



10400 Detrick Avenue  
 Kensington, MD 20895-2484  
 (240) 627-9425



**Budget, Finance and Audit Committee**

**November 3, 2023**

**11:00 a.m.**

**Livestream:** <https://youtube.com/live/eLw6PEzYE9g?feature=share>

HOC's offices are now open to the public. The public is invited to attend HOC's November 3, 2023 Budget, Finance and Audit Committee meeting in-person. HOC's Board of Commissioners and staff will continue to participate through a hybrid model (a combination of in-person and online participation).

**Approval of Minutes:**

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| 1. Minutes: Approval of Budget and Finance Committee Minutes September 20, 2023 | 5      |

**Discussion/Action Items:**

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| 1. <b>Calendar Year 2024 (CY'24) Portfolio Budgets:</b> Presentation of CY'24 Portfolio Budgets   | 8      |
| 2. <b>Fiscal Year 2025 (FY'25) County Operating Budget:</b> Presentation of the FY'25 County Operating Budget   | 22     |
| 3. <b>Alternate MPDU Placement:</b> Approval to Accept Payment for Alternative Placement of Required MPDUs and Provision of Corresponding MPDUs at HOC Properties | 24     |
| 4. <b>Property Management Procurement for Multiple HOC Properties:</b>  | 30     |
| a. Approval of Firm Selected to Provide Property Management Services for Alexander House in Accordance with #RFP2407  |        |
| b. Approval of Firm Selected to Provide Property Management Services Arcola Towers in Accordance with #RFP2420  |        |
| c. Approval of Firm Selected to Provide Property Management Services for Battery Lane in Accordance with #RFP2410   | 41     |

- d. Approval of Firm Selected to Provide Property Management Services for Bauer Park Apartments in Accordance with #RFP2416
- e. Approval of Firm Selected to Provide Property Management Services for Bradley Crossing in Accordance with #RFP2411
- f. Approval of Firm Selected to Provide Property Management Services for Cider Mill Apartments in Accordance with #RFP2394
- g. Approval of Firm Selected to Provide Property Management Services for Diamond Square in Accordance with #RFP2408
- h. Approval of Firm Selected to Provide Property Management Services for Forest Oak Towers in Accordance with #RFP2413
- i. Approval of Firm Selected to Provide Property Management Services for Georgian Court in Accordance with #RFP2403
- j. Approval of Firm Selected to Provide Property Management Services for Glenmont Crossing and Glenmont Westerly in Accordance with #RFP2415
- k. Approval of Firm Selected to Provide Property Management Services for Greenhills Apartments in Accordance with #RFP2412
- l. Approval of Firm Selected to Provide Property Management Services for Hillandale Gateway in Accordance with #RFP2421
- m. Approval of Firm Selected to Provide Property Management Services for The Lindley in Accordance with #RFP2401
- n. Approval of Firm Selected to Provide Property Management Services Magruder’s Discovery in Accordance with #RFP2404
- o. Approval of Firm Selected to Provide Property Management Services for MetroPointe in Accordance with #RFP2400
- p. Approval of Firm Selected to Provide Property Management Services for The Metropolitan in Accordance with #RFP2402
- q. Approval of Firm Selected to Provide Property Management Services for Montgomery Arms in Accordance with #RFP2406
- r. Approval of Firm Selected to Provide Property Management Services for Stewartown Homes in Accordance with #RFP2418
- s. Approval of Firm Selected to Provide Property Management Services for Strathmore Court in Accordance with #RFP2409
- t. Approval of Firm Selected to Provide Property Management Services for The Glen (Brookside Glen) in Accordance with #RFP2419
- u. Approval of Firm Selected to Provide Property Management Services for Waverly House Accordance with #RFP2417

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|--|----|
| <p>v. Approval of Firm Selected to Provide Property Management Services for Westwood Tower in Accordance with #RFP2405</p> <p>w. Approval of Firm Selected to Provide Property Management Services for the Willow Manor Properties in Accordance with #RFP2414</p> |    |
| <p>5. <b>Closed Session:</b> The closed session will be called to order pursuant to Section 3-305(b)(13) of the General Provisions Article of the Annotated Code of Maryland.</p>  | 80 |

# Minutes

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY**

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

**Budget, Finance and Audit Committee Minutes**

**September 20, 2023**

For the official record of the Housing Opportunities Commission of Montgomery County, an open meeting of the Budget, Finance and Audit Committee was conducted via a hybrid platform on Wednesday, September 20, 2023 with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 10:00 a.m. There was a livestream of the meeting held on YouTube, available for viewing [here](#).

Those in attendance were:

**Present**

Richard Y. Nelson - Chair  
Jeffrey Merkowitz, Commissioner  
Frances Kelleher, Commissioner

**Also Present**

Chelsea Andrews, Executive Director  
Kayrine Brown, Deputy Executive Director  
Terri Fowler, Budget Officer  
Aisha Memon, General Counsel  
John Wilhoit

Timothy Goetzinger, Acting Chief Financial Officer  
Richard Congo  
Zachary Marks  
Francisco Vega  
Morgan Tucker

**Present via Zoom**

Claudia Wilson  
John Broullire  
Ellen Goff  
Alex Laurens

Ali Ozair  
Victoria Dixon  
Francisco Vega  
Sean Asberry

**IT Support**

Aries "AJ" Cruz

**Commission Support**

Jocelyn Koon, Senior Executive Assistant

Committee Chair Nelson opened the meeting with a welcome and introduction of Commissioner Kelleher, Commissioner Merkowitz, and the Executive Director. Commissioner Nelson began the meeting with the approval of the minutes.

**APPROVAL OF MINUTES**

The minutes of September 6, 2023 meeting were approved as submitted with a motion by Commissioner Merkowitz and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Nelson, Merkowitz, and Kelleher,

**ACTION/DISCUSSION ITEMS**

**1. Fiscal Year 2023 Fourth Quarter Unaudited Financial Statements: Presentation of the Unaudited Statements for the Fourth Quarter ended June 30, 2023.**

Chair Nelson, introduced Chelsea Andrews, Executive Director, to provide an overview of the presentation. Executive Director, Chelsea Andrews, introduced Tim Goetzinger, Chief Development Funds Officer/ Acting Chief Financial Officer, to provide a summary of the financial positions of the agency. Francisco Vega, Assistant Controller, provided the detailed presentation to the Committee. Staff addressed questions from the Committee. Chair Nelson asked if there were any additional questions or comments and moved to the next agenda item.

**2. Fiscal Year 2023 Fourth Quarter Budget to Actual Statements: Presentation of Fourth Quarter FY'23 Budget to Actual Statements.**

Chair Nelson, introduced Executive Director, Chelsea Andrews, who provided an overview of the presentation and introduced Terri Fowler, Budget Officer, to provide the detailed presentation. Commissioner Nelson made a motion to accept the staff's recommendation that the Budget, Finance and Audit Committee join its recommendation to the Commission to accept the Fourth Quarter FY'23 Budget to Actual Statements. The motion was moved by Commissioner Merkowitz and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Merkowitz, Nelson, and Kelleher.

**3. Uncollectible Tenant Accounts Receivable: Presentation of Request to Write-off Uncollectible Tenant Accounts Receivable (April 1, 2023- June 30, 2023)**

Chair Nelson, introduced Executive Director, Chelsea Andrews, who provided an overview of the presentation and introduced Gary Hall, Acting Accounting Manager, and Timothy Goetzinger, Chief Development Funds Officer/Acting Chief Financial Officer, who provided the detailed presentation. Staff addressed questions from the Committee. Chair Nelson made a motion to accept the staff recommendation to authorize the write-off of uncollectible tenant accounts receivable of \$73,335. The motion was moved by Commissioner Kelleher and seconded by Commissioner Merkowitz. Affirmative votes were cast by Commissioners Merkowitz, Nelson, and Kelleher.

Based upon this report and there being no further business to come before this session of the Budget, Finance and Audit Committee, the meeting adjourned at 10:53 a.m.

/jlk

Respectfully submitted,

Chelsea Andrews  
Secretary-Treasurer

# Discussion Items

## MEMORANDUM

**TO:** Housing Opportunities Commission of Montgomery County  
Budget, Finance and Audit Committee

**VIA:** Chelsea Andrews, Executive Director

**FROM:** Staff: Timothy Goetzinger, Acting Chief Financial Officer  
Terri Fowler, Budget Officer

**RE:** **Calendar Year 2024 (CY'24) Portfolio Budgets:** Presentation of the CY'24 Portfolio Budgets

**DATE:** November 3, 2023

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### **BACKGROUND:**

Historically, the Commission approves Calendar Year budgets for Low Income Housing Tax Credit ("LIHTC") Partnerships only. The Lindley and The Laureate operate on a calendar year basis as well; therefore, they are included in the packet for Approval of Calendar Year CY'24 Portfolio Budgets.

### **Low Income Housing Tax Credit Partnership Budgets**

As Managing General Partner, HOC has a fiduciary responsibility for each of the LIHTC Partnerships. The current HOC budget policy stipulates that the financial performance and budgets of the LIHTC Partnerships should be reviewed on the same fiscal year as their partners (December 31). The LIHTC Partnership Budgets require adoption by the Commission, separate from the Agency's general budget process.

In October 2023, the limited partner for **Wheaton Metro LP (MetroPointe)** assigned its ownership interests in the partnership to HOC. A budget amendment will be presented in January 2024 to the Commission to approve the incorporation of the property into the FY'24 Agency Budget as an Opportunity Housing property with extended affordability, pursuant to the Extended Use Covenant.

There are 16 remaining calendar year LIHTC partnerships that own the following 18 properties:

1. Alexander House LP (Alexander House);
2. Arcola Towers RAD LP (Arcola Towers);
3. Bauer Park Apartments LLC (Bauer Park);
4. Elizabeth House II LP (The Leggett);
5. Forest Oak Towers LP (Forest Oak Towers);
6. HOC at Georgian Court LLC (Georgian Court);
7. Greenhills Apartments LP (Greenhills);



8. 4913 Hampden Lane LP (Lasko Manor);
9. HOC Willow Manor LLC (3 properties):
  - a. Manor at Cloppers Mill,
  - b. Manor at Colesville,
  - c. Manor at Fair Hill Farm;
10. HOC at Shady Grove Apartments LLC (Shady Grove);
11. Spring Garden One Associates LP (Spring Garden);
12. HOC at Stewarttown Homes LLC (Stewarttown);
13. Tanglewood/Sligo Hills LP (Tanglewood/Sligo Hills);
14. 900 Thayer LP (Fenton Silver Spring);
15. HOC at The Upton II LLC (Residences on the Lane); and
16. Waverly House RAD LP (Waverly House).

As general partner, HOC is responsible for submitting draft copies of the CY'24 Proposed Budgets to the limited partners by November 1, 2023. The budgets were submitted to the limited partners contingent upon the Commission's approval.

**Attachment 1** includes the initial compliance period end dates, status of the limited partner exit, and extended use after the initial compliance period for all HOC's calendar year LIHTC partnership properties.

### **Other Calendar Year Budgets**

**CCL Multifamily LLC (The Lindley)** is a 200-unit high-rise apartment building located in Chevy Chase, Maryland. The unit mix for the building is 120 market units, 40 Moderately Priced Dwelling Units ("MPDU") restricted at 50% Area Median Income ("AMI"), and 40 Workforce Housing units ("WFHU") restricted at 100% AMI. The property operates on a calendar year and is categorized as a discretely presented component unit.

**HOC Westside Shady Grove, LLC (The Laureate)** is a 268-unit highly-amenitized, mixed-income property, steps from the Shady Grove Metro station. Twenty-five percent of the units are affordable at 50% or less of AMI and five percent (5%) are affordable at 65% or less of AMI. The property operates on a calendar year and is also categorized as a discretely presented component unit.

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### **ISSUES FOR CONSIDERATION:**

#### **Tax Credit Partnerships**

The CY'24 budgets forecast the collection of \$181,092 in Asset Management/Investor Service Fees and Partnership Management Fees from the properties (**Attachment 2**). At year-end, the Asset Management/Investor Service Fees are paid to the limited partner. If sufficient funds remain, the Partnership Management Fees or \$188,808 are paid to the general partner (HOC). All unpaid fees are accrued for payment in future years.

Please note that there are five (5) properties, shaded in peach, that have been resyndicated as new LIHTC transactions and commenced renovations in CY'22 that have continued into CY'23. During renovations, vacancy is anticipated to be higher than normal to support renovations, reserve contributions are placed on hold, and debt service payments are incorporated into the development budgets; therefore, the projected income from operations during CY'24 is not contingent on past performance or indicative of future anticipated property performance. In addition, **Residences on the Lane** and **The Leggett**, both shaded in green, began unit delivery in early CY'22 and CY'23, respectively. For these reasons, the properties are not be included in the charts in Attachments 3 through 8.

As the Managing General Partner, HOC is responsible for funding any cash deficits that occur in operating the tax credit properties. **Lasko Manor** is projected to generate a small loss of \$3,300 compared to a projected cash flow of \$4,893 for CY'23. As a reminder, Lasko Manor is a project based 12-unit building, located in Bethesda that provides permanent supportive housing for formerly homeless individuals with incomes below 30% of AMI. The loss will be incorporated into the FY'25 budget process. This projected loss is a result of higher personnel, utility and maintenance costs. It should be noted that a portion of this deficit **also** results from the Management Fee paid to HOC. Further and finally for Lasko Manor, due to its inability to achieve *technical* stabilized occupancy, Hudson Capital has yet to make the final equity installment to HOC.

The rent policy for CY'24 allows for in-place rental increases based on the County Executive's Voluntary Rent Guideline ("CE-VRG") of 5.8%. Rent increases for all properties within the portfolio are at or below the CE-VRG.

Income from this portfolio is restricted to the properties. The only revenue that comes to HOC is in the form of a Partnership Management Fee, projected to be \$188,808 for CY'24. The proposed CY'24 budgets reflect an increase of approximately \$32k or 20% in Partnership Management Fees when compared to the CY'23 Approved Budgets. This results from the escalation factor applied annually to several of the properties coupled with the addition of the fees for **The Leggett**, **Spring Garden** and **Fenton Silver Spring** that were partially offset by the removal of fees from **Lasko Manor** due to the projected deficit, and **MetroPointe** due to the removal from the portfolio.

