	*Completed*

a) Tanglewood and Sligo LP finding:
The management agent fee exceeded the amount authorized on form HUD-9839-B.
For the year ended December 31, 2019, the management agent fee was $60,900
and the amount authorized on form HUD-9839-B is $60,192.

Approval to Procure Property Management Services for The Lindley

STACY L. SPANN, EXECUTIVE DIRECTOR

Charnita Jackson, Director of Property Management
Millicent Anglin, Asset Manager

June 3, 2020

TABLE OF CONTENTS

EXECUTIVE SUMMARY

On March 17, 2020, HOC issued a Request for Proposal #2200 to provide property management services for The Lindley. Nine proposals were received from Bozzuto Management, CAPREIT, Chambers Theory, Edgewood/Vantage, Foulger-Pratt, Greystar, Kettler, Ross Management Services, and Vista Capital Management Group. The proposals from Greystar and Ross Management Services were submitted after the deadline and were not reviewed.

Staff scored the seven proposals submitted by Bozzuto Management, CAPREIT, Chambers Theory, Edgewood/Vantage, Foulger-Pratt, Kettler, and Vista Capital Management Group in April 2020. The scoring panel interviewed the three companies with the highest scores, Bozzuto Management, Foulger-Pratt, and Edgewood/Vantage, in May 2020.

Based on the score results, staff recommends the Commission authorize the Executive Director to negotiate and execute a property management services contract with Bozzuto Management, the current manager.

PROJECT SUMMARY

The Lindley ("Lindley" or the "the Property") is a 200-unit, mixed-income development located in Chevy Chase, MD. Constructed in 2018, the Property began pre-leasing in June 2018 and accepted move-ins beginning in October 2018.

Bozzuto replaced Greystar as the property management company on January 14, 2019. Bozzuto's contact was renewed and expires on September 30, 2020.

During Bozzuto's tenure as the management agent, the Property's occupancy has increased from 26% in January 2019 to 75% in May 2020. Stabilization is expected in September 2020.

Challenges to achieve and maintain stabilization in 2020 include:

- Attracting applicants despite inconvenience of Chevy Chase construction (i.e. Purple Line construction is expected to be completed in 2023 and Bozzuto's Chevy Chase Lake mixed-use development is expected to be completed in two phases in 2021 and 2022).

- Manager must effectively use social media and virtual tours to engage applicants despite social distancing measures.

- New supply coming online in 2020 (i.e. The Elm will deliver 456 units in Bethesda by November 2020, and 8001 Woodmont will deliver 322 units in Bethesda by mid-2020) offers new opportunities for residents seeking concessions, making it difficult to renew leases at market rents.

PROPERTY MANAGER EVALUATION CRITERIA

Staff issued Request for Proposal (RFP) #2200 for property management services for The Lindley in accordance with HOC's procurement policy. The scoring panel (consisting of staff from Property Management, Real Estate, Finance, and Compliance) evaluated the seven proposals submitted by Bozzuto Management, CAPREIT, Chambers Theory, Edgewood/Vantage, Foulger-Pratt, Kettler, and Vista Capital Management Group according to the following criteria:

POINTS	CRITERIA
20	Experience and qualifications of key personnel in managing similar types of apartment communities.
15	Successful property positioning and experience in marketing and leasing mixed-income properties.
15	Firm's past experience with the management of similar multi-family apartment communities.
15	Fee expected including additional charges to property, renovation, and capital projects management fees.
15	Experience of the management company and key personnel in managing affordable housing programs. Demonstrated experience with ongoing compliance.
10	Minority and/or Woman Owned business.
5	Review of submitted materials (2.5 points) and interview with review panel (2.5 points).
5	References
100	**TOTAL POSSIBLE POINTS**

PROPERTY MANAGER EVALUATION SUMMARY

A summary of each firm's experience is below. The three highest scoring firms in each criterion are highlighted in orange (including any tied scores). The scoring panel considered both quality and quantity of experience when determining scores.

	Personnel Experience (20 points)	**Leasing Experience** (15 points)	**Firm Experience** (15 points)	**Fees** (15 points)	**Affordable Experience** (15 points)	**MBE/WBE** (10 points)	**RFP Materials and Interview** (5 points)	**References** (5 points)
Bozzuto	10 - 30 years management experience	8 lease-ups in Montgomery County	32 years experience	2.75% of gross receipts	36% of portfolio incl. affordable units (137 properties)	Minority and woman-led, but not owned	All RFP scoring areas were covered	6 references provided
Foulger-Pratt	10 – 25 years management experience	4 lease-ups in Montgomery County	38 years experience	3% of gross receipts	50% of portfolio incl. affordable units (8 properties)	Senior leader is a woman, but not owner	All RFP scoring areas were covered	3 references provided
Edgewood/ Vantage	15 - 40 years management experience	4 lease-ups in Montgomery County	46 years (Edgewood) / 6 years (Vantage) experience	2.5% of gross receipts	90%+ of portfolio incl. affordable units (200+ properties)	Woman-led, but not owned	All RFP scoring areas were covered	3 references provided
CAPREIT	7 - 27 years management experience	2+ lease-ups in other states	27 years experience	2.35% of gross receipts	60% of portfolio incl. affordable units (50 properties)	COO is minority, but not owner	All RFP scoring areas were covered	9 references provided

PROPERTY MANAGER EVALUATION SUMMARY

A summary of each firm's experience is below. The three highest scoring firms in each criterion are highlighted in orange (including any tied scores). The scoring panel considered both quality and quantity of experience when determining scores.

	Personnel Experience (20 points)	Leasing Experience (15 points)	Firm Experience (15 points)	Fees (15 points)	Affordable Experience (15 points)	MBE/WBE (10 points)	RFP Materials and Interview (5 points)	References (5 points)
Vista Capital	18 – 42 years management experience[1]	Not provided	13 years experience	5% of gross receipts	93% of portfolio incl. affordable units (91 properties)	Not provided	Missing detail regarding leasing experience	5 references provided
Chambers Theory	2 - 19 years management experience	Experience is primarily in single-family sales / rentals	2 years experience	4% of gross receipts	1% of portfolio incl. affordable units (4 properties)	Not provided	All RFP scoring areas were covered	3 references provided
Kettler	Not provided	5 lease-ups in Montgomery County	43 years experience[2]	3% of gross receipts	Not provided	Senior leader is a minority, but not owner	Missing detail regarding experience and references	Not provided

[1] Proposal was missing information regarding leasing experience of key personnel. As a result, Vista Capital did not receive a high score for personnel experience despite years of experience.

[2] Proposal was missing information regarding personnel and compliance experience. As a result, Kettler did not receive a high score for overall firm experience despite years of experience.

RFP SCORING RESULTS

The scoring panel's average scores are shown below. As none of the respondents were minority or women-owned businesses, the total possible points for each firm was effectively 90 points. Bozzuto Management received the highest total points.

	Personnel Experience (20 pts)	Leasing Experience (15 pts)	Firm Experience (15 pts)	Fees (15 pts)	Affordable Experience (15 pts)	MBE/WBE (10 pts)	RFP Materials/ Interview (5 pts)	References (5 pts)	TOTAL SCORE (100 pts)
Bozzuto	19	14	15	13	10	0	4	5	**80**
Foulger-Pratt	18	14	12	13	11	0	4	5	**77**
Edgewood/ Vantage	17	11	12	15	10	0	3	4	**72**
CAPREIT	17	10	9	13[1]	13	0	4	4	**70**
Vista Capital	13	9	6	8	12	0	3	4	**55**
Chambers Theory	7	8	7	10	5	0	3	4	**44**
Kettler	8	10	9	6	3	0	3	0	**39**

[1] Despite proposing the lowest management fee, the scoring panel considered CAPREIT's fee to be too low to provide the high-quality, luxury customer service expected by The Lindley residents. As a result, the scoring panel did not award the highest points in this category to CAPREIT.

PROPERTY MANAGER SELECTION

BOZZUTO

Bozzuto's high score in the RFP evaluation reflects the depth and breadth of their experience, particularly in managing luxury residential developments. As a result, staff recommends executing a 2-year management contract with Bozzuto for The Lindley with two one-year renewal options in accordance with HOC's procurement policy.

Issues for Consideration

Does the Commission wish to authorize the Executive Director to execute a contract with Bozzuto Management for property management services at The Lindley?

Time Frame

At the May 19, 2020 meeting, the Budget, Finance, and Audit Committee reviewed the request to award the property management contract for The Lindley to Bozzuto Management. For Commission action at the June 3, 2020 meeting.

BUDGET IMPACT AND RECOMMENDATION

Budget Impact

Bozzuto's proposed fee of 2.75% of gross receipts is factored into the CY 2020 Property budget and will not result in a budget impact. As the contract is performance-based, the management fee would be lower if revenue declines below budgeted expectations or if the property receives less than an 80 on a REAC inspection.

Staff Recommendation and Commission Action Needed

The Budget, Finance, and Audit Committee recommends to the full Commission approval for the Executive Director to execute a contract with Bozzuto Management for property management services at The Lindley.

RESOLUTION NO.: 20-46 **RE: Approval to Award 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");

WHEREAS, on March 17, 2020, staff issued Request for Proposal #2200 (the "RFP") to provide property management services for the Property in accordance with HOC's Procurement Policy;

WHEREAS, staff received seven qualified proposals in response to the RFP from which staff selected Bozzuto Management, the highest scoring firm based on the established selection criteria in the RFP; and

WHEREAS, staff desires to award a two-year property management contract with two one-year optional extensions to Bozzuto Management for the Property.

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 a two-year property management contract with two one-year optional extensions with Bozzuto Management for the Property.

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.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 3, 2020.

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

Approval to Extend the Use of the PNC Bank N.A. Line of Credit (LOC) and the PNC Bank N.A. Real Estate Line of Credit (RELOC) to Finance Commission Approved Actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Ambassador Apartments, Avondale Apartments and Year 15 LIHTC Properties

June 3, 2020

- The Commission has previously approved advances from the two lines of credit from PNC Bank N.A. to fund the interim financing needs for:
    - MHLP VII
    - Fairfax Court Apartments
    - HOC Fenwick & Second Headquarters
    - Ambassador Apartments
    - Avondale Apartments, and
    - Year 15 LIHTC Properties

- As of March 31, 2020, total principal balance from these draws was approximately $11.2 million. The authorization from the Commission for the use of the two lines of credit will expire on June 30, 2020.

- The estimated total annual cost related to these advances from the two Lines of Credit is approximately $214,888 based on one month London Interbank Offered Rate (LIBOR) as of April 1, 2020 with a cushion of 94 basis points plus the spread.

- Staff requests authorization to extend the current maturity date from June 30, 2020 through June 30, 2021.

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Cornelia Kent Division: Finance Ext. 9754
Eugenia Pascual Finance Ext. 9478

RE: Approval to Extend the use of the PNC Bank Line of Credit and the Real Estate Line of Credit to Finance Commission Approved Actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Ambassador Apartments, Avondale Apartments, and Year 15 LIHTC properties

DATE: June 3, 2020

STATUS: Consent ____Deliberation __X__ Status Report ___ Future Action _____

OVERALL GOAL & OBJECTIVE:

To extend the use of the PNC Bank Line of Credit and the Real Estate Line of Credit to finance Commission approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters Ambassador Apartments, Avondale Apartments, and Year 15 LIHTC properties.

BACKGROUND:

The Commission previously approved advances from the PNC Bank Line of Credit (LOC) to support the interim financing needs of MHLP VII, Fairfax Court Apartments and HOC Fenwick & Second Headquarters and from the Real Estate Line of Credit (RELOC) to prepay the first and subordinate mortgages of Ambassador Apartments and to purchase Avondale Apartments, and to acquire full ownership of Year 15 properties. Staff requests approval to extend the current maturity dates through June 30, 2021. The LOC's taxable borrowing rate is LIBOR plus 90 basis points and the tax-exempt borrowing rate is 68.5% of LIBOR plus 58 basis points. The RELOC taxable borrowing rate is LIBOR plus 58 basis points and the tax-exempt borrowing rate is 68.5% of LIBOR plus 38 basis points. The unobligated amount as of March 31, 2020 is $6,854,297 under the LOC and $25,709,408 under the RELOC.

The table below indicates the current maturity dates, the outstanding principal amounts as of March 31, 2020 and the estimated annual cost under each of these loans. In order to mitigate interest rate risk, the estimated cost under the two LOC's is based on the one-month LIBOR rate of April 1, 2020 with a cushion of 94 basis points, plus the spread.

Property	Line of Credit	Current Maturity date	Principal Balance	Estimated Annual Cost under LOC	Libor Rate & Spread	
MHLP VII	$60 million	June 2020	$ 522,725	$ 14,958	2.86163%	Taxable
Fairfax Court Apartments	$60 million	June 2020	328,695	9,406	2.86163%	Taxable
HOC Fenwick & Second Headquarters	$60 million	June 2020	78,557	2,248	2.86163%	Taxable
Ambassador Apartments	$90 million	June 2020	1,862,495	32,104	1.72372%	Tax-exempt
Avondale Apartments	$90 million	June 2020	7,037,704	121,310	1.72372%	Tax-exempt
Year 15 LIHTC	$90 million	June 2020	1,371,600	34,861	2.54163%	Taxable
Total			**$ 11,201,776**	**$ 214,888**		

MHLP VII

The draw on the LOC funded the repayment of the first mortgage associated with MHLP VII, a low-income housing tax credit (LIHTC) scattered site property. The units were conveyed to HOC at the end of the initial LIHTC compliance period and are now subject to an Extended Use Covenant. HOC intends to continue to operate the property as an affordable housing development. HOC has also purchased the limited partners' interest in MHLP VIII, MHLP IX and, MHLP X, the remaining LIHTC scattered site properties. Future plans are to combine them into a single ownership entity and repay all outstanding indebtedness from refinancing proceeds.

Fairfax Court

Fairfax Court is an 18-unit development located in Chevy Chase. The outstanding draw on the LOC repaid the first mortgage, which was funded with variable rate demand obligation bonds. The Commission intends to operate Fairfax Court as an affordable housing asset and while a comprehensive renovation plan is being developed, the Commission started to repay the LOC from accrued cash and cash flow from operations at the property as available.

HOC Fenwick & Second Headquarters

On September 5, 2018, the Commission approved taxable draws on the LOC in an aggregate amount estimated to be $264,500. The outstanding draw on the LOC is to fund the conceptual design and predevelopment study of the new HOC headquarters building to be located at 1324 and 1328 Fenwick Lane, Silver Spring, MD 20910. Draws through March 31, 2020 totaled $78,557.

Ambassador

On October 28, 2014, HOC prepaid the Ambassador mortgage by drawing $1,862,494 from the RELOC and used the funds to redeem prior outstanding bonds issued for the project. On April 3, 2019, the Commission approved authorization for the Executive Director to enter into a binding joint venture operating agreement to pursue the redevelopment of Wheaton Gateway consisting specifically of the Lindsay Ford Parcels and the Ambassador Apartments. The RELOC loan will be repaid from financing proceeds from the redevelopment. The building has been demolished.

Avondale
The outstanding draw of $7,037,703 on the RELOC funded the acquisition of the Avondale properties. Staff has been working to determine the appropriate development strategy for the property, which with the approval of the Bethesda Downtown Master Plan and the rezoning of the Avondale properties; the Commission is now able to proceed. The Commission has issued a solicitation for a developer for the property and plans to execute a development agreement and commence the redevelopment plan for the property in 2020.

Year 15 LIHTC
On August 3, 2016, the Commission approved taxable draws on the RELOC in an aggregate amount not to exceed $1.6MM as an interim source of funding for consulting services related to the acquisition of full ownership of Year 15 Properties (Barclay, Georgian Court, Manchester Manor, Metropolitan, MHLP IX, MHLP X, Shady Grove, Stewartown Homes, Strathmore Court and Willows). The RELOC loan will be repaid as part of the total project costs for the eventual recapitalization of Year 15 Properties. Draws through March 31, 2020 total $1,371,600 for payments to Morrison Avenue Capital Partners for consulting services to evaluate, negotiate, and complete limited partners' exits related to the acquisition of ten Year 15 properties.

ISSUES FOR CONSIDERATION:
Does the Commission wish to approve the extension of the maturity dates for the use of the two lines of credit from PNC Bank N.A. to finance Commission approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Ambassador Apartments, Avondale Apartments, and Year 15 LIHTC properties through June 30, 2021?

PRINCIPALS:
HOC
PNC Bank, N.A.
Montgomery Homes Limited Partnership (MHLP) VII
Fairfax Court Apartments
HOC-Fenwick & Second Headquarters
Wheaton-University Boulevard Limited Partnership for Ambassador Apartments
Avondale Apartments
Year 15 LIHTC Properties

BUDGET IMPACT:
The amount of interest expense for FY 2021 is estimated to be $214,888. The interest expense will be included in the FY 2021 Agency Budget.

TIME FRAME:
The Budget, Finance and Audit Committee reviewed the approval to extend the use of the LOC and the RELOC to finance Commission approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Ambassador Apartments, Avondale Apartments, and Year 15 LIHTC properties at the May 19, 2020 meeting. Commission action is requested at the June 3, 2020 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the Commission the approval to extend the use of the LOC and the RELOC to finance Commission approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Ambassador Apartments, Avondale Apartments, and Year 15 LIHTC properties.

RESOLUTION No.: 20-47

RE: Approval to Extend the Use of PNC Bank N.A. Line of Credit (LOC) and the Real Estate Line of Credit (RELOC) to Finance Commission Approved Actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Ambassador Apartments, Avondale Apartments, and Year 15 LIHTC properties

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") has approved various actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Ambassador Apartments, Avondale Apartments, and Year 15 LIHTC properties (together, the "Properties"), which are currently financed through the PNC Bank N.A. Line of Credit (the "LOC") and the PNC Bank N.A. Real Estate Line of Credit (the "RELOC");

WHEREAS, staff recommends extending, through June 30, 2021, the use of the LOC at the taxable borrowing rate of LIBOR plus 90 basis points or the tax exempt rate of 68.5% of LIBOR plus 59 basis points, and the use of the RELOC at the taxable rate of LIBOR plus 58 basis points or the tax exempt rate of 68.5% of LIBOR plus 38 basis points to continue to finance Commission approved actions related to the Properties; and

WHEREAS, the estimated cost, as of April 1, 2020, under the LOC and RELOC is expected to be approximately $214,888.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves extending, through June 30, 2021, the use of the PNC Bank N.A. Line of Credit and the PNC Bank N.A. Real Estate Line of Credit to finance various Commission actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Ambassador Apartments, Avondale Apartments and Year 15 LIHTC properties.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on Wednesday, June 3, 2020.

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Patrice Birdsong
Special Assistant to the Commission

ADOPTION OF THE FY'21 BUDGET

June 3, 2020

- **The Budget, Finance and Audit Committee has reviewed the Executive Director's FY'21 Recommended Budget and additional changes included in the proposed budget.**

- **The Proposed Operating Budget for FY'21 is $278.7 million.**

- **The FY'21 budget includes a draw from the General Fund Operating Reserve (GFOR) of $359,631 to balance the budget.**

- **The Proposed Capital Budgets for FY'21 is $236.8 million.**

M E M O R A N D U M

TO:	Housing Opportunities Commission			
VIA:	Stacy L. Spann, Executive Director			
FROM:	Staff:	Cornelia Kent	Division: Finance	Ext. 9754
		Terri Fowler	Division: Finance	Ext. 9507
		Tomi Adebo	Division: Finance	Ext. 9472
RE:	Adoption of the FY'21 Budget			
DATE:	June 3, 2020			

STATUS: Committee Reports: Deliberation [X]

OVERALL GOAL & OBJECTIVE:
Adoption of the FY'21 Budget.

BACKGROUND:
The Executive Director's FY'21 Recommended Budget for the Housing Opportunities Commission of Montgomery County ("HOC" or "Agency") was presented at the April 1, 2020 Commission meeting. Since then, the Budget, Finance and Audit Committee met with staff five times to review and discuss the budget in detail. They have completed their review and the proposed budget for FY'21 is now before the full Commission for adoption.

ISSUES FOR CONSIDERATION:
The Proposed Operating Budget for FY'21 is $278.7 million which represents an increase of $440,204 from the Recommended Budget presented on April 1, 2020.

The Proposed Capital Budget for FY'20 is $236.8 million which represents a decrease of approximately $24.2 million from the Recommended Budget presented on April 1, 2020.

The FY'21 Proposed Budget reflects the Agency's continued commitment to **Getting** people housed; **Keeping** people housed; and **Helping** people reach their fullest potential.

Through the use of innovative financing and development tactics, HOC has created a new, more sustainable model for affordable housing development that will help us integrate neighborhoods and bring critical resources to the families that need them. To this end, the FY'21 budget reflects ongoing investment in personnel and systems to successfully manage and maintain our properties. In addition to the Agency's focus on efficiently developing, managing and maintaining our real estate portfolio, we continue to deliver cutting-edge services to our clients through HOC

Academy and HOC Works.

The Agency's development activities continue to generate commitment and development fees that support the Agency's operations and the Opportunity Housing Reserve Fund (OHRF), which provides funding for future development activities.

While redevelopment and renovation of HOC's aging mixed-income properties continues to improve the ability to attract market rate renters to offset the affordable units and support the financial viability of the Agency's portfolio, the generation of income on the market units in the FY'21 Proposed budget is suppressed as a result of the County's Voluntary Rent Guidelines of 2.6 percent. Further exacerbating this is the anticipated impact of COVID 19 on rental receipts.

The COVID-19 Pandemic has caused significant adverse impact on Montgomery County throughout a number of business sectors. Since the turn of 2020, 77,269 persons have filed for unemployment as a result of job losses throughout the hospitality, retail and related industries. This trend is similar from a national perspective but most studies note that at least twice the number of persons applying for unemployment are vulnerable. Closer examination reveals that earners of $40,000 or less have fared significantly worse than others. A McKinsey Global Institute study indicates 86% of wage earners at $40,000 or less have been made vulnerable by the pandemic while 16% of workers earning more than $70,000 are vulnerable. For HOC's part this is no different for a growing number of the agency's customers. Many of those affordable housing customers are adjusting to fewer hours and less pay while others have lost their jobs. As an agency, HOC is working to shore up its safety net for housing and housing services customers. To that end, we are implementing a number of measures designed to continue housing our customers and assisting where we can through a potential downturn.

