Housing Opportunities Commission
OF MONTGOMERY COUNTY

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

EXPANDED AGENDA

June 5, 2019

			Res #
4:00 p.m.	**I. INFORMATION EXCHANGE** A. Resident Advisory Board B. Community Forum		
4:30 p.m. Page 6	**II. APPROVAL OF MINUTES** A. Approval of Minutes of May 8, 2019 B. Approval of Minutes of May 8, 2019 Administrative Session		
4:40 p.m.	**RECESS**		
4:40 p.m.	**A. Development Corporation Annual Meetings and Approval of FY 20 Budget**		
Page 30	1. Alexander House Development Corporation – Annual Meeting and Approval of FY 20 Budget		19-002AH(pg 36)
37	2. Barclay Apartments Development Corporation – Annual Meeting and Approval of FY 20 Budget		19-002BC(pg 43)
44	3. Glenmont Crossing Development – Annual Meeting and Approval of FY 20 Budget		19-002GC(pg50)
51	4. Glenmont Westerly Development – Annual Meeting and Approval of FY 20 Budget		19-002GW(pg 57)
58	5. Magruder's Discovery Development Corporation – Annual Meeting and Approval of FY 20 Budget		19-001MD(pg 64)
65	6. The Metropolitan Development Corporation – Annual Meeting and Approval of FY 20 Budget		19-001ME(pg 71)
72	7. Montgomery Arms Development Corporation – Annual Meeting and Approval of FY 20 Budget		19-002MA(pg80)
79	8. The Oaks at Four Corners Development Corporation – Annual Meeting and Approval of FY 20 Budget		19-001OC(pg 85)
86	9. Paddington Square Development Corporation – Annual Meeting and Approval of FY 20 Budget		19-002PS(pg 92)
93	10. Pooks Hill Development Corporation – Annual Meeting and Approval of FY 20 Budget		19-002PH(pg 99)
100	11. RAD 6 Development Corporation – Annual Meeting and Approval of FY 20 Budget		19-001RD6(pg 111)
112	12. Scattered Site One Development Corporation – Annual Meeting and Approval of fY 20 Budget		19-001SS1(pg 118)
119	13. Scattered Site Two Development Corporation – Annual Meeting and Approval of FY 20 Budget		19-001SS2(pg 125)
126	14. Sligo Hills Development Corporation – Annual Meeting and Approval of FY 20 Budget		19-001SH(pg 132)
133	15. TPM Development Corporation – Annual Meeting and Approval of FY 20 Budget		19-001TPM(pg 139)
140	16. VPC One Corporation – Annual Meeting and Approval of FY 20 Budget		19-001VPC1(pg 146)
147	17. VPC Two Corporation – Annual Meeting and Approval of FY 20 Budget		19-001VPC2(pg 153)
154	18. Wheaton Metro Development Corporation – Annual Meeting and Approval of FY 20 Budget		19-001WM(pg 160

5:00 p.m. Page 162 170	**B. <u>Limited Partnership Annual Meetings and Approval of FY 20 Budget</u>** 1. Brookside Glen Limited Partnership Annual Meeting and Approval of FY 20 Budget 2. Diamond Square Limited Partnership Annual Meeting and Approval of FY 20 Budget		 19-001BG(pg 168) 19-002DS(pg 176)
5:15 p.m.	**<u>RESUME HOC MONTHLY MEETING</u>**		
5:20 p.m. Page 178	**III. <u>INFORMATION EXCHANGE (CONTINUED)</u>** A. Report of the Executive Director B. Commissioner Exchange		
	IV. <u>ADMINISTRATIVE AND SPECIAL SESSION RATIFICATION</u>		
	A. None		
5:25 p.m.	**V. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u>**		
 Page 185 203 209 214 229 234 240	**A. Budget, Finance and Audit Committee – *Com. Nelson, Chair*** 1. Acceptance of Third Quarter FY'19 Budget to Actual Statements 2. Authorization to Write-off Bad Debt Related to Tenant Accounts Receivable (January 1, 2019 – March 31, 2019) 3. Acceptance of Calendar Year 2018 Tax Credit Partnerships and CCL Multifamily LLC Audits 4. Approval to Procure Property Management Services Pursuant to RFP #2151 for: MetroPointe Limited Partnership and Development Corporation; Oaks at Four Corners; The Glen (Brookside Glen, Limited Partnership); Timberlawn Crescent; The Manor at Fair Hill Farm; The Manor at Colesville; and The Manor at Clopper's Mill, LLC 5. Approval to Extend the PNC Bank, N.A., Line of Credit and the Real Estate Line of Credit (RELOC) to Finance Commission Approved Actions Related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Ambassador Apartments, and Avondale Apartments 6. Approval to Concur with the Real Property Trade or Business Election Request for Greenhills Apartments Limited Partnership, Waverly House RAD Limited Partnership, and Spring Garden One Associates Limited Partnership Pursuant to the Tax Cuts and Jobs Act of 2017 (TCJA) 7. Adoption of the FY 20 Agency Budget		 19-57(pg 195) 19-58(pg 208) 19-59(pg 213) 19-60(pg 227) 19-61(pg 233) 19-62(pg 238) 19-64a(pg 269) 19-64b(pg 270)
5:45 p.m. Page 273 285	**B. Development and Finance Committee – *Com. Simon, Chair*** 1. Approval to Consolidate the Ownership Structure of 900 Thayer into a Single Entity and to Execute a Limited Partnership Agreement with Wells Fargo Community Lending and Investment Approved to Serve as Low Income Housing Tax Credit Investor 2. Authorization to Draw on the PNC Bank, N.A. Line of Credit to Refund and Redeem Single Family Bonds		 19-65(pg 282) 19-67(pg 289)
	VI. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u>		
	1. None		