The CY'24 Budgets for the properties project moderate increases in operating income per unit per annum ("PUPA") for nine (9) of the properties when compared to the CY'23 Budget. In addition, the budgeted operating income at **Spring Garden** and **Stewartown** projected increases of 8.4%, 19.0%, respectively. Although rents for **Spring Garden** are growing at a higher rate compared to the CY'23 budget, the increase is in line with 5.8% over the actual rents. The increase at **Stewartown** is driven by the final rent structure at the property following renovations that had not been incorporated into the CY'23 budget. **(Attachment 3)**.

Operating expenses on a PUPA basis for the properties are projected to increase in the CY'24 Budgets at nine (9) of the properties. The total operating expense increases range from 1.9% to 21.3%. The highest growth rates are at **Tanglewood/Sligo Hills**, and **Fenton Silver Spring**, which

expect expense growth rates of 16.5% and 21.3%, respectively. The increase at **Tanglewood** is based on higher utility, maintenance, and bad debt expenses. Operating expenses at **Fenton Silver Spring** increased as a result of higher utility and maintenance costs and an increase in security to address challenges with homelessness and violence in the local area. **(Attachment 4)**.

Operating expenses are projected to decrease 12.3% and 0.7% at **Spring Garden** and **Stewartown**, respectively. The majority of the decrease at **Spring Garden** is a result of lower administrative staffing costs and projected bad debt expense. The small decrease at **Stewartown** is based on slightly lower utility and insurance expenses.

The net impact of the changes in operating income and expenses is reflected in the net operating income (“NOI”) on a PUPA basis for the LIHTC Portfolio **(Attachment 5)**. Changes in NOI from budgeted CY’23 to CY’24 varied across the portfolio. Five (5) properties are projected to experience a decrease to NOI: **(89.0%)** at **Lasko Manor**, **(13.6%)** at **Fenton Silver Spring**, **(8.2%)** at **Tanglewood/Sligo Hills**, **(2.0%)** at **Alexander House** and **(1.8%)** at **Waverly House**. The remaining properties project NOI increases averaging 15.5% largely driven by the increases of 35.5% and 41.8% at **Spring Garden** and **Stewartown**, respectively.

The minimum Debt Service Coverage Ratio (“DSCR”) requirement of 1.15:1.00 or higher is projected to be achieved for all of the LIHTC properties except for **Alexander House** and **Bauer Park** which are projecting 1.14 and 1.12, respectively. The small projected decrease of two (2) basis points in DSCR for **Alexander House** is based on higher employee benefit cost when compared to CY’23. The projected decrease in DSCR for **Bauer Park** is based on a higher vacancy loss projection coupled with a full year of debt service payments when compared to CY’23. It is important to note that the stated DSC for Alexander House reflects only the LIHTC portion of the properties. **(Attachment 6)**.

**Attachment 7** shows the history of PUPA Replacement for Reserves (“RfR”) contributions for the portfolio. The fluctuation in the base required contribution between CY’23 and CY’24 reflects changes mainly due to Stewartown contributing for the full year in CY’24. Aside from this, the base required contribution amounts have remained relatively flat except for growth due to the escalation factor applied annually to several of the properties. Over the years, a few properties in the portfolio have required increases in their annual contributions as well as the use of property cash or the Opportunity Housing Property Reserve (“OHPR”) to meet their capital needs. **Forest Oak Towers** continues to require increased RfR contributions to meet its current and future years’ capital expenditure needs. Finally, the properties in transition may experience a small amount of capital expenditures during renovations that will be funded by property cash. As stated earlier, the properties will not make RfR contributions until permanent financing and stabilization is achieved. The CY’24 projections for RfR deposits on a PUPA basis by property, including the base and increased amounts, are depicted in **Attachment 8**.

## Capital

**Attachment 9** shows the capital budget for each property and proposed funding sources as well as the projected RfR balance as of December 31, 2024, based on the planned contributions and expenditures. Increased RfR contributions above the base requirement are intended to prevent the depletion of the respective property's reserves and support future capital needs denoted in each property's Five Year Capital Plans.

### **Other Calendar Year Budgets**

Income for **The Lindley** is projected to decrease 13.6%, largely due to the removal of the draw from the Opportunity Housing Reserve Fund ("OHRF") to support the additional debt service payments resulting from a change in the investor. Based on guidance from the auditors, both the funding and payments are now reflected in the balance sheet resulting in a reduction to both income and debt service payments on the property cash flow statement. If we were to exclude this amount from the CY'23 budget, income would actually be growing 12.00% based primarily on reduced concession projections. Operating expenses are projected to grow 6.4% due to increased advertising, computer software, utility, and maintenance costs. NOI is projected to increase 15 basis points resulting in a DSCR of 1.12:1.00.

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#### **BUDGET IMPACT:**

Approval by the Commission of these budgets will allow the Calendar Year Properties to begin operations on January 1, 2024, the beginning of their calendar year.

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#### **TIME FRAME:**

For informal discussion at the November 3, 2023 Budget, Finance and Audit Committee meeting and formal Commission action at the November 15, 2023 meeting.

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#### **STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff requests that the Budget, Finance and Audit Committee join its recommendation to the Commission for the approval of the CY'24 Portfolio Budgets.

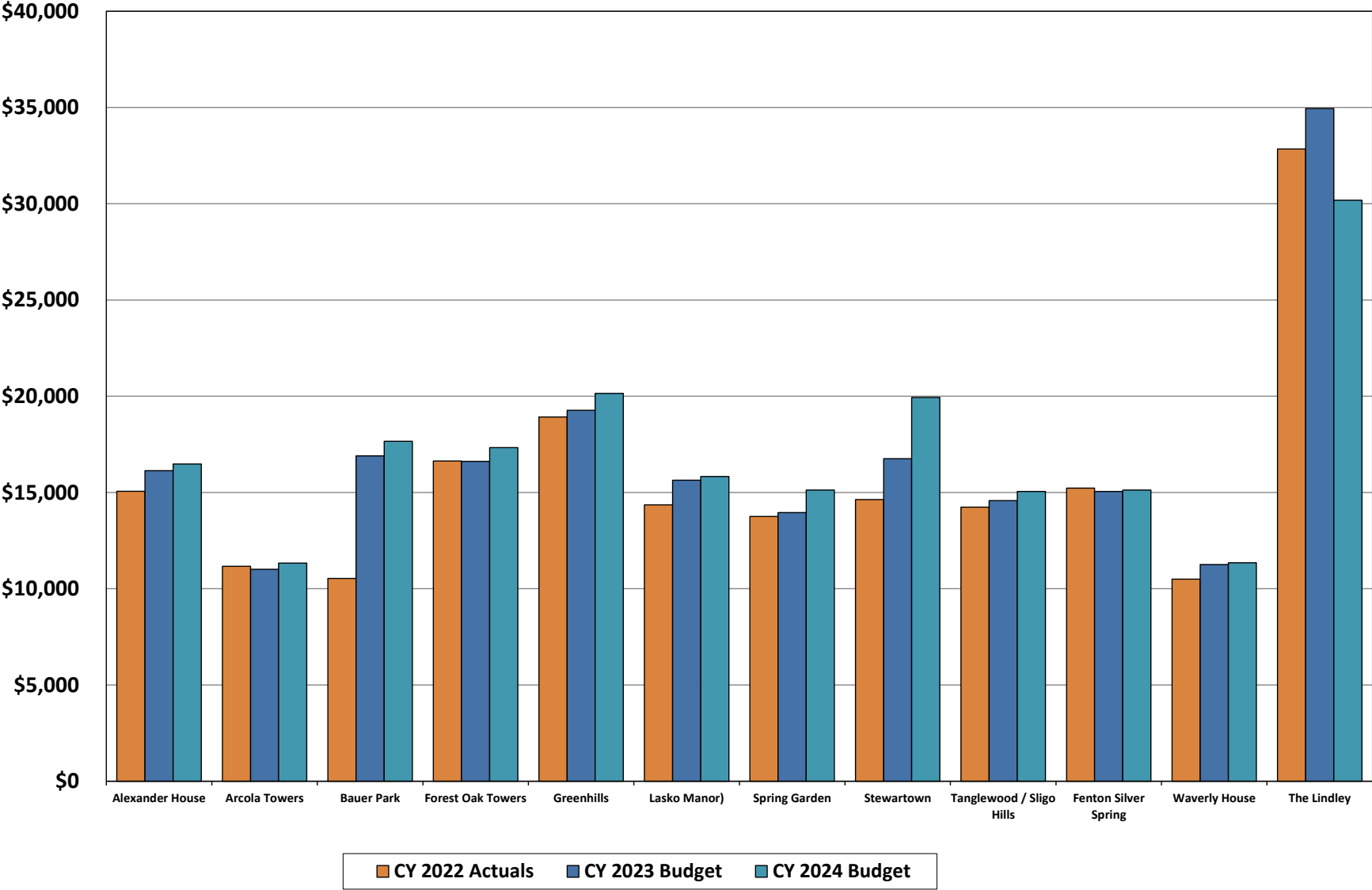
## TAX CREDIT COMPLIANCE PERIOD as of November 3, 2023

| PROPERTIES  | # of Units | INITIAL END DATE:<br>December | Status of Limited Partner Exit       | Extended Use<br>after Compliance<br>Period |
|---|------------|-------------------------------|--------------------------------------|--|
| Spring Garden One Assoc. LP                       | 82         | 2019                          | Tentative Resyndication set for 2024 | 25 Years (2044)                            |
| Forest Oak Towers LP                              | 175        | 2022                          | Tentative Resyndication set for 2024 | 25 Years (2047)                            |
| 4913 Hampden Lane LP (Lasko Manor)                | 12         | 2024                          | Ongoing monitoring                   | 25 Years (2049)                            |
| Tanglewood / Sligo Hills LP                       | 132        | 2027                          | Ongoing monitoring                   | 25 Years (2052)                            |
| Arcola Towers RAD LP                              | 141        | 2032                          | Ongoing monitoring                   | 25 Years (2057)                            |
| Waverly House RAD LP                              | 157        | 2032                          | Ongoing monitoring                   | 25 Years (2057)                            |
| Alexander House LP                                | 122        | 2033                          | Ongoing monitoring                   | 25 Years (2058)                            |
| Greenhills Apartments LP                          | 77         | 2033                          | Compliance Period began in 2018      | 25 Years (2058)                            |
| 900 Thayer LP (Fenton Silver Spring)              | 124        | 2034                          | Compliance Period began in 2019      | 25 Years (2059)                            |
| Bauer Park Apartments LLC                         | 142        | 2036                          | Compliance Period began in 2021      | 25 Years (2061)                            |
| HOC at Stewartown Homes LLC                       | 94         | 2037                          | Compliance Period began in 2022      | 25 Years (2062)                            |
| HOC at The Upton II LLC (Residences on the Lane)  | 150        | 2037                          | Compliance Period began in 2022      | 25 Years (2062)                            |
| HOC at Georgian Court LLC                         | 147        | 2037                          | Compliance Period began in 2022      | 25 Years (2062)                            |
| HOC at Shady Grove Apartments LLC                 | 144        | 2037                          | Compliance Period began in 2022      | 25 Years (2062)                            |
| HOC at Willow Manor LLC (Manor at Cloppers Mill)  | 102        | 2039                          | Compliance Period begins in 2024     | 30 Years (2064)                            |
| HOC at Willow Manor LLC (Manor at Colesville)     | 83         | 2039                          | Compliance Period begins in 2024     | 30 Years (2064)                            |
| HOC at Willow Manor LLC (Manor at Fair Hill Farm) | 101        | 2039                          | Compliance Period begins in 2023     | 30 Years (2064)                            |