In order to continue serving customers and Montgomery County, we must avoid layoffs and furloughs. This budget is designed to support the customers and keep the agency viable. The FY'21 Proposed Budget continues to rely on fees from development activity that are one time in nature to support operations. Therefore, the development of the budget required each division to continue the practice of monitoring discretionary spending and introducing appropriate cost savings measures to ensure the long term viability of the Agency. The FY'21 Proposed Budget, which sets the financial plan for the Agency for the next year, is balanced with the planned use of the General Fund Operating Reserve (GFOR) to fund the deficit at MetroPointe as well as a draw from the GFOR of $362,051 to balance the operating budget.

The major differences in the Proposed Operating Budget from the Executive Director's FY'21 Recommended Budget, which are shown in Enclosure 1, are discussed in the following:

General Fund:

Revenues decreased in the **General Fund** (Attachment 1-1) by $974,605. There are several reasons for the change.

- Development Corporation Fee Income, that represents the cash flow taken from the unrestricted Development Corporation properties, increased by $424,238 to reflect changes in the personnel complement cost at the properties that resulted in lower expenses.

- Development Fee Income increased by $79,135 to reflect changes in the timing and amount of fees projected in the proposed development budgets. Forty percent of the change in fees, or $31,654, is reflected in the General Fund. The balance of the increase, or $47,481, is in the OHRF.

- As a result of the anticipated impacts on rent receipts due to the COVID 19 pandemic, rental income from the properties was decreased by approximately $2.9 million (see Opportunity Housing). Development Corporation Fee Income decreased by $1,108,160 to reflect the lower cash flow from the unrestricted Development Corporation properties.

- Management Fee Income that is calculated as a percent of personnel cost for the two bond funds, the McKinney grants, and the majority of County grants decreased by $115,010 as a result of the reduced personnel complement costs.

- The COVID 19 pandemic has also impacted the ability to maintain and increase utilization in the Housing Choice Voucher Program (HCVP). As a result, Management Fee Income that is based on utilization has decreased by $60,408 in the General Fund (see Housing Choice Voucher Program).

- Commitment Fees decreased by $139,985 to reflect changes in the timing and amount of fees projected in the proposed development budgets. Forty percent of the change in fees, or $55,994, is reflected in the General Fund. The balance of the decrease, or $83,991, is in the Opportunity Housing Reserve Fund (OHRF).

- Funds transferred to the General Fund from the County Contract to fund Resident Service related expenses associated with HOC Academy decreased by $46,485.

- The update to the Agency personnel complement resulted in a decrease of $44,440 in transfers to the General Fund from the OHRF for Real Estate Development Personnel costs.

Expenses decreased in the General Fund (Attachment 1-1) by $477,336. Funds of $600,000 have been allocated to address additional operating costs to ensure the Agency can continue to work efficiently and effectively during the COVID 19 pandemic. The additional cost was more than offset by the update to the personnel complement which decreased expenses by $1,077,336 while maintaining the workforce.

The Recommended Budget assumed contributions to the General Fund Operating Reserve (GFOR) and Opportunity Housing Property Reserve (OHPR) of $500,000 each. The net impact of the General Fund changes and changes in the Opportunity Housing Fund was a decrease of $1,359,631 in available cash for Agency operations.

Change from Recommended to Proposed Budget

	Income	Expenses	Net
Changes in General Fund			
Changes to Income	($974,605)		($974,605)
Changes to Expenses		($477,336)	$477,336
Total changes to General Fund	**($974,605)**	**($477,336)**	**($497,269)**
Changes in Opportunity Housing Fund			
Changes to Income	$1,512,034		$1,512,034
Changes to Expenses		$2,374,396	($2,374,396)
Total changes to Opportunity Housing Fund	**$1,512,034**	**$2,374,396**	**($862,362)**
Total Changes to Unrestricted Cash	**$537,429**	**$1,897,060**	**($1,359,631)**

As a result, the contributions to the GFOR and OHPR were removed from the proposed budget. In addition, a draw of $359,631 from the GFOR was added to return to a balanced budget ($1,359,631 - $500,000 - $500,000 = $359,631).

Multifamily Bond Funds:

Expenses in the **Multifamily Bond Fund** decreased by $92,070 to reflect the update to the personnel complement and the Management Fee charged for overhead.

There is a corresponding adjustment in revenues to reflect the decrease in the Bond Draw to support the operations of the Multifamily programs.

Single Family Bond Funds:

Expenses in the **Single Family Bond Fund** decreased by $73,840 to reflect the update to the personnel complement and reduced Management Fee charged for overhead.

There is a corresponding adjustment in revenues to reflect the decrease in the Bond Draw to support the operations of the Single Family programs.

Opportunity Housing Fund:

Revenues increased in the **Opportunity Housing and Development Corporation** properties by $1,512,034.

- The majority of the change is a result of adding budgets for the expired Tax Credit properties (Barclay, Georgian Court, Metropolitan, Stewartown, and Strathmore Court) that were donated back to HOC totaling $4,029,973.

- In addition, County funding of $455,492 was transferred to the Opportunity Housing Fund to pay for the cost of counselors at the majority of the properties. This was possible as a result of reallocating funds previously needed to support the HCVP administrative cost at the Customer Service Centers. A portion of the costs previously charged to the County Contract are now able to be funded by administrative fees from the program due to the higher fee rates and utilization achieved over the past few years (see Housing Choice Voucher Program).

- As mentioned previously, rental income was reduced by $2,881,188 to reflect the anticipated impact of the COVID 19 pandemic on rental receipts. The reduced income necessitated and increase of $60,027 in the draw from the GFOR for the projected deficit at MetroPointe, and draws of $55,840 from existing cash at Alexander House Development Corporation, Glenmont Westerly Development Corporation, The Oaks @ Four Corners Development Corporation, and Stewartown Affordable to balance their respective property budgets.

- Rental income at the Willows of Gaithersburg was reduced by $200,000 to reflect the removal of subsidies for 13 tenant protection vouchers for expired Rental Assistance Program (RAP) units that were not able to be utilized at the property.

- Finally, transfers from the County Contract for Counselor costs at properties were decreased by $8,110 to reflect the lower personnel cost at the properties.

Expenses in the portfolio increased by $2,374,396. There are several reasons for the change.

- The majority of the change is a result of adding budgets for the expired Tax Credit properties that were donated back to HOC totaling $4,921,577. Expenses for the properties exceeded income primarily as a result of the expected shortfalls of $575,852 and $547,030 at Metropolitan Affordable and Strathmore Court Affordable. The shortfalls will be offset by unrestricted cash flow from the market units at the properties. In addition, the previous restrictions of cash of $550,903 and $525,545 at Metropolitan Development Corporation and Strathmore Court, respectively, were removed.

- Development Corporation Fee expenses, that represents the cash flow paid to the General Fund from the unrestricted Development Corporation properties, increased by $424,238 to reflect changes in the personnel complement cost at the properties that resulted in lower expenses. The expense was subsequently reduced by $1,108,160 to reflect the anticipated impacts on rent receipts at the unrestricted Development Corporation properties due to the COVID 19 pandemic.
    - The FY'21 Recommended Budget included a combined total of $6,736,072 in Development Corporation Fees to be paid to the General Fund. As a result of the changes, the new total is a combined $6,052,150 in fees to be paid to the General Fund ($6,735,072 + $424,238 - $1,108,160 = $6,052,150)

- Bad debt of $13,500 was added to the budget for Camphill Square,

- Ground Rent expense of $100 was added to the Oaks at Four Corners Development Corporation,

- Restricted cash decreased by $700,741 to reflect lower income at the restricted properties resulting from impacts of the COVID 19 pandemic. The decrease was partially offset by increases of restricted cash of $117,285 resulting from lower personnel costs at some of the properties.

- Cash flow at Dale Drive is restricted 50 % to the Replacement Reserves (RfR) and the contributions at Dale Drive increased by $180 to reflect the change in projected cash flow.

- Personnel expenses decreased by $206,031 as a result of an update of the personnel complement.

- Finally, the contributions to the Operating Reserves at the Foreclosure Homes were reduced by $11,104 to reflect changes in the expenses at the property.

Revenues increased in the **Opportunity Housing Reserve Fund** (OHRF) by $36,510 as a result of increased overall Development Fees that were partially offset by decreased overall Commitment Fees (See General Fund). Expenses decreased by $44,440 to reflect costs associated with the Real Estate Development personnel complement.

The Recommended Budget included fees of $1,824,366 that were to be restricted to the OHRF. As a result of the net decrease in anticipated fees and a decrease to expenses, the restricted cash has increased by $7,930 resulting in a budgeted restriction of $1,832,266 to the OHRF ($44,440 – $36,510 = $7,930).

Public Fund:

Revenues increased in the **Housing Choice Voucher Program** (HCVP) by $52,870. There are several reasons for the net change.

- The HCVP Housing Assistance Payment (HAP) revenue was increased by $1,995,194 due to re-benchmarking based on utilization achieved in the prior year and new program funding.

- Projected utilization was reduced in response to the challenges of maintaining and increasing utilization during the COVID19 pandemic. As a result, Administrative Fee Income that is based on utilization was reduced by $353,059. The reduction was partially offset by an increase of $103,437 based on the higher rates published for CY'20.

- As a result of the increased HAP funding and lower utilization, the $1,735,226 draw from the HCVP net Restricted Position (NRP) which resulted from income received but not spent in prior years was removed.

- In addition, the lower administrative costs of the program due to updates to the personnel complement eliminated the need for the transfer of $26,963 from the County Contract for Customer Service Center staff and draw of $67,673 from the HCVP Administrative reserves.

For display purposes, we have carved out a portion of revenue equivalent to the County Contract funding available for administrative costs related to Customer Service Center staff to better reflect the anticipated federal funding shortfall for the HCVP administrative costs. As a result of the update to the personnel complement and shifting of costs from the County Contract to the HCVP administrative budget, the required funding from the County to offset anticipated federal deficits was reduced by $137,160 (See Federal and County Grants). This is reflected as an increase to revenue of $137,160 resulting from the reduction of the aforementioned carve-out and corresponding decrease to the available contribution line.

Expenses decreased by a net of $1,339,988 as a result of lower utilization that reduced HAP expenses by $914,966 and management fees that are based on utilization by $60,408, updates to the personnel complement that reduced personnel costs by $501,774 that were partially offset by a shift of 137,160 in personnel costs previously funded by the County Contract.

As a result of the increased HAP revenue and reduced HAP expenses based on lower utilization than was projected in the Recommended budget, HAP revenue of $1,174,934 will be restricted to the NRP reserve for future HAP expense ($1,995,194 - $1,735,226 – ($914 966)). In addition, $80,764 of excess administrative fee income will be restricted for future administrative cost of the program.

Change from Recommended to Proposed Budget			
	Income	Expenses	Net
Recommended HCVP Administrative Budget before Balancing	**$8,329,921**	**$8,424,557**	**($94,636)**
Add transfer from County Contract for client services	$26,963		$26,963
Add draw from Administrative Reserve	$67,673		$67,673
Balanced Recommended HCVP Administrative Budget	**$8,424,557**	**$8,424,557**	**$0**
Reduce Administrative Income based on utilization	($353,059)		($353,059)
Increase Administrative Income based on higher CY'21 Rates	$103,437		$103,437
Remove transfer from County Contract for client services	($26,963)		($26,963)
Remove draw from Administrative Reserve	($67,673)		($67,673)
Update Personnel Complement		($501,774)	$501,774
Adjust Management Fees paid to General Fund		($60,408)	$60,408
Shift of personnel costs from County Contract		$137,160	($137,160)
Balance Grants			
Net changes to HCVP Administrative Budget	($344,258)	($425,022)	$80,764
Proposed HCVP Administrative Budget	**$8,080,299**	**$7,999,535**	**$80,764**

Federal and County Grants decreased by a net $170,146. There were several factors that contributed to the decrease:

- The County Contract was reduced by $137,382 to remove the Compensation adjustment based on the County Council recommendation.
- There was a net decrease of $7,213 in the transfers from the County Contract to balance the smaller County contracts, due to changes in funding and expenses, which decreased both income and expense in the grants.
- The transfers from McKinney reserves to balance the McKinney grants were reduced by $22,129, due to changes in expenses, which decreased both income and expense in the grants.
- Funding for a few of the smaller County grant decreased by $3,422.
- County funding of $455,492 was transferred to Opportunity Housing Fund to pay for the cost of counselors at the majority of the properties
- The Personnel Complement update reduced expenses by $261,044. As a result of this change, management fees paid to the General Fund decreased by $70,810.
- Personnel costs of $137,160 for Housing Resources staff at the Customer Service Centers were shifted from the County Contract to the HCVP.
- Remove transfer of $26,963 to the HCVP for Customer Service Center staff.

- The transfer to cover the cost of Counselors at certain properties was reduced by $10,544 as a result of the update to the personnel complement which reduced expenses at the affected properties.
- Miscellaneous expenses or restricted cash were increased by $43,290 in the remaining restricted grants to balance the grants.
- Finally, the FY'21 Recommend Budget projected a transfer of $149,872 to the General Fund for Resident Service related expenses in HOC Academy. As a result of the net changes to the County Contract, the transfer was decreased by $46,485.

Change from Recommended to Proposed Budget	
Recommended Budget - Transfer to HOC Academy from County Contract	**$149,872**
Remove Compensation adjustment in County Contract	$137,382
Add transfers from County Contract for Counselors at properties	$455,492
Update Personnel Complement in County Contract	($236,218)
Shift portion of cost for Housing Resources staff to HCVP from County Contract	($137,160)
Adjust Management Fees paid to General Fund from County Contract	($70,340)
Remove transfer to HCVP for client services	($26,963)
Reduce transfer from County Contract for Counselors at properties	($10,544)
Balance County Contract	($57,951)
Decrease transfers from County Contracts to balance grants	($7,213)
Net changes to Grants	$46,485
Proposed Budget - Transfer to HOC Academy from County Contract	**$103,387**

Capital Budget:

The FY'21 Proposed Capital Budget reflects the changes that were discussed at the Budget, Finance and Audit Committee meetings during April and May. The Proposed Capital Budget for FY'21 is $236.8 million, and reflects a reduction of approximately $24.2 million from the Recommended Budget presented on April 1, 2020.

- **Capital Improvements Budget**
  The capital improvements budget decreased by $164,387.
  - The capital budgets for the expired Tax Credit properties were added as follows:
    - Barclay Affordable - $71,640
    - Georgian Court Affordable - $3,505
    - Metropolitan Affordable - $226,586
    - Stewartown Affordable - $13,824

    - Strathmore Court Affordable - $68,455

  - In addition, the capital budget for MetroPointe was decreased by $219,623 to better reflect the planned timing for improvements. (Attachment 1-2)

- **Capital Development Budget:**
  The capital development budgets decreased by $24,377,921 to reflect timing and scope changes in several projects. (Attachment 1-2)

Enclosure 2 includes the updated charts from the Summary and Capital Budget sections of the FY'21 Recommended Budget reflecting the proposed budgets.

Enclosure 3 includes the resolutions to adopt the FY'21 Operating and Capital Budgets.

BUDGET IMPACT:
Adoption of the FY'21 Budget will set the financial plan for the next fiscal year. Quarterly reviews will keep it updated and relevant.

TIME FRAME:
Adoption of the FY'21 Budget at the June 3, 2020 meeting will allow time for staff to implement the budget for the beginning of the fiscal year, July 1st. The Commission needs to adopt a budget for FY'21 before the fiscal year begins on July 1, 2020.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
The adoption of the FY'21 Operating and Capital Budgets and related resolutions by approving the attached resolutions (Enclosure 3).

ENCLOSURES:

1) Spreadsheets highlighting major budget changes from FY'21 Recommended Operating and Capital Budgets

2) Revised charts from Summary and Capital Budget sections of the FY'21 Recommended Budget

3) Resolutions to adopt the FY'21 Budget

- Adoption of the FY'21 Budgets, Bond Draw Downs and Transfers

- Adoption of FY'21 Reimbursement Resolution

Spreadsheets Highlighting Major Budget Changes from FY’21 Recommended Operating and Capital Budgets

Enclosure 1

FY 2021 Proposed Operating Budget Comparison from Recommended Budget	Revenues	Expenses	Recommended Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Proposed Budget
General Fund								
General Fund	$24,790,592	$27,273,050	**($2,482,458)**	($974,605)	($477,336)	$23,815,987	$26,795,714	**($2,979,727)**
Draw from GFOR	$0	$0	**$0**	$359,631	$0	$359,631	$0	**$359,631**
Restrict to GFOR	$0	$500,000	**($500,000)**	$0	($500,000)	$0	$0	**$0**
Restrict to OHPR	$0	$500,000	**($500,000)**	$0	($500,000)	$0	$0	**$0**
Restrict to OPEB Reserve	$0	$0	**$0**			$0	$0	**$0**
Multifamily & Single Family Bond Funds								
Multifamily Fund	$16,373,524	$16,373,524	**$0**	($92,070)	($92,070)	$16,281,454	$16,281,454	**$0**
Single Family Fund	$9,050,944	$9,050,944	**$0**	($73,840)	($73,840)	$8,977,104	$8,977,104	**$0**
Opportunity Housing Fund								
Opportunity Housing Reserve Fund	$3,427,648	$1,603,312	**$1,824,336**	($36,510)	($44,440)	$3,391,138	$1,558,872	**$1,832,266**
Draw from OHRF	$0	$0	**$0**	$0	$0	$0	$0	**$0**
Restrict to OHRF	$0	$1,824,336	**($1,824,336)**	$0	$7,930	$0	$1,832,266	**($1,832,266)**
Opportunity Housing & Development Corps	$99,407,903	$96,014,520	**$3,393,383**	$1,452,007	$2,374,396	$100,859,910	$98,388,916	**$2,470,994**
Draw from GFOR for MetroPointe Deficit	$89,075	$0	**$89,075**	$60,027	$0	$149,102	$0	**$149,102**
Public Fund								
Housing Choice Voucher Program	$107,171,778	$107,872,021	**($700,243)**	$120,543	($84,290)	$107,292,321	$107,787,731	**($495,410)**
Draw from HCVP Administrative Reserve	$67,673	$0	**$67,673**	($67,673)	$0	$0	$0	**$0**
County Contributions towards HCVP Administration	$632,570	$0	**$632,570**	($137,160)	$0	$495,410	$0	**$495,410**
Federal and Other County Grants	$17,228,377	$17,228,377	**$0**	($170,146)	($170,146)	$17,058,231	$17,058,231	**$0**
TOTAL - ALL FUNDS	**$278,240,084**	**$278,240,084**	**$0**	**$440,204**	**$440,204**	**$278,680,288**	**$278,680,288**	**$0**

Footnotes - explanation of changes

GF R $424,238 Adjust Development Corporation Fee Income for update to Complement
GF R $31,654 Adjust Development Fee income for timing and scope changes
GF R ($1,108,160) Adjust Development Corporation Fee Income for decrease in HCVP utilization due to COVID 19
GF R ($115,010) Adjust Management Fee income
GF R ($60,408) Adjust Management Fee Income for decrease in HCVP utilization due to COVID 19
GF R ($55,994) Adjust Commitment Fee income for timing and scope changes
GF R ($46,485) Decrease transfer from County for HOC Academy
GF R ($44,440) Decrease transfer from OHRF for increase in Real Estate Development Personnel cost
($974,605)

GF E $600,000 Add Placeholder for COVID 19 expenses
GF E ($1,077,336) Update Personnel Complement
($477,336)

GF **($500,000)** **Remove Contribution to General Fund Operating Reserve (GFOR)**
GF **($500,000)** **Remove Contribution to Opportunity Housing Property Reserve (OHPR)**

GF **$359,631** **Add Draw from General Fund Operating Reserve (GFOR)**

MF R **($92,070)** Increase draw from indenture to fund administrative costs

MF E $5,500 Adjust Management Fee based on change to Complement
MF E ($97,570) Update Personnel Complement
($92,070)

SF R **($73,840)** Decrease draw from indenture to fund administrative costs

SF E ($51,140) Adjust Management Fee based on change to Complement
SF E ($22,700) Update Personnel Complement
SF E **($73,840)**

OHRF R $47,481 Adjust Development Fee income for timing and scope changes
OHRF R ($83,991) Adjust Commitment Fee income for timing and scope changes
OHRF R **($36,510)**

OHRF E **($44,440)** Decrease transfer to GF to fund Real Estate Development personnel cost

OHRF **$7,930** **Increase excess cash flow restriction**

OH R $4,029,973 Add Expired Tax Credit property budgets (Barclay, Georgian Court, Metropolitan, Stewartown, and Strat
OH R $455,492 Add transfers from County Contract for Counselors at properties
OH R $60,027 Adjust draws from GFOR for deficit at MetroPointe due to COVID 19
OH R $55,840 Adjust draws from existing property cash due to COVID 19
OH R ($2,881,188) Add impact of COVID 19 on Rent Receipts
OH R ($200,000) Remove subsidies for 13 expired RAP units at The Willows of Gaithersburg
OH R ($8,110) Reduce transfers from County Contract for Counselors at properties
$1,512,034

OH E $4,921,577 Add Expired Tax Credit property budgets (Barclay, Georgian Court, Metropolitan, Stewartown, and Strat
OH E $424,238 Adjust Development Corporation Fee Income for update to Complement
OH E $117,285 Adjust restrictions of cash for restricted properties for update to Complement
OH E $13,500 Add Bad Debt for Camphill Square
OH E $180 Increase RfR contributions at Dale Drive
OH E $100 Add Ground Rent expenses for The Oaks at Four Corners Development Corporation
OH E ($1,108,160) Adjust Development Corporation Fee Income for decrease in HCVP utilization due to COVID 19
OH E ($700,741) Adjust restrictions of cash for restricted properties due to COVID 19
OH E ($550,903) Remove restriction of cash flow at Metropolitan Dev Corp for Tax Credit units
OH E ($525,545) Remove restriction of cash flow at Strathmore Court for Tax Credit units
OH E ($206,031) Update Personnel Complement
OH E ($11,104) Decrease contributions to Operating Reserves at Foreclosure Homes
$2,374,396