	VII. *<u>FUTURE ACTION ITEMS</u> None		
6:10 p.m.	**<u>ADJOURN</u>**		
Page 295 300 312	**<u>DEVELOPMENT CORPORATION MEETINGS</u>** • 900 Thayer Development Corporation – Approval to Transfer all of the Corporation's Assets and Liabilities • MetroPointe Development Corporation – Approval to Procure Property Management Services Pursuant to RFP #2151 • Oaks at Four Corners Development Corporation – Approval to Procure Property Management Services Pursuant to RFP #2151		19-001THY(pg 298) 19-001WM(pg311) 19-002OC(pg 323)
Page 325	**<u>LIMITED PARTNERSHIP MEETINGS</u>** • Brookside Glen Limited Partnership – Approval to Procure Property Management Services Pursuant to RFP #2151		19-001BG(PG 336)
	<u>ADJOURN</u>		
	<u>ADMINISTRATIVE SESSION</u> *A closed Administrative Session will be called to order pursuant to Section 3-305(b)(9) of the General Provisions Article of the Annotated Code of Maryland*		

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

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

Information Exchange

Minutes

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

Minutes
May 8, 2019

19-05

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, May 8, 2019 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:05 p.m. Those in attendance were:

Present

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

Also Attending

Stacy L. Spann, Executive Director
Bonnie Hodge
Christina Autin
Cornelia Kent
Darcel Cox
Derrick Thompson
Eamon Lorincz
Ellen Goff
Ethan Cohen
Fred Swan
Gio Kaviladze
Ian Williams
Ian-Terrell Hawkins

Aisha Memon,-Acting General Council
Jennifer Arrington
Kathryn Hollister
Kayrine Brown
Lynn Hayes
Marcus Ervin
Patrick Mattingly
Renee Harris
Rita Harris
Shauna Sorrells
Sheryl Hammond
Victoria Dixon
Zachary Marks

Resident Advisory Board

Yvenne Caughman, Vice Chair

IT Support

Irma Rodriguez
Gabriel Taube

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

Guest

Savitri Taneja
Carol Ehrlich
Harvey Matthews
Chris Rigaux
Rev. Segun Adebayo

I. **Information Exchange**

Resident Advisory Board

- Yvonne Caughman, Vice Chair reported on the current activities of the Resident Advisory Board.

Community Forum

- Supporters of the Macedonia Baptist Church/Moses African-American Cemetery addressed the Board.
- Savitri Taneja addressed the Board with her concerns as a landlord. Lynn Hayes was designated to assist.

II. **Approval of Minutes**

A. **Approval of Minutes of April 3, 2019** - The minutes were approved as submitted with a motion by Chair Pro Tem Priest and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Simon, Nelson, Priest, Croom, Byrd, and Kelleher.

B. **Approval of Minutes of April 3, 2019 Administrative Session** – The minutes were approved as submitted with a motion by Chair Pro Tem Priest and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Simon, Nelson, Priest, Croom, Byrd, and Kelleher.

C. **Approval of Minutes of April 19, 2019 Special Session** – The minutes were approved as submitted with a motion by Chair Pro Tem Priest and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Simon, Nelson, Priest, Croom, Byrd, and Kelleher.

III. **Consent Items**

A. None

IV. **Information Exchange Continued**

Report of the Executive Director

- Nothing additional to add to written report

Commissioner Exchanger

- None

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

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

1. Revisions of HOC's Administrative Plan for the Housing Choice Voucher Program to Update Formatting, Correct Typographical Errors, and Add Clarity to Chapter 2 and 10 of the Plan

Ethan Cohen, Housing Programs Coordinator, and Lynn Hayes, Director of Housing Resources, were the presenters.

The following resolution was adopted upon a motion by Commissioner Byrd and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Simon, Nelson, Priest, Croom, Byrd, and Kelleher. (Copy of referenced Exhibit will be provided upon request and are filed in Commission Support Office)

RESOLUTION: 19-49 **RE: Revisions to HOC's Administrative Plan for the Housing Choice Voucher Program to Update Formatting, Correct Typographical Errors, and Add Clarity to Chapters 2 and 10 of the Plan**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("Commission") desires to revise its Administrative Plan for the Housing Choice Voucher Program (the "Plan") to update formatting, correct typographical errors, and add clarity to Chapters 2 and 10 of the Plan (the "Revisions"), as identified in the revised Plan attached hereto as Exhibit A; and

WHEREAS, a public comment period for the Revisions began on April 1, 2019 and concluded on May 8, 2019 with a public hearing.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County adopts the Revisions, as identified in the revised Plan attached hereto as Exhibit A;

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

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

1. **Approval of the Financing Plan for 900 Thayer (the "Property"); Authorization to Issue Loans to 900 Thayer Limited Partnership (the "Borrower") for the Acquisition and Construction Financing; Approval of Bond Authorizing Resolution for the Financing and to Fund the Bond Issuance by way of Tax-Exempt Draws on the PNC Bank N.A. Real Estate Line of Credit to Substitute Previously Authorized Taxable Draws; Authorization to Issue Commitments for Permanent Financing; Including Authorization to Hedge Interest Rate Risk; and, Authorization for the Borrower to Accept Construction and Permanent Loans**

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

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

RESOLUTION NO.: 19-50 **RE: Approval of the Financing Plan for 900 Thayer; Authorization to Issue Loans to 900 Thayer Limited Partnership for Acquisition and Construction Financing; Authorization to Issue Commitments for up to $16.6 Million in Permanent Financing, Including Authorization to Hedge Interest Rate Risk; and, Authorization for the Borrower to Accept Acquisition and Construction Loans**