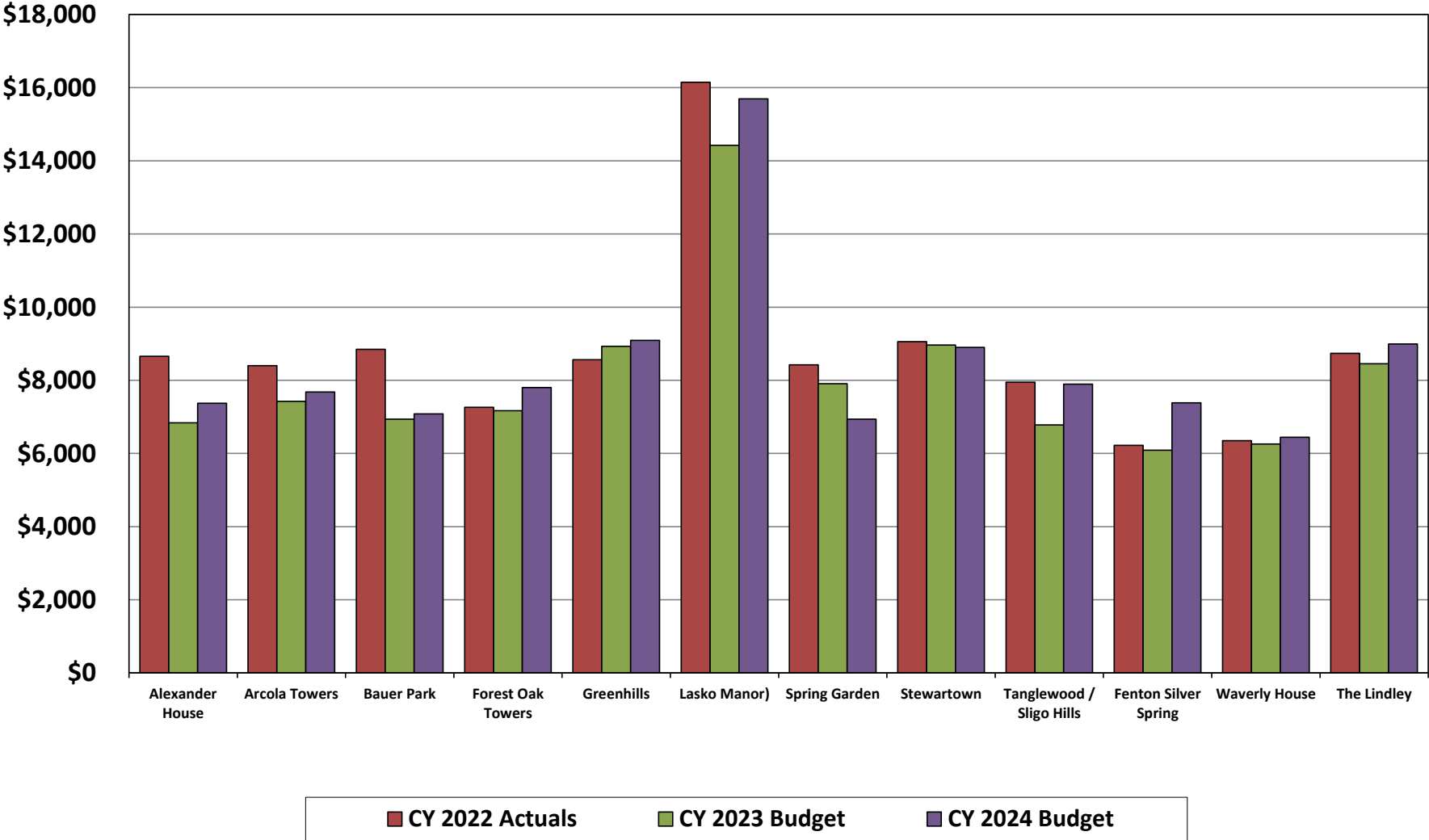
|   |              | CY 2024 BUDGET              |                        |                          |                      |                     |                                |                       |                         |                      |                               |  |                             |                     |
|---|--------------|-----------------------------|------------------------|--------------------------|----------------------|---------------------|--------------------------------|-----------------------|-------------------------|----------------------|-------------------------------|--|-----------------------------|---------------------|
| CY 2024 Tax Credit Operating Budget               | # of Units   | Rent Assumptions at Renewal | Total Operating Income | Total Operating Expenses | Net Operating Income | Annual Debt Service | Operating Reserve Contribution | Required RfR Deposits | Additional RfR Deposits | Partners Tax Expense | Cash Flow Before Distribution | Asset Management / Investor Service Fees | Partnership Management Fees | Net Cash Flow       |
| Alexander House LP                                | 122          | 5.8%                        | \$2,010,899            | \$899,700                | \$1,111,199          | \$930,708           | \$0                            | \$52,510              | \$0                     | \$0                  | \$127,981                     | \$12,300                                 | \$12,300                    | \$103,381           |
| Arcola Towers RAD LP                              | 141          | 3.0%                        | \$1,597,728            | \$1,082,698              | \$515,030            | \$377,323           | \$0                            | \$76,900              | \$0                     | \$0                  | \$60,807                      | \$9,840                                  | \$10,500                    | \$40,467            |
| Bauer Park Apartments LLC                         | 142          | 5.8%                        | \$2,508,100            | \$1,005,290              | \$1,502,810          | \$1,274,647         | \$0                            | \$72,600              | \$0                     | \$0                  | \$155,563                     | \$5,628                                  | \$0                         | \$149,935           |
| Elizabeth House III LP (The Leggett)              | 267          | 4.7%                        | \$4,897,348            | \$1,293,745              | \$3,603,603          | \$1,011,148         | \$0                            | \$38,940              | \$0                     | \$0                  | \$2,553,515                   | \$23,184                                 | \$20,000                    | \$2,510,331         |
| Forest Oak Towers LP                              | 175          | 1.4%                        | \$3,063,721            | \$1,366,062              | \$1,697,659          | \$1,211,080         | \$0                            | \$70,000              | \$70,000                | \$0                  | \$346,579                     | \$13,224                                 | \$43,380                    | \$289,975           |
| HOC at Georgian Court LLC                         | 147          | 5.8%                        | \$1,868,208            | \$876,771                | \$991,437            | \$214,273           | \$0                            | \$12,864              | \$0                     | \$0                  | \$764,300                     | \$10,608                                 | \$10,608                    | \$743,084           |
| Greenhills Apartments LP                          | 77           | 5.8%                        | \$1,551,091            | \$700,242                | \$850,849            | \$674,243           | \$0                            | \$30,950              | \$0                     | \$0                  | \$145,656                     | \$7,104                                  | \$14,208                    | \$124,344           |
| 4913 Hampden Lane LP (Lasko Manor)                | 12           | 1.5%                        | \$189,924              | \$188,314                | \$1,610              | \$0                 | \$0                            | \$4,910               | \$0                     | \$0                  | (\$3,300)                     | \$0                                      | \$0                         | (\$3,300)           |
| HOC at Willow Manor LLC (Manor at Cloppers Mill)  | 102          | 5.8%                        | \$1,833,501            | \$685,872                | \$1,147,629          | \$0                 | \$0                            | \$0                   | \$0                     | \$0                  | \$1,147,629                   | \$6,180                                  | \$0                         | \$1,141,449         |
| HOC at Willow Manor LLC (Manor at Colesville)     | 83           | 5.8%                        | \$1,204,350            | \$599,043                | \$605,307            | \$0                 | \$0                            | \$0                   | \$0                     | \$0                  | \$605,307                     | \$4,668                                  | \$0                         | \$600,639           |
| HOC at Willow Manor LLC (Manor at Fair Hill Farm) | 101          | 5.8%                        | \$1,669,391            | \$671,337                | \$998,054            | \$0                 | \$0                            | \$0                   | \$0                     | \$0                  | \$998,054                     | \$5,832                                  | \$0                         | \$992,222           |
| HOC at Shady Grove Apartments LLC                 | 144          | 1.4%                        | \$3,068,222            | \$1,000,237              | \$2,067,985          | \$356,394           | \$0                            | \$12,600              | \$0                     | \$0                  | \$1,698,991                   | \$10,620                                 | \$10,620                    | \$1,677,751         |
| Spring Garden One Assoc. LP                       | 82           | 5.8%                        | \$1,240,612            | \$568,881                | \$671,731            | \$439,357           | \$0                            | \$49,690              | \$0                     | \$0                  | \$182,684                     | \$24,312                                 | \$24,312                    | \$134,060           |
| HOC at Stewartown Homes LLC                       | 94           | 4.0%                        | \$1,874,000            | \$836,593                | \$1,037,407          | \$722,836           | \$0                            | \$33,400              | \$0                     | \$0                  | \$281,171                     | \$9,972                                  | \$0                         | \$271,199           |
| Tanglewood / Sligo Hills LP                       | 132          | 5.8%                        | \$1,987,506            | \$1,042,315              | \$945,191            | \$643,587           | \$0                            | \$50,410              | \$0                     | \$0                  | \$251,194                     | \$6,696                                  | \$25,000                    | \$219,498           |
| 900 Thayer LP (Fenton Silver Spring)              | 124          | 5.8%                        | \$1,876,113            | \$915,493                | \$960,620            | \$568,274           | \$0                            | \$47,420              | \$0                     | \$0                  | \$344,926                     | \$8,856                                  | \$8,856                     | \$327,214           |
| HOC at The Upton II LLC (Residences on the Lane)  | 150          | 5.8%                        | \$3,376,477            | \$1,319,355              | \$2,057,122          | \$1,379,563         | \$0                            | \$46,020              | \$0                     | \$0                  | \$631,539                     | \$9,024                                  | \$9,024                     | \$613,491           |
| Waverly House RAD LP                              | 157          | 4.0%                        | \$1,782,060            | \$1,011,597              | \$770,463            | \$519,738           | \$0                            | \$85,620              | \$0                     | \$0                  | \$165,105                     | \$13,044                                 | \$0                         | \$152,061           |
| <b>TOTAL Tax Credit Properties</b>                | <b>2,252</b> | <b>4.7%</b>                 | <b>\$37,599,251</b>    | <b>\$16,063,545</b>      | <b>\$21,535,706</b>  | <b>\$10,323,171</b> | <b>\$0</b>                     | <b>\$684,834</b>      | <b>\$70,000</b>         | <b>\$0</b>           | <b>\$10,457,701</b>           | <b>\$181,092</b>                         | <b>\$188,808</b>            | <b>\$10,087,801</b> |

| CY 2024 Other Calendar Year Properties Operating Budget | # of Units   | Rent Assumptions at Renewal | Total Operating Income | Total Operating Expenses | Net Operating Income | Annual Debt Service | Operating Reserve Contribution | Required RfR Deposits | Additional RfR Deposits | Partners Tax Expense | Cash Flow Before Distribution | Asset Management / Investor Service Fees | Partnership Management Fees | Net Cash Flow       |
|---|--------------|-----------------------------|------------------------|--------------------------|----------------------|---------------------|--------------------------------|-----------------------|-------------------------|----------------------|-------------------------------|--|-----------------------------|---------------------|
| HOC at West Side Shady Grove, LLC (The Laureate)        | 268          | 2.5%                        | \$7,716,930            | \$2,949,771              | \$4,767,159          | \$4,031,299         | \$0                            | \$55,830              | \$0                     | \$0                  | \$680,030                     | \$0                                      | \$0                         | \$680,030           |
| CCL Multifamily LLC (The Lindley)                       | 200          | 1.4%                        | \$6,036,736            | \$1,799,025              | \$4,237,711          | \$3,733,330         | \$3,000                        | \$56,280              | \$0                     | \$0                  | \$445,101                     | \$0                                      | \$0                         | \$445,101           |
| <b>TOTAL Other Properties</b>                           | <b>468</b>   | <b>2.0%</b>                 | <b>\$13,753,666</b>    | <b>\$4,748,796</b>       | <b>\$9,004,870</b>   | <b>\$7,764,629</b>  | <b>\$3,000</b>                 | <b>\$112,110</b>      | <b>\$0</b>              | <b>\$0</b>           | <b>\$1,125,131</b>            | <b>\$0</b>                               | <b>\$0</b>                  | <b>\$1,125,131</b>  |
| <b>GRAND TOTAL All Properties</b>                       | <b>2,720</b> | <b>4.4%</b>                 | <b>\$51,352,917</b>    | <b>\$20,812,341</b>      | <b>\$30,540,576</b>  | <b>\$18,087,800</b> | <b>\$3,000</b>                 | <b>\$796,944</b>      | <b>\$70,000</b>         | <b>\$0</b>           | <b>\$11,582,832</b>           | <b>\$181,092</b>                         | <b>\$188,808</b>            | <b>\$11,212,932</b> |