FY 2021 Proposed Operating Budget Comparison from Recommended Budget	Revenues	Expenses	Recommended Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Proposed Budget
General Fund								
General Fund	$24,790,592	$27,273,050	**($2,482,458)**	($974,605)	($477,336)	$23,815,987	$26,795,714	**($2,979,727)**
Draw from GFOR	$0	$0	**$0**	$359,631	$0	$359,631	$0	**$359,631**
Restrict to GFOR	$0	$500,000	**($500,000)**	$0	($500,000)	$0	$0	**$0**
Restrict to OHPR	$0	$500,000	**($500,000)**	$0	($500,000)	$0	$0	**$0**
Restrict to OPEB Reserve	$0	$0	**$0**			$0	$0	**$0**
Multifamily & Single Family Bond Funds								
Multifamily Fund	$16,373,524	$16,373,524	**$0**	($92,070)	($92,070)	$16,281,454	$16,281,454	**$0**
Single Family Fund	$9,050,944	$9,050,944	**$0**	($73,840)	($73,840)	$8,977,104	$8,977,104	**$0**
Opportunity Housing Fund								
Opportunity Housing Reserve Fund	$3,427,648	$1,603,312	**$1,824,336**	($36,510)	($44,440)	$3,391,138	$1,558,872	**$1,832,266**
Draw from OHRF	$0		**$0**	$0	$0	$0	$0	**$0**
Restrict to OHRF	$0	$1,824,336	**($1,824,336)**	$0	$7,930	$0	$1,832,266	**($1,832,266)**
Opportunity Housing & Development Corps	$99,407,903	$96,014,520	**$3,393,383**	$1,452,007	$2,374,396	$100,859,910	$98,388,916	**$2,470,994**
Draw from GFOR for MetroPointe Deficit	$89,075	$0	**$89,075**	$60,027	$0	$149,102	$0	**$149,102**
Public Fund								
Housing Choice Voucher Program	$107,171,778	$107,872,021	**($700,243)**	$120,543	($84,290)	$107,292,321	$107,787,731	**($495,410)**
Draw from HCVP Administrative Reserve	$67,673	$0	**$67,673**	($67,673)	$0	$0	$0	**$0**
County Contributions towards HCVP Administration	$632,570	$0	**$632,570**	($137,160)	$0	$495,410	$0	**$495,410**
Federal and Other County Grants	$17,228,377	$17,228,377	**$0**	($170,146)	($170,146)	$17,058,231	$17,058,231	**$0**
TOTAL - ALL FUNDS	**$278,240,084**	**$278,240,084**	**$0**	**$440,204**	**$440,204**	**$278,680,288**	**$278,680,288**	**$0**

Footnotes - explanation of changes

HCV	**R**	$1,995,194	Increase HCV Housing Assistance Payment (HAP) Revenue due to re-benchmark and new program funding
HCV	**R**	$137,160	Reduce contribution from the County for HCVP Administration
HCV	**R**	$103,437	Increase HCV Administrative Fees based on CY 2020 Rate
HCV	**R**	($1,735,226)	Remove draw from HCV HAP Net Restricted Position (NRP)
HCV	**R**	($353,059)	Reduce HCV Administrative Fees based on lower utilization due to COVID 19
HCV	**R**	($26,963)	Remove transfer from County Grant for Customer Service Center staff
		$120,543	
HCV	**R**	**($67,673)**	Remove draw from HCV Administrative reserves
HCV	**E**	$137,160	Shift portion of cost for Housing Resources staff from County Contract to HCVP
HCV	**E**	($914,966)	Reduce HCV Housing Payments based on lower utilization due to COVID 19
HCV	**E**	($501,774)	Update Personnel Complement
HCV	**E**	($60,408)	Adjust Management Fee Income for decrease in HCVP utilization due to COVID 19
		($1,339,988)	
HCV		**$1,174,934**	**Restrict excess HAP Revenue to Net Restricted Position (NRP)**
HCV		**$80,764**	**Restrict excess Administrative Fee Income to reserve**
HCV		**($137,160)**	**Reduce Contribution from County for HCVP Administration**

Grants	**R**	($137,382)	Remove Compensation adjustment in County Contract
Grants	**R**	($22,129)	Adjust draws from reserves to balance McKinney Grants
Grants	**R**	($7,213)	Decrease transfers from County Contracts to balance grants
Grants	**R**	($3,422)	Adjust County Grant Income for various grants
		($170,146)	
Grants	**E**	$455,492	Add transfers from County Contract for Counselors at properties
Grants	**E**	$20,011	Restrict McKinney surplus to reserve
Grants	**E**	$1,440	Update Management Fee for McKinney Grants
Grants	**E**	($261,044)	Update Personnel Complement
Grants	**E**	($137,160)	Shift portion of cost for Housing Resources staff to HCVP from County Contract
Grants	**E**	($70,810)	Adjust Management Fees paid to General Fund
Grants	**E**	($46,485)	Decrease transfer to HOC Academy in General fund from County
Grants	**E**	($43,580)	Update Personnel Complement for McKinney Grants
Grants	**E**	($43,290)	Balance Grants
Grants	**E**	($26,963)	Remove transfer from County Grant for Customer Service Center staff
Grants	**E**	($10,544)	Reduce transfer from County Contract for Counselors at properties
Grants	**E**	($7,213)	Decrease transfers from County Contract to balance Grants
		($170,146)	

FY 2021 Proposed Capital Budget Comparison from Recommended Budget	Revenues	Expenses	Recommended Budget	Net Changes to Revenue	Net Changes to Expenses	Revenues	Expenses	Proposed Budget
Capital Improvements								
East Deer Park	$195,000	$195,000	**$0**	$0	$0	$195,000	$195,000	**$0**
Kensington Office	$50,000	$50,000	**$0**	$0	$0	$50,000	$50,000	**$0**
880 Bonifant	$255,000	$255,000	**$0**	$0	$0	$255,000	$255,000	**$0**
Information Technology	$532,440	$532,440	**$0**	$0	$0	$532,440	$532,440	**$0**
Opportunity Housing Properties	$6,453,339	$6,453,339	**$0**	$164,387	$164,387	$6,617,726	$6,617,726	**$0**
	$7,485,779	**$7,485,779**	**$0**	**$164,387**	**$164,387**	**$7,650,166**	**$7,650,166**	**$0**
Capital Development Projects								
Fenton Silver Spring (formerly 900 Thayer)	$10,379,386	$10,379,386	**$0**	($15,000)	($15,000)	$10,364,386	$10,364,386	**$0**
Alexander House	$4,937,678	$4,937,678	**$0**	($4,937,678)	($4,937,678)	$0	$0	**$0**
Bauer Park Apartments	$9,245,374	$9,245,374	**$0**	($797,103)	($797,103)	$8,448,271	$8,448,271	**$0**
Brooke Park Apartments	$9,004,390	$9,004,390	**$0**	$0	$0	$9,004,390	$9,004,390	**$0**
Deeply Affordable Units	$1,250,000	$1,250,000	**$0**	$0	$0	$1,250,000	$1,250,000	**$0**
Elizabeth House III	$36,506,742	$36,506,742	**$0**	$0	$0	$36,506,742	$36,506,742	**$0**
Georgian Court	$25,391,652	$25,391,652	**$0**	$987,799	$987,799	$26,379,451	$26,379,451	**$0**
Hillandale Gateway, Senior Portion	$23,617,905	$23,617,905	**$0**	($23,617,905)	($23,617,905)	$0	$0	**$0**
Shady Grove	$17,630,079	$17,630,079	**$0**	$0	$0	$17,630,079	$17,630,079	**$0**
Stewartown	$15,386,040	$15,386,040	**$0**	($500,110)	($500,110)	$14,885,930	$14,885,930	**$0**
Upton II	$17,284,646	$17,284,646	**$0**	$0	$0	$17,284,646	$17,284,646	**$0**
West Side Shady Grove	$28,746,407	$28,746,407	**$0**	$886,800	$886,800	$29,633,207	$29,633,207	**$0**
Willow Manor Resyndication	$54,189,505	$54,189,505	**$0**	$3,615,276	$3,615,276	$57,804,781	$57,804,781	**$0**
	$253,569,804	**$253,569,804**	**$0**	**($24,377,921)**	**($24,377,921)**	**$229,191,883**	**$229,191,883**	**$0**
TOTAL - ALL FUNDS	**$261,055,583**	**$261,055,583**	**$0**	**($24,213,534)**	**($24,213,534)**	**$236,842,049**	**$236,842,049**	**$0**

Footnotes - explanation of changes

CI-OH	**I**	$71,640	Add Capital Improvements Budget for Barclay Affordable
CI-OH	**I**	$3,505	Add Capital Improvements Budget for Georgian Court Affordable
CI-OH	**I**	$226,586	Add Capital Improvements Budget for Metropolitan Affordable
CI-OH	**I**	$13,824	Add Capital Improvements Budget for Stewartown Affordable
CI-OH	**I**	$68,455	Add Capital Improvements Budget for Strathmore Court Affordable
CI-OH	**I**	($219,623)	Decrease Capital Improvements Budget for MetroPointe Dev Corp
		$164,387	
CI-OH	**E**	$71,640	Add Capital Improvements Budget for Barclay Affordable
CI-OH	**E**	$3,505	Add Capital Improvements Budget for Georgian Court Affordable
CI-OH	**E**	$226,586	Add Capital Improvements Budget for Metropolitan Affordable
CI-OH	**E**	$13,824	Add Capital Improvements Budget for Stewartown Affordable
CI-OH	**E**	$68,455	Add Capital Improvements Budget for Strathmore Court Affordable
CI-OH	**E**	($219,623)	Decrease Capital Improvements Budget for MetroPointe Dev Corp
		$164,387	

CD	**R**	($15,000)	Adjust timing and/or scope of Capital Development Budget for Fenton Silver Spring (formerly 900 Thayer)
CD	**R**	($4,937,678)	Adjust timing and/or scope of Capital Development Budget for Alexander House
CD	**R**	($797,103)	Adjust timing and/or scope of Capital Development Budget for Bauer Park
CD	**R**	$987,799	Adjust timing and/or scope of Capital Development Budget for Georgian Court
CD	**R**	($23,617,905)	Adjust timing and/or scope of Capital Development Budget for Hillandale Gateway, Senior Portion
CD	**R**	($500,110)	Adjust timing and/or scope of Capital Development Budget for Stewartown
CD	**R**	$886,800	Adjust timing and/or scope of Capital Development Budget for West Side Shady Grove
CD	**R**	$3,615,276	Adjust timing and/or scope of Capital Development Budget for Willow Manor Resyndication
		($24,377,921)	
CD	**E**	($15,000)	Adjust timing and/or scope of Capital Development Budget for Fenton Silver Spring (formerly 900 Thayer)
CD	**E**	($4,937,678)	Adjust timing and/or scope of Capital Development Budget for Alexander House
CD	**E**	($797,103)	Adjust timing and/or scope of Capital Development Budget for Bauer Park
CD	**E**	$987,799	Adjust timing and/or scope of Capital Development Budget for Georgian Court
CD	**E**	($23,617,905)	Adjust timing and/or scope of Capital Development Budget for Hillandale Gateway, Senior Portion
	E	($500,110)	Adjust timing and/or scope of Capital Development Budget for Stewartown
	E	$886,800	Adjust timing and/or scope of Capital Development Budget for West Side Shady Grove
	E	$3,615,276	Adjust timing and/or scope of Capital Development Budget for Willow Manor Resyndication
		($24,377,921)	

Revised Charts
From Summary and Capital Budget Sections
of the FY'21 Recommended Budget

Enclosure 2

Commission Meeting

FY 2021 Proposed Budget

Housing Opportunities Commission
OF MONTGOMERY COUNTY

FY 2021 – Budget Overview

Proposed Budget

Fund Summary Overview	FY 2021 Proposed Budget		
	Revenues	Expenses	Net
General Fund	$23,815,987	$26,795,714	($2,979,727)
Draw from GFOR	$359,631	$0	$359,631
Multifamily Bond Funds	$16,281,454	$16,281,454	$0
Single Family Bond Funds	$8,977,104	$8,977,104	$0
Opportunity Housing Fund			
Opportunity Housing Reserve Fund (OHRF)	$3,391,138	$1,558,872	$1,832,266
Restrict to OHRF	$0	$1,832,266	($1,832,266)
Opportunity Housing & Development Corporation Properties	$100,859,910	$98,388,916	$2,470,994
Draw from GFOR for MetroPointe Deficit	$149,102	$0	$149,102
Public Fund			
Housing Choice Voucher Program (HCVP)	$107,292,321	$107,787,731	($495,410)
County Contributions towards HCVP Administration	$495,410	$0	$495,410
Federal, State, and County Grants	$17,058,231	$17,058,231	$0
TOTAL - ALL FUNDS	**$278,680,288**	**$278,680,288**	**$0**

*** Revenues and Expenses include inter-company Transfer Between Funds**

FY 2021 – Revenue and Expense Summary

Proposed Budget

FY 2021 Revenue and Expense Statement

Operating Budget

Operating Income	
Tenant Income	$99,009,927
Non-Dwelling Rental Income	$851,880
Federal Grant	$112,930,039
County Grant	$10,990,570
Management Fees	$24,522,616
Miscellaneous Income	$134,190
TOTAL OPERATING INCOME	**$248,439,222**

Operating Expenses	
Personnel Expenses	$46,779,883
Operating Expenses - Fees	$18,874,716
Operating Expenses - Administrative	$9,533,151
Tenant Services Expenses	$7,101,089
Protective Services Expenses	$907,932
Utilities Expenses	$6,386,971
Insurance and Tax Expenses	$3,023,906
Maintenance Expenses	$9,017,743
Housing Assistance Payments (HAP)	$98,532,498
TOTAL OPERATING EXPENSES	**$200,157,889**
NET OPERATING INCOME	**$48,281,333**

Non-Operating Budget

Non-Operating Income	
Investment Interest Income	$22,442,671
FHA Risk Sharing Insurance	$858,817
Transfer Between Funds	$6,939,578
TOTAL NON-OPERATING INCOME	**$30,241,066**

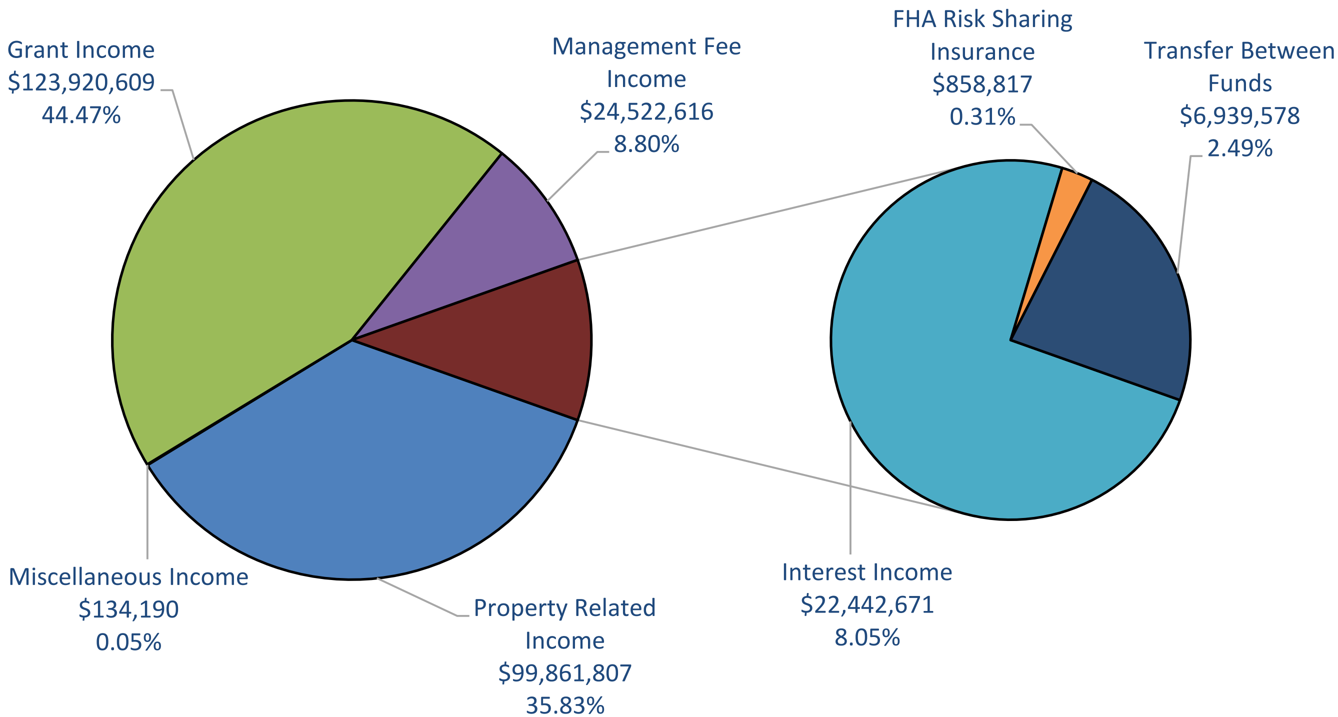
Non-Operating Expenses	
Interest Payment	$38,748,171
Mortgage Insurance	$1,206,181
Principal Payment	$12,114,529
Debt Service, Operating and Replacement Reserves	$11,273,564
Restricted Cash Flow	$3,591,256
Development Corporation Fees	$6,052,150
Miscellaneous Bond Financing Expenses	$84,451
FHA Risk Sharing Insurance	$858,817
Transfer Out Between Funds	$4,593,280
TOTAL NON-OPERATING EXPENSES	**$78,522,399**
NET NON-OPERATING ADJUSTMENTS	**($48,281,333)**

FY 2021 – Operating Budget: Source of Funds

Total Income – Proposed – $278,680,228

Operating Income
$248,439,222

Non-Operating Income
$30,241,066



FY 2021 – Operating Budget: Use of Funds

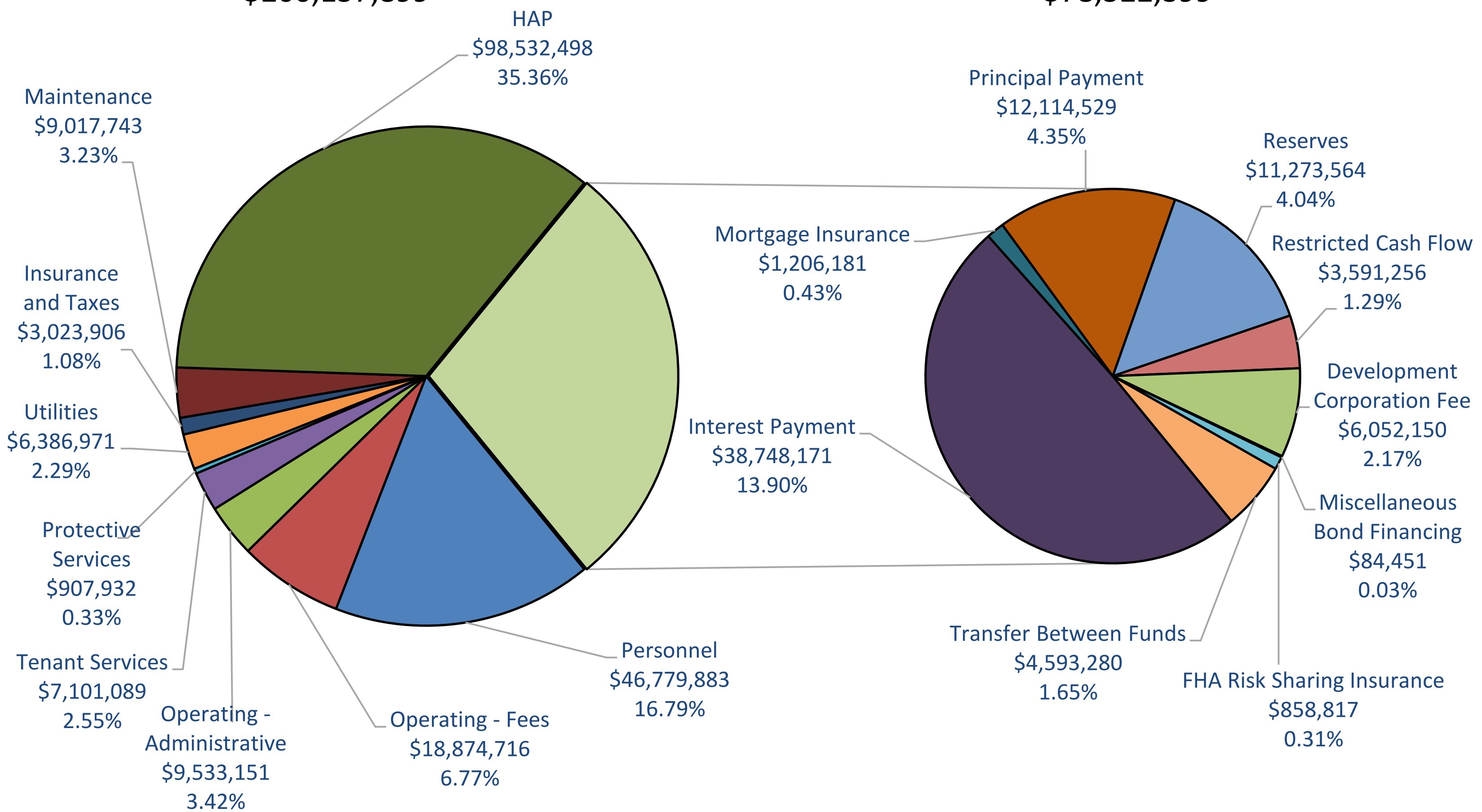
Total Expenses – Proposed – $278,680,228

Operating Expenses

$200,157,899

Non-Operating Expenses

$78,522,399



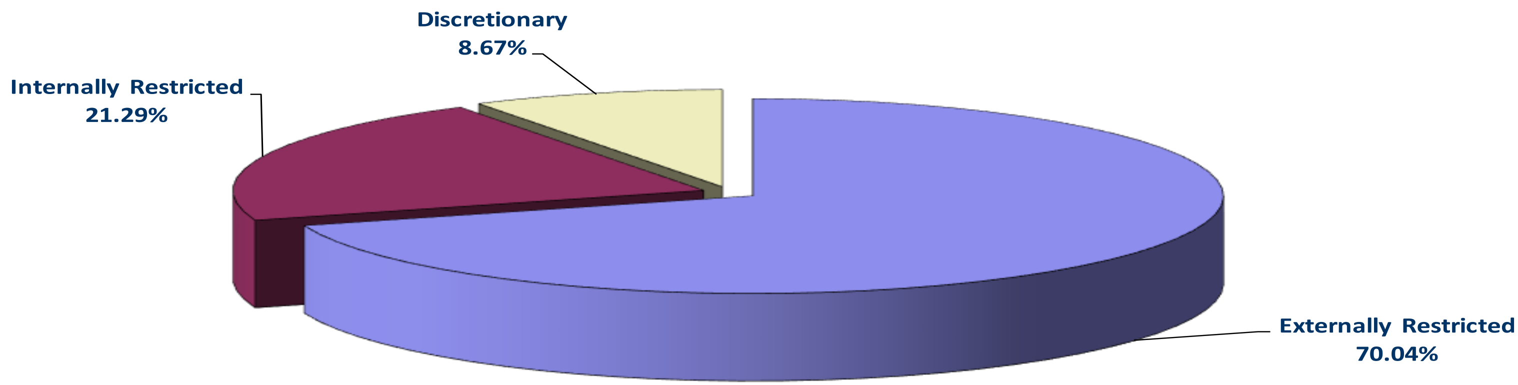
Total Agency Operating Budget Summary – FY 2017 through FY 2021