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

WHEREAS, 900 Thayer is a development under construction in Silver Spring to deliver 5,098 square feet of ground floor retail and up to 124 apartments (the "Property"), which is currently owned by HOC subsidiaries under a condominium regime and, prior to closing of the financing described herein, shall be owned and will be operated by a single purpose entity known as 900 Thayer Limited Partnership ("Borrower"); and

WHEREAS, HOC is currently the sole member of 900 Thayer GP LLC (the "Managing Member"), which in turn is the sole member of the Borrower; and

WHEREAS, the Property will serve families across a wide income range through the implementation of the new income averaging component of the Low Income Housing Tax Credit ("LIHTC") program, which will allow households with income from 30% up to 80% of the Washington DC Area Median Income ("AMI") or less, provided that the low income set-asides for the tax-exempt financing will be observed; and

WHEREAS, on August 9, 2017, the Commission approved the development plan for the Property as a new construction, community containing 124 income and rent restricted units (the "LIHTC Units"), of which 84 will be Project Based Rental Assistance (PBRA) units through the conversion and transfer of assistance of 84 Public Housing units at Holly Hall via the Rental Assistance Demonstration ("RAD") program, and 5,098 square feet of retail space (the "Final Development Plan"); and

WHEREAS, on September 15, 2017, the Commission approved loans of $5,000,000 from the Opportunity Housing Bond Fund, $5,000,000 from the Moderately Priced Dwelling Unit and Property Acquisition Fund ("MPDU/PAF"), and $25,000,000 by way of short-term, taxable draws from the Commission's $90,000,000 Real Estate Line of Credit with PNC Bank, N.A. ("RELOC") to be used for construction of the Property; and

WHEREAS, on May 2, 2018, the Commission authorized a loan of $4,500,000 from the Opportunity Housing Development Fund to replace the $5,000,000 loan from the MPDU/PAF; and

WHEREAS, on December 5, 2018, the Commission approved the selection of Wells Fargo Community Lending and Investment ("Wells Fargo") as low income tax credit investor and authorized the Executive Director to negotiate a Limited Partnership Agreement to modify the ownership structure and admit Wells Fargo as a non-managing member of the Borrower, with HOC remaining in control of the Borrower as the managing member of the Managing Member entity; and

WHEREAS, on January 9, 2019, the Commission approved an initial construction financing plan for the Property, which is proposed to be replaced by the below financing plan; and

WHEREAS, to replace and repay prior sources of financing, staff explored a variety of options for the estimated $55.1 million acquisition, construction and permanent financing for the Property, and determined to use a number of sources including: a) short-term, tax-exempt draws on the Commission's RELOC, the proceeds of which will be loaned to the Borrower to fund construction costs ("Construction Loan"), which will be repaid by a FHA Risk Share permanent loan; b) bridge funding during acquisition/construction by way of draws on the Commission's PNC Bank, N.A. Real Estate Line of Credit ("Bridge Loan"); c) LIHTC equity; d) a subordinate loan from Montgomery County, Maryland ("County Loan"); e) a sponsor loan from the Commission that consolidates the previous financing provided by the Commission to HOC subsidiaries that currently own the condominium units at the Property ("HOC Loan"); f) deferred developer fees; and, g) interim operating income (collectively, the "Financing Plan"); and

WHEREAS, the Commission and Borrower wish to secure a permanent takeout loan for the Property in the form of a forward commitment to insure and finance the permanent loan in an amount of up to $16,600,000, based on a projected interest rate of 3.768%, using financing from the Federal Financing Bank, which proceeds will fund a mortgage loan insured by the FHA Risk Share Program ("Permanent Loan"); and

WHEREAS, to protect the transaction from potential Permanent Loan interest rate increases, the Commission wishes to purchase an interest rate hedge (the "Swap") in the form of an interest rate swap to mitigate the risk of a potential rise in interest rates prior to the time the rate can be fixed for the Permanent Loan, the Swap to be evidenced by such agreements, certifications, and other documents as shall be deemed necessary and as shall be agreed upon by the Commission and the provider of the Swap (the "Swap Documents"); and

WHEREAS, the Swap will permit the Commission to pay a fixed interest rate to the Swap provider and will obligate the Swap provider to pay a variable interest rate to the Commission, in each case, based on a specified notional amount not to exceed the estimated Permanent Loan amount (taking into account the amortization schedule); and

WHEREAS, Commission and the Partnership expect to receive a Letter of Reservation/Determination for LIHTC from the Maryland Department of Housing and Community Development, which will enable the Borrower to raise approximately $16.2 million in equity to pay part of its acquisition and development costs; and

WHEREAS, the retail space is expected to generate net revenues of approximately $130,509 annually to the Borrower and the LIHTC investor has requested the Commission to enter into a master lease for the retail space to protect against leasing risk in underwriting the transaction ("Master Lease").

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, that the Financing Plan as described herein, is hereby approved and that the staff is hereby authorized to proceed with the review and processing of the necessary financing applications and other documentation.

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

1. Issuance of a tax-exempt, Construction Loan to the Borrower for up to $24,000,000 funded by way of draws on the RELOC, which shall be drawn for acquisition and construction costs as needed and shall be outstanding for no more than 18 months from the closing date; and

2. Issuance of an HOC Loan to the Borrower for up to $13,650,000 for up to 42 years to pay acquisition and construction costs and to be funded from the Commission's Opportunity Housing Reserve Fund (OHRF), with principal repayment intended to be payable from available property cash flow; and

3. The funding a Bridge Loan at closing, of up to $5 million by way of short-term, taxable draws on the RELOC, which shall be drawn when needed to bridge the receipt of LIHTC equity and shall be outstanding for no more than 18 months from the closing date.