### Operating Income (PUPA)

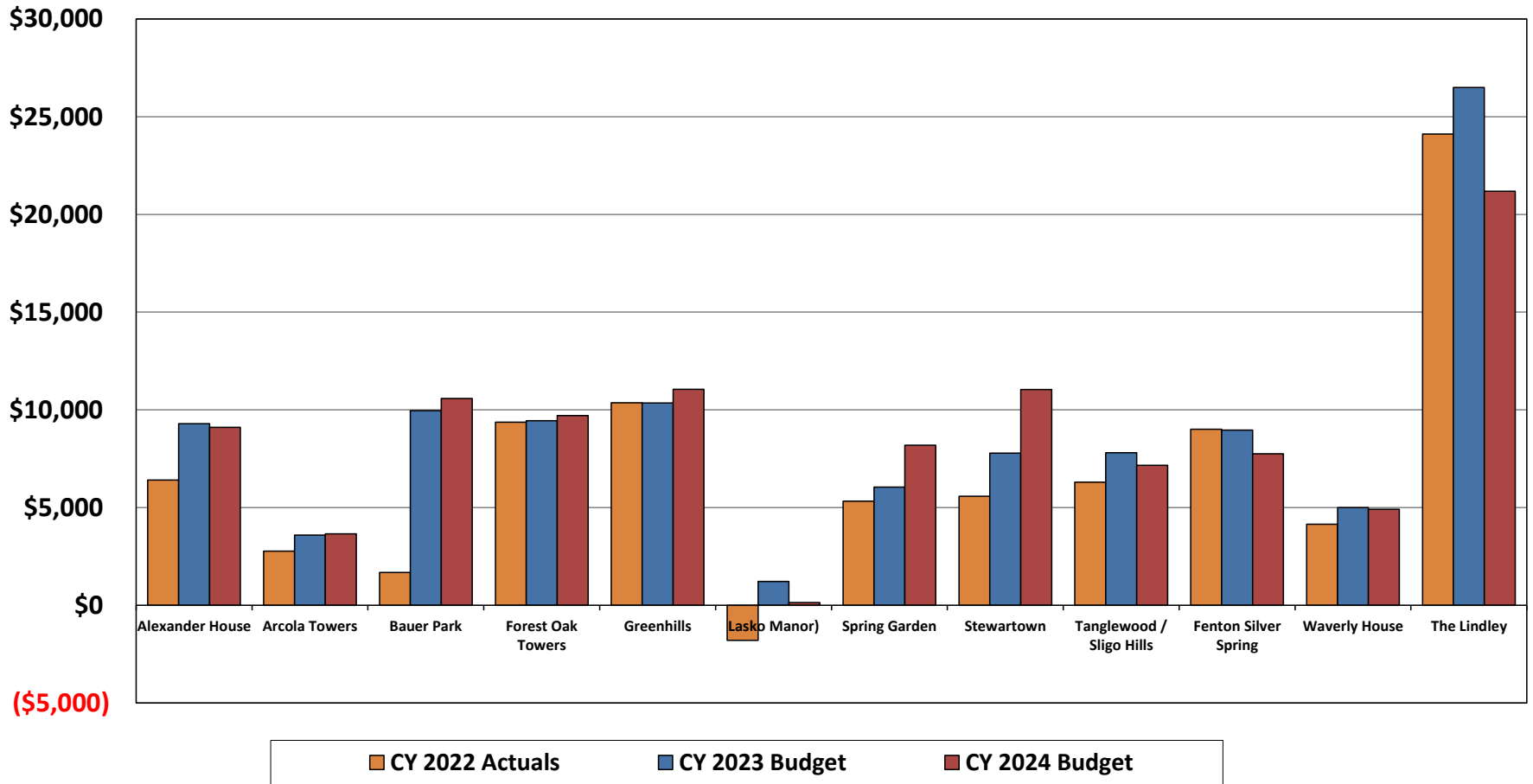


### Operating Expenses (PUPA)

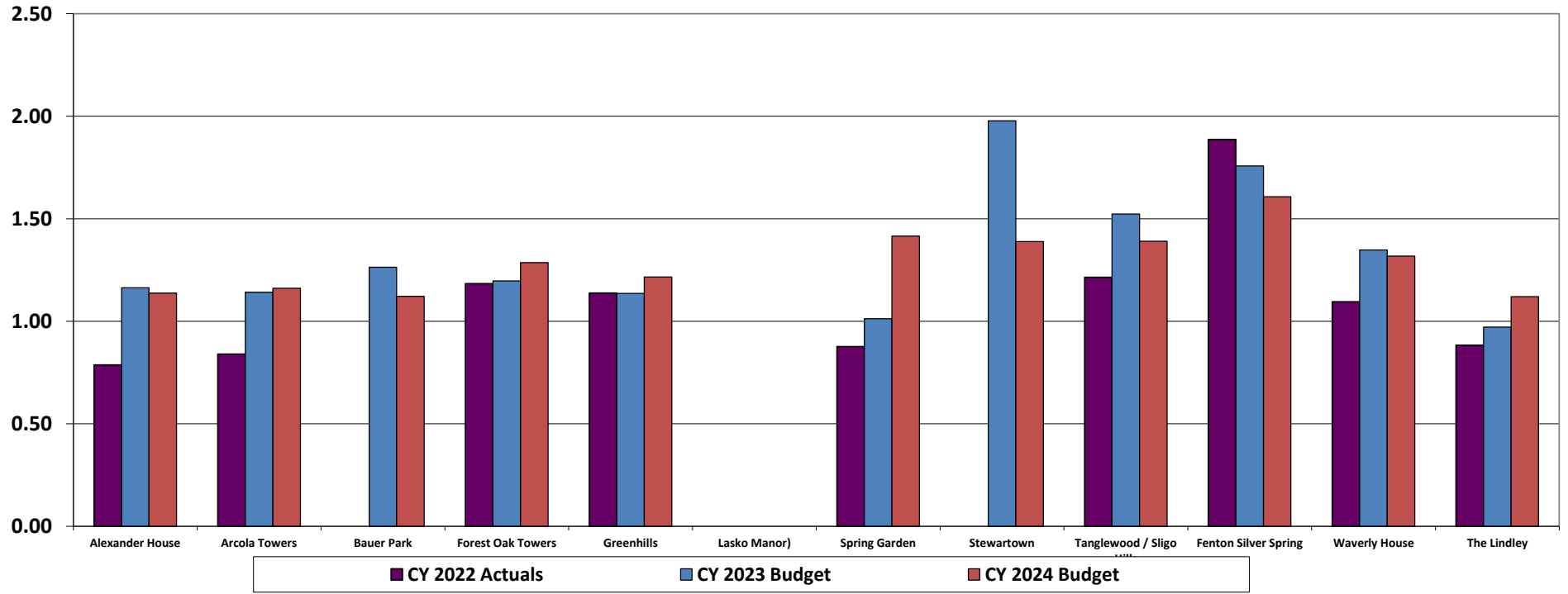




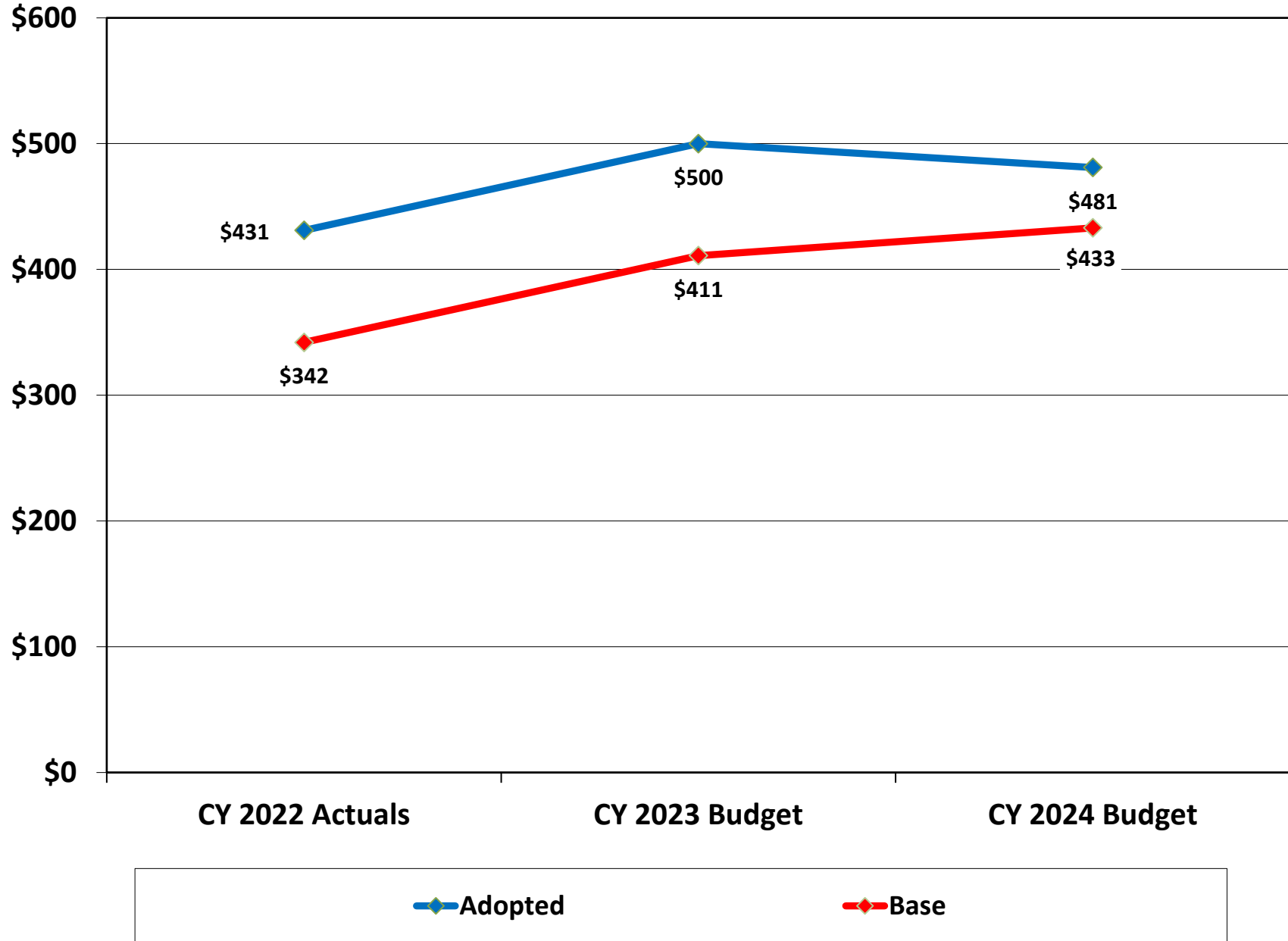
### Net Operating Income (PUPA)



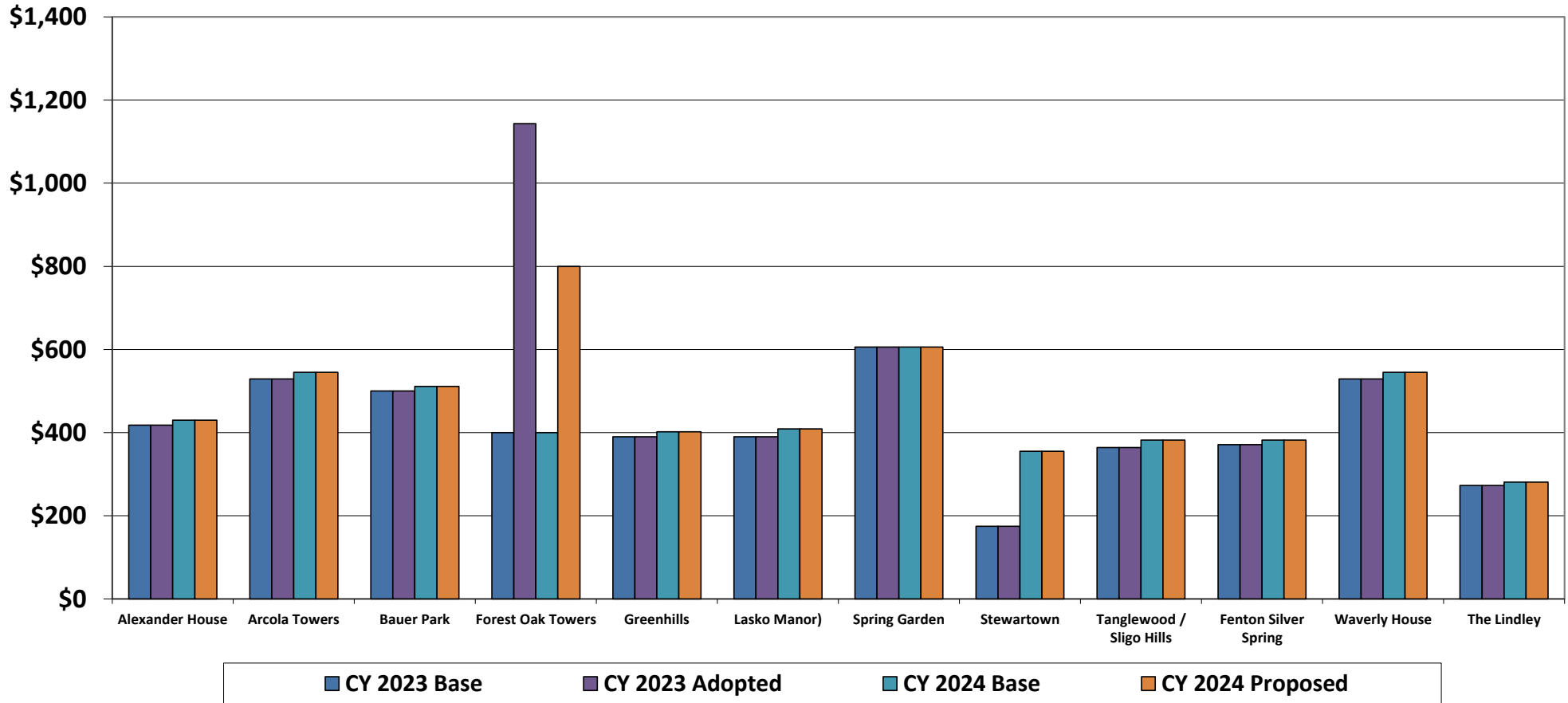
### Debt Service Coverage Ratios (DSC)



# RfR Contributions (PUPA)



### CY 2024 RfR Contributions (PUPA)



| CY 2024 Tax Credit<br>Capital Budget              | Expenses         | Revenue Sources      |  |                             | Projected<br>RfR Balance<br>as of 12/31/2024 |
|---|------------------|----------------------|--|-----------------------------|--|
|   |                  | Property<br>Reserves | Additional<br>Revenue Source<br>(Property Cash,<br>OH Property<br>Reserve) | Current Year<br>RfR Deposit |  |
| Alexander House LP                                | \$20,400         | \$20,400             | \$0  | \$0                         | \$558,525                                    |
| Arcola Towers RAD LP                              | \$117,408        | \$117,408            | \$0  | \$0                         | \$736,443                                    |
| Bauer Park Apartments LLC                         | \$5,630          | \$5,630              | \$0  | \$0                         | \$132,370                                    |
| Elizabeth House III LP (The Leggett)              | \$8,800          | \$8,800              | \$0  | \$0                         | \$297,140                                    |
| Forest Oak Towers LP                              | \$249,100        | \$140,584            | \$0  | \$108,516                   | \$31,484                                     |
| HOC at Georgian Court LLC                         | \$30,230         | \$30,230             | \$0  | \$0                         | \$196,662                                    |
| Greenhills Apartments LP                          | \$20,286         | \$20,286             | \$0  | \$0                         | \$308,065                                    |
| 4913 Hampden Lane LP (Lasko Manor)                | \$11,585         | \$11,585             | \$0  | \$0                         | \$50,530                                     |
| HOC at Willow Manor LLC (Manor at Cloppers Mill)  | \$22,600         | \$22,600             | \$0  | \$0                         | \$75,086                                     |
| HOC at Willow Manor LLC (Manor at Colesville)     | \$18,100         | \$18,100             | \$0  | \$0                         | \$44,040                                     |
| HOC at Willow Manor LLC (Manor at Fair Hill Farm) | \$44,700         | \$44,700             | \$0  | \$0                         | \$58,131                                     |
| HOC at Shady Grove Apartments LLC                 | \$26,295         | \$26,295             | \$0  | \$0                         | \$175,985                                    |
| Spring Garden One Assoc. LP                       | \$21,847         | \$21,847             | \$0  | \$0                         | \$338,555                                    |
| HOC at Stewarttown Homes LLC                      | \$3,400          | \$0                  | \$0  | \$3,400                     | \$30,000                                     |
| Tanglewood / Sligo Hills LP                       | \$87,868         | \$87,868             | \$0  | \$0                         | \$181,647                                    |
| 900 Thayer LP (Fenton Silver Spring)              | \$32,700         | \$32,700             | \$0  | \$0                         | \$276,179                                    |
| HOC at The Upton II LLC (Residences on the Lane)  | \$13,600         | \$13,600             | \$0  | \$0                         | \$194,445                                    |
| Waverly House RAD LP                              | \$60,800         | \$60,800             | \$0  | \$0                         | \$946,843                                    |
| <b>Total Tax Credit Properties</b>                | <b>\$795,349</b> | <b>\$683,433</b>     | <b>\$0</b>   | <b>\$111,916</b>            | <b>\$4,632,130</b>                           |
| CY 2024 Other Calendar Year<br>Capital Budget     | Expenses         | Property<br>Reserves | Residual<br>Cash   | Current Year<br>RfR Deposit | Projected<br>RfR Balance<br>as of 12/31/2024 |
| HOC at West Side Shady Grove, LLC (The Laureate)  | \$16,000         | \$0                  | \$0  | \$16,000                    | \$39,830                                     |
| CCL Multifamily LLC (The Lindley)                 | \$150,500        | \$102,576            | \$0  | \$47,924                    | \$8,356                                      |
| <b>Total Other Calendar Year Properties</b>       | <b>\$166,500</b> | <b>\$102,576</b>     | <b>\$0</b>   | <b>\$63,924</b>             | <b>\$48,186</b>                              |
| <b>GRAND TOTAL All Properties</b>                 | <b>\$961,849</b> | <b>\$786,009</b>     | <b>\$0</b>   | <b>\$175,840</b>            | <b>\$4,680,316</b>                           |

**MEMORANDUM**

**TO:** Housing Opportunities Commission of Montgomery County  
Budget, Finance and Audit Committee

**VIA:** Chelsea Andrews, Executive Director

**FROM:** Staff: Timothy Goetzinger, Acting Chief Financial Officer  
Terri Fowler, Budget Officer

**RE:** **Fiscal Year 2025 (FY'25) County Operating Budget:** Presentation of the FY'25 County Operating Budget

**DATE:** November 3, 2023

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**BACKGROUND:**

For the FY'25 Operating Budget season, the Montgomery County Office of Management and Budget ("OMB") has developed a staggered submission schedule from October 13 through October 27 of 2023. The date range precedes November 15, 2023; therefore, staff requested and received an extension to November 16, 2023 in order to obtain Commission approval on November 15, 2023.