Total Revenue and Expense Statement

Total Revenue and Expense Statement	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Amended Budget	FY 2021 Proposed Budget
Operating Income					
Tenant Income	$67,333,831	$76,823,091	$90,898,929	$99,574,734	$99,009,927
Non-Dwelling Rental Income	$1,150,050	$1,402,219	$1,088,218	$740,089	$851,880
Federal Grant	$97,705,641	$103,892,095	$111,759,315	$110,117,614	$112,930,039
State Grant	$184,480	$105,990	$24,370	$0	$0
County Grant	$9,877,142	$9,750,971	$10,063,003	$10,821,325	$10,990,570
Management Fees	$17,879,325	$20,493,087	$20,146,249	$27,972,345	$24,522,616
Miscellaneous Income	$1,642,884	$181,601	$496,816	$141,152	$134,190
TOTAL OPERATING INCOME	**$195,773,353**	**$212,649,054**	**$234,476,900**	**$249,367,259**	**$248,439,222**
Operating Expenses					
Personnel Expenses	$37,420,400	$40,021,952	$42,438,284	$47,903,873	$46,779,883
Operating Expenses - Fees	$13,787,927	$15,908,908	$17,735,370	$17,790,181	$18,874,716
Operating Expenses - Administrative	$8,000,361	$7,080,545	$9,178,208	$8,750,780	$9,533,151
Tenant Services Expenses	$5,540,710	$6,146,396	$6,390,914	$6,929,084	$7,101,089
Protective Services Expenses	$678,418	$812,364	$789,721	$856,720	$907,932
Utilities Expenses	$4,962,367	$5,567,031	$6,135,729	$6,422,870	$6,386,971
Insurance and Tax Expenses	$1,553,706	$1,846,557	$2,706,517	$2,901,077	$3,023,906
Maintenance Expenses	$6,211,113	$7,605,304	$9,974,062	$8,799,889	$9,017,743
Housing Assistance Payments (HAP)	$84,763,551	$91,157,649	$97,568,970	$96,647,339	$98,532,498
TOTAL OPERATING EXPENSES	**$162,918,553**	**$176,146,706**	**$192,917,775**	**$197,001,813**	**$200,157,889**
NET OPERATING INCOME	**$32,854,800**	**$36,502,348**	**$41,559,125**	**$52,365,446**	**$48,281,333**
Non-Operating Income					
Investment Interest Income	$23,439,972	$24,414,275	$29,740,796	$22,521,885	$22,442,671
FHA Risk Sharing Insurance	$609,502	$697,624	$890,294	$713,107	$858,817
Transfer Between Funds	$7,398,074	$7,674,456	$8,891,771	$7,081,385	$6,939,578
TOTAL NON-OPERATING INCOME	**$31,447,548**	**$32,786,355**	**$39,522,861**	**$30,316,377**	**$30,241,066**
Non-Operating Expenses					
Interest Payment	$28,212,630	$33,006,794	$42,540,438	$38,995,832	$38,748,171
Mortgage Insurance	$816,079	$832,655	$881,485	$913,365	$1,206,181
Principal Payment	$7,111,496	$7,356,662	$9,340,623	$11,557,383	$12,114,529
Debt Service, Operating and Replacement Reserves	$13,365,814	$8,216,656	$9,998,074	$12,793,487	$11,273,564
Restricted Cash Flow	$6,333,253	$8,626,603	$5,076,563	$8,191,377	$3,591,256
Development Corporation Fees	$5,592,375	$6,435,449	$6,338,023	$6,076,441	$6,052,150
Miscellaneous Bond Financing Expenses	$511,025	$585,994	$415,277	$29,424	$84,451
FHA Risk Sharing Insurance	$609,502	$618,857	$890,294	$713,107	$858,817
Transfer Out Between Funds	$4,301,071	$3,790,711	$5,429,173	$3,411,407	$4,593,280
TOTAL NON-OPERATING EXPENSES	**$66,853,245**	**$69,470,381**	**$80,909,950**	**$82,681,823**	**$78,522,399**
NET NON-OPERATING ADJUSTMENTS	**($35,405,697)**	**($36,684,026)**	**($41,387,089)**	**($52,365,446)**	**($48,281,333)**
NET CASH FLOW	**($2,550,897)**	**($181,678)**	**$172,036**	**$0**	**$0**

FY 2021 – Revenue Restrictions

Revenue Restriction (Showing externally placed restrictions)	FY 2021 Proposed Budget			
	Externally Restricted	Internally Restricted	Discretionary	TOTAL
Operating Income				
Property Related Income	$41,334,473	$55,907,238	$2,620,096	**$99,861,807**
Federal Grant	$112,930,039	$0	$0	**$112,930,039**
County Grant	$10,990,570	$0	$0	**$10,990,570**
Management Fees	$0	$3,427,648	$21,094,968	**$24,522,616**
Miscellaneous Income	$126,690	$0	$7,500	**$134,190**
TOTAL OPERATING INCOME	**$165,381,772**	**$59,334,886**	**$23,722,564**	**$248,439,222**
Non-Operating Income				
Interest Income	$22,374,941	$0	$67,730	**$22,442,671**
FHA Risk Sharing	$858,817	$0	$0	**$858,817**
Transfer Between Funds	$6,579,947	$0	$359,631	**$6,939,578**
TOTAL NON-OPERATING INCOME	**$29,813,705**		**$427,361**	**$30,241,066**
TOTAL - ALL REVENUE SOURCES	**$195,195,477**	**$59,334,886**	**$24,149,925**	**$278,680,288**



FY 2021 – Opportunity Housing & Development Corporations

Operating Budget

Opportunity Housing and Development Corps FY 2021 Operating Budget	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Services	Annual RfR Escrow, Operating & Debt Service Reserve	Asset & Loan Management Fees	Non-Operating Expenses	FY 2021 Projected Cash Flow	Restricted Cash Flow	Development Corporations Fees	FY 2021 Net Cash Flow to HOC
Alexander House Dev Corp	$3,930,305	$1,320,677	**$2,609,628**	$2,375,791	$65,976	$195,800	$2,637,567	**($27,939)**	$0	$0	**($27,939)**
Avondale Apartments	$367,760	$112,899	**$254,861**	$144,000	$9,996	$35,740	$189,736	**$65,125**	$0	$0	**$65,125**
Barclay Apartments Dev Corp	$1,242,194	$416,822	**$825,372**	$674,190	$22,800	$81,310	$778,300	**$47,072**	$0	$47,072	**$0**
Barclay Affordable	$1,010,938	$513,414	**$497,524**	$437,623	$24,300	$0	$461,923	**$35,601**	$0	$0	**$35,601**
Brooke Park Apartments	$0	$0	**$0**	$0	$0	$0	$0	**$0**	$0	$0	**$0**
Brookside Glen (The Glen) LP	$1,540,205	$692,673	**$847,532**	$496,464	$123,732	$96,290	$716,486	**$131,046**	$131,046	$0	**$0**
Camp Hill Square	$699,749	$365,582	**$334,167**	$0	$15,300	$72,910	$88,210	**$245,957**	$0	$0	**$245,957**
CDBG Units	$45,091	$19,280	**$25,811**	$924	$24,887	$0	$25,811	**$0**	$0	$0	**$0**
Chelsea Towers	$354,011	$184,314	**$169,697**	$138,890	$8,400	$30,020	$177,310	**($7,613)**	$0	$0	**($7,613)**
Cider Mill Apartments	$12,579,270	$4,613,565	**$7,965,705**	$6,613,731	$302,400	$610,944	$7,527,075	**$438,630**	$438,630	$0	**$0**
Dale Drive	$104,558	$81,359	**$23,199**	$0	$9,916	$10,700	$20,616	**$2,583**	$2,583	$0	**$0**
Diamond Square LP	$1,319,916	$731,467	**$588,449**	$117,313	$136,414	$25,270	$278,997	**$309,452**	$309,452	$0	**$0**
Elizabeth House Interim RAD	$832,710	$786,887	**$45,823**	$0	$0	$63,200	$63,200	**($17,377)**	$0	$0	**($17,377)**
Fairfax Court	$279,802	$116,511	**$163,291**	$10,944	$42,660	$19,260	$72,864	**$90,427**	$0	$0	**$90,427**
Georgian Court Affordable	$742,697	$477,219	**$265,478**	$222,034	$25,776	$8,002	$255,812	**$9,666**	$9,666	$0	**$0**
Glenmont Crossing Dev Corp	$1,934,888	$734,181	**$1,200,707**	$675,962	$58,200	$103,780	$837,942	**$362,765**	$128,289	$234,476	**$0**
Glenmont Westerly Dev Corp	$1,706,513	$703,656	**$1,002,857**	$671,171	$61,200	$109,130	$841,501	**$161,356**	$164,250	$0	**($2,894)**
Holiday Park	$330,700	$95,323	**$235,377**	$101,563	$16,860	$28,590	$147,013	**$88,364**	$0	$0	**$88,364**
Holly Hall Interim RAD	$0	$0	**$0**	$0	$0	$0	$0	**$0**	$0	$0	**$0**
Jubilee Falling Creek	$34,119	$24,071	**$10,048**	$0	$2,004	$0	$2,004	**$8,044**	$0	$0	**$8,044**
Jubilee Hermitage	$26,075	$28,213	**($2,138)**	$0	$2,004	$0	$2,004	**($4,142)**	$0	$0	**($4,142)**
Jubilee Horizon Court	$25,186	$24,600	**$586**	$0	$2,004	$0	$2,004	**($1,418)**	$0	$0	**($1,418)**
Jubilee Woodedge	$27,208	$23,323	**$3,885**	$0	$2,004	$0	$2,004	**$1,881**	$0	$0	**$1,881**
King Farm Village Center	$17,826	$11,117	**$6,709**	$0	$1,200	$0	$1,200	**$5,509**	$5,509	$0	**$0**
Magruder's Discovery Dev Corp	$2,484,154	$644,247	**$1,839,907**	$924,882	$41,832	$90,050	$1,056,764	**$783,143**	$0	$783,143	**$0**
Manchester Manor Apartments	$798,029	$488,830	**$309,199**	$220,888	$21,408	$62,842	$305,138	**$4,061**	$0	$0	**$4,061**
Manor at Cloppers Mill, LLC	$1,461,930	$531,164	**$930,766**	$692,067	$30,600	$130,060	$852,727	**$78,039**	$0	$0	**$78,039**
Manor at Colesville, LLC	$1,172,193	$439,540	**$732,653**	$532,970	$24,900	$105,397	$663,267	**$69,386**	$0	$0	**$69,386**
Manor at Fair Hill Farm, LLC	$1,493,649	$520,481	**$973,168**	$720,767	$30,300	$129,179	$880,246	**$92,922**	$0	$0	**$92,922**
McHome	$446,733	$325,925	**$120,808**	$0	$16,400	$0	$16,400	**$104,408**	$0	$0	**$104,408**
McKendree	$179,155	$110,094	**$69,061**	$0	$11,196	$0	$11,196	**$57,865**	$0	$0	**$57,865**
MetroPointe Dev Corp	$2,627,747	$794,102	**$1,833,645**	$1,944,067	$30,000	$8,680	$1,982,747	**($149,102)**	$0	$0	**($149,102)**
Metropolitan Dev Corp	$6,802,533	$2,227,128	**$4,575,405**	$2,298,119	$97,200	$115,258	$2,510,577	**$2,064,828**	$372,244	$1,116,732	**$575,852**
Metropolitan Affordable	$817,587	$778,376	**$39,211**	$546,307	$41,400	$27,356	$615,063	**($575,852)**	$0	$0	**($575,852)**
MHLP VII	$447,027	$337,543	**$109,484**	$27,842	$14,004	$0	$41,846	**$67,638**	$0	$0	**$67,638**
MHLP VIII	$711,750	$479,279	**$232,471**	$0	$20,004	$0	$20,004	**$212,467**	$0	$0	**$212,467**

FY 2021 – Opportunity Housing & Development Corporations

Operating Budget (continued)

Opportunity Housing and Development Corps FY 2021 Operating Budget	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Services	Annual RfR Escrow, Operating & Debt Service Reserve	Asset & Loan Management Fees	Non-Operating Expenses	FY 2021 Projected Cash Flow	Restricted Cash Flow	Development Corporations Fees	FY 2021 Net Cash Flow to HOC
MHLP IX - Pond Ridge	$547,069	$299,315	**$247,754**	$241,659	$16,000	$0	$257,659	**($9,905)**	$0	$0	**($9,905)**
MHLP IX - Scattered	$1,151,714	$728,188	**$423,526**	$438,492	$30,400	$0	$468,892	**($45,366)**	$0	$0	**($45,366)**
MHLP X	$1,130,107	$692,018	**$438,089**	$420,399	$23,004	$0	$443,403	**($5,314)**	$0	$0	**($5,314)**
Montgomery Arms Dev corp	$1,954,114	$739,413	**$1,214,701**	$683,958	$46,200	$138,020	$868,178	**$346,523**	$0	$346,523	**$0**
MPDU 2007 - Phase II	$81,174	$57,017	**$24,157**	$0	$5,400	$0	$5,400	**$18,757**	$0	$0	**$18,757**
MPDU I (64)	$825,803	$498,069	**$327,734**	$226,052	$27,540	$0	$253,592	**$74,142**	$0	$0	**$74,142**
MPDU II (59) Dev Corp	$867,426	$453,643	**$413,783**	$0	$17,700	$0	$17,700	**$396,083**	$0	$396,083	**$0**
NCI Units	$180,799	$91,457	**$89,342**	$0	$89,342	$0	$89,342	**$0**	$0	$0	**$0**
NSP Units	$92,839	$48,371	**$44,468**	$0	$44,468	$0	$44,468	**$0**	$0	$0	**$0**
Oaks @ Four Corners Dev Corp	$1,391,863	$812,853	**$579,010**	$280,922	$171,996	$128,390	$581,308	**($2,298)**	$0	$0	**($2,298)**
617 Olney Sandy Spring Road	$114	$5,595	**($5,481)**	$0	$1,200	$0	$1,200	**($6,681)**	$0	$0	**($6,681)**
Paddington Square Dev Corp	$2,969,584	$1,252,805	**$1,716,779**	$1,127,631	$57,744	$104,470	$1,289,845	**$426,934**	$0	$426,934	**$0**
Paint Branch	$188,400	$85,252	**$103,148**	$0	$8,400	$20,010	$28,410	**$74,738**	$74,738	$0	**$0**
Pooks Hill High-Rise Dev Corp	$2,896,057	$958,778	**$1,937,279**	$1,022,162	$171,492	$247,714	$1,441,368	**$495,911**	$0	$495,911	**$0**
Pooks Hill Mid-Rise	$926,906	$299,291	**$627,615**	$298,106	$55,860	$53,500	$407,466	**$220,149**	$0	$0	**$220,149**
RAD 6 - Ken Gar Dev Corp	$256,487	$98,774	**$157,713**	$103,026	$9,852	$18,470	$131,348	**$26,365**	$0	$26,365	**$0**
RAD 6 - Parkway Woods Dev Corp	$319,973	$148,817	**$171,156**	$116,518	$12,444	$23,330	$152,292	**$18,864**	$0	$18,864	**$0**
RAD 6 - Sandy Spring Meadow Dev Corp	$681,401	$336,891	**$344,510**	$260,495	$28,512	$53,470	$342,477	**$2,033**	$0	$2,033	**$0**
RAD 6 - Seneca Ridge Dev Corp	$1,139,408	$692,341	**$447,067**	$515,492	$36,792	$69,030	$621,314	**($174,247)**	$0	($174,247)	**$0**
RAD 6 - Towne Centre Place Dev Corp	$559,056	$311,241	**$247,815**	$174,622	$25,392	$47,640	$247,654	**$161**	$0	$161	**$0**
RAD 6 - Washington Square Dev corp	$827,834	$409,431	**$418,403**	$335,073	$25,920	$48,610	$409,603	**$8,800**	$0	$8,800	**$0**
Scattered Sites One Dev Corp	$2,686,257	$1,472,818	**$1,213,439**	$561,752	$114,000	$23,000	$698,752	**$514,687**	$0	$514,687	**$0**
Scattered Sites Two Dev Corp	$771,994	$421,080	**$350,914**	$268,822	$74,400	$0	$343,222	**$7,692**	$0	$7,692	**$0**
Shady Grove Apartments	$2,042,328	$992,456	**$1,049,872**	$593,578	$68,400	$175,164	$837,142	**$212,730**	$0	$0	**$212,730**
Sligo MPDU III Dev Corp	$281,592	$220,325	**$61,267**	$0	$9,200	$0	$9,200	**$52,067**	$0	$52,067	**$0**
Southbridge	$469,466	$244,845	**$224,621**	$125,217	$10,800	$41,730	$177,747	**$46,874**	$46,874	$0	**$0**
State Rental Partnership	$1,723,437	$1,580,643	**$142,794**	$0	$87,096	$0	$87,096	**$55,698**	$55,698	$0	**$0**
Stewartown Affordable	$687,015	$490,545	**$196,470**	$187,685	$18,798	$12,696	$219,179	**($22,709)**	$0	$0	**($22,709)**
Strathmore Court	$3,456,910	$1,188,206	**$2,268,704**	$1,178,444	$161,316	$161,560	$1,501,320	**$767,384**	$0	$0	**$767,384**
Strathmore Court Affordable	$633,902	$395,903	**$237,999**	$729,841	$55,188	$0	$785,029	**($547,030)**	$0	$0	**($547,030)**
TPP LLC - Pomander Court	$461,011	$132,018	**$328,993**	$179,165	$10,908	$34,310	$224,383	**$104,610**	$0	$0	**$104,610**
TPP LLC - Timberlawn	$2,210,291	$750,310	**$1,459,981**	$798,809	$48,628	$114,480	$961,917	**$498,064**	$0	$0	**$498,064**
VPC One Dev Corp	$6,701,216	$3,198,434	**$3,502,782**	$1,481,324	$948,408	$0	$2,429,732	**$1,073,050**	$0	$1,073,050	**$0**
VPC Two Dev Corp	$4,594,790	$2,200,910	**$2,393,880**	$1,053,888	$664,188	$0	$1,718,076	**$675,804**	$0	$675,804	**$0**
Westwood Towers	$4,556,484	$2,067,216	**$2,489,268**	$902,190	$905,628	$226,820	$2,034,638	**$454,630**	$0	$0	**$454,630**
Willows of Gaithersburg	$1,945,041	$1,576,073	**$368,968**	$281,915	$168,000	$226,762	$676,677	**($307,709)**	$0	$0	**($307,709)**
TOTAL	**$100,804,070**	**$45,705,204**	**$55,098,866**	**$35,175,746**	**$5,587,893**	**$4,128,944**	**$44,892,583**	**$10,206,283**	**$1,738,979**	**$6,052,150**	**$2,415,154**
From reserves planned to fund specific property operating deficits											
Alexander House Dev Corp								**27,939**			**$27,939**
Glenmont Westerly Dev Corp								**2,894**			**$2,894**
MetroPointe Dev Corp								**149,102**			**$149,102**
Oaks @ Four Corners Dev Corp								**2,298**			**$2,298**
Stewartown Affordable								**22,709**			**$22,709**
Net Cash Flow - All Properties								**$10,411,225**			**$2,620,096**

Housing Opportunities Commission OF MONTGOMERY COUNTY

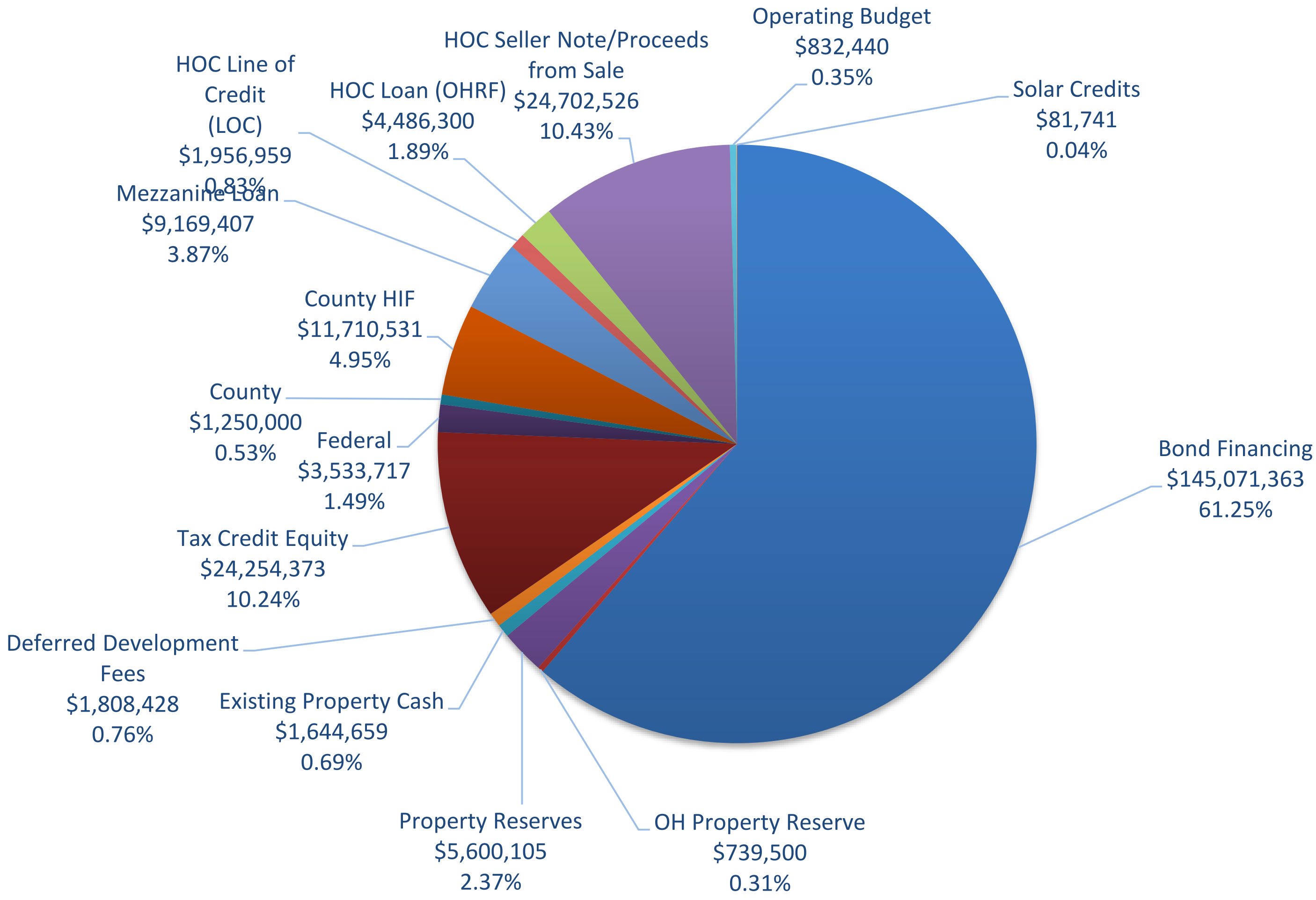
FY 2021 – Capital Budget

Capital Budget Overview

Capital Budget Summary	FY 2021 Proposed Budget
Capital Improvements	
East Deer Park	$195,000
Kensington Office	$50,000
880 Bonifant	$255,000
Information Technology	$532,440
Opportunity Housing Properties	$6,617,726
Subtotal	**$7,650,166**
Capital Development Projects	
Fenton Silver Spring (formerly 900 Thayer)	$10,364,386
Bauer Park Apartments	$8,448,271
Brooke Park Apartments	$9,004,390
Deeply Affordable Units	$1,250,000
Elizabeth House III	$36,506,742
Georgian Court	$26,379,451
Shady Grove	$17,630,079
Stewartown	$14,885,930
Upton II	$17,284,646
West Side Shady Grove	$29,633,207
Willow Manor Resyndication	$57,804,781
Subtotal	**$229,191,883**
TOTAL	**$236,842,049**