4. Acceptance of prepayment of 17 years' worth of loan management fees (Net Present Value discounted at 3%, estimated at $543,267) to the OHRF, thereafter the annual 0.25% loan management fee will commence in FY2037, payable monthly from available cash flow.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the issuance of a forward commitment for a Permanent Loan in an amount up to $16.6 million, which will be credit enhanced by FHA Risk Share Mortgage Insurance, pursuant to the Risk Sharing Agreement between the Commission and the U.S. Department of Housing and Urban Development ("HUD"), of which the Commission shall assume 50% of the risk while HUD shall assume 50% for the transaction.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, approves negotiation and execution of a Master Lease for the retail space in an annual amount not to exceed $130,509, subject to 2% annual escalation, and for a term up to 18.5 years.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, approves the Borrower's acceptance of the Construction Loan, County Loan, Bridge Loan, LIHTC equity, HOC Loan, Permanent Loan, and Master Lease for the financing closing, which may occur separate and apart from the LIHTC equity closing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the execution and delivery of the Swap and Swap Documents with a qualified counterparty to mitigate against a rise in interest rates.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, that the Executive Director, or a duly appointed designee of the Executive Director, is hereby authorized, without any further action on their respective parts, to negotiate the terms of the Swap and complete the blanks therein as necessary to complete the transaction contemplated herein.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, that the Executive Director, or a duly appointed designee of the Executive Director, is hereby authorized, without any further action on their respective parts, to execute such other documents and to take any and all other actions, in each case as necessary and proper, in the Executive Director's judgment, to carry out the Financing Plan and the transaction and action contemplated herein.

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

RESOLUTION NO.: 19-50[A] **RE: Approval to Draw from the PNC Bank, N.A. Real Estate Line of Credit to Fund a Construction and Bridge Loan for 900 Thayer in Accordance with the Approved Financing Plan**

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

WHEREAS, 900 Thayer is a development under construction in Silver Spring to deliver 5,098 square feet of ground floor retail and up to 124 apartments (the "Property"), which is owned and will be operated by a single purpose entity known as 900 Thayer Limited Partnership ("Borrower"); and

WHEREAS, HOC is currently the sole member of 900 Thayer GP, LLC (the "Managing Member"), which in turn is the sole member of the Borrower; and

WHEREAS, the Property will serve families across a wide income range through the implementation of the new income averaging component of the Low Income Housing Tax Credit ("LIHTC") program, which will allow households with income from 30% up to 80% of the Washington DC

Area Median Income ("AMI") or less, provided that the low income set-asides for the tax-exempt financing will be observed; and

WHEREAS, as part of the development plan, 900 Thayer will contain 84 Project Based Rental Assistance ("PBRA") units through conversion and transfer of assistance of 84 Public Housing units at Holly Hall via the Rental Assistance Demonstration ("RAD") program; and

WHEREAS, on August 9, 2017, the Commission approved the development plan for the Property as a new construction, community containing 124 income and rent restricted units (the "LIHTC Units") and 5,098 square feet of retail space (the "Final Development Plan"); and

WHEREAS, on December 5, 2018 the Commission approved the selection of Wells Fargo Community Lending and Investment as LIHTC investor and authorized the Executive Director to negotiate and execute a Limited Partnership Agreement to modify the ownership structure and admit Wells Fargo as a non-managing member of the Borrower, with HOC remaining in control of the Borrower as the managing member of the Managing Member entity; and

WHEREAS, on April 19, 2019, staff proposed a Financing Plan totaling approximately $55.1 million, which includes approximately $31.1 million in construction costs; and

WHEREAS, HOC is pursuing a 4% LIHTC allocation for the Property, which will generate approximately $16.2 million in LIHTC equity to be contributed according to an agreed upon pay-in schedule ("LIHTC Equity"); and

WHEREAS, the Commission has approved funding of up to $13,650,000 from its own cash resources, using available funds from the Opportunity Housing Reserve Fund ("OHRF") ("Local Funds"), to fund the acquisition and construction of the Property; and

WHEREAS, the Commission wishes to make tax-exempt and taxable draws on the $90 million PNC Bank, N.A. Real Estate Line of Credit ("PNC RELOC") to complete the capital stack needed to close on the acquisition and construction financing for Property until receipt of LIHTC Equity proceeds and permanent financing; and

WHEREAS, the Commission may make draws on the PNC RELOC at either a taxable rate equal to an interest rate at an optional London Interbank Offered Rate ("LIBOR") (1-month, 3-month, 6-month, or 12-month) plus 58 basis points, or a tax-exempt rate of 68.5% of LIBOR plus 38 basis points; and

WHEREAS, the PNC RELOC is scheduled to mature June 30, 2020 unless extended or refinanced.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes tax-exempt draws on the PNC RELOC totaling up to $24,000,000 (as further authorized under Commission Resolution 19-50^{A} adopted on the date hereof), which shall be drawn for acquisition and construction costs as needed until repaid from permanent financing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission that it authorizes reduction of the taxable draws permitted on the PNC RELOC according to Commission Resolution 17-62a from $25,000,000 to $5,000,000 to bridge the receipt of LIHTC Equity proceeds for financing of the Property.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, that it authorizes the funds be loaned to the Borrower with interest to accrue and be paid at a rate sufficient to pay the interest cost of the PNC RELOC, herein estimated to be 2% annually and shall remain outstanding for a term of up to 18 months from the Property's first draw and repaid from proceeds of LIHTC Equity and permanent financing.