The FY'25 County Operating Budget Kick-off was held on September 21, 2023. The Agency will be required to submit a baseline budget or Maximum Agency Request Ceiling ("MARC") for FY'25 in an amount not to exceed \$7,972,501. The MARC is based on the FY'24 approved MARC of \$7,972,501 without any adjustments. The FY'24 approved MARC provided funding for the following Agency expenses:

| <b>Expense Type</b>                        | <b>FY'24 Approved<br/>MARC</b> |
|--|--------------------------------|
| Resident Services (mostly personnel costs) | \$6,608,661                    |
| Affordable Housing Electricity             | \$540,000                      |
| Rental License Fees                        | \$566,200                      |
| Home Ownership Association Fees            | \$157,640                      |
| Customer Service Centers - Rent            | \$100,000                      |
| <b>Total</b>                               | <b>\$7,972,501</b>             |

Staff will submit a request for an adjustment of \$322,814 for estimated increases to Resident Services' compensation, health and retirement benefits. The requested adjustment will be discussed during the budget process in order to obtain the County Executive's approval before the County's Recommended Budget is finalized.

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**ISSUES FOR CONSIDERATION:**

Does the Budget, Finance and Audit Committee join staff's recommendation to the Commission

to authorize the submission of the FY'25 County Budget MARC of \$7,972,501 to Montgomery County's OMB?

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**BUDGET IMPACT:**

Funding of the FY'25 County Budget MARC is provided as an Operating Grant to HOC. The County Operating Grant is the primary funding source for the Agency's Resident Services Division.

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**TIME FRAME:**

For informal discussion at the November 3, 2023 Budget, Finance and Audit Committee meeting and formal Commission action at the November 15, 2023 meeting.

Once approved by the Commission, the FY'25 County Operating Budget will be submitted to the County.

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**STAFF RECOMMENDATION:**

Staff requests that the Budget, Finance and Audit Committee join its recommendation to the Commission for authorization to submit the proposed FY'25 County Operating Budget of \$7,972,501 to Montgomery County's Office of Management and Budget.

# THE PINNACLE & CORSO CHEVY CHASE: APPROVAL TO ACCEPT PAYMENT FOR ALTERNATIVE PLACEMENT OF REQUIRED MPDUS AND PROVISION OF CORRESPONDING MPDUS AT HOC PROPERTIES

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DELIVERY OF MPDUS FROM INCOMPATIBLE DEVELOPMENTS



CHELSEA ANDREWS, EXECUTIVE DIRECTOR

ZACHARY MARKS, CHIEF REAL ESTATE OFFICER

November 3, 2023



# Executive Summary



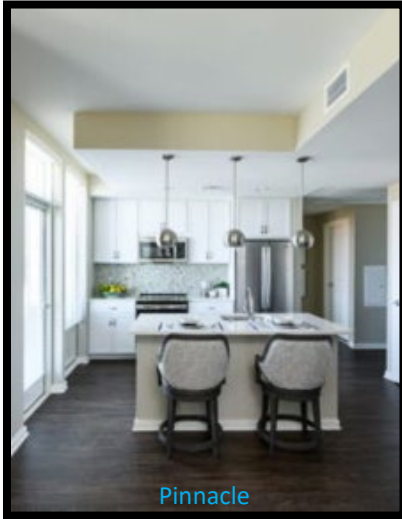
The respective developers, DHCA, and HOC staff, have arrived at a proposed alternative placement of 84 required MPDUs at one or more HOC properties in exchange for an aggregate alternative payment of \$9.5MM. DHCA is allowing for placement of these units outside of these projects' respective planning areas as HOC would place these units within the Bethesda CBD – a highly desirable location that DHCA agrees is at least equivalent to these projects' respective planning areas.

DHCA and HOC staff have also worked out a new valuation method for the alternative placements that produces more MPDUs than the number required on site and at dollar amounts that improve dramatically over historical payments.

11/3/2023



# Overview of Properties



210

December 1, 2023

Location North Bethesda

Avg. Service Fee \$4,000 PUPM

Planning Area White Flint

| Unit Mix*    |             |               |
|--------------|-------------|---------------|
| Unit Type    | Total Units | On-site MPDUs |
| 1BR          | 57          | 9             |
| 1BR + Den    | 7           | 0             |
| 2BR          | 37          | 5             |
| <b>TOTAL</b> | <b>101</b>  | <b>14</b>     |

\*For independent living units only, as assisted units are exempt from MPDU law.



Units 388

Construction Start April 1, 2024

Location Chevy Chase

Avg. Service Fee \$12,500 PUPM

Planning Area Bethesda-CC

| Unit Mix**   |             |               |
|--------------|-------------|---------------|
| Unit Type    | Total Units | On-site MPDUs |
| Studio       | 25          | 4             |
| 1BR          | 130         | 20            |
| 1BR + Den    | 64          | 10            |
| 2BR          | 169         | 25            |
| <b>TOTAL</b> | <b>388</b>  | <b>59</b>     |

\*\*Corso's units all have full kitchens, which triggers the MPDU law on all units regardless of assistance type.

# Determination of Payment

| BEDS | UNITS (ON) | UNITS (OFF) | MKT     | MPDU    | DIFF           | DIFFTOT            |
|------|------------|-------------|---------|---------|----------------|--------------------|
| 0    | 0          | 0           | \$1,750 | \$1,740 | \$10           | \$0                |
| 1    | 8          | 9           | \$2,204 | \$1,880 | \$324          | \$2,918            |
| 1+   | 1          | 1           | \$2,336 | \$1,992 | \$344          | \$344              |
| 2    | 5          | 6           | \$3,575 | \$2,364 | \$1,211        | \$7,266            |
| 3    | 0          | 0           | \$3,920 | \$2,592 | \$1,328        | \$0                |
|      | <b>14</b>  | <b>16</b>   |         |         | <b>MONTHLY</b> | <b>\$10,528</b>    |
|      |            |             |         |         | <b>ANNUAL</b>  | <b>\$126,331</b>   |
|      |            |             |         |         | <b>VALUE</b>   | <b>\$2,000,958</b> |
|      |            |             |         |         | <b>V/UNIT</b>  | <b>\$125,060</b>   |

|    |           |           |         |         |                |                    |
|----|-----------|-----------|---------|---------|----------------|--------------------|
| 0  | 4         | 4         | \$2,072 | \$1,740 | \$332          | \$1,328            |
| 1  | 20        | 23        | \$2,440 | \$1,866 | \$574          | \$13,202           |
| 1+ | 10        | 0         | \$2,605 | \$1,992 | \$613          | \$0                |
| 2  | 25        | 41        | \$2,975 | \$2,364 | \$611          | \$25,051           |
| 3  | 0         | 0         | \$3,823 | \$2,592 | \$1,231        | \$0                |
|    | <b>59</b> | <b>68</b> |         |         | <b>MONTHLY</b> | <b>\$39,581</b>    |
|    |           |           |         |         | <b>ANNUAL</b>  | <b>\$474,972</b>   |
|    |           |           |         |         | <b>VALUE</b>   | <b>\$7,523,117</b> |
|    |           |           |         |         | <b>V/UNIT</b>  | <b>\$110,634</b>   |

## Valuation Components

1

|                          |
|--------------------------|
| ADD OFF-SITE BONUS UNITS |
| MPDUs increased by 15%   |

2

|                              |
|------------------------------|
| MARKET RATE RENTS DETERMINED |
| Consensus comparables chosen |

3

|                                       |
|---------------------------------------|
| RENT DIFFERENTIAL CALCULATED          |
| Total annual revenue lost determined. |

4

|                                       |
|---------------------------------------|
| VALUE ESTABLISHED                     |
| HOC current senior debt terms applied |

Total payment to HOC: \$9,524,075  
 Total MPDUs to be placed: 84  
 Per-unit subsidy: \$113,382

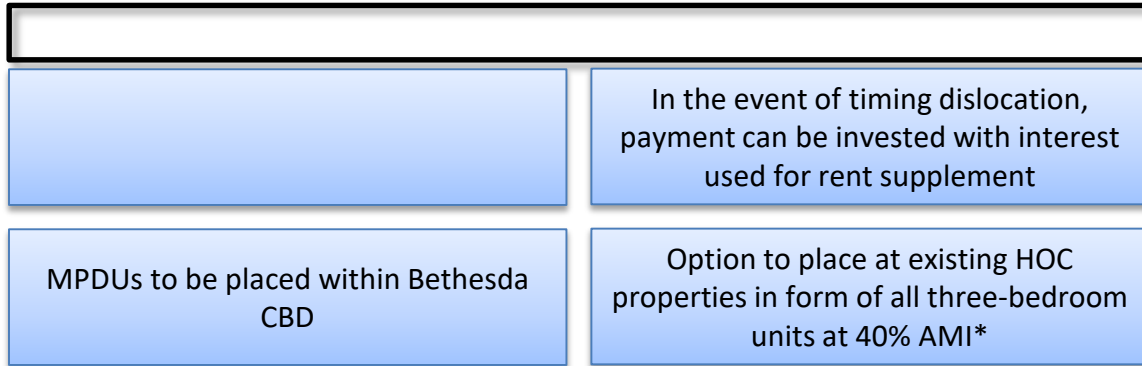
Historically, the calculation of alternative placement payments has been fraught and generally viewed as insufficient to offset the actual cost of placement\*. HOC has nearly always been the recipient of alternative placements, both because of HOC's practical role as the County's best partner in the delivery of affordable housing and because HOC is the County's largest owner of affordable housing. DHCA and HOC agree that this new valuation approach provides a more equitable payment.

11/3/2023

\*Previous valuations were in the vicinity of \$70K per unit, which made placement in new construction impossible.

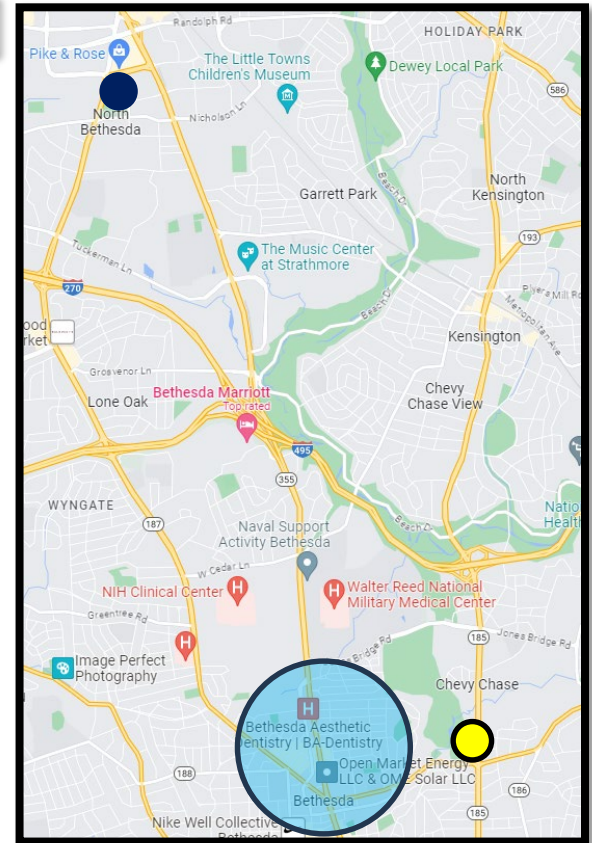


# Placement Agreement



The better valuations agreed to by DHCA, the subject developers, and HOC provide a level of subsidy sufficient to make placement in new construction viable. HOC staff and DHCA have worked creatively to add flexibility in the deployment of the alternative placement payment. In addition to feasible placement within new construction, under the terms of the proposed placement language, HOC will be able to meet one of the County Executive’s priority goals of creating affordable family-sized units in the highly desirable Bethesda CBD.

Another previous issue with placement in new construction has been the dislocation in timing between the near-term construction starts of the transactions placing the MPDUs off site and that of a new community receiving the MPDUs sent off site. This agreement allows for the funds from the alternative placement payments to be invested in short-term interest-bearing accounts that will generate sufficient interest income as could be used for rent supplement support for qualifying County households. At the valuations provided above, the Pinnacle could support six households annually at \$1,200 per month in supplement, and Corso Chevy Chase could support 21 households annually at \$1,200 per month in supplement. The \$1,200 is merely indicative, and the ultimate level of rent supplement is flexible.



-  The Pinnacle
-  Corso Chevy Chase
-  Bethesda CBD

11/3/2023

\*On the valuations provided above, the Pinnacle would yield five 3BRs at 40% AMI, and Corso Chevy Chase would yield 18 3BRs at 40% AMI.