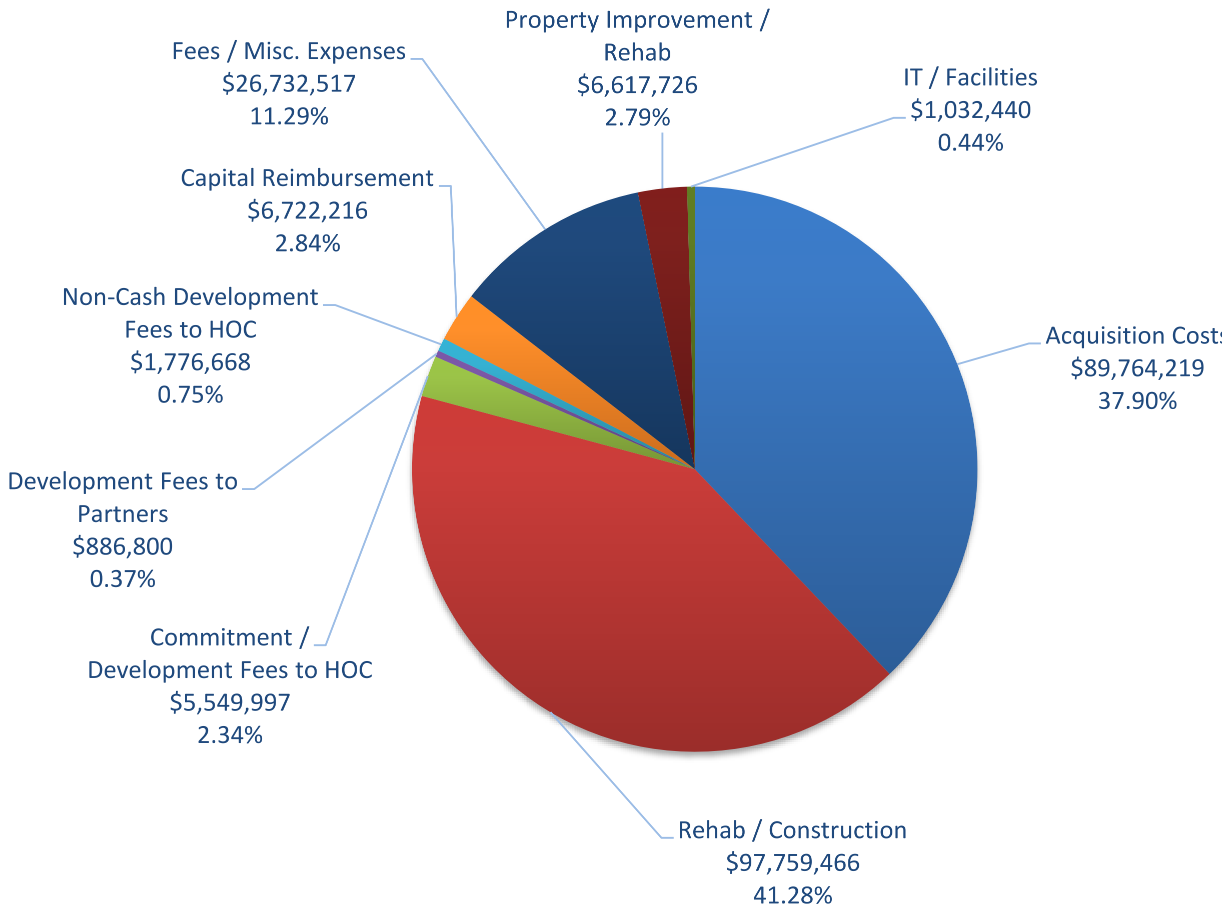
FY 2021 – Capital Budget

Source of Funds - Proposed – $236,842,049



FY 2021 – Capital Budget

Use of Funds - Proposed – $236,842,049



ADOPTION OF THE FY’21 BUDGET RESOLUTIONS

A - Adoption of the FY’21 Budgets, Bond Draw Downs and Transfers

B - Adoption of FY’21 Reimbursement Resolution

Enclosure 3

RESOLUTION NO. 20-48a **RE:** Adoption of the FY'21 Budget, Bond Draw Downs and Transfers

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission" or "Agency") is required to adopt a budget based on the current chart of accounts in use before July 1, 2020; and

WHEREAS, the Commission is required to approve the transfer of equity between Agency funds.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby adopts a total Operating Budget for FY'21 of $278.7 million by fund as attached.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves the drawdown of bond funds for the Operating Budget as follows:

- $ 1,762,866 from the 1996 Multifamily Housing Development Bond (MHDB); and Indenture
- $ 1,123,805 from the 1979 Single Family Mortgage Revenue Bond (MRB) Indenture.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves the following transfers between funds in order to balance the Operating Budget:

- Up to $2,620,096 for FY'21 from the combined cash flow from the Opportunity Housing properties in the Opportunity Housing Fund to the General Fund.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County hereby adopts a Capital Budget for FY'21 of $236.8 million as attached.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June 3, 2020.

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Patrice Birdsong
Special Assistant to the Commission

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RESOLUTION NO. 20-48b **RE:** Reimbursement Resolution

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY (THE "COMMISSION") DECLARING ITS OFFICIAL INTENT TO REIMBURSE ITSELF WITH THE PROCEEDS OF A FUTURE TAX-EXEMPT BORROWING FOR CERTAIN CAPITAL EXPENDITURES TO BE UNDERTAKEN BY THE COMMISSION; IDENTIFYING SAID CAPITAL EXPENDITURES AND THE FUNDS TO BE USED FOR SUCH PAYMENT; AND PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH.

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

WHEREAS, the Commission has determined that it is in the best interest of the Commission to make certain capital expenditures on the projects named in this Resolution; 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 $240,000,000, *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 *each of* the Projects (as hereinafter defined) is placed in service (but in no event more than three 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 COMMISSION THAT:

Section 1. ***Declaration of Official Intent.*** The Commission presently intends and reasonably expects to finance certain Commission facilities and property improvements to the properties as described in the Commission's FY 21 Capital Budget attached, including **900 Thayer Avenue (dba Fenton Silver Spring), Alexander House, Avondale Apartments, The Barclay Apartments, Bauer Park Apartments, Brooke Park Apartments , Brookside Glen, Camp Hill Square Apartments, CDBG-NSP-NCI, Chelsea Towers, Cider Mill Apartments, Dale Drive, Deeply Affordable Unit Renovation, Diamond Square Apartments, Elizabeth House III,**

Fairfax Court, Georgian Court Apartments, Glenmont Crossing, Glenmont Westerly, Holiday Park, Jubilee Hermitage, Jubilee Woodedge, King Farm Village Center, Magruder's Discovery, Manchester Manor, Manor at Clopper's Mill, Manor at Colesville, Manor at Fair Hill Farm, McHome, McKendree, MetroPointe, The Metropolitan, Montgomery Arms, MHLP VII, MHLP VIII, MHLP IX-Pond Ridge, MHLP IX-Scattered, MHLP X, MPDU 2007 Phase II, MPDU I, MPDU II (TPM), MPDU III, The Oaks at Four Corners, Paddington Square, Paint Branch, Pomander Court, Pooks Hill High-Rise, Pooks Hill Mid-Rise, RAD 6 Properties (Ken Gar, Parkway Wood, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place, and Washington Square), Scattered Site One, Scattered Site Two, Shady Grove Apartments, Southbridge, State Rental Combined, Strathmore Court, Stewartown Homes, Timberlawn Crescent Upton II, VPC One, VPC Two, West Side Shady Grove, Westwood Tower, and The Willows and capital improvements to the Commission's administrative offices and information technology (collectively, the "Projects") with moneys currently contained in its Operating Reserve Account, Replacement Reserve Account and General Fund Property Reserve Account for these Projects and from its operating cash.

Section 2. ***Dates of Capital Expenditures.*** All of the capital expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings were made not earlier than 60 days prior to the date of this Resolution except preliminary expenditures related to the Projects as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).

Section 3. ***Issuance of Bonds or Notes.*** The Commission presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed $240,000,000 **will be applied** to reimburse the Commission for its expenditures in connection with the Projects.

Section 4. ***Confirmation of Prior Acts.*** 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 Projects, shall be and the same hereby are in all respects ratified, approved and confirmed.

Section 5. ***Repeal of Inconsistent Resolutions.*** All other resolutions of the Commission, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the *extent* of such inconsistency.

Section 6. ***Effective Date of Resolution.*** This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED at a regular meeting held this 3rd day of June 2020.

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Patrice Birdsong
Special Assistant to the Commission

Development
and
Finance Committee

APPROVAL OF A BOND AUTHORIZING RESOLUTION FOR THE ISSUANCE OF ONE OR MORE SERIES OF MULTIFAMILY HOUSING DEVELOPMENT BONDS TO FINANCE THE ACQUISITION AND REHABILITATION OF BAUER PARK APARTMENTS AND TO REFUND THE MULTIFAMILY HOUSING DEVELOPMENT BONDS, 2007 SERIES A, 2007 SERIES C-1, 2010 SERIES A BONDS AND MULTIPLE PURPOSE BONDS 2002 SERIES A BONDS

June 3, 2020

- On May 20, 2020, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") at a Special Session of the Commission approved the Financing Plan, Feasibility and Public Purpose for Bauer Park Apartments (hereinafter "Bauer Park" or the "Property"), an existing 142-unit, 100% age- and income-restricted residential community for seniors aged 62 years old or higher with incomes at or below 60% of the Area Median Income, located in Rockville, Maryland. The Property will be acquired by Bauer Park Apartments LP, and managed by Bauer Park Apartments LLC, an entity controlled by HOC.
- The Bauer Financing Plan includes the issuance of private activity, long-term, tax-exempt bonds in an amount up to $25.8 million to fund a mortgage loan for the costs of acquisition and rehabilitation of the Property that will be enhanced by the FHA Risk Sharing Program.
- In an effort to reduce the Commission's borrowing cost under the Multifamily Bond Portfolio, the Commission may issue refunding bonds at lower bond rates, while leaving underlying mortgages unchanged and outstanding. Combining a refunding with the Bauer Park transaction will lower bond issuance costs.
- Three (3) series of Multifamily Housing Development Bonds ("MHDB") under the Multifamily Housing Development Bond Resolution (the "1996 Indenture") and one (1) series of Multiple Purpose Bonds ("MPB") under the Multiple Purpose Bond Resolution (the "Multiple Purpose Indenture") have been identified for which substantial savings may be achieved through the issuance of refunding bonds. All bonds contemplated under the refunding are beyond their initial 10-year lock out periods and may be refunded without penalty
- The mortgages loans for the properties under the 1996 Indenture are insured under the FHA Risk Sharing Program will remain unchanged and the mortgage loan currently under the Multiple Purpose Indenture will be refinanced with an FHA Risk Share mortgage post refunding.
- A comprehensive analysis of the respective bonds series to be refunded has been completed, and considering the current low interest rate environment, it is estimated that a combined tax-exempt, non-AMT and taxable fixed-rate bond structure will lower the overall bond yield by approximately 2.5%, resulting in net present value savings through final maturity of approximately $7.8 million.
- When combining the refunding with the Bauer Park issuance, the cost of issuance for the transaction is estimated to be $1,265,000 or 1.88% of the total bonds issued. Bauer Park's portion ($795,460) will be paid from bond proceeds as contemplated in the Bauer Park Financing Plan, while the refunding portion ($469,540) will be paid from revenues under the 1996 Indenture.
- Should the Commission approve the Bond Authorizing Resolution, staff expects bond pricing to occur mid-June 2020 and closing at the end of June 2020.
- Staff recommends that the Commission accept the recommendation of the Development and Finance Committee, which met on May 22, 2020, and approve the following: 1) adoption of a resolution which authorizes the issuance of 2020 Series A, Series B and Series C Multifamily Housing Development Bonds, totaling $67,790,000, to finance the acquisition and rehabilitation of Bauer Park Apartments and refund four series of bond within the 1996 Indenture.

Staff further recommends approval of the funding of the refunding cost of issuance budget of $469,540 from revenues under the indenture and the transfer of assets related to the Strathmore transaction.

M E M O R A N D U M

TO:	Housing Opportunities Commission			
VIA:	Stacy L. Spann, Executive Director			
FROM:	Staff: Kayrine V. Brown Jennifer H. Arrington	Division:	Mortgage Finance Mortgage Finance	Ext. 9589 Ext. 9760
RE:	Approval of a Bond Authorizing Resolution for the Issuance of One or More Series of Multifamily Housing Development Bonds to Finance the Acquisition and Rehabilitation of Bauer Park Apartments and to Refund the Multifamily Housing Development Bonds, 2007 Series A, 2007 Series C-1 and 2010 Series A, and the Multiple Purpose Bonds, 2002 Series			
DATE:	June 3, 2020			

STATUS: Committee Report: Deliberation

OVERALL GOAL & OBJECTIVE:

To authorize the issuance of one or more series of bonds under the Multifamily Housing Development Bond Resolution ("MHDB" or the "1996 Indenture"), 1) to finance the acquisition and rehabilitation of Bauer Park Apartments, 2) to refund 2007 Series A, 2007 Series C-1, and 2010 Series A bonds previously issued under the 1996 Indenture, and 3) to refund the 2002 Series A bonds previously issued under the Multiple Purpose Bond Resolution (the "Multiple Purpose Indenture"), thereby lowering the borrowing cost of the Commission's multifamily bond program.

BACKGROUND:

On May 20, 2020, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") at a Special Session meeting approved the Financing Plan, Feasibility and Public Purpose for Bauer Park Apartments (hereinafter "Bauer Park" or the "Property"), an existing 142-unit, 100% age- and income-restricted residential community for seniors aged 62 years old or higher with incomes at or below 60% of the Area Median Income, located at 14635, 14639 and 14643 Bauer Drive in Rockville, Maryland. The Property will be acquired by Bauer Park Apartments LP (the "Borrower"), and managed by Bauer Park Apartments LLC, an entity controlled by HOC. In order to proceed with the financing, a Bond Authorizing Resolution is required.

In an effort to minimize bond issuance costs, staff, in concert with the Commission's Financial Advisor, Caine Mitter and Associates, Incorporated, has identified three (3) series of MHDBs and one (1) series of Multiple Purpose Bonds ("MPB") for which substantial savings may be achieved through the issuance of refunding bonds. Refunding bonds are new bonds issued to refinance outstanding bonds (refunded bonds). The Commission's Bond Counsel, Kutak Rock LLP, has prepared a Bond Authorizing Resolution that combines the Bauer Park and refunding transactions together, and is included for consideration.

BAUER PARK BOND ISSUANCE:

The Bauer Financing Plan approved by the Commission on May 20, 2020, includes the issuance of private activity, long-term, tax-exempt bonds in an amount up to $25.8 million to fund a mortgage loan for the costs of acquisition and rehabilitation of the Property that will be enhanced by mortgage insurance provided by the FHA Risk Sharing Program. In order to proceed with the financing, a Bond Authorizing Resolution is required. The Bond Authorizing Resolution prepared by the Commission's Bond Counsel, Kutak Rock LLP, outlines key elements of the Bauer Park transaction. A summary of the main approvals is outlined below:

1. Issuance of stand-alone, tax-exempt bonds, a tax-exempt loan or other evidences of tax-exempt indebtedness in one or more series, as applicable, which may be structured as draw down bonds (the "Tax-Exempt Indebtedness") to fund a construction mortgage loan to the Borrower in an approximate amount not to exceed $25,790,000;
2. Execution and delivery of a trust indenture, funding loan agreement or other document securing the Tax-Exempt Indebtedness;
3. Execution of any documents related to the issuance and delivery of the Tax-Exempt Indebtedness, the security for the Tax-Exempt Indebtedness, and the construction of the project, including, without limitation, purchase documents, credit and/or liquidity documents, swap documents, disclosure agreements, if any, real estate documents and related tax documents;
4. Approval for Chairman, Vice Chairman, Chairman Pro Tem, and Executive Director, or one or more of their designees, to proceed with the issuance and delivery of the Tax-Exempt Indebtedness;
5. Establishment of terms relating to the Tax-Exempt Indebtedness and the security therefor and authority for the Executive Director or his designee to make ongoing determinations relating thereto including dates, maturities, interest payment dates, denominations, terms of redemption, and other terms of the Tax-Exempt Indebtedness;
6. Selection of Trustee or Fiscal Agent (if any), Underwriters, Financial Advisor and Bond Counsel; and,
7. Approval of FHA risk-share insurance on the mortgage loan from the Commission to the Borrower during construction of the Property and permanent loan phase.

The cost of issuance for bonds associated with the Bauer Park transaction is approximately $795,460 and will be paid from bond proceeds, as contemplated by the Bauer Park Financing Plan.

REFUNDING BOND ISSUANCE:
The Multifamily Bond Portfolio is continually evaluated to identify opportunities for savings on bond debt service expenses. These savings may be achieved by issuing refunding bonds at lower bond rates while leaving the mortgages for those transactions unchanged and outstanding. The Commission has used this strategy successfully, most recently issuing 2019 Series A and Series B refunding bonds for Barclay Apartments and Spring Garden Apartments.

Staff, in concert with the Commission's Financial Advisor, Caine Mitter and Associates, Incorporated, has identified three (3) series of MHDBs and one (1) series of Multiple Purpose Bonds ("MPB") for which substantial savings may be achieved through the issuance of refunding bonds. The outstanding bonds are eligible for refunding as the initial 10-year lock out period has ended. They appear in the table below:

<u>**Summary of Outstanding Bonds to be Refunded**</u>
A summary description of the properties to be included in this proposed refunding is included in Exhibit A. All of the bonds to be refunded are tax-exempt and a summary of the current financing structure for each transaction is provided below:

Bond Series	Property	Outstanding Bonds
2007 A (MHDB)	**Forest Oak (175 units)**	**$13,685,000**
Private Activity AMT[1] Bonds ("PAB") were issued March 29, 2007, to finance the acquisition and rehabilitation of the Low Income Housing Tax Credit ("LIHTC") property, owned by Forest Oak Towers Limited Partnership. The mortgage is insured by FHA pursuant to the Risk Share Agreement with HOC. The 2007A Bonds have 17 years remaining to the final maturity. The initial 15-year compliance period for the tax credits expire in December 2022.		
2007 C-1 (MHDB)	**MHLP IX / Pond Ridge (116 units)**	**$2,725,000**
Variable Rate Demand ("VRDO") PABs were issued August 22, 2007, to refund and redeem 1996 Series B Multifamily Housing Revenue Bonds in the 1984 Indenture, which funded the mortgage of the LIHTC property, owned by Montgomery Homes IX Limited Partnership. These bonds were remarketed on 12/29/10 into fixed rate PABs. The mortgage is insured under FHA Risk Share program. The 2007C-1 Bonds have eight (8) years remaining to the final maturity.		
2010 A (MHDB)	**Magruder's Discovery (134 units)**	**$10,010,000**
Governmental bonds (non-AMT) were issued May 4, 2010, to finance the rehabilitation of the property, owned by Magruder's Discovery Development Corporation. The mortgage is insured under FHA Risk Share, and the 2010A Bonds have 21 years remaining to the final maturity.		
2002 A (MPB)	**Strathmore Apartments (202 units)**	**$15,385,000**
Governmental bonds (non-AMT) and taxable bonds were issued on March 20, 2002. The 2002 Series A MPB funded the 151 market rate units and the taxable 2002 Series B MPB funded the 51 LIHTC units. The 2002 Series A and Series B Bonds refunded the 1994 bonds which were unrated and issued to fund the construction of the property. The Series B bonds have been retired; however, two mortgages remain outstanding and are secured by a parity first Deed of Trust on the property. The bonds are backed by the General Obligation Pledge of the Commission. The 2002A Bonds have 13 years remaining to the final maturity.		
TOTAL OUTSTANDING BONDS		**$41,805,000**

Refunding Financing Plan

Both tax-exempt (Option 1) and taxable (Option 2) structures were considered for the refunding bonds. The present value of savings to maturity for each of the two (2) options is shown in the following tables:

[1] Alternate Minimum Tax

Tax-Exempt Refunding Option 1

2020 Refunding Tax Status	Refunded Bond Series	Par Amount	Current Coupon	Projected Refunding Yield	Net Present Value Savings to Maturity (2041)	% of Net Present Value Savings to Maturity
PABs	2007A	$13,685,000	4.62%	2.78%	$2,005,736	15.63%
(AMT)	2007C-1	$2,725,000	4.49%	2.43%	$326,073	12.94%
Governmental	*2010A*	*$10,010,00*	*4.41%*	*2.60%*	*$1,856,518*	*19.52%*
(non-AMT)	*2002A*	*$15,385,000*	*5.64%*	*2.21%*	*$3,567,422*	*24.16%*
Total / Weighted Average		**$41,805,000**	**4.94%**	**2.51%**	**$7,755,749**	**18.06%**

Taxable Refunding Option 2

2020 Refunding Tax Status	Refunded Bond Series	Par Amount	Current Coupon	Projected Refunding Yield	Net Present Value Savings to Maturity (2041)	% of Net Present Value Savings to Maturity
Taxable	*2007A*	*$13,685,000*	*4.62%*	*2.72%*	*$2,084,952*	*16.20%*
	2007C-1	*$2,725,000*	*4.49%*	*2.37%*	*$337,326*	*13.35%*
Taxable	2010A	$10,010,000	4.41%	2.88%	$1,527,659	16.23%
	2002A	$15,385,000	5.64%	2.50%	$3,208,819	21.83%
Total / Weighted Average		**$41,805,000**	**4.94%**	**2.62%**	**$7,158,756**	**16.90%**

The analysis shows that refunding 2007A and 2007C-1 taxably provides: (1) higher Net Present Value ("NPV") savings due to AMT rates being unfavorable in the current market compared to taxable rates and (2) no yield restrictions, allowing HOC to retain all of the savings. For 2010A and 2002A, a tax-exempt refunding shows the same benefits: (1) higher NPV savings due to non-AMT rates being favorable to taxable rates and (2) there are no yield restrictions for governmental bonds, allowing HOC to retain all of the savings.