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

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

RESOLUTION: 19-50[B] **Re: Adoption of an Authorizing Resolution for One or More Tax-Exempt Drawings on the PNC Bank, National Association Real Estate Revolving Line of Credit to Finance the Acquisition, Construction and Equipping of the 900 Thayer Project**

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY AUTHORIZING ONE OR MORE TAX-EXEMPT DRAWINGS ON THE PNC BANK, NATIONAL ASSOCIATION REAL ESTATE REVOLVING LINE OF CREDIT (COLLECTIVELY, THE "2019 TAX-EXEMPT OBLIGATIONS") IN A TOTAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $24,000,000 FOR THE PURPOSE OF FINANCING A CONSTRUCTION LOAN TO FUND THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF 900 THAYER (THE "PROJECT"), A MULTIFAMILY RESIDENTIAL RENTAL PROJECT FOR OCCUPANCY BY PERSONS OF ELIGIBLE INCOME TO BE OWNED BY 900 THAYER LIMITED PARTNERSHIP, ALL AS SHALL BE NECESSARY FOR THE FINANCING OF THE ABOVE-DESCRIBED PROJECT; AUTHORIZING THE EXECUTION AND DELIVERY OF A CONSTRUCTION LOAN AGREEMENT, A LAND USE RESTRICTION AGREEMENT, A REGULATORY AGREEMENT, A TAX REGULATORY AGREEMENT AND NO ARBITRAGE CERTIFICATE, AND ANY OTHER DOCUMENTS NECESSARY FOR THE 2019 TAX-EXEMPT OBLIGATIONS AND/OR NECESSARY TO ACCOMPLISH THE FINANCING PLAN DESCRIBED HEREIN; AUTHORIZING THE CHAIRMAN, VICE CHAIRMAN OR CHAIRMAN PRO TEM AND EXECUTIVE DIRECTOR OR OTHER AUTHORIZED REPRESENTATIVE TO PROCEED WITH THE INITIAL DRAWING ON THE 2019 TAX-EXEMPT OBLIGATIONS AND TO ESTABLISH THE TERMS RELATING THERETO AND TO MAKE ONGOING DETERMINATIONS RELATING THERETO; APPOINTING THE FINANCIAL ADVISOR AND BOND COUNSEL FOR THE 2019 TAX-EXEMPT OBLIGATIONS; AUTHORIZING THE EXECUTIVE

DIRECTOR TO APPOINT A FISCAL AGENT OR TRUSTEE, IF NECESSARY; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is a public body corporate and politic duly organized under Division II of the Housing and Community Project Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law (the "Act"), and authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes; and

WHEREAS, the Act declares that there exists within Montgomery County (the "County") a critical shortage of decent, safe and sanitary dwelling accommodations available to rent which "persons of eligible income" (within the meaning of the Act) can afford; and

WHEREAS, the Act empowers the Commission to make mortgage loans to qualified sponsors to provide for the construction, construction, long-term and short-term financing of
multifamily residential housing units in the County for occupancy by persons of eligible income and to perform any other duties that the Commission considers necessary in carrying out the purposes of the Act; and

WHEREAS, the Commission, in furtherance of the purposes of the Act, has established a program (the "Program") to provide for the financing of mortgage loans through the issuance of its multifamily housing bonds; and

WHEREAS, the Commission has determined to make one or more tax-exempt drawings on its PNC Bank, National Association Real Estate Revolving Line of Credit (the "PNC RELOC") pursuant to the provisions of the Revolving Loan Agreement, dated as of July 1, 2014, by and between the Commission and PNC Bank, National Association, as amended on June 1, 2017 (the "PNC Revolving Loan Agreement"), for the funding of a short-term construction loan (i) to make moneys available for the acquisition, construction and equipping of a development known as 900 Thayer (the "Project"), to be owned and operated by 900 Thayer Limited Partnership (the "Borrower"), the general partner of whom is wholly-controlled by the Commission and (ii) if necessary, to reimburse the Commission for prior expenditures of Commission funds to finance the acquisition, construction and equipping of the Project, all in accordance with the financing plans approved by the Commission in connection with the Project under the separate resolutions adopted by the Commission on September 15, 2017, as amended by this Resolution, and in accordance with the additional financing plans set forth in this Resolution and other resolutions adopted by the Commission on the date hereof (collectively, the "Financing Plan"); and

WHEREAS, in connection with draws on the PNC RELOC under the Revolving Loan Agreement, such draws to be evidenced by one or more promissory notes in the form attached to the Revolving Loan Agreement (collectively, the "2019 Tax-Exempt Obligations"), and the accomplishment of the Financing Plan, the Commission anticipates entering into various documents, including, but not limited to a construction loan agreement between the Commission and the Borrower, a Land Use Restriction Agreement, a Regulatory Agreement, a Tax Regulatory Agreement and No Arbitrage Certificate, and any other documents necessary for the 2019 Tax-Exempt Obligations and/or to accomplish the Financing Plan (collectively, the "Financing Documents"); and

WHEREAS, the Commission hereby acknowledges that the development plan for the Project contemplates the refinancing of the 2019 Tax-Exempt Obligations following completion of construction of the Project with a FHA Risk-Share insured mortgage loan (or such other source of refinancing as shall be available to the Commission and economically advantageous at that time) which will be purchased by the Federal Financing Bank and that such refinancing will be presented to the Commission for approval at such time as the construction of the Project is complete and the Construction Loan converts to a permanent, FHA Risk-Share insured mortgage loan.

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

1. ***Approval of Financing Plan.*** The Commission hereby approves the Financing Plan as described above pursuant to the terms and conditions to be set forth in the Financing Documents approved hereby.

2. ***2019 Tax-Exempt Obligations***. The 2019 Tax-Exempt Obligations are hereby authorized to be executed and delivered in an aggregate principal amount not to exceed $24,000,000 to carry out the purposes under the Program as described above. Notwithstanding the foregoing, the Executive Director is hereby authorized to approve, in consultation with the Financial Advisor and Bond Counsel to the Commission, such greater number or amount of 2019 Tax-Exempt Obligations required to accomplish the Financing Plan and to determine and establish the terms thereof. The 2019 Tax-Exempt Obligations will be executed and delivered in accordance with the provisions of the Revolving Loan Agreement and the Financing Documents.