# Summary and Recommendations

## ISSUES FOR CONSIDERATION

Does the Development & Finance Committee join staff's recommendation to the Commission to approve the acceptance of payment for alternative placement of required MPDUs for the Pinnacle and Corso Chevy Chase developments and provision of corresponding MPDUs at HOC Properties?

## BUDGET IMPACT

Should HOC choose to place these MPDUs at existing HOC properties, this action would decrease revenue to these properties. The purpose of the payments is to offset this cost, for instance by reducing existing property debt. Staff will return to the Commission with a recommendation for the receiving properties and will present a plan to offset any reduction in revenue then. There is no operating budget impact prior to Commission acceptance and implementation of that plan.

For discussion at the October 27, 2023, meeting of the Development & Finance Committee and formal action in an open session of the Commission on November 15, 2023.

## STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

## **APPROVAL TO RETAIN MANAGEMENT AGENTS AT MULTIPLE PROPERTIES**

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### Procurement of Property Management Services



CHELSEA J. ANDREWS, PRESIDENT & EXECUTIVE DIRECTOR

Zachary Marks, Chief Real Estate Officer  
Ali Ozair, Director of Property Management  
Alex Torton, Regional Manager

11/3/2023  
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# Executive Summary

During August 2023, HOC issued 22 Requests for Proposals soliciting responses from firms to provide property management services for 26 HOC owned properties. A total of 71 responses were received from seven (7) property management companies.

After review of the 71 proposals, staff recommends that the Commission authorize the Executive Director to negotiate and execute contracts to retain the current management companies for 21 properties, as listed in slide #4.



# Executive Summary

| Property Name                              | CY/FY | Current Management Co | Awardee          |
|--|-------|-----------------------|------------------|
| Alexander House (Dev Corp & LP)            | CY    | Edgewood              | Edgewood         |
| Diamond Square                             | FY    | Residential One       | Residential One  |
| Lindley, The (CCL Multifamily LLC)         | CY    | Bozzuto               | Bozzuto          |
| Metropointe/Wheaton Metro (Dev Corp & LP)  | CY    | Bozzuto               | Bozzuto          |
| Metropolitan, The (Dev Corp & LP)          | FY    | Bozzuto               | Bozzuto          |
| Strathmore Court (LP)                      | FY    | Bozzuto               | Bozzuto          |
| Westwood Tower                             | FY    | Capreit               | Capreit          |
| Cider Mill                                 | FY    | Grady Management      | Grady Management |
| Georgian Court (HOC at Georgian Court LLC) | CY    | Edgewood              | Edgewood         |
| Magruders Discovery                        | FY    | Edgewood              | Edgewood         |
| Montgomery Arms Develop Corp               | FY    | Edgewood              | Edgewood         |
| Greenhills Apartments LP                   | CY    | Capreit               | Capreit          |
| Stewartown (HOC at Stewartown Homes LLC)   | CY    | Edgewood              | Edgewood         |
| Arcola Towers                              | CY    | Edgewood              | Edgewood         |
| Bauer Park Apts LP                         | CY    | Edgewood              | Edgewood         |
| Forest Oak Towers                          | CY    | Habitat America       | Habitat America  |
| Waverly House/Avondale                     | CY/FY | Edgewood              | Edgewood         |
| Willow Manor Properties (3)                | CY    | Habitat America       | Habitat America  |

CY=Calendar Year; FY= Fiscal Year

# Property Management Agreement

Currently, HOC deploys three forms of management agreements, Contract Assisted and Contract Managed. The properties where HOC has Contract Assisted agreements, HOC provides the maintenance for those properties.

1. Full Third-party Management and Maintenance, including full Financial and Accounting Services
2. Full third party property Management with full HOC Maintenance
3. Contract Assisted Third-party property Management with full HOC Maintenance
  - Excluded the full Financial and Accounting Services at the properties and by contract, if these services were to be preformed by the management companies, the service would be added to the contract and the compensation increased accordingly.

The Requests for Proposals required that all proposals assume the agreement would be subject to full Third-Party Management and Maintenance as described in #1 above. This change will impact the five properties listed below and result in an increased management fee to compensate for the increased responsibilities.

1. Arcola Towers, Silver Spring
2. Avondale Apartment, Bethesda
3. Bauer Park, Rockville
4. Magruder's Discovery, Bethesda
5. Waverly House, Bethesda

# Selection of Property Management Company – Scoring Criteria

HOC issued 22 Requests for Proposals (“RFPs”) for Property Management Services for 26 properties in accordance with HOC’s Procurement Policy.

HOC received responses from seven (7) management companies. The scoring teams (consisting of staff from Property Management, Asset Management, Risk Management, Mortgage Finance, Real Estate, Compliance and Executive Staff) completed their reviews of the responses in October 2023, based on the following evaluation criteria:

| Criteria # | Criteria Description   | Maximum Points  |
|------------|--|---|
| 0          | <b>Minimum Qualifications</b> <ul style="list-style-type: none"> <li>Respondent submitted all information requested in the RFP.</li> <li>Respondent met the minimum experience threshold.</li> <li>Respondent demonstrated financial viability.</li> </ul>   | Y/N<br><input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/> |
| 1          | <b>Qualifications and Capabilities</b> <ul style="list-style-type: none"> <li>Respondent demonstrated sufficient experience in managing properties similar to the Property.</li> <li>Respondent demonstrated how their general experience would be applicable at the Property.</li> <li>Respondent demonstrated experience working with non-profits, PHAs, and/or government agencies.</li> <li>Respondent demonstrated sufficient experience of its executive staff, and proposed on-site and off-site staff.</li> <li>Respondent demonstrated sufficient experience and methodologies for handling customer satisfaction.</li> <li>Respondent outlined their programs regarding diversity, equity and inclusion.</li> <li>Respondent demonstrated sufficient experience handling crises and other major events.</li> </ul> | Up to 25  |

# Selection of Property Management Company – Scoring Criteria (cont'd)

| Criteria # | Criteria Description   | Maximum Points |
|------------|--|----------------|
| 2          | <p><b>Current and Past Performance</b><br/>Respondent must submit information on the following:</p> <ul style="list-style-type: none"> <li>• Rent charges vs. collection history</li> <li>• Occupancy</li> <li>• Turnover/vacancies</li> <li>• NOI and debt at other managed properties</li> <li>• Aged Accounts Receivable</li> </ul> | Up to 20       |
| 3          | <p><b>Proposed Property Plan</b><br/>Quality of and detail in the proposed Pre-Leasing and Marketing Plan, Management Plan, Maintenance Plan, Subcontracting Plan, and Staffing Plan for the Property.</p>   | Up to 15       |
| 4          | <p><b>Management Fee/Vendor Costs</b><br/>The detail and affordability of the proposed management fee(s).</p>  | Up to 25       |
| 5          | <p><b>MFD Participation</b></p> <ul style="list-style-type: none"> <li>○ Up to 5 points for direct MFD efforts</li> <li>○ Up to 10 points for subcontracts and wages</li> </ul>  | Up to 15       |

# Selection of Property Management Company – Firm Experience

Staff reviewed the submissions of each respondent and proposes to retain Residential One, Bozzuto, Grady Management, Edgewood Management and Habitat America for 21 properties as listed in slide #4.

## **Residential One**

The Company is an award-winning property management firm with close to 10,000 units under its management. The firm represents third parties, including individual owners, non-profit, and for profit organizations, family trusts, government, and quasi-government agencies in Maryland, DC, and Virginia. Residential One currently manages eight (8) properties for HOC.

## **Bozzuto Management Corporation (“Bozzuto”)**

The Company has a national presence of 310 properties with more than 96,000 apartments and 3.2 million square feet of retail space. Bozzuto is experienced in managing mixed-income communities with various affordable programs. The company has also been our development partner at new properties and completed multiple lease-ups and marketing for the new HOC properties. Bozzuto is currently managing five (5) HOC properties.

## **Grady Management (“Grady”)**

The Company currently manages 49 properties with more than 11,000 apartment homes. Grady is experienced in managing affordable housing developments, including Low Income Housing Tax Credit (“LIHTC”) and Section 8 communities. Grady currently manages one property for HOC (Cider Mill).

# Selection of Property Management Company – Firm Experience

## **Edgewood Management (“EMC”)**

The Company is a well-known property management company that has been providing property management services in the Metropolitan area since 1971. Edgewood has a long history with HOC and manages several properties in the portfolio, including senior, multifamily, and scattered sites. EMC currently manages 28 HOC properties.

## **Habitat America (“Habitat”)**

The Company was founded in 1988 and provides property management services in Maryland, Washington DC, Virginia, and Delaware. Habitat specializes in age-restricted, market-rate and affordable housing. Its current portfolio consists of 117 properties with 11,617 units under management. Habitat currently manage four (4) properties for HOC.

## **CAPREIT**

The Company is a nationwide property management company founded in 1993. Its executive office is in Washington DC. The current portfolio under management consists of 62 properties comprising of 11,402 units across 17 states. The company has a proven record of accomplishments at the sites it manages for HOC. CAPREIT currently manage two (2) HOC properties.

# Management Fee Analysis

For several quarters, the Commission has authorized extensions or renewal of property management contracts with incumbent management companies while it worked with staff to develop a standardized approach to procuring such services. The result has been beneficial to HOC in that there have been little or no increases to its management fee structure. However, the new proposal reflect current industry standard fee and inflationary adjustments. To establish the impact of the proposals, the table below compares the current budgeted fee versus 100% occupancy in the proposals. Overall, the net effect is an increase of \$282,807.

| Property Name                              | CY/FY | Awardee          | Current Budgeted Fee | Proposed Fee @ 100% Occupanc | Delta vs Budget |
|--|-------|------------------|----------------------|------------------------------|-----------------|
| Alexander House (Dev Corp & LP)            | CY    | Edgewood         | \$ 154,800           | \$ 183,000                   | \$ 28,200       |
| Diamond Square                             | FY    | Residential One  | \$ 57,640            | \$ 85,575                    | \$ 27,935       |
| Lindley, The (CCL Multifamily LLC)         | CY    | Bozzuto          | \$ 161,606           | \$ 147,000                   | \$ (14,606)     |
| Metropointe/Wheaton Metro (Dev Corp & LP)  | CY    | Bozzuto          | \$ 160,650           | \$ 156,000                   | \$ (4,650)      |
| Metropolitan, The (Dev Corp & LP)          | FY    | Bozzuto          | \$ 212,489           | \$ 213,000                   | \$ 511          |
| Strathmore Court (LP)                      | FY    | Bozzuto          | \$ 165,627           | \$ 165,000                   | \$ (627)        |
| Westwood Tower                             | FY    | Capreit          | \$ 139,548           | \$ 146,280                   | \$ 6,732        |
| Cider Mill                                 | FY    | Grady Management | \$ 396,324           | \$ 396,000                   | \$ (324)        |
| Georgian Court (HOC at Georgian Court LLC) | CY    | Edgewood         | \$ 70,560            | \$ 88,200                    | \$ 17,640       |
| Magraders Discovery                        | FY    | Edgewood         | \$ 44,016            | \$ 80,400                    | \$ 36,384       |
| Montgomery Arms Develop Corp               | FY    | Edgewood         | \$ 60,746            | \$ 77,400                    | \$ 16,654       |
| Greenhills Apartments LP                   | CY    | Capreit          | \$ 46,439            | \$ 46,533                    | \$ 94           |
| Stewartown (HOC at Stewartown Homes LLC)   | CY    | Edgewood         | \$ 49,632            | \$ 56,400                    | \$ 6,768        |
| Arcola Towers                              | CY    | Edgewood         | \$ 46,032            | \$ 84,600                    | \$ 38,568       |
| Bauer Park Apts LP                         | CY    | Edgewood         | \$ 47,712            | \$ 85,200                    | \$ 37,488       |
| Forest Oak Towers                          | CY    | Habitat America  | \$ 75,600            | \$ 94,500                    | \$ 18,900       |
| Waverly House/Avondale                     | CY/FY | Edgewood         | \$ 60,156            | \$ 117,000                   | \$ 56,844       |
| Willow Manor Properties (3)                | CY    | Habitat America  | \$ 168,168           | \$ 178,464                   | \$ 10,296       |
|  |       |                  | \$ 2,117,745         | \$ 2,400,552                 | \$ 282,807      |

# Summary and Recommendations

## Issues for Consideration

Does the Budget, Finance, and Audit Committee wish to join staff's recommendation to the full Commission to award the property management services contracts to the management companies proposed herein?

## Budget Impact

For **fiscal year properties**, the proposed fee will be factored into the FY 2025 budget based on the projected occupancy. The impact of the change in fees to FY 2024 will be pro-rated based on the implementation date and actual occupancy.

For **calendar year properties**, the impact of the change in fees to CY 2024 will be pro-rated based on the implementation date and actual occupancy. Once implementation has occurred, staff will determine if the resulting change is significant enough to warrant a budget amendment.

## Time Frame

For deliberation at the Budget, Finance, and Audit Committee meeting on November 3, 2023, and formal action at the November 15, 2023 meeting of the Commission.

## Staff Recommendation and Commission Action Needed

Staff recommends that the Budget, Finance, and Audit Committee join its recommendation recommend to the full Commission to award the property management services contracts to the management companies proposed herein.



**APPROVAL TO SELECT RESIDENTIAL ONE AS PROPERTY MANAGER FOR  
BATTERY LANE**

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Procurement of Property Management Services



CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

Zachary Marks, Chief Real Estate Officer  
Ali Ozair, Director of Property Management  
Alex Torton, Regional Manager

11/3/2023

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# Executive Summary

On 8/23/2023, HOC issued a Request for Proposal (RFP # 2410) soliciting responses from firms to provide property management services for Battery Lane. Two proposals in total were received from Residential One and Edgewood Management.

After review of the two proposals, staff recommends that the Commission authorize the Executive Director to negotiate and execute a contract with Residential One.

Residential One is an award-winning property management firm with close to 10,000 units under management. They represent third parties including individual owners, non-profit and for profit organizations, family trusts, government, and quasi-government agencies in Maryland, DC, and Virginia. Residential One currently manages eight (8) properties for HOC.