Based on the above findings, it was determined that the optimal structure would be to use taxable bonds to refund 2007 A and 2007 C-1, and tax-exempt, non-AMT bonds to refund 2010 A and 2002 A. Below, please find the recommend Financing Plan for the refunding:

2020 Refunding Tax Status	Refunded Bond Series	Par Amount	Current Coupon	Projected Refunding Bond Yield	Projected PV Savings to Maturity	Maturity
Taxable	2007A	$13,685,000	4.62%	2.72%	$2,084,952	7/1/2037
	2007C-1	$2,725,000	4.49%	2.37%	$337,326	7/1/2028
Governmental (Non-AMT)	2010A	$10,010,000	4.41%	2.60%	$1,856,518	7/1/2041
	2002A	$15,385,000	5.64%	2.21%	$3,567,422	11/1/2033
Total / Weighted Average		**$41,805,000**	**4.94%**	**2.48%**	**$7,846,217**	

As a result of this refunding, the overall bond yield is expected to be lowered by approximately 2.50%[2] on a weighted average basis, resulting in savings from the spread between the new bond rates and the existing mortgage rates. From the above summary and based on the remaining term on the bonds, the estimated present value of the savings for all transactions through the final maturity of the bonds will be approximately $7.8 million. Furthermore, there will be no restriction on the use of the bonds savings from the refunding — neither taxable (2007 A and 2007 C-1) nor governmental bond earnings (2010 A and 2002

[2] Rates/savings are subject to change to reflect market conditions at the time the bonds price.

A) are subject to yield restrictions by the Internal Revenue Service. Please see below an approximate annual savings during the first five (5) years:

Refunded Bond Series	Year 1	Year 2	Year 3	Year 4	Year 5	Total
2007A	$292,882	$272,878	$255,597	$238,294	$220,922	$1,280,573
2007C-1	$60,411	$53,340	$47,712	$47,712	$47,712	$256,887
2010A	$207,130	$196,666	$187,311	$178,170	$169,439	$938,716
2002A	$555,655	$518,460	$480,770	$441,730	$402,158	$2,398,773
Less Cost of Issuance	($488,289)					($488,289)
TOTAL	**$627,789**	**$1,041,344**	**$971,390**	**$905,906**	**$840,231**	**$4,386,660**

Refunded Bond Debt Service Reserves

Bond debt service reserves were funded in the 1996 Indenture for the three series of bonds currently financed thereunder and monies originally deposited for the refunded bonds will remain. Bond debt service reserves funded in the Multiple Purpose Indenture for the MPB 2002 Series A Bonds will transfer into the 1996 Indenture to meet the reserve requirements. The required bond debt service reserve balances are shown in the table below.

Refunded Bond Series	Debt Service Reserve Balance as of 4/30/20
MHDB 2007 A	$955,000
MHDB 2007 C-1	$714,000
MHDB 2010 A	$594,482
MPB 2002 A	$1,134,984
Total Debt Service Reserves	**$3,398,466**

MPB 2002 A Refunded Bonds Rating Impact and Mitigation (Strathmore Court)

With respect to MPB 2002 Series A Bonds and the existing underlying mortgage for Strathmore Court, the property's mortgage is secured by a parity first position Deed of Trust on the property and a General Obligation Pledge of the Commission. If approved, the refunded bonds will be issued in the 1996 Indenture, which is rated Aaa by Moody's Investors Service ("Moody's"); however, these refunded bonds would be initially unenhanced. It is staff intention to begin processing the refinance the existing mortgage to an FHA Risk Share insured mortgage, immediately.

Staff would complete the underwriting and application process as it would for any FHA Risk Share mortgage and proposes to continue to restrict 20% of the units to households with incomes at or below 50% of the area median income. With HOC now owning 100% of the property, having recently acquired the limited partner's interest in the LIHTC entity, it may meet this requirement in the market rate portion of the property if there are households who exceed the income restrictions in the 100% LIHTC condominium property. A new regulatory agreement would be established to meet the FHA requirements.

All financial assets, including funds and accounts, currently associated and established with the 2002 A MPB financing will be transferred into the 1996 Indenture to offset any haircut applied by Moody's while the refunded bonds remain unenhanced in the 1996 Indenture. The 1996 Indenture is currently over collateralized and can support a haircut by Moody's; however, given the Commission's pipeline and creativity in its financing structures, it is important to maintain the highest liquidity in its bond cash flows assumptions and stress tests by the rating agency.

Staff estimates that it will take approximately three (3) to four (4) months to complete the processing of a new FHA Risk Share mortgage processing, application, and closing.

<u>The Refunded Properties</u>
In addition to the brief summary of each property provided in Exhibit A, the properties included in this refunding (Forest Oak, MHLP IX/Pond Ridge, Magruder's Discovery and Strathmore Court) are older and may require substantial renovation within the next five (5) to seven (7) years. Once issued, an early refunding of the new bonds is subject to a new 10-year lock out on the optional redemption of the bonds. Staff in consultation with Caine Mitter have determined that the appropriate disclosure in the offering document should not adversely impact the sale of the bonds but will preserve HOC's flexibility for mortgage prepayment and early bond redemption.

<u>Refunding Cost of Issuance</u>
The estimated incremental cost of refunding the bonds is $469,540 or 1.1% of the total outstanding refunding bonds. The estimated payback period for the cost of the transaction is approximately January 1, 2021. Staff requests approval to fund the cost of issuance for the refunding bonds from the MHDB indenture, which will be repaid from savings within the first year. The economic benefits of combining this refunding with the Bauer Park financing are estimated to be at least $100,000 in savings in cost of issuance, plus the bond debt service savings will commence immediately upon closing. Furthermore, savings may assist with capital needs at Strathmore Court.

<u>Timing</u>
If the proposal to issue Refunding Bonds and bonds associated with the Bauer Park transaction are approved by the Commission and a Bond Authorization Resolution is adopted by the Commission on June 3, 2020, staff expects the following schedule to occur:

1) Bond pricing June 16, 2020; and
2) Bond closing June 25, 2020.

Given the potential for estimated present value savings related to the refunding of approximately $7.8 million through final maturity, and an annual savings of approximately $1 million during the first five (5) years of the refunded bonds, delaying a refunding may subject the transaction to unfavorable bond yields in future months.

ISSUES FOR CONSIDERATION:
Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve the Bond Authorizing Resolution prepared by Kutak Rock LLP for the issuance of 2020 Series A Multifamily Housing Development Bonds for the financing of the acquisition and rehabilitation of the Bauer Park Apartments Development in an amount not to exceed $25,790,000 and for the issuance of 2020 Series B and 2020 Series C Multifamily Housing Development Bonds for the refunding and redemption of 2007 Series A, 2007 Series C-1, 2010 Series A in the 1996 Indenture, and the 2002 Series A in the Multiple Purpose Indenture for a combined amount not to exceed $42,000,0000?

Does the Commission wish to accept the recommendation of the Development and Finance Committee approving the issuance of unenhanced refunding bonds for Strathmore Court in the 1996 Indenture, and authorizing the staff to begin processing an FHA Risk Share application to refinance the mortgage for Strathmore Court?

Does the Commission wish to accept the recommendation of the Development and Finance Committee approving the issuance of unenhanced refunding bonds for Strathmore Court in the 1996 Indenture, and authorizing the transfer of any and/or all assets securing the Strathmore Apartments, including amounts pledged under the Multiple Purpose Bonds indenture and any project-level reserves benefiting Strathmore Court Apartments into the 1996 Indenture?

Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve the funding of approximately $469,540 in cost of issuance expenses related to the refunding from the 1996 Indenture with such costs to be repaid from the present value savings of the refunding transaction?

PRINCIPALS:

Housing Opportunities Commission of Montgomery County
Merrill Lynch Capital Services
Bank of America Securities, Inc.
PNC Capital Markets, LLC
Caine Mitter & Associates Incorporated

BUDGET IMPACT:

There will be no impact on the FY20 budget for the funding of the cost of issuance budget. Subject to Commission approval, it is anticipated the transaction costs will be funded from the revenues available in the 1996 Indenture.

Fiscal impact to be determined by any Moody's haircut but the current haircut will increase pending the use of FHA Risk Sharing at which time the haircut will be less than the current haircut.

TIME FRAME:

For action at the June 3, 2020 meeting of the Commission.

STAFF RECOMMENDATION:

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

1. Approve the Bond Authorizing Resolution prepared by Kutak Rock, LLP for the issuance of 2020 Series A Multifamily Housing Development Bonds for the financing of the acquisition and rehabilitation of the Bauer Park Apartments Development in an amount not to exceed $25,790,000 and for the issuance of 2020 Series B and 2020 Series C Multifamily Housing Development Bonds for the refunding and redemption of 2007 Series A, 2007 Series C-1, 2010 Series A in the 1996 Indenture, and the 2002 Series A in the Multiple Purpose Indenture for a combined amount not to exceed $42,000,0000;
2. Authorize the staff to begin processing an FHA Risk Share application to refinance the mortgage for Strathmore Court;
3. Authorize the transfer of any and/or all assets securing the Strathmore Apartments, including amounts pledged under the Multiple Purpose Bonds indenture and any project-level reserves benefiting Strathmore Court Apartments into the 1996 Indenture;
4. Approve the funding of approximately $469,540 in cost of issuance expenses related to the refunding from the 1996 Indenture with such costs to be repaid from the present value savings of the refunding transaction.

Exhibit A

PROPERTY SUMMARIES TO BE REFUNDED

Forest Oak Towers

Forest Oak Towers is comprised of 175-unit high rise apartment building for the elderly located in Gaithersburg, Maryland. The unit mix consists of 165 one-bedroom apartments and 10 two-bedroom apartments. The project is supported by project based Section 8 housing assistance payments for 100% of the units. Forest Oak Towers was constructed in 1981. In 2007, the Commission formed Forest Oak Towers Limited Partnership, a Maryland Limited Partnership, and purchased the property. A portion of the project was financed using Low Income Housing Tax Credits. On-site are administrative office, a laundry facility, a community room with kitchen, a library/craft room, an outdoor picnic/sitting area, a lobby with sitting area, and a resident garden area. The building has two elevators. The property underwent an intensive renovation program in 2008 which included the replacement of all unit windows, HVAC units, kitchen/foyer floor, individual hot water heater, light fixtures, faucets. Common area improvements included basement floor tile, additional fitness equipment, library floor, 10 hallway carpets, 10 hallway wall furnishings, lobby furniture, business office upgrade, community center kitchen upgrade, security system upgrade and new televisions for community room and library. The parking lot was resurfaced and striped. A new ramp was installed on the rear patio deck. The garden plots received new wood. The elevator interiors were upgraded. The property is typically 100% occupied due to a two year waiting list.

MHLP IX / Pond Ridge

MHLP IX / Pond Ridge includes 76 scattered site Moderately Priced Dwelling Units (MPDUs) in various parts of Montgomery County, and a 40-unit townhome community (Pond Ridge) located in a quiet residential section of Olney. All units within MHLP IX/Pond Ridge are restricted to 60% AMI. The Pond Ridge property consists of 20 two-bedrooms and 20 three-bedroom townhouses, many with fully finished basements and all have fenced in back yards. The community has a sprinkler system for fire safety, ample parking and a tot lot. Located next door to the local elementary school, Pond Ridge is a family friendly environment. The Tax Credit IX Program is being supplemented with Montgomery County "HOME" funds which require 32 units be designated for occupancy by households with incomes between 40% to 50% of median income (low income), the remaining 84 units will be rented to households with incomes at or below 60% of median (moderate income). Variable rate demand obligation bonds were issued August 22, 2007 to refund and redeem 1996 Series B Multifamily Housing Revenue Bonds, which funded the mortgage of the LIHTC property, owned by Montgomery Homes IX Limited Partnership. These bonds were remarketed in December 2010 into fixed rate bonds. The property's mortgage is insured under FHA Risk Share.

Magruder's Discovery

Magruder's Discovery includes 134 units and is supported by a Section 8 contract for 100% of the units. The property is located at 10508 Westlake Drive in Bethesda, and is northwest of the intersection of Westlake Drive and Westlake Terrace. It is developed with 12 apartment buildings that were constructed in 1980, and had renovations in 2002. The Commission formed Magruder's Discovery Development Corporation, which acquired and issued governmental bonds to finance the transaction. A portion of the proceeds were used to replace HVAC units, update kitchens and bathrooms and other improvements to the units and common areas of the property in 2010.

Strathmore Court

Strathmore Court is a 202-unit, multi-family property with 1 and 2-bedroom apartments located in North Bethesda. The property consists of three structures: the north building, the east building, and the west the building. The site buildings were constructed in 1995 and are four (4) stories in height. Amenities include an outdoor swimming pool, basketball court, children's playground, community room, business center, exercise room, and underground parking. The property includes 51 affordable units restricted to households earning up to 60% AMI and 151 unrestricted units. The 1994 construction financing consisted of three series of bonds. One series was private activity bonds, so that part of the development could qualify for LIHTC. The other two series were essential function bonds. The 1994 Bonds were not rated. After construction was completed, the Commission conveyed 51 units to a tax credit partnership, with the Commission as general partner (the Partnership). The Commission retained ownership of the remaining 151 units. The 1994 Bonds were refunded in 2002 with unenhanced fixed rate debt that are backed by the full faith and credit of HOC under its Multiple Purpose Indenture.

RESOLUTION: 20-49

Re: Adoption of an Authorizing Resolution for the Issuance of 2020 Series A Multifamily Housing Development Bonds for the Financing of the Acquisition and Rehabilitation of the Bauer Park Apartments Development, for the Issuance of 2020 Series B and 2020 Series C Multifamily Housing Development Bonds for the Refunding and Redemption of Certain Prior Bonds of the Commission and for Approval of Certain Actions relating to Strathmore Apartments

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY AUTHORIZING THE ISSUANCE AND SALE OF A SERIES OF THE COMMISSION'S MULTIFAMILY HOUSING DEVELOPMENT BONDS 2020 SERIES A (THE "2020 A BONDS"), IN A TOTAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $25,790,000 FOR THE PURPOSE OF THE FINANCING A MORTGAGE LOAN TO BE INSURED UNDER THE FHA RISK-SHARING PROGRAM FOR THE ACQUISITION, REHABILITATION AND EQUIPPING OF BAUER PARK APARTMENTS, A MULTIFAMILY RESIDENTIAL RENTAL PROJECT FOR OCCUPANCY BY PERSONS OF ELIGIBLE INCOME TO BE OWNED BY BAUER PARK APARTMENTS LP; AUTHORIZING THE ISSUANCE AND SALE OF A SERIES OF THE COMMISSION'S MULTIFAMILY HOUSING DEVELOPMENT BONDS 2020 SERIES B (THE "2020 B BONDS"), IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $25,500,000 FOR THE PURPOSE OF REFUNDING AND REDEEMING THE COMMISSION'S MULTIFAMILY HOUSING DEVELOPMENT BONDS 2010 SERIES A AND ITS MULTIPLE PURPOSE BONDS SERIES 2002 SERIES A; AUTHORIZING THE ISSUANCE AND SALE OF A SERIES OF THE COMMISSION'S MULTIFAMILY HOUSING DEVELOPMENT BONDS 2020 SERIES C (THE "2020 C BONDS," AND COLLECTIVELY WITH THE 2020 A BONDS AND THE 2020 B BONDS, THE "2020 ABC BONDS"), IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $16,500,000 FOR THE PURPOSE OF REFUNDING AND REDEEMING THE COMMISSION'S MULTIFAMILY HOUSING DEVELOPMENT BONDS 2007 SERIES A AND THE COMMISSION'S MULTIFAMILY HOUSING DEVELOPMENT BONDS 2007 SERIES C-1; AUTHORIZING THE EXECUTION AND DELIVERY OF SERIES INDENTURES, CERTAIN TAX-RELATED DOCUMENTS, A DISCLOSURE AGREEMENT AND ANY AND ALL RELATED DOCUMENTS; APPROVING THE PREPARATION, EXECUTION AND DISTRIBUTION OF PRELIMINARY AND FINAL OFFERING DOCUMENTS RELATING TO THE FINANCING; AUTHORIZING THE EXECUTION OF ANY OTHER DOCUMENTS NECESSARY FOR THE ISSUANCE OF THE 2020 ABC BONDS AND THE ACCOMPLISHMENT OF THE FINANCING PLAN DESCRIBED HEREIN; AUTHORIZING THE CHAIRMAN, VICE CHAIRMAN OR CHAIRMAN PRO TEM AND EXECUTIVE DIRECTOR OR OTHER AUTHORIZED REPRESENTATIVE TO PROCEED WITH THE SALE OF THE 2020 ABC BONDS TO BOFA SECURITIES, INC. AND PNC CAPITAL MARKETS LLC, AS CO-SENIOR MANAGERS, AND TO EXECUTE AND DELIVER A CONTRACT OF PURCHASE IN CONNECTION WITH SUCH SALE; AUTHORIZING THE EXECUTIVE DIRECTOR OR OTHER AUTHORIZED REPRESENTATIVE TO ESTABLISH THE TERMS RELATING TO THE 2020 ABC BONDS AND TO MAKE ONGOING DETERMINATIONS RELATING THERETO; APPOINTING THE FINANCIAL ADVISOR AND BOND COUNSEL FOR THE 2020 ABC BONDS; AUTHORIZING CERTAIN ACTIONS RELATING TO THE STRATHMORE APARTMENTS, A MULTIFAMILY RESIDENTIAL RENTAL FACILITY FINANCED, IN PART, WITH THE PROCEEDS OF THE COMMISSION'S MULTIPLE PURPOSE BONDS, 2002 SERIES A; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law (the "Act"), and authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes; and

WHEREAS, the Act declares that there exists within Montgomery County (the "County") a critical shortage of decent, safe and sanitary dwelling accommodations available to rent which "persons of eligible income" (within the meaning of the Act) can afford; and

WHEREAS, the Act empowers the Commission to make mortgage loans to qualified sponsors to provide for the construction, rehabilitation and financing of multifamily residential housing units in the County for occupancy by persons of eligible income and to perform any other duties that the Commission considers necessary in carrying out the purposes of the Act; and

WHEREAS, the Commission, in furtherance of the purposes of the Act, has established a program (the "Program") to provide for the financing of mortgage loans through the issuance of its multifamily housing bonds; and

WHEREAS, pursuant to the Act and the Program, the Commission entered into the Trust Indenture, dated as of November 1, 1996, as supplemented and amended (the "Trust Indenture"), by and between the Commission and U.S. Bank National Association, as successor trustee, providing for the issuance of bonds (the "Bonds") from time to time in accordance with the provisions thereof and of any series indenture specifically relating to any such series of Bonds issued thereunder; and

WHEREAS, the proceeds received from the issuance and sale of Bonds under the Trust Indenture are used to make, purchase or finance mortgage loans (each, a "Mortgage Loan," and collectively, the "Mortgage Loans") or finance Mortgage Loans through the purchase of guaranteed mortgage securities; and

WHEREAS, the pledges and assignments made pursuant to the Trust Indenture and the provisions, covenants and agreements therein set forth to be performed by or on behalf of the Commission are for the equal benefit, protection and security of the owners of any and all of the Bonds, each of which, regardless of the time of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in the Trust Indenture; and

WHEREAS, the Commission has determined to issue its tax-exempt Multifamily Housing Development Bonds, 2020 Series A (the "2020 A Bonds") pursuant to the Trust Indenture and the Series Indenture Providing for the Issuance of Multifamily Housing Development Bonds, 2020 Series A (the "2020 A Series Indenture"), (i) to make moneys available for the acquisition, rehabilitation and equipping of Bauer Park Apartments (the "Development"), to be owned and operated by Bauer Park Apartments LP (the "Borrower"), the general partner of which is controlled by the Commission, (ii) if necessary, to make a deposit to the Reserve Fund pursuant to the Trust Indenture and the 2020 A Series Indenture and (iii) to fund the costs of issuance of the 2020 A Bonds in the amount set forth in the 2020 A Series Indenture and the Tax-Related Documents, all in accordance with the financing plans approved by the Commission in connection with the Development on June 3, 2020 (the "2020 A Financing Plan"); and

WHEREAS, the Mortgage Loan financed with the proceeds of the 2020 A Bonds (the "2020 A Mortgage Loan") will be endorsed for federal insurance under the Risk-Sharing Agreement, dated September 23, 1994 (the "Risk-Sharing Agreement"), by and between the Commission and the Secretary of the U.S. Department of Housing and Urban Development ("HUD"), pursuant to which Risk-Sharing Agreement, the Commission will reimburse HUD for its losses under the 2020 A Mortgage Loan in an amount not greater than 25% of the outstanding principal balance of the 2020 A Mortgage Loan; and

WHEREAS, the Commission, in furtherance of the Program, issued its Multifamily Housing Development Bonds 2010 Series A (the “2010 Series A Bonds”), Multifamily Housing Development Bonds 2007 Series A (the “2007 Series A Bonds”), Multifamily Housing Development Bonds 2007 Series C-1 (the “2007 Series C-1 Bonds”), and Multiple Purpose Bonds, 2002 Series A (the “2002 Series A Bonds,” and collectively with the 2010 Series A Bonds, the 2007 Series A Bonds and the 2007 Series C-1 Bonds, the “Prior Bonds”) pursuant to the Trust Indenture and other resolutions, series indentures and/or series resolutions, as applicable, for the purpose, in part, of providing funds to provide permanent financing for various multifamily residential rental developments located in the County; and

WHEREAS, the Commission has determined to issue its tax-exempt Multifamily Housing Development Bonds 2020 Series B (the “2020 B Bonds”) pursuant to the Trust Indenture and one or more series indentures (each, a “2020 B Series Indenture”) relating thereto for the purpose of (i) financing the refunding and redemption of the 2010 Series A Bonds and the 2002 Series A Bonds and (ii) achieving net present value savings of a projected $4,736,478 over the term of the 2020 B Bonds (the “2020 B Financing Plan”); and

WHEREAS, the Commission has determined to issue its taxable Multifamily Housing Development Bonds 2020 Series C (the “2020 C Bonds,” and collectively with the 2020 A Bonds and the 2020 B Bonds, the “2020 ABC Bonds”) pursuant to the Trust Indenture and one or more series indentures (each, a “2020 C Series Indenture,” and collectively with the 2020 A Series Indenture and the 2020 B Series Indenture, the “Series Indenture”) relating thereto for the purpose of (i) financing the refunding and redemption of the 2007 Series A Bonds and the 2007 Series C-1 Bonds, and (ii) achieving net present value savings of a projected $2,422,278 over the term of the 2020 B Bonds (the “2020 C Financing Plan,” and collectively with the 2020 A Financing Plan and the 2020 Series B Financing Plan, the “Financing Plan”); and

WHEREAS, the costs of issuance of the 2020 B Bonds and 2020 C Bonds will be paid from the Commission’s own funds; and

WHEREAS, in connection with the issuance of the 2020 ABC Bonds and the accomplishment of the Financing Plan, the Commission anticipates entering into various documents, including, but not limited to, the Series Indenture and, as hereinafter defined, the Offering Documents, the Contract of Purchase, the Tax-Related Documents, the Disclosure Agreement and certain other documents relating to the sale of the 2020 A Bonds, and the financing of the Development.