3. ***Financing Documents***. The Chairman, the Vice Chairman, or the Chairman Pro Tem, and the Executive Director of the Commission (each, an "Authorized Officer") or any duly appointed and authorized designee of the Executive Director (an "Authorized Representative") are hereby authorized and directed to execute and deliver the Financing Documents in such form as shall be approved by such officers, the execution of such Financing Documents being conclusive evidence of such approval and of the approval of the Commission, and the Secretary-Treasurer of the Commission, or any Authorized Officer is hereby authorized and directed to affix the seal of the Commission to the Financing Documents, as may be necessary, and to attest the same.

4. ***Internal Revenue Service Form 8038; Private Activity Volume Cap***. Each Authorized Officer is hereby authorized and directed to execute and deliver on behalf of the Commission Internal Revenue Service Form 8038-G relating to the 2019 Tax-Exempt Obligations as prepared by Bond Counsel. Private activity bond volume cap in the amount of the final principal amount of the 2019 Tax-Exempt Obligations will be allocated to the draw and delivery of the 2019 Tax-Exempt Obligations.

5. ***Terms; Ongoing Determinations***. The Executive Director or other Authorized Representative of the Commission, as the case may be, is hereby authorized, without further action of or authority from the Board of Commissioners to establish the dates, maturities, interest payment dates, denominations, terms of redemption or prepayment, registration privileges, security and other terms, and to approve the interest rates the 2019 Tax-Exempt Obligations and the Construction Loan, all of the foregoing to be specified, as applicable, in the Financing Documents. The Executive Director or other Authorized Representative of the Commission, as the

case may be, is hereby authorized, without further action of or authority from the Board of Commissioners, to perform any act, to execute any documents, and is hereby authorized, from time to time during the period the 2019 Tax-Exempt Obligations are outstanding, to make ongoing determinations, as may be required by the terms of the Financing Documents and any other documents relating to the 2019 Tax-Exempt Obligations, the Project, the Construction Loan and any additional related loans, including, but not limited to, the giving and withholding of consents, the selection of certain providers, the determination to permit the prepayment of the Construction Loan and the refinancing and repayment or prepayment of the 2019 Tax-Exempt Obligations and/or other related obligations of the Commission, and the Executive Director or other Authorized Representative, as the case may be, is further authorized to execute any and all documents evidencing such determinations as may be deemed necessary and proper.

6. Other Action. Each Authorized Officer or other Authorized Representative of the Commission is hereby authorized and directed to execute and deliver any and all additional documents and instruments necessary or proper to be executed and delivered and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution relating to the 2019 Tax-Exempt Obligations and the accomplishment of the Financing Plan.

7. Appointment of Financial Advisor and Bond Counsel; Trustee or Fiscal Agent. Caine Mitter & Associates Incorporated is hereby appointed as Financial Advisor to the Commission, and Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the issuance of the 2019 Tax-Exempt Obligations. The Executive Director is hereby authorized to designate a trustee or fiscal agent for the 2019 Tax-Exempt Obligations upon a determination that the services of a trustee or fiscal agent shall be necessary to effectuate the transactions contemplated by the Financing Plan.

8. No Personal Liability. No stipulation, obligation or agreement herein contained or contained in or contemplated by the 2019 Tax-Exempt Obligations, the Construction Loan or the Financing Documents or in any other agreement or document executed on behalf of the Commission in connection with the 2019 Tax-Exempt Obligations or in its capacity as general partner the limited partnership owner of the Project, shall be deemed to be a stipulation, obligation or agreement of any Commissioner, officer, agent or employee of the Commission in his or her individual capacity, and no such Commissioner, officer, agent or employee shall be personally liable on the 2019 Tax-Exempt Obligations or be subject to personal liability or accountability by reason of the issuance thereof.

9. Action Approved and Confirmed. All acts and doings of the officers of the Commission which are in conformity with the purposes and intent of this Resolution and in furtherance of the 2019 Tax-Exempt Obligations and the accomplishment of the Financing Plan are hereby approved, and the execution, delivery and performance of the documents and agreements authorized hereby are in all respects approved and confirmed.

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

11. Effective Date. This Resolution shall take effect immediately.

2. Approval to Extend the Financial Advisor Contract with Caine-Mitter and Associates Incorporated ("CMA") and Response to the Commission Regarding the Use of CMA's Cash Flow Preparation Software

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

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

RESOLUTION NO.: 19-51 **Re: Approval to Extend the Financial Advisor Contract with Caine Mitter and Associates Incorporated ("CMA") and Respond to the Commission Regarding the Use of CMA's Cash Flow Preparation Software**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and the Memorandum of Understanding by and between the Housing Opportunities Commission of Montgomery County and Montgomery County, Maryland (the "County"), dated June 20, 2018, and authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes; and

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

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

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

WHEREAS, the Commission had substantial and compelling reasons to retain the services of Caine Mitter & Associates Incorporated, but given the length of time that CMA has served as sole financial advisor to the Commission and the use of its proprietary software for preparation of bond cash flows, the Commission directed staff to evaluate the system it uses against a market product; and

WHEREAS, in response to the Commission's directive, staff concludes that, 1) the data used as inputs for cash flow preparation are generated by HOC staff and reconciled with the indenture trustee and the financial advisor for accuracy, 2) the rating agency reviews the cash flows to confirm that its methodologies are correctly reflected in the cash flow, 3) bond counsel reviews the cash flows for tax law and arbitrage yield compliance, and 4) there have been no irregularities or issues with the bond cash flows, all pointing to the integrity of the data and methodologies employed by the CMA cash flow preparation software.