# Executive Summary

## Property Description

Battery Lane is located within the Bethesda Central Business District, with access to transportation and amenities. Consists of recently renovated units as well as traditional units.

## Property Amenities

- Controlled Access
- Laundry rooms in building
- Walking distance to NIH metro
- Online Resident Services

## Apartment Amenities

- Spacious floor plans
- Renovated units
- Walk-in closets

# Selection of Property Management Company – Scoring Criteria

HOC issued a Request for Proposals (RFP # 2410) for Property Management Services for Battery Lane in accordance with HOC's Procurement Policy.

HOC received responses from two management companies. The scoring team (consisting of staff from Mortgage Finance, Asset Management and Executive Staff) completed its review of the responses on 10/13/2023 based on the following evaluation criteria:

| Criteria # | Criteria Description   | Maximum Points   |
|------------|--|--|
| 0          | <p>Minimum Qualifications</p> <ul style="list-style-type: none"> <li>Respondent submitted all information requested in the RFP.</li> <li>Respondent met the minimum experience threshold.</li> <li>Respondent demonstrated financial viability.</li> </ul>   | <p>Y/N</p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> |
| 1          | <p>Qualifications and Capabilities</p> <ul style="list-style-type: none"> <li>Respondent demonstrated sufficient experience in managing properties similar to the Property.</li> <li>Respondent demonstrated how their general experience would be applicable at the Property.</li> <li>Respondent demonstrated experience working with non-profits, PHAs, and/or government agencies.</li> <li>Respondent demonstrated sufficient experience of its executive staff, and proposed on-site and off-site staff.</li> <li>Respondent demonstrated sufficient experience and methodologies for handling customer satisfaction.</li> <li>Respondent outlined their programs regarding diversity, equity and inclusion.</li> <li>Respondent demonstrated sufficient experience handling crises and other major events.</li> </ul> | Up to 25   |

# Selection of Property Management Company – Scoring Criteria (cont'd)

Scoring Criteria continued:

| Criteria # | Criteria Description   | Maximum Points |
|------------|--|----------------|
| 2          | <p>Current and Past Performance</p> <p>Respondent must submit information on the following:</p> <ul style="list-style-type: none"> <li>• Rent charges vs. collection history</li> <li>• Occupancy</li> <li>• Turnover/vacancies</li> <li>• NOI and debt at other managed properties</li> <li>• Aged Accounts Receivable</li> </ul> | Up to 20       |
| 3          | <p>Proposed Property Plan</p> <p>Quality of and detail in the proposed Pre-Leasing and Marketing Plan, Management Plan, Maintenance Plan, Subcontracting Plan, and Staffing Plan for the Property.</p>   | Up to 15       |
| 4          | <p>Management Fee/Vendor Costs</p> <p>The detail and affordability of the proposed management fee(s).</p>  | Up to 25       |
| 5          | <p>MFD Participation</p> <ul style="list-style-type: none"> <li>○ Up to 5 points for direct MFD efforts</li> <li>○ Up to 10 points for subcontracts and wages</li> </ul>   | Up to 15       |

# Selection of Property Management Company – Scoring Summary

Staff reviewed the submissions of the two RFP respondents. Residential One received the highest total points.

| <b>Respondent</b> | <b><i>Avg Score</i></b> | <b><i>Ranking Average Score</i></b> |
|-------------------|-------------------------|-------------------------------------|
| Residential One   | 82.67                   | 1                                   |
| Edgewood          | 81.67                   | 2                                   |

# Selection of Property Management Company – Firm Experience

## Residential One

Staff is proposing a 2-year management contract with Residential One for Battery Lane with two one-year renewals in accordance with HOC’s Procurement Policy.

Residential One is an award-winning property management firm with close to 10,000 units under management. The firm represents third parties including individual owners, non-profit and for profit organizations, family trusts, government, and quasi-government agencies in Maryland, DC, and Virginia. Residential One currently manages eight (8) properties for HOC.

| Current HOC Managed Properties |           |
|--------------------------------|-----------|
| Property Name                  | Occupancy |
| Diamond Square                 | 98.39%    |
| Barclay                        | 93.51%    |
| Fairfax Court                  | 100%      |
| Tanglewood                     | 91.67%    |
| Dale Drive                     | 100%      |
| Manchester Manor               | 86.79%    |
| Paddington Square              | 96.36%    |
| Southbridge                    | 97.44%    |



# Summary and Recommendations

## Issues for Consideration

Does the Budget, Finance, and Audit Committee wish to join staff's recommendations to the full Commission to award the property management services contract to Residential One at Battery Lane?

## Budget Impact

Residential One proposed a fee that equates to \$57.51 per unit per month. The maximum value of the contract at 100% occupancy of the 212 units would be approximately \$146,305 for one year. By comparison to the current fee structure, this decreases the annual fee by (\$16,158) or 1% based on 100% occupancy. The proposed fee will be factored into the FY 2025 budget based on the projected occupancy. The impact of the lower fee to FY 2024 will be pro-rated based on the implementation date and increase the unrestricted cash flow by the same amount.

## Time Frame

Deliberation at the Budget, Finance, and Audit Committee meeting on 11/3/2023 for Commission action at the November 15, 2023 meeting.

## Staff Recommendation and Commission Action Needed

Staff recommends that the Budget, Finance, and Audit Committee recommend to the full Commission authorization for the Executive Director to execute a management contract with Residential One for property management services at Battery Lane.

**APPROVAL TO SELECT RESIDENTIAL ONE AS PROPERTY MANAGER FOR  
BRADLEY CROSSING**

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Procurement of Property Management Services



CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

Zachary Marks, Chief Real Estate Officer  
Ali Ozair, Director of Property Management  
Alex Torton, Regional Manager

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# Executive Summary

On 8/23/2023, HOC issued a Request for Proposal (RFP # 2411) soliciting responses from firms to provide property management services for Bradley Crossing. Three proposals in total were received from Residential One, Aldon and Edgewood Management.

After review of the three proposals, staff recommends that the Commission authorize the Executive Director to negotiate and execute a contract with Residential One.

Residential One is an award-winning property management firm with close to 10,000 units under management. They represent third parties including individual owners, non-profit and for profit organizations, family trusts, government, and quasi-government agencies in Maryland, DC, and Virginia. Residential One currently manages eight (8) properties for HOC.

# Executive Summary

## Property Description

Bradley Crossing consists of four-story buildings with 403 total units originally built in 1947. Located within the Bethesda Central Business District, with access to transportation and amenities. Consists of recently renovated units as well as traditional units.

### Property Amenities

- Free Parking
- Pets allowed
- Walking distance from shops and restaurants
- Walking distance from Bethesda Metro
- Controlled access
- On-site laundry rooms

### Apartment Amenities

- Some renovated units
- Spacious floor plans

# Selection of Property Management Company – Scoring Criteria

HOC issued a Request for Proposals (RFP # 2411) for Property Management Services for Bradley Crossing in accordance with HOC's Procurement Policy.

HOC received responses from three management companies. The scoring team (consisting of staff from Mortgage Finance, Asset Management and Executive Staff) completed its review of the responses on 10/13/2023 based on the following evaluation criteria:

| Criteria # | Criteria Description   | Maximum Points   |
|------------|--|--|
| 0          | <p>Minimum Qualifications</p> <ul style="list-style-type: none"> <li>Respondent submitted all information requested in the RFP.</li> <li>Respondent met the minimum experience threshold.</li> <li>Respondent demonstrated financial viability.</li> </ul>   | <p>Y/N</p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> |
| 1          | <p>Qualifications and Capabilities</p> <ul style="list-style-type: none"> <li>Respondent demonstrated sufficient experience in managing properties similar to the Property.</li> <li>Respondent demonstrated how their general experience would be applicable at the Property.</li> <li>Respondent demonstrated experience working with non-profits, PHAs, and/or government agencies.</li> <li>Respondent demonstrated sufficient experience of its executive staff, and proposed on-site and off-site staff.</li> <li>Respondent demonstrated sufficient experience and methodologies for handling customer satisfaction.</li> <li>Respondent outlined their programs regarding diversity, equity and inclusion.</li> <li>Respondent demonstrated sufficient experience handling crises and other major events.</li> </ul> | Up to 25   |

# Selection of Property Management Company – Scoring Criteria (cont'd)

Scoring Criteria continued:

| Criteria # | Criteria Description   | Maximum Points |
|------------|--|----------------|
| 2          | <p>Current and Past Performance</p> <p>Respondent must submit information on the following:</p> <ul style="list-style-type: none"> <li>• Rent charges vs. collection history</li> <li>• Occupancy</li> <li>• Turnover/vacancies</li> <li>• NOI and debt at other managed properties</li> <li>• Aged Accounts Receivable</li> </ul> | Up to 20       |
| 3          | <p>Proposed Property Plan</p> <p>Quality of and detail in the proposed Pre-Leasing and Marketing Plan, Management Plan, Maintenance Plan, Subcontracting Plan, and Staffing Plan for the Property.</p>   | Up to 15       |
| 4          | <p>Management Fee/Vendor Costs</p> <p>The detail and affordability of the proposed management fee(s).</p>  | Up to 25       |
| 5          | <p>MFD Participation</p> <ul style="list-style-type: none"> <li>○ Up to 5 points for direct MFD efforts</li> <li>○ Up to 10 points for subcontracts and wages</li> </ul>   | Up to 15       |

# Selection of Property Management Company – Scoring Summary

Staff reviewed the submissions of the three RFP respondents. Residential One received the highest total points.

| <b>Respondent</b> | <b><i>Avg Score</i></b> | <b><i>Ranking Average Score</i></b> |
|-------------------|-------------------------|-------------------------------------|
| Residential One   | 80.67                   | 1                                   |
| Edgewood          | 80.33                   | 2                                   |
| Aldon             | 64.00                   | 3                                   |



# Selection of Property Management Company – Firm Experience

## Residential One

Staff is proposing a 2-year management contract with Residential One for Bradley Crossing with two one-year renewals in accordance with HOC’s Procurement Policy.

The Company is an award-winning property management firm with close to 10,000 units under its management. The firm represents third parties, including individual owners, non-profit, and for profit organizations, family trusts, government, and quasi-government agencies in Maryland, DC, and Virginia. Residential One currently manages eight (8) properties for HOC.

| Current HOC Managed Properties |           |
|--------------------------------|-----------|
| Property Name                  | Occupancy |
| Diamond Square                 | 98.39%    |
| Barclay                        | 93.51%    |
| Fairfax Court                  | 100%      |
| Tanglewood                     | 91.67%    |
| Dale Drive                     | 100%      |
| Manchester Manor               | 86.79%    |
| Paddington Square              | 96.36%    |
| Southbridge                    | 97.44%    |

# Summary and Recommendations

## Issues for Consideration

Does the Budget, Finance, and Audit Committee wish to join staff's recommendation to the full Commission to award the property management services contract to Residential One at Bradley Crossing?

## Budget Impact

Residential One proposed a fee that equates to \$57.51 per unit per month. The maximum value of the contract at 100% occupancy of the 402 units would be approximately \$277,428 for one year. By comparison to the current fee structure, this increases the annual fee by \$6,112 or 2% based on 100% occupancy. The proposed fee will be factored into the FY 2025 budget based on the projected occupancy. The impact of the higher fee to FY 2024 will be pro-rated based on the implementation date and reduce the unrestricted cash flow by the same amount.

## Time Frame

Deliberation at the Budget, Finance, and Audit Committee meeting on 11/3/2023 for Commission action at the November 15, 2023 meeting.

## Staff Recommendation and Commission Action Needed

Staff recommends that the Budget, Finance, and Audit Committee recommend to the full Commission authorization for the Executive Director to execute a management contract with Residential One for property management services at Bradley Crossing.

**APPROVAL TO SELECT RESIDENTIAL ONE AS PROPERTY MANAGER FOR  
GLENMONT WESTERLY AND GLENMONT CROSSING**

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Procurement of Property Management Services



CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

Zachary Marks, Chief Real Estate Officer  
Ali Ozair, Director of Property Management  
Alex Torton, Regional Manager

11/3/2023

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# Executive Summary

On 8/29/2023, HOC issued a Request for Proposal (#2415) soliciting responses from firms to provide property management services for Glenmont Westerly and Glenmont Crossing. Four proposals in total were received from Residential One, Edgewood Management, CAPREIT, and Grady Management.

After review of the four proposals, staff recommends that the Commission authorize the Executive Director to negotiate and execute a contract with Residential One.

Residential One offers valued experience in management services for market rate and affordable multi-family apartment communities. Residential One is committed to provide the highest standard of service in every aspect of property operations including lease-up and stabilization, accounting, marketing, and compliance. The management firm has more than 30 years of Mid-Atlantic experience in property management services.

# Executive Summary

## Property Description

Glenmont Crossing  
Westerly Apartments and Woodberry Townhomes  
2309 Shorefield Road, Wheaton, MD 20902

Glenmont Crossing is a 199-unit community, built in 1967 and renovated in 2007, consisting of both garden-style (Westerly Apartments) and townhome units (Woodberry Townhomes) and located in Wheaton, Montgomery County, Maryland. Both properties are operated from a shared business office. Direct costs are expensed directly to each property and shared costs are allocated at 51% for Westerly Apartments and 49% for Woodberry Townhomes.

Glenmont Crossing is made up of two distinct sections:

### Westerly Apartments

Consisting of 102 units in eight 3-story and one 4-story brick, garden buildings spread over 4.65 acres. Westerly floor plans average 814 SF and consist of a mix of 19 one-bedroom one-bath units, 28 two-bedroom one-bath units and 55 two-bedroom 1-and one-half-bath units. The leasing office and model apartment is operated out of this garden-style section. There are 152 parking spaces.

### Woodberry Townhomes

Consisting of 97 units in ten 2-and 3-story townhome-style buildings spread over 6.69 acres. Woodberry floor plans average 1,158 SF and consist of a mix of 21 two-bedroom one-bath terrace level units located below 76 three-bedroom two-and one-half-bath townhome units. The townhomes offer three floor plan sizes, which include a 2-story 1,186 SF unit as well as a 1,285 SF and 1,336 SF unit containing a partial basement providing a 3-story living space.