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

1. ***2020 ABC Bonds***. The 2020 ABC Bonds are hereby authorized to be issued in an aggregate principal amount not to exceed $67,790,000 to carry out the purposes under the Program as described above. The 2020 ABC Bonds shall be designated as set forth in the recitals hereto, or such additional series or subseries designations as approved by the Executive Director, in consultation with the Financial Advisor and Bond Counsel to the Commission. The 2020 ABC Bonds are to be issued pursuant to the terms of the Trust Indenture and the Series Indenture and shall be limited obligations of the Commission, secured by and payable solely from moneys and other assets pledged therefor under the Indenture and the Series Indenture, including, without limitation, the 2020 A Mortgage Loan and the assets securing the Prior Bonds.

2. ***Approval of Financing Plan.*** The Commission hereby approves the Financing Plan as described above pursuant to the terms and conditions to be set forth in the documents approved hereby.

3. ***Series Indenture***. The Chairman, the Vice Chairman, or the Chairman Pro Tem, and the Executive Director of the Commission or any authorized designee of the Executive Director are hereby authorized and directed to execute and deliver the Series Indenture in such form or forms as shall be approved by such officers, the execution of such Series Indenture being conclusive evidence of such approval and of the approval of the Commission, and the Secretary-Treasurer of the Commission, or any other authorized officer of the Commission (an "Authorized Officer"), is hereby authorized and directed to affix the seal of the Commission to the Series Indenture and to attest the same.

4. ***Tax-Related Documents***. The Chairman, the Vice Chairman, the Chairman Pro Tem and the Executive Director of the Commission are hereby authorized and directed to execute and deliver a Tax Regulatory Agreement and No Arbitrage Certificate and other documents (collectively, the "Tax-Related Documents") restricting the application of the proceeds of the 2020 A Bonds and the 2020 B Bonds and the use and occupancy of the Development in such forms as shall be prepared by Bond Counsel and approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director, the execution of the Tax-Related Documents being conclusive evidence of such approval and of the approval of the Commission. The Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission is hereby further authorized and directed to execute and deliver on behalf of the Commission Internal Revenue Service Form 8038 relating to the 2020 A Bonds and the 2020 B Bonds as prepared by Bond Counsel.

5. ***Disclosure Agreement***. The Commission hereby authorizes and approves the execution and delivery of a continuing disclosure agreement (the "Disclosure Agreement") related to the 2020 ABC Bonds, in such form as may be approved by the Chairman, the Vice Chairman or the Chairman Pro Tem and the Executive Director of the Commission, their execution and delivery of the Disclosure Agreement constituting conclusive evidence of such officer's approval of the Disclosure Agreement and the approval of the Commission.

6. 2020 A Mortgage Loan; Real Estate Documents. The Commission hereby authorizes and approves the financing of the 2020 A Mortgage Loan with the proceeds of the 2020 A Bonds which will be endorsed for federal insurance under the Risk-Sharing Agreement, pursuant to which the Commission will reimburse HUD for its losses under the 2020 A Mortgage Loan in an amount not greater than 25% of the outstanding principal balance of the 2020 A Mortgage Loan. The Commission hereby further authorizes and approves the preparation, execution and delivery of any and all real estate documents (the "Real Estate Documents") relating to the acquisition and rehabilitation of the Development, in its capacity as issuer of the 2020 A Bonds and in its capacity as a member of the managing member of the general partner of the Borrower.

7. ***Offering Documents***. The Commission hereby authorizes and approves the preparation and distribution of a preliminary offering document of the Commission and the preparation, execution and distribution of a final offering document (collectively, the "Offering Documents"), each relating to the 2020 ABC Bonds, in such forms as may be approved by the Chairman, the Vice Chairman or the Chairman Pro Tem and the Executive Director of the Commission, their execution and delivery of the Offering Documents constituting conclusive evidence of such officer's approval of the Offering Documents and the approval of the Commission.

8. ***Sale of 2020 ABC Bonds***. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Representative of the Commission is authorized to proceed with the sale of the 2020 ABC Bonds to BofA Securities, Inc. and PNC Capital Markets LLC or such other underwriter or to any other entity as shall be in the best interest of the Commission as determined by the Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Representative of the Commission.

9. ***Contract of Purchase***. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Representative of the Commission is authorized to execute a contract of purchase and/or any other form of purchase agreement (the "Contract of Purchase") in connection with the issuance, purchase and sale of the 2020 ABC Bonds.

10. ***Terms; Ongoing Determinations***. The Executive Director or other Authorized Representative of the Commission, as the case may be, is hereby authorized, without further action of or authority from the Board of Commissioners to establish the dates, maturities, interest payment dates, denominations, terms of redemption, registration privileges, security and other terms, and to approve the interest rates on the 2020 ABC Bonds, all of the foregoing to be specified in the Series Indenture. The Executive Director or other Authorized Representative of the Commission, as the case may be, is hereby authorized, without further action of or authority from the Board of Commissioners, to perform any act, to execute any documents, and is hereby authorized, from time to time during the period the 2020 ABC Bonds are outstanding, to make ongoing determinations, as may be required by the terms of the Series Indenture and any other documents relating to the 2020 ABC Bonds and the 2020 A Mortgage Loan, including, but not limited to, the giving and withholding of consents, the selection of certain providers, the determination to permit the prepayment of the 2020 ABC Mortgage Loan and the refunding and redemption of the 2020 ABC Bonds and/or other Bonds, and the Executive Director or other Authorized Representative of the Commission, as the case may be, is further authorized to execute any and all documents evidencing such determinations as may be deemed necessary and proper.

11. ***Other Action***. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Representative of the Commission is hereby authorized and directed to execute and deliver any and all additional documents and instruments necessary or proper to be executed and delivered and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution relating to the 2020 ABC Bonds and the accomplishment of the Financing Plan.

12. ***Appointment of Financial Advisor and Bond Counsel***. Caine Mitter & Associates Incorporated is hereby appointed as Financial Advisor, and Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the issuance of the 2020 ABC Bonds.

13. ***No Personal Liability***. No stipulation, obligation or agreement herein contained or contained in the 2020 ABC Bonds, the Series Indenture, the Contract of Purchase, the Tax-Related Documents, the Offering Documents, the Disclosure Agreement, the Real Estate Documents, or in any other agreement or document executed on behalf of the Commission shall be deemed to be a stipulation, obligation or agreement of any Commissioner, officer, agent or employee of the Commission in his or her individual capacity, and no such Commissioner, officer, agent or employee shall be personally liable on the 2020 ABC Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

14. ***Action Approved and Confirmed***. All acts and doings of the officers of the Commission which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance of the 2020 ABC Bonds and the accomplishment of the Financing Plan are hereby approved, and the execution, delivery and performance of the documents and agreements authorized hereby are in all respects approved and confirmed.

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

16. ***Additional Approvals Relating the Development Financed with the 2002 Series A Bonds.*** The Commission acknowledges that the 2002 Series A Bonds were issued to finance a portion of the costs of the Strathmore Court Apartments ("Strathmore Apartments"). In connection with the issuance of the 2020 B Bonds, the Commission hereby authorizes the Executive Director to direct, in his discretion, the transfer to the Trust Indenture of any and/or all assets securing the Strathmore Apartments, including amounts pledged under the Multiple Purpose Bonds indenture and any project-level reserves benefiting Strathmore Apartments. The Commission hereby further authorizes the staff of the Commission, at the direction of the Executive Director, to proceed with the refinancing of the mortgage securing Strathmore Apartments, including without limitation, by filing an application for federal insurance for such mortgage under the Risk-Sharing Agreement.

17. ***Effective Date***. This Resolution shall take effect immediately.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 3, 2020.

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Patrice Birdsong
Special Assistant to the Commission

EH III: Approval to Select Hillis-Carnes Engineering Associates, Inc. as Construction Materials Testing and Third-Party Inspector and Authorization for the Executive Director to Execute a Contract for Request for Proposal #2205

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
HYUNSUK CHOI

June 3, 2020

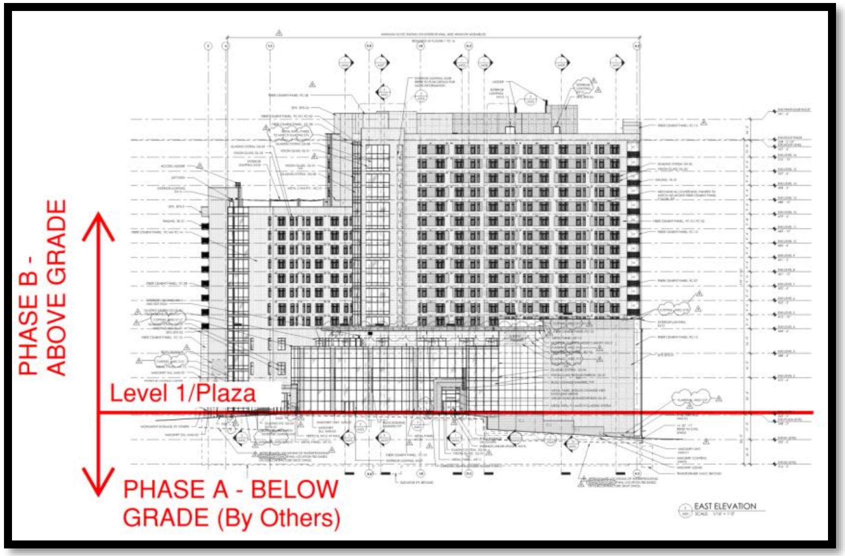
Table of Contents

Executive Summary

- Elizabeth House III ("EH 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.
- The third-party testing of construction material during the project is integral to the quality assurance and quality control for new construction. Testing of building materials such as concrete is required both by Montgomery County Department Permitting Services ("DPS") and Building Codes. The purpose of testing is to ensure the building is being built in compliance with the contract documents, all applicable codes, and DPS requirements.
- An example of quality control is where the testing company will observe testing of roofs to ensure water proofing with no leaks. Certifications from professional engineers at the testing company are required in order to obtain the Certificate of Occupancy from DPS. The testing company is required by DPS and will benefit the EH III project.
- The third-party testing scope of work was separated into Phase A & B to facilitate performance of the project. The early start work required third-party testing inspections and is necessary for the building permit special inspection program, prior to fully solidifying the construction funding.
- Phase A scope of work is as follows:

  - Early work: includes Utilities - thru plaza deck (1st Floor)

  - Soil, support of excavation, waterproofing, and concrete testing.
- There were five (5) respondents to RFP #2205. Of the five qualified responses, Hillis-Carnes Engineering Associates, Inc. ("HCEA") scored the highest in the average of the evaluators' scores on the criteria.
- Staff recommends that the Commission accept the recommendation of the Development & Finance Committee and approve the selection of HCEA as construction materials testing and third-party inspector for the construction of EH III and the SCRRAC.
- Staff further recommends authorization for the Executive Director to execute a contract with Hillis-Carnes Engineering Associates, Inc. for $349,270.



Selection – Criteria

EH 3 (RFP #2205)

HOC's Procurement Office issued a Request for Proposal (RFP #2205) for construction materials testing and third-party inspections for Elizabeth House III on March 12, 2020 with a due date of April 1, 2020, in accordance with HOC Procurement Policy. A pre-proposal conference was held on March 19, 2020. Staff received five (5) responses (ECS Mid-Atlantic, LLC, FMC & Associates, LLC, Hillis-Carnes Engineering Associates, Inc, Soil and Land Use Technology, Inc., and Universal Engineering Sciences) on April 1, 2020 by 2pm.

- The scoring team (consisting of staff from Property Management, Finance and Real Estate Development) reviewed the responses on May 7, 2020, based on several criteria:

  - ✓ Testing agency qualifications (30%), showing experience with similar project types and size
  - ✓ Price (25%), per requested scope and fees
  - ✓ Experience working with Montgomery County Special Inspection Program (20%) and housing authorities in the Baltimore-Washington Metropolitan area with a preference for Montgomery County
  - ✓ Understanding of project scope (20%)
  - ✓ Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Disadvantaged Business or Small Business Enterprises (DBE/SBE) or Edge Certified and Veteran Owned Business (VBE) (5% for documented certified status)

Scope of Work

EH 3 (RFP #2205) – Construction Materials Testing and Inspection Services

The listing of services below is not intended to be limiting in any manner. For each of the services below provide a detailed description of the field and lab services to be provided including frequencies and durations. If other services are necessary to provide a complete scope of work for the category of testing and inspection, a description of those services is provided as well.

Soils & Foundations

1. Soil sampling and laboratory analysis
2. Sub grade evaluation and approvals
3. Grading and fill placement observation and testing
4. Field compaction testing of soils including density testing
5. Footing inspections
6. Foundation inspections

Concrete and Post-Tension Concrete

1. Concrete sampling and testing
2. Concrete inspection and monitoring
3. Reinforcing steel inspections that the reinforcing has been placed in conformance with the contract documents
4. Concrete compressive strength tests
5. Floor Flatness tests

Masonry Wall Systems

1. Mortar testing for all masonry construction
2. Masonry and grout sampling and testing
3. Masonry inspection and monitoring
4. Reinforcing steel inspections

Structural Steel

1. Structural steel frame and metal decking testing and inspections
2. Light gauge steel inspections
3. Structural steel inspections to verify welding and bolting requirements as well as plumb test.

Roofing Systems

Flood and electronic leak detection observations.

Waterproofing and Air Barrier Systems

Various waterproofing and air barrier inspections

Fireproofing System

Various fireproofing inspections

Mechanical System

Mechanical inspections in accordance with Montgomery County DPS Special Inspections Program

Asphalt Paving

Asphaltic pavement testing and subgrade inspections

Architecture

Architectural inspections in accordance with Montgomery County DPS Special Inspections Program

Qualification & Experience

EH 3 (RFP #2205) – Qualifications & Experience

RFP #2205 requested that vendors provide extensive information regarding their qualifications and experience related to the following categories:

- Testing agency must comply with Montgomery County Special Inspection Program requirements. Provide company and individual qualifications for Montgomery County Special Inspections program approval.
- Testing agency must comply with the requirements of Section 3.
- Testing agency laboratory facilities must be accredited by an agency such as American Association for Laboratory Accreditation ("A2LA"), National Voluntary Laboratory Accreditation ("NVLAP"), Washington Area Council of Engineering Laboratories ("WACEL"), or other organizations whose programs are recognized by Montgomery County. Provide a copy of the accreditation certificate.
  - Laboratory facilities must meet the requirements of American Society for Testing and Materials ("ASTM") E329, ASTM D3740, and ASTM C1077 as applicable.
- Participate and provide all accreditations and certificates for a pre-construction meeting with Montgomery County Department of Permitting Services to review the Montgomery County Special Inspection Program requirements.
- Provide list of previous or current projects in Montgomery County. Relevant projects are high-rise concrete buildings with a construction cost of more than 100 million. Include a list of projects in Montgomery County, which involve post tension concrete inspections.
- Provide number of employed certified concrete technicians. Provide name and a copy of their certification.
- Provide number of employed certified steel technicians. Provide name and a copy of their certification.
- Testing agency must have capabilities to provide Architectural and Mechanical Special Inspectors. Provide resumes and number of each inspector.
- In addition to the Architectural and Mechanical Special Inspectors, agency must have capabilities to provide specialty testing including American Architectural Manufacturers Association ("AAMA") 501, roofing, mold/mildew, and additional inspections required per the plans and specification. The additional inspections are required and beyond the Montgomery County Special Inspection Program requirements.

Qualification & Experience

EH 3 (RFP #2205) – Qualifications & Experience (Continued)

- Provide location of office nearest to the site location and approximate travel time.
- Provide resumes of Special Engineer of Record, Project Manager, and Key Leaders at the local office.
- Provide description of the agency’s electronic record management system.
- Testing agency abilities must include the following:
  - Field density testing (California Bearing Ratio(“CBR”), proctor, and nuclear)
  - Soil testing
  - Reinforced concrete
  - Post-tensioned concrete
  - Façade masonry
  - Structural steel inspections
  - Sprayed fire-resistant materials
  - Intumescent paint
  - Cold-formed metal framing
  - Anchorage of electrical, architectural, and mechanical components
  - Exterior Insulation and Finish System (“EIFS”) inspections

Respondents

RFP# 2205 – Five (5) Firms

Engineering Consulting Services ("ECS") founded in 1988, a leading geotechnical, environmental, construction materials and facilities engineering firm with more than 65 locations. ECS provides a wide array of services beyond construction material testing including; geotechnical engineering, building envelope testing, environmental services and facilities evaluation. ECS has a large bench of local inspectors and consultants. All ECS' professionals are in-house. Ranked as an Engineering News-Record Top 500 Firm ECS' reputation is they provide top quality work.

ECS is recently performing construction materials testing and third-party inspector for Marriott Headquarters and Hotel in Bethesda and 1150 Ripley Street project in Silver Spring. Also, ECS performed the construction materials testing and third-party inspector for 900 Thayer (Fenton Silver Spring) for HOC project in Silver Spring.

HILLIS-CARNES ENGINEERING ASSOCIATES

Hillis-Carnes Engineering Associates, Inc. ("HCEA") founded in 1989, is a large multi-disciplinary consulting engineering firm, providing construction materials testing, third-party inspections, geotechnical engineering, facilities consulting and more. They have 16 full-service branch offices. Jones Lang LaSalle ("JLL") has previous working experience with HCEA and was satisfied with their performance. HCEA has a good working relationship with Costello Construction ("Costello") at EH III and is providing Support of Excavation monitoring for Costello on EH III. HCEA has been in the testing business for over 30 years and has completed numerous projects in Montgomery County.

HCEA is currently performing construction materials testing and third-party inspector for Chevy Chase Lake development (next to The Lindley) Also, HCEA performed United Therapeutics Phase III in Silver Spring, The Gallery at Bethesda II in Bethesda, and Westside at Shady Grove Metro in Rockville.

Respondents (Continued)

RFP# 2205 – Five (5) Firms

FMC & Associates, LLC (“FMC”) was founded in 2008 and is a MBE/SBE/DBE construction material testing, structural design, and geotechnical testing. The key personal of FMC have over 20 years of experience in construction materials testing.

FMC is currently providing construction materials testing and waterproofing inspection services for the below grade Phase Construction Elizabeth Square III (Phase A). FMC is recently performing construction materials testing and third-party inspector for The Wilson and the Elm (former site of the Apex building) and The Claiborne (Condo project) in Bethesda.

FMC does not have completed projects as the construction materials testing and third-party inspector in Montgomery County.

SaLUT

Soil and Land Use Technology, Inc. (“SaLUT”) incorporated in 1976 as a small research firm and expanded in 1991 to include environmental compliance, geotechnical engineering, and material testing. SaLUT is MBE, MBE, and DBE and has qualified professionals and accredited laboratory facilities, but has no experience with the Montgomery County Special Inspection Program. SaLUT has stated that they have no experience inspecting high rise concrete projects. Limited number of inspectors and technicians. Reliant on sub-consultants for certain specialty inspections.

SaLUT does not have completed projects nor is currently performing construction materials testing and third-party inspector in Montgomery County .

Respondents (Continued)

RFP# 2205 – Five (5) Firms

Universal Engineering Sciences ("UES") is a Florida based company, which recruited a local group of Construction Material Testing professionals to start a Washington D.C. area branch in 2019. UES was established in 1964 and has nearly 1,200 professionals in 20 offices from Washington D.C. to Miami. UES' local staff has experience working with the Montgomery County Special Inspections Program. The local office has limited bench of inspectors and intends to subcontract certain Special Inspection Program ("SIP") inspections (Architectural and Mechanical) to 3rd parties.

UES is recently performing construction materials testing and third-party inspector for Walter Reed Parking Garages 54 & 55 and Integrity Study at Building 16 Naval Support Activity Bethesda (NSAB) in Bethesda, and Avalon at Twinbrook Station Apartments in Rockville.