NOW THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the renewal of current contract with Caine Mitter & Associates Incorporated to continue to serve the Commission as Financial Advisor for one-year in accordance with terms provided in the current contract in accordance with the Procurement Policy and that no further evaluation of CMA or its software system is needed at this time.

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

3. Authorization to Select General Contractor for Renovation of Brooke Park Apartments in Accordance with RFP #2149 and Authorization for the Executive Director to Negotiate and Execute a Contract to Complete the Planned Renovations at the Property

Zachary Marks, Director of Development, and Gio Kaviladze, Senior Financial Analyst, were the presenters.

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

RESOLUTION NO: 19-52

RE: AUTHORIZATION TO SELECT GENERAL CONTRACTOR FOR RENOVATION OF BROOKE PARK APARTMENTS IN ACCORDANCE WITH RFP # 2149 AND AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE A CONTRACT TO COMPLETE THE PLANNED RENOVATIONS

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

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

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

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

WHEREAS, the Planning Board approved the Preliminary Plan amendment in July 2018, and the renovation entitlement process and construction permits are expected to be finalized in the near future; and

WHEREAS, on February 12, 2019, HOC issued RFP #2149 for general contracting services for the renovation of the Property and received three (3) qualified bids from Winmar, Inc. ($5,595,332), Hooten Construction (formerly CBP Constructors LLC) ($3,190,300), and D&A Contractors, Inc. ($2,898,000); and

WHEREAS, staff evaluated the bids based on five (5) selection criteria: experience with government agencies and housing authorities (10% of the score), demonstrated ability for on-time completion (5% of the score), financial strength (15% of the score), contractor qualifications (40% of the score) and price proposal (30% of the score); and

WHEREAS, based on its evaluation, staff recommends proceeding with the selection of Hooten Construction to complete the renovation.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to select Hooten Construction as the general contractor pursuant to RFP #2149 and to negotiate and execute a contract with Hooten Construction for an amount not to exceed $3,190,300 for the renovation of the Property.

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

4. **Approval to Select Demolition Services, Inc. (DSI) as the Demolition Contractor for Ambassador Apartments and Neuber Environmental Services, Inc. as the Demolition Contractor for Emory Grove Apartment Pursuant to IFB #2154; Authorization for the Executive Director to Execute Contracts, and Approval for Staff to Complete the Demolition of the Properties**

Zachary Marks, Director of Development, and Sheryl Hammond, Planner, were the presenters.

The following resolution was adopted upon a motion by Chair Pro Tem Priest and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Simon, Nelson, Priest, Croom, Byrd, and Kelleher. This resolution has been adopted with the notion that further planning and steps are required prior to the demolition of Emory Grove.

RESOLUTION NO.: 19-53

RE: Approval to Select Demolition Services, Inc. as the Demolition Contractor for Ambassador Apartments and Neuber Environmental Services, Inc. as the Demolition Contractor for Emory Grove Apartments Pursuant to IFB #2154; Authorization for the Executive Director to Execute Contracts; and Approval for Staff to Complete the Demolition of the Properties

WHEREAS, in furtherance of its mission to provide affordable housing and supportive services that enhance the lives of low- and moderate-income families and individuals throughout Montgomery County, Maryland and to ensure that no one in Montgomery County is living in substandard housing, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") has begun the demolition process of Ambassador Apartments and Emory Grove Apartments; and

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

WHEREAS, Emory Grove Village Apartments is a 54 unit multifamily two story townhome apartment community located at 8107 Morning View Dr. Gaithersburg, MD ("Emory Grove Apartments," together with Ambassador Apartments, the "Properties") that was built in 1970 as a public housing community and was later converted to Rental Assistance Demonstration program units, but due to its physical condition, it has been vacated and must also be demolished to make way for the redevelopment of the site; and

WHEREAS, Montgomery County, via its Capital Improvement Program ("CIP") has appropriated $1,900,000 in funding to HOC for the demolition of Ambassador Apartments and Emory Grove Apartments, of which $65,000 has been spent on pre-demolition expenses, leaving $1,835,000 available for use by HOC to fund the demolition of the Properties; and

WHEREAS, HOC issued Invitation to Bid ("IFB") # 2154 to solicit bids from qualified demolition contractors interested in providing demolition services for the Properties; and

WHEREAS, bids were timely received from nine (9) firms that were all determined to be responsive; and

WHEREAS, Demolition Services, Inc., a demolition, abatement and HAZMAT contractor located in Virginia, was determined to have submitted the lowest bid for the demolition of Ambassador Apartments for a total cost of $ 747,766; and

WHEREAS, Neuber Environmental Services, Inc., a demolition and environmental contractor located in Pennsylvania, was determined to have submitted the lowest bid for the demolition of Emory Grove Apartments for a total cost of $ 550,000.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the selection of Demolition Services, Inc. as the contractor to complete the demolition of Ambassador Apartments and the selection of Neuber Environmental Services, Inc. to complete the demolition of Emory Grove Apartments, both to be funded with the remaining CIP appropriation.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to execute a contract with Demolition Services, Inc. in the amount of $747,766 for the demolition of Ambassador Apartments, and a contract with Neuber Environmental Services, Inc. in the amount of $550,000 for the demolition of Emory Grove Apartments, for an aggregate amount not to exceed $1,297,766 (including a 10% contingency).

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that staff is hereby authorized to proceed with taking all necessary actions and obtaining any necessary approvals from related parties, including the Montgomery County Department of Permitting Services, to complete the demolition of Ambassador Apartments and Emory Grove Apartments.