# Selection of Property Management Company – Scoring Criteria

HOC issued a Request for Proposals (#2415) for Property Management Services for Glenmont Westerly and Glenmont Crossing in accordance with HOC's Procurement Policy.

HOC received responses from four management companies. The scoring team (consisting of staff from Property Management, Asset Management, and Executive Staff) completed its review of the responses on October 20<sup>th</sup>, 2023 based on the following evaluation criteria:

| Criteria # | Criteria Description   | Maximum Points   |
|------------|--|--|
| 0          | <p>Minimum Qualifications</p> <ul style="list-style-type: none"> <li>Respondent submitted all information requested in the RFP.</li> <li>Respondent met the minimum experience threshold.</li> <li>Respondent demonstrated financial viability.</li> </ul>   | <p>Y/N</p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> |
| 1          | <p>Qualifications and Capabilities</p> <ul style="list-style-type: none"> <li>Respondent demonstrated sufficient experience in managing properties similar to the Property.</li> <li>Respondent demonstrated how their general experience would be applicable at the Property.</li> <li>Respondent demonstrated experience working with non-profits, PHAs, and/or government agencies.</li> <li>Respondent demonstrated sufficient experience of its executive staff, and proposed on-site and off-site staff.</li> <li>Respondent demonstrated sufficient experience and methodologies for handling customer satisfaction.</li> <li>Respondent outlined their programs regarding diversity, equity and inclusion.</li> <li>Respondent demonstrated sufficient experience handling crises and other major events.</li> </ul> | Up to 25   |

# Selection of Property Management Company – Scoring Criteria (cont'd)

Scoring Criteria continued:

| Criteria # | Criteria Description   | Maximum Points |
|------------|--|----------------|
| 2          | <p>Current and Past Performance</p> <p>Respondent must submit information on the following:</p> <ul style="list-style-type: none"> <li>• Rent charges vs. collection history</li> <li>• Occupancy</li> <li>• Turnover/vacancies</li> <li>• NOI and debt at other managed properties</li> <li>• Aged Accounts Receivable</li> </ul> | Up to 20       |
| 3          | <p>Proposed Property Plan</p> <p>Quality of and detail in the proposed Pre-Leasing and Marketing Plan, Management Plan, Maintenance Plan, Subcontracting Plan, and Staffing Plan for the Property.</p>   | Up to 15       |
| 4          | <p>Management Fee/Vendor Costs</p> <p>The detail and affordability of the proposed management fee(s).</p>  | Up to 25       |
| 5          | <p>MFD Participation</p> <ul style="list-style-type: none"> <li>○ Up to 5 points for direct MFD efforts</li> <li>○ Up to 10 points for subcontracts and wages</li> </ul>   | Up to 15       |



# Selection of Property Management Company – Scoring Summary

Staff reviewed the submissions of the four RFP respondents. Residential One received the highest total points.

| <b>Respondent</b> | <b><i>Avg Score</i></b> | <b><i>Ranking Average Score</i></b> |
|-------------------|-------------------------|-------------------------------------|
| Residential One   | 74.67                   | 1                                   |
| Edgewood          | 74.33                   | 2                                   |
| CAPREIT           | 68.67                   | 3                                   |
| Grady Management  | 60.67                   | 4                                   |

# Selection of Property Management Company – Firm Experience

## Residential One

Staff is proposing a 2-year management contract with Residential One for Glenmont Westerly and Glenmont Crossing with two one-year renewals in accordance with HOC’s Procurement Policy.

The Company is an award-winning property management firm with close to 10,000 units under its management. The firm represents third parties, including individual owners, non-profit, and for profit organizations, family trusts, government, and quasi-government agencies in Maryland, DC, and Virginia. Residential One currently manages eight (8) properties for HOC.

| Current HOC Managed Properties |           |
|--------------------------------|-----------|
| Property Name                  | Occupancy |
| Diamond Square                 | 98.39%    |
| Barclay                        | 93.51%    |
| Fairfax Court                  | 100%      |
| Tanglewood                     | 91.67%    |
| Dale Drive                     | 100%      |
| Manchester Manor               | 86.79%    |
| Paddington Square              | 96.36%    |
| Southbridge                    | 97.44%    |

# Summary and Recommendations

## Issues for Consideration

Does the Budget, Finance, and Audit Committee wish to join staff's recommendation to the full Commission authorization to award the property management services contract to Residential One at Glenmont Westerly and Glenmont Crossing?

## Budget Impact

### Glenmont Crossing

Residential One proposed a fee that equates to \$57.51 per unit per month. The maximum value of the contract at 100% occupancy of the 97 units would be approximately \$66,942 for one year. By comparison to the current fee structure, this increases the annual fee by \$18,054 or 37% based on 100% occupancy. The proposed fee will be factored into the FY 2025 budget based on the projected occupancy. The impact of the higher fee to FY 2024 will be pro-rated based on the implementation date and reduce the unrestricted cash flow by the same amount.

### Glenmont Waverly

Residential One proposed a fee that equates to \$57.51 per unit per month. The maximum value of the contract at 100% occupancy of the 102 units would be approximately \$70,392 for one year. By comparison to the current fee structure, this increases the annual fee by \$18,984 or 37% based on 100% occupancy. The proposed fee will be factored into the FY 2025 budget based on the projected occupancy. The impact of the higher fee to FY 2024 will be pro-rated based on the implementation date and reduce the unrestricted cash flow by the same amount.

# Summary and Recommendations

## Time Frame

Deliberation at the Budget, Finance, and Audit Committee meeting on 11/3/2023 for Commission action at the November 15, 2023 meeting.

## Staff Recommendation and Commission Action Needed

Staff recommends that the Budget, Finance, and Audit Committee recommend to the full Commission authorization for the Executive Director to execute a management contract with Residential One for property management services at Glenmont Crossing and Glenmont Westerly.

**APPROVAL TO SELECT RESIDENTIAL ONE AS PROPERTY MANAGER FOR  
BROOKSIDE GLEN**

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Procurement of Property Management Services



CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

Zachary Marks, Chief Real Estate Officer  
Ali Ozair, Director of Property Management  
Alex Torton, Regional Manager

11/3/2023

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# Executive Summary

On 8/28/2023, HOC issued a Request for Proposal (#2419) soliciting responses from firms to provide property management services for Brookside Glen. Four proposals in total were received from Residential One, Edgewood Management, CAPREIT, and Grady Management.

After review of the four proposals, staff recommends that the Commission authorize the Executive Director to negotiate and execute a contract with Residential One.

Residential One offers valued experience in management services for market rate and affordable multi-family apartment communities. Residential One is committed to provide the highest standard of service in every aspect of property operations including lease-up and stabilization, accounting, marketing, and compliance. The management firm has more than 30 years of Mid-Atlantic experience in property management services.

# Executive Summary

## Property Description

Brookside Glen  
2399 Jones Lane, Wheaton, MD 20902

The Glen is a 90-unit garden style apartment community built in 1995. The property consists of 84 town home style units and six 2-bedroom flats. Located on six acres, the apartments offer eat-in kitchen with pantry, refrigerator with icemaker, patio or deck and individual washers and dryers. Unit interiors were fully renovated in 2013 — 2014. Located in the revitalized area of Wheaton, The Glen is within walking distance of two major highways and fully accessible to public transportation.

Brookside Glen consists of:  
45 Market Rate Units  
0 Affordable (LIHTC) Units  
20 Affordable (PRHP)Units  
25 Affordable (HOME) Units



# Selection of Property Management Company – Scoring Criteria

HOC issued a Request for Proposals (#2419) for Property Management Services for Brookside Glen in accordance with HOC’s Procurement Policy.

HOC received responses from four management companies. The scoring team (consisting of staff from Property Management, Asset Management, and Executive Staff) completed its review of the responses on October 20<sup>th</sup>, 2023 based on the following evaluation criteria:

| Criteria # | Criteria Description   | Maximum Points   |
|------------|--|--|
| 0          | <p>Minimum Qualifications</p> <ul style="list-style-type: none"> <li>Respondent submitted all information requested in the RFP.</li> <li>Respondent met the minimum experience threshold.</li> <li>Respondent demonstrated financial viability.</li> </ul>   | <p>Y/N</p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> |
| 1          | <p>Qualifications and Capabilities</p> <ul style="list-style-type: none"> <li>Respondent demonstrated sufficient experience in managing properties similar to the Property.</li> <li>Respondent demonstrated how their general experience would be applicable at the Property.</li> <li>Respondent demonstrated experience working with non-profits, PHAs, and/or government agencies.</li> <li>Respondent demonstrated sufficient experience of its executive staff, and proposed on-site and off-site staff.</li> <li>Respondent demonstrated sufficient experience and methodologies for handling customer satisfaction.</li> <li>Respondent outlined their programs regarding diversity, equity and inclusion.</li> <li>Respondent demonstrated sufficient experience handling crises and other major events.</li> </ul> | Up to 25   |

# Selection of Property Management Company – Scoring Criteria (cont'd)

Scoring Criteria continued:

| Criteria # | Criteria Description   | Maximum Points |
|------------|--|----------------|
| 2          | <p>Current and Past Performance</p> <p>Respondent must submit information on the following:</p> <ul style="list-style-type: none"> <li>• Rent charges vs. collection history</li> <li>• Occupancy</li> <li>• Turnover/vacancies</li> <li>• NOI and debt at other managed properties</li> <li>• Aged Accounts Receivable</li> </ul> | Up to 20       |
| 3          | <p>Proposed Property Plan</p> <p>Quality of and detail in the proposed Pre-Leasing and Marketing Plan, Management Plan, Maintenance Plan, Subcontracting Plan, and Staffing Plan for the Property.</p>   | Up to 15       |
| 4          | <p>Management Fee/Vendor Costs</p> <p>The detail and affordability of the proposed management fee(s).</p>  | Up to 25       |
| 5          | <p>MFD Participation</p> <ul style="list-style-type: none"> <li>○ Up to 5 points for direct MFD efforts</li> <li>○ Up to 10 points for subcontracts and wages</li> </ul>   | Up to 15       |

# Selection of Property Management Company – Scoring Summary

Staff reviewed the submissions of the four RFP respondents. Residential One received the highest total points.

| <b>Respondent</b> | <b><i>Avg Score</i></b> | <b><i>Ranking Average Score</i></b> |
|-------------------|-------------------------|-------------------------------------|
| Residential One   | 74.33                   | 1                                   |
| Edgewood          | 73.33                   | 2                                   |
| CAPREIT           | 67.33                   | 3                                   |
| Grady Management  | 61.33                   | 4                                   |

# Selection of Property Management Company – Firm Experience

## Residential One

Staff is proposing a 2-year management contract with Residential One for Brookside Glen LP with two one-year renewals in accordance with HOC’s Procurement Policy.

The Company is an award-winning property management firm with close to 10,000 units under its management. The firm represents third parties, including individual owners, non-profit, and for profit organizations, family trusts, government, and quasi-government agencies in Maryland, DC, and Virginia. Residential One currently manages eight (8) properties for HOC.

### Current HOC Managed Properties

| Property Name     | Occupancy |
|-------------------|-----------|
| Diamond Square    | 98.39%    |
| Barclay           | 93.51%    |
| Fairfax Court     | 100%      |
| Tanglewood        | 91.67%    |
| Dale Drive        | 100%      |
| Manchester Manor  | 86.79%    |
| Paddington Square | 96.36%    |
| Southbridge       | 97.44%    |

# Summary and Recommendations

## Issues for Consideration

Does the Budget, Finance, and Audit Committee wish to join the staff's recommendation to the full Commission to award the property management services contract to Residential One at Brookside Glen?

## Budget Impact

Residential One proposed a fee that equates to \$57.51 per unit per month. The maximum value of the contract at 100% occupancy of the 90 units would be approximately \$62,111 for one year. By comparison to the current fee structure, this increases the annual fee by \$18,911 or 44%% based on 100% occupancy. The proposed fee will be factored into the FY 2025 budget based on the projected occupancy. The impact of the higher fee to FY 2024 will be pro-rated based on the implementation date and reduce the restricted cash flow by the same amount.

## Time Frame

Deliberation at the Budget, Finance, and Audit Committee meeting on 11/3/2023 for Commission action at the November 15, 2023 meeting.

## Staff Recommendation and Commission Action Needed

Staff recommends that the Budget, Finance, and Audit Committee recommend to the full Commission authorization for the Executive Director to execute a management contract with Residential One for property management services at Brookside Glen.

# *Closing Statement*

Written Statement for Closing a Meeting (“Closing Statement”)

Date: November 3, 2023

A. Pursuant to Section 3-305(b) and (d) of the General Provisions Article of the Annotated Code of Maryland, I move to adjourn this open session to a closed session only:

1.  “To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.”

B. For each provision checked above, the topic to be discussed and the reason for discussing that topic in closed session is provided below.

| Statutory Citation | Topic   | Reason for closed-session discussion   |
|--------------------|---|--|
| §3-305(b)(13)      | Confidential commercial and financial information related to accepting a temporary expansion to a line of credit from PNC Bank N.A. | Section 4-335 of the Maryland Public Information Act prevents disclosure of confidential commercial and financial information obtained from a third-party. The meeting must be closed to the public in order to protect confidential commercial and financial information provided to HOC from PNC Bank, N.A. (a private financial partner) in connection with PNC’s provision of a temporary expansion to a line of credit. The information to be discussed is customarily and actually treated as confidential by PNC Bank, N.A. and has been provided to HOC under assurances of privacy. |

A. This statement is made by Roy Priest, Chair.

B. Recorded vote to close the meeting:

- Date: November 3, 2023 Time: \_\_\_\_\_
- Location: HOC’s Kensington Office (10400 Detrick Avenue, Kensington, MD 20895) & Livestream (YouTube).
- Motion to close meeting made by: \_\_\_\_\_
- Motion seconded by: \_\_\_\_\_
- Commissioners in favor: \_\_\_\_\_
- Commissioners opposed: \_\_\_\_\_
- Commissioners abstaining: \_\_\_\_\_
- Commissioners absent: \_\_\_\_\_

Officer’s Signature: \_\_\_\_\_

*Adjourn*