Scoring Summary

RFQP#2205 – Scoring Summary with Price

There were five (5) respondents to RFP #2205. Of the five qualified responses, Hillis-Carnes Engineering Associates, Inc. ("HCEA") scored the highest in the average of the evaluators' scores on the criteria. Staff proposes the selection of HCEA as construction materials testing and third-party inspector EH III for the following reasons:

- Highest Average Score of 86 among all bidders.
- The capabilities to provide multiple professional disciplines including geotechnical engineering and building envelope professionals as well as the construction material testing.
- The EH III General Contractor (Costello Construction) has a good working relationship with HCEA, which is an important factor due to the high interaction between the Generator Contractor and third-party testing company.
- Numerous completed and ongoing projects in Montgomery County of similar size and scope.
- With 16 branch offices the firm has the highest number of Certified Concrete Technicians among all the bidders.

Rank	Construction Management	Qualifications - Experience with similar project (30%)	Price (25%)	Experience working with Montgomery County Special Inspection Program (20%)	Understanding of Project Scope (20%)	(MBE), (WBE), (DBE/SBE) or (VBE) (5 %)	Total (100%)	Price (Best And Final Offer)
1	**Hillis-Carnes Engineering Associates , Inc.**	**29**	**20**	**19**	**18**	**0**	**86**	**$349,270**
2	Engineering Consulting Services	29	14	19	18	0	81	$511,038
3	FMC & Associates, LLC	14	17	10	13	5	60	$484,952
4	Universal Engineering Sciences	14	23	10	11	0	58	$262,095
5	Soil and Land Use Technology, Inc	9	24	2	9	5	49	$257,863

*Evaluated by: Property Management, Finance and Real Estate Development

Summary and Recommendations

Issues for Consideration

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

1. Approve of the selection of Hillis-Carnes Engineering Associates, Inc. as Construction Materials Testing and Third-Party Inspector for the new construction of the Elizabeth House III project,
2. Authorize the Executive Director to execute a contract with Hillis-Carnes Engineering Associates, Inc. for $349,270?

Development and Finance Committee Recommendation

The Development and Finance Committee met on May 22, 2020 and voted to advance these items to the full Commission for approval.

Time Frame

For action at the June 3, 2020 meeting of the Commission.

Budget Impact

There is no impact on the Commission's operating budget. The Hillis-Carnes's proposal of $349,270 will be funded by the Elizabeth House III development budget.

Staff Recommendation and Commission Action Needed

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

1. Approve of the selection of Hillis-Carnes Engineering Associates, Inc. as Construction Materials Testing and Third-Party Inspector for the new construction of the Elizabeth House III project and
2. Authorize the Executive Director to execute a contract with Hillis-Carnes Engineering Associates, Inc. for $349,270.

RESOLUTION No.:20-50

RE: Approval to Select Hillis-Carnes Engineering Associates, Inc. as Construction Materials Testing and Third-Party Inspector and Authorization for the Executive Director to Execute a Contract for Request for Proposal #2205

WHEREAS, Elizabeth House III ("EH 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, 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; and

WHEREAS, EH III is owned by Elizabeth House III Limited Partnership, a Maryland limited partnership (the "Partnership"), which is ultimately controlled by the Housing Opportunities Commission of Montgomery County ("Commission") as the sole member of the Partnership's general partner; and

WHEREAS, on November 7, 2018, the Commission approved the EH III final development budget, which included construction materials testing and third-party inspection fees; and

WHEREAS, third-party testing of construction materials is integral to quality assurance and control for new construction, and testing of building materials (such as concrete) is required both by the Montgomery County Department of Permitting Services and the Montgomery County building code; and

WHEREAS, staff issued a Request for Proposal #2205 (the "RFP") for construction materials testing and third-party inspections for EH III on March 12, 2020 in accordance with HOC's Procurement Policy; and

WHEREAS, staff received five proposals in response to the RFP (ECS Mid-Atlantic, LLC; FMC & Associates, LLC; Hillis-Carnes Engineering Associates, Inc.; Soil and Land Use Technology, Inc.; and Universal Engineering Sciences) from which staff selected Hillis-Carnes Engineering Associates, Inc. ("HCEA"), the highest scoring firm based on the established selection criteria in the RFP; and

WHEREAS, the Commission wishes to approve the selection of HCEA as the construction materials testing and third-party inspector for EH III.

NOW, THEREFORE, BE IT RESOLVED, that the Housing Opportunities Commission of Montgomery County, on behalf of itself and, with respect to the Partnership, additionally in its capacity as the sole member of the general partner of the Partnership, hereby approves the selection of Hillis-Carnes Engineering Associates, Inc. as the construction materials testing and third-party inspector for EH III.

BE IT FURTHER RESOLVED, that the Housing Opportunities Commission of Montgomery County, on behalf of itself and, with respect to the Partnership, additionally in its capacity as the sole member of the general partner of the Partnership, hereby authorizes the Executive Director of the Commission, or his designee, to execute a contract with Hillis-Carnes Engineering Associates, Inc. for $349,270.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is authorized to take any and all other actions necessary and proper to carry out the transaction and actions 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 a regular open meeting on June 3, 2020.

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Patrice M. Birdsong
Special Assistant to the Commission

APPROVAL OF FEASIBILITY FUNDING FOR REFINANCING OF WESTWOOD TOWER APARTMENTS

June 3, 2020

- Westwood Tower Apartments ("Westwood Tower" or the "Property") is a 212-unit high-rise apartment building located at 5401 Westbard Avenue in Bethesda.
- Westwood Tower provides 58 affordable units supporting families who earn 30%, 35%, 50% and 80% of the Washington, Arlington-Alexandria, VA-MD-WV Statistical Area Median Income ("AMI") and below, and 154 market-rate units.
- On December 14, 2017, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") acquired Westwood Tower.
- On March 26, 2018, HOC refinanced the Property's acquisition using a conventional bank loan with a three-year term ("Acquisition Loan"). The Acquisition Loan matures on March 26, 2021.
- Given the current low interest rate environment and the upcoming maturity of the Acquisition Loan, staff is requesting funding in an amount up to $300,000 to conduct due diligence and feasibility study regarding the long-term financing ("Permanent Financing") of Westwood Tower.
- Permanent Financing would allow HOC to lock in a lower interest rate than the Property's current Acquisition Loan and generate enough proceeds to pay off the outstanding Acquisition Loan, fund the Property's immediate capital needs, establish reserves for replacement to address the Property's needs for the next ten years, and fund other eligible uses.
- The Commission has an obligation to maintain its properties—both physically and financially—to ensure the long-term durability and affordability of its communities so that its customers can remain housed. Permanent Financing proceeds would not be used to redevelop the Property or construct new buildings on the site. Proceeds would be used to maintain and improve the physical health of the existing multifamily building, that of other existing buildings within HOC's portfolio, as well as in furtherance of HOC's mission to produce affordable housing throughout the County.
- Staff recommends utilizing the Opportunity Housing Reserve Fund ("OHRF") as the source of this feasibility funding, to be repaid upon the closing of Permanent Financing.
- Staff is only requesting feasibility funding at this time. If a refinancing is determined to be feasible, staff will return to Commission for approval of a financing plan and authorization to close on Permanent Financing.

MEMORANDUM

TO:	Housing Opportunities Commission				
VIA:	Stacy L. Spann, Executive Director				
FROM:	Staff:	Kayrine V. Brown	Division:	Real Estate	Ext. 9589
		Zachary Marks		Real Estate	Ext. 9613
		Kathryn Hollister		Real Estate	Ext. 9551
RE:	Approval of Feasibility Funding for the Refinancing of Westwood Tower Apartments				
DATE:	June 3, 2020				

STATUS: Committee Report: Deliberation

OVERALL GOAL & OBJECTIVE:
To authorize $300,000 in funding from the Opportunity Housing Reserve Fund ("OHRF") for feasibility study and due diligence for the refinancing of Westwood Tower Apartments.

BACKGROUND:
Westwood Tower Apartments ("Westwood Tower" or the "Property") is a 15-story, 212-unit high-rise apartment building located at 5401 Westbard Avenue in Bethesda. Westwood Tower provides 58 affordable units supporting families who earn 30%, 35%, 50% and 80% of the Washington, Arlington-Alexandria, VA-MD-WV Statistical Area Median Income ("AMI") and below, and 154 market-rate units.

HOC entered into a 99-year master lease on Westwood Tower on March 14, 1997. Under the Lease Agreement, HOC had an option to purchase the Property during the 20th lease year. HOC completed the acquisition of the Property in accordance with the terms of the lease on December 14, 2017 (the 20th lease year).

On March 26, 2018, HOC refinanced the Property using a conventional bank loan with a three-year term ("Acquisition Loan"). The Acquisition Loan matures on March 26, 2021. The Acquisition Loan allows for penalty-free prepayment if the loan is repaid between October 1, 2020 and March 26, 2021. Given the current low interest rate environment and the upcoming maturity of the Acquisition Loan, staff is requesting funding in an amount up to $300,000 to conduct due diligence and feasibility study regarding the long-term financing ("Permanent Financing") of Westwood Tower. Feasibility funding would be used to hire third-party due diligence and feasibility reports and consultants, and determine immediate, short-term and long-term capital needs.

Permanent Financing would allow HOC to lock in a lower interest rate than the Property's current Acquisition Loan and generate enough proceeds to pay off the outstanding Acquisition Loan, fund the Property's immediate capital needs, establish reserves for replacement to address the Property's needs for the next ten years, and fund other eligible uses. Originally constructed in 1968, the Property has not undergone a comprehensive renovation since 1996, prior to HOC entering into its master lease of the Property. While the Property is considered to be in above average condition compared to its peers of similar vintage, the effective age of the improvements is 20+ years (except for the two penthouse units, which were renovated approximately 10 years ago to remain competitive in the market). Funds are needed to address immediate capital needs, replace expiring systems and achieve improvements in energy efficiency, maintenance, and other operating performance.

The Commission has an obligation to maintain its properties—both physically and financially—to ensure the long-term durability and affordability of its communities so that its customers can remain housed. Permanent Financing proceeds would explicitly not be used for the redevelopment of the Property or new construction on the site. Proceeds spent on the Property would be used to maintain and improve the physical health of the existing multifamily structure.

Staff is only requesting feasibility funding at this time. If a refinancing is determined to be feasible, staff will return to Commission for approval of a financing plan and authorization to close on Permanent Financing. Staff recommends utilizing the Opportunity Housing Reserve Fund ("OHRF") as the source of this feasibility funding, to be repaid upon closing of the Permanent Financing.

ISSUES FOR CONSIDERATION:

Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve funding in an amount up to $300,000 from the OHRF to conduct due diligence and feasibility study regarding the Permanent Financing of the Property, to be repaid upon the closing of Permanent Financing?

PRINCIPALS:

Housing Opportunities Commission of Montgomery County

BUDGET IMPACT:

There will be no impact on the FY20 budget. If approved, the available balance of the OHRF would be reduced by $300,000.

TIME FRAME:

For action at the June 3, 2020 meeting of the Commission.

STAFF RECOMMENDATION:

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee, which met on May 28, 2020, and approve funding in an amount up to $300,000 from the OHRF to conduct due diligence and feasibility studies regarding the refinancing of Westwood Tower, to be repaid upon the closing of Permanent Financing.

RESOLUTION: 20-51 **RE: Approval of Feasibility Funding for the Refinancing of Westwood Tower Apartments**

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

WHEREAS, HOC is the owner of a multifamily building located at 5401 Westbard Avenue, Bethesda known as Westwood Tower Apartments ("Westwood Tower" or the "Property"); and

WHEREAS, HOC acquired Westwood Tower on December 14, 2017 by drawing on its line of credit and refinanced the draw with short-term acquisition financing ("Acquisition Financing") on March 26, 2018; and

WHEREAS, the Acquisition Financing matures on March 26, 2021; and

WHEREAS, HOC intends to close on long-term financing for the Property ("Permanent Financing") in advance of the maturity of the Acquisition Financing; and

WHEREAS, HOC wishes to leverage the low-interest rate environment to maximize Permanent Financing proceeds which can be used to repay the outstanding Acquisition Loan, fund the Property's immediate capital needs, establish reserves for replacement to address future Property needs, and fund other eligible uses; and

WHEREAS, the Commission desires to approve funding in an amount up to $300,000 to cover due diligence and feasibility activities related to the Property's Permanent Financing ("Feasibility Funding") and fund the Feasibility Funding from the Opportunity Housing Reserve Fund ("OHRF"), which will be repaid upon closing of Permanent Financing; and

WHEREAS, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to refinance the acquisition cost, finance certain property improvements, and fund other eligible uses in an amount not to exceed $60,000,000, all or a portion of which may reimburse the Commission for the portion of such 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 expenditures or the date that the Property is placed in service as part of the Permanent Financing (but in no event more than three 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 expenditures with the proceeds of the Commission's future tax-exempt borrowing for such projects named in this Resolution.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity, approves a Feasibility Funding in an amount up to $300,000 to cover feasibility and due diligence costs related to the Permanent Financing of the Westwood Tower, and to fund the Feasibility Funding from the OHRF, which will be repaid upon closing of Permanent Financing.

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 $60,000,000, will be applied to reimburse the Commission for its expenditures in connection with Westwood Tower and other eligible uses as may be described in other reimbursement resolutions of the Commission.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it presently intends and reasonably expects to refinance the acquisition cost, finance certain property improvements, and fund other eligible uses from the proceeds of a tax-exempt bond issuance and that all of the acquisition and financing expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings were made not earlier than 60 days prior to the date of this Resolution, except preliminary expenditures related to the project as defined in Treasury Regulation Section 1.150-2(f)(2).

BE IT FURTHER RESOLVED that the Housing Opportunities Commission Montgomery County authorizes the Executive Director, or his designee, 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, 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 a regular open meeting conducted on June 3, 2020.

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Patrice M. Birdsong
Special Assistant to the Commission

Adjourn

Development

Corporation

Meetings

Alexander House Development Corporation

Approval of FY’20 Third Quarter Budget Amendment for Alexander House Development Corporation

June 3, 2020

- As a result of the delay in permanent financing for Alexander House Development Corporation, the property has experienced significant savings in debt service payments. Expenses in the budget will be reduced by $745,000 to reflect the estimated savings in debt service payments for the year.

- Rents were lowered on some units and concessions offered to support the lease-up which resulted in lower tenant revenue for the year. This amendment will reduce projected revenue by $370,000 to account for the loss of tenant income.

- During the development of the FY’20 budget, the property was only projected to generate $90,019 cash flow that was restricted to the property.

- Staff is recommending that the property be unrestricted to allow the additional cash flow to be used as a resource for any COVID 19 impacts to the Agency FY’20 Amended and FY’21 Proposed operating budgets.

- Personnel Complement remains unchanged.

- No policy changes are reflected in the budget amendment.

M E M O R A N D U M

TO: Board of Directors of the Alexander House Development Corporation

VIA: Stacy L. Spann, Executive Director

FROM:	Staff:	Cornelia Kent	Division: Finance	Ext. 9754
		Terri Fowler		Ext. 9507
		Tomi Adebo		Ext. 9472

RE: Approval of FY'20 Third Quarter Budget Amendment for the Alexander House Development Corporation

DATE: June 3, 2020

STATUS: Committee Report Deliberation [X]

OVERALL GOAL & OBJECTIVE:
To amend the FY'20 Budget of the Alexander House Development Corporation so that it reflects an accurate plan for the use of the Corporations financial resources for the remainder of the year.

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

ISSUES FOR CONSIDERATION:

Operating Budget Amendments: Below is a description of the proposed amendment:

- **Opportunity Housing Fund:**
  - **Alexander House Development Corporation:** As a result of the delay in permanent financing for Alexander House, the property has experienced significant savings in debt service payments. During the development of the FY'20 budget, the property was only projected to generate $90,019 cash flow. A decision was made to not depend on the income to balance the Agency Budget because the property was still in the stage of lease-up. In fact, rents were lowered on some units and concessions offered to support the lease-up which resulted in lower tenant revenue for the year. This amendment will reduce projected revenue by $370,000 to account for the loss of tenant income. In addition, expenses will be reduced by $745,000 to reflect the estimated savings in debt service payments for the year. Staff is recommending that the property be unrestricted to allow the additional cash flow to be used as a resource for any COVID 19 impacts to the Agency FY'20 Amended and FY'21 Proposed operating budgets. Both

income and expenses in the fund will decrease by $370,000 to reflect the budget amendment.

- **Cash flow from Unrestricted Properties:** It has been a practice of the Agency to only recognize cash flow from individual properties up to the amount budgeted for each respective property. As a result, the cash flow from properties exceeding budget at year-end has not been able to offset the loss in cash flow from properties that did not meet budget expectations. This has resulted in losses of revenue / cash flow each year to the Agency for operations. Staff is recommending that the practice be changed to allow for balancing of cash flow across the unrestricted properties as long as the total does not exceed the total cash flow authorized to be transferred from the Opportunity Housing Fund to the General Fund.

BUDGET IMPACT:

The net effect of the FY'20 Third Quarter Budget Amendment decreases both income and expenses for The Alexander House Development Corporation by $370,000.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the FY’20 Third Quarter Budget Amendment at the May 19, 2020 meeting. Action is requested at the June 3, 2020 Board meeting.

COMMITTEE RECOMMENDATION & BOARD ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the Board of the Alexander House Development Corporations approval of the proposed FY’20 Third Quarter Budget Amendment.

Resolution No. 20-002AH

Re: Approval of FY'20 Third Quarter Budget Amendment for the Alexander House Development Corporation

WHEREAS, The Alexander House 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 Income and Expense Budget for the Corporation decreased by $370,000; 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 Third Quarter Budget Amendment for the Property.

NOW, THEREFORE, BE IT RESOLVED by the Alexander House Development Corporation that it hereby amends the FY'20 Operating Budget by decreasing total income and expenses for the Corporation by $370,000.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of the Alexander House Development Corporation at a meeting conducted on June 3, 2020.

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

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Adjourn

The Metropolitan Development Corporation

THE METROPOLITAN DEVELOPMENT CORPORATION

AUTHORIZATION TO TRANSFER $1,000,000 FROM THE METROPOLITAN DEVELOPMENT CORPORATION OPERATING ACCOUNT TO THE AGENCY GENERAL FUND OPERATING RESERVE (GFOR)

June 3, 2020

- The FY'21 Agency Proposed Operating Budget is currently projecting a shortfall due to anticipated impacts from the COVID 19 Pandemic. In addition, staff anticipates that impacts over the next several months may necessitate draws from the General Fund Operating Reserve (GFOR) to cover Agency expenses.

- The Budget, Finance and Audit Committee is recommending that $1,000,000 of excess cash in the Metropolitan Development Corporation operating account be transferred to the General Fund Operating Reserve (GFOR) to provide additional funding for the anticipated Agency operating shortfall projected for FY'21 as a result of the COVID 19 Pandemic.

- The transfer of $1,000,000 from the property excess cash will leave a cash balance in excess of 2.5 times the property's monthly disbursements which is above the minimum threshold of 1.5 times established for minimum cash balances.

M E M O R A N D U M

TO:	The Metropolitan Development Corporation Board of Directors			
VIA:	Stacy L. Spann, Executive Director			
FROM:	Staff:	Cornelia Kent	Division: Finance	Ext. 9574
		Terri Fowler		Ext. 9507
		Tomi Adebo		Ext. 9472
RE:	Authorization to transfer $1,000,000 from the Metropolitan Development Corporation Operating Account to the Agency General Fund Operating Reserve (GFOR)			
DATE:	May 19, 2020			

STATUS: Committee Report: Deliberation [X]

OVERALL GOAL & OBJECTIVE:
Authorization to transfer $1,000,000 from the Metropolitan Development Corporation operating account to the Agency General Fund Operating Reserve (GFOR).

BACKGROUND:
The FY'21 Proposed Operating Budget is currently projecting a shortfall due to anticipated impacts from the COVID 19 Pandemic. In addition, staff anticipates that impacts over the next several months may necessitate draws from the General Fund Operating Reserve (GFOR) to cover Agency expenses. Staff is recommending that $1,000,000 of excess cash in the Metropolitan Development Corporation operating account be transferred to the General Fund Operating Reserve (GFOR) to provide additional funding for the anticipated Agency operating shortfall projected for FY'21 as a result of the COVID 19 Pandemic.

The transfer of $1,000,000 from the property excess cash will leave a cash balance in excess of 2.5 times the property's monthly disbursements which is above the minimum threshold of 1.5 times established for minimum cash balances. The excess funds were generated by cash flow from prior years in excess of the Development Corporation Fee paid to HOC and the required payment to the County under the Air Rights Agreement. The excess cash has accumulated over the years as a result of the practice of not taking more cash at year end than was budgeted from any individual property.

ISSUES:
Does the Board wish to authorize the transfer of $1,000,000 from the Metropolitan Development Corporation operating account to the Agency General Fund Operating Reserve (GFOR)?

BUDGET IMPACT:

There is no budget impact on the FY’20 Adopted Budget.

TIME FRAME:

The Budget, Finance and Audit Committee discussed the recommendation at the May 19, 2020 meeting. Action is requested at the June 3, 2020 Board meeting.

COMMITTEE RECOMMENDATION & BOARD ACTION NEEDED:

The Budget, Finance and Audit Committee recommends that the Board of Directors of the Metropolitan Development Corporation authorize a transfer $1,000,000 from the Metropolitan Development Corporation operating account to the Agency General Fund Operating Reserve (GFOR).

RESOLUTION NO.: 20- 003ME

RE: Authorization to transfer $1,000,000 from The Metropolitan Development Corporation operating account to the Commission's General Fund Operating Reserve (GFOR)

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

WHEREAS, the Commission is projecting a shortfall for the proposed FY'21 operating budget due to anticipated impacts from the COVID-19 pandemic; and

WHEREAS, impacts over the next several months may necessitate draws from the General Fund Operating Reserve ("GFOR") to cover Commission expenses;

WHEREAS, the Corporation's property has excess unrestricted cash in its operating account that was generated by cash flow from operations from prior years;

WHEREAS, the Corporation desires to transfer $1,000,000 of unrestricted cash from its operating account to the Commission's GFOR to address the anticipated operating shortfall for FY'21;

WHEREAS, the transfer of $1,000,000 from the property excess cash will leave a cash balance in excess of 2.5 times the property's monthly disbursements which is above the minimum threshold of 1.5 times established for minimum cash balances.

NOW, THEREFORE, BE IT RESOLVED by the The Metropolitan Development Corporation that it hereby authorizes the transfer of $1,000,000 from the Corporation's operating account to the Commission's GFOR.

BE IT FURTHER RESOLVED by The Metropolitan Development Corporation that the Commission's 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 actions 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 The Metropolitan Development Corporation at a meeting conducted on June 3, 2020.

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

Adjourn