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

5. Approval of the Acceptance of a Refinancing Loan from Sandy Spring Bank to Partially Repay a Draw on the PNC Bank, N.A. Real Estate Line of Credit ("RELOC") for the Acquisition of 9845 Lost Knife and Approval to draw from HOC Debt Reserve Fund to Repay the Balance of the RELOC Draw

Gio Kaviladze, Senior Financial Analyst, was the presenter.

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

RESOLUTION NO.: 19-54

RE: Approval of the Acceptance of a Refinancing Loan from Sandy Spring Bank to Partially Repay a Draw on the PNC Bank, N.A. Real Estate Line of Credit ("RELOC") for the Acquisition of 9845 Lost Knife Road and Approval to Draw from the HOC Debt Reserve Fund to Repay the Balance of the RELOC Draw

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") recently acquired 9845 Lost Knife Road, Gaithersburg, Maryland 20866 (the "Property") for Three Million Five Hundred Thousand Dollars ($3,500,000.00); and

WHEREAS, the Property is zoned CR 1.5 and is currently improved with a 7,952-square foot commercial building and related premises that is leased to Hope Grows Child Development Center, LLC, a Maryland limited liability company ("Day Care Center"); and

WHEREAS, the Day Care Center serves households within Cider Mill Apartments and the Property presents the Commission with a long-term development opportunity, which may add to Montgomery County's inventory of affordable housing; and

WHEREAS, the Commission drew $3,581,907 from the $90MM PNC Bank, N.A. Real Estate Line of Credit ("PNC RELOC") to fund the acquisition of the Property, costs related to the acquisition of the Property, and reimbursement of costs incurred by the Commission related to due diligence for the Property; and

WHEREAS, the Commission, at the time of the acquisition, agreed with the staff's intention to obtain permanent financing from a local community bank and to use the proceeds from such financing, together with a draw from HOC Debt Service Reserve Fund, to refinance the acquisition draw from PNC RELOC; and

WHEREAS, staff solicited and received a loan term sheet from Sandy Spring Bank that will allow the property to obtain a permanent loan of up to $2,000,000.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the staff to obtain permanent loan of up to $2,000,000 from Sandy Spring Bank to partially repay the PNC RELOC draw used for the acquisition of the Property.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the staff to draw up to $1,800,000 from the HOC Debt Service Reserve Fund to repay the balance of the PNC RELOC draw used for the acquisition of the Property that remains after the partial repayment from the proceeds of permanent loan from Sandy Spring Bank.

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

6. **Approval to Create a Pool of Contractors to Provide Moving, Packing, and Storage Services Pursuant to IFB #2152**

Ellen Goff, Real Estate Operations Manager, was the presenter.

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

RESOLUTION NO.: 19-55 **RE: Approval to Create a Pool of Contractors to Provide Moving, Packing and Storage Services Pursuant to IFB #2152**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") continues to review its entire real estate portfolio and anticipates that it will continue to undertake rehabilitation and redevelopment of a significant portion of the properties it owns or will acquire and this will require operational support as well as assistance with resident relocation; and

WHEREAS, tenant in-place renovations require providing residents with packing supplies and the moving of items to offsite storage, and the return of those items upon completion of renovations; and

WHEREAS, due to the extensive renovation required at some properties, tenant in-place renovation is not always feasible, requiring permanent or temporary tenant relocation; and

WHEREAS, packing assistance is provided on an as-needed-basis for elderly and disabled residents upon request; and

WHEREAS, there is or will be sufficient funding for resident relocation in each project's approved development budget; and

WHEREAS, resident relocation is also needed for the Resident Supportive Housing Program and Property Management, and there is sufficient funding in their operating budgets; and

WHEREAS, to ensure the availability of adequate moving services and to facilitate timely and cost-effective resident relocation, on March 8, 2019, the Commission issued an Invitation for Bid (IFB) #2152 to solicit bids from qualified moving and storage companies to form a pool of moving companies to provide moving, packing and storage services (the "Moving Pool") for resident relocation; and

WHEREAS, six companies submitted bids and selection for the pool was made based on established minimum qualification criteria, including experience with similar residential relocation, qualification of staff, and size and scope of all operations; and

WHEREAS, all companies who submitted bids met the minimum qualifications described above and the six moving and storage companies selected for the Moving Pool are: Allen & Sons Moving & Storage, Blake & Sons Moving & Storage, Johnson's Moving & Storage, Moving Unlimited, R & A Movers, and Walters Relocation; and

WHEREAS, each moving company will be selected as needed from the Moving Pool and will be held to their bid pricing for the services to be provided.

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

1. Authorizes the creation of a pool of moving companies to include Allen & Sons Moving & Storage, Blake & Sons Moving & Storage, Johnson's Moving & Storage, Moving Unlimited, R & A Movers, and Walters Relocation to provide moving, packing and storage services.

2. Authorizes and directs the Executive Director, without further action on its part, to execute six individual contracts for moving, packing and storage services, as described by IFB #2152, with Allen & Sons Moving & Storage, Blake & Sons Moving & Storage, Johnson's Moving & Storage, Moving Unlimited, R & A Movers, and Walters Relocation, for an aggregate amount of $1,000,000.00, and an initial contract term of one year each with an option to extend for three additional one-year terms as permitted under HOC's procurement policy.

7. Approval of Affordability Mix and Site Design and Authorization to Submit Site Plan for Hillandale Gateway

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

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

RESOLUTION NO.: 19-56 **RE: Approval of Affordability Mix and Site Design and Authorization to Submit Site and Subdivision Plan for Hillandale Gateway**

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

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

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

WHEREAS, on July 8, 2015, the Commission authorized the creation of a joint venture between The Duffie Companies ("Duffie") and HOC (together, the "Development Team") to redevelop Holly Hall and the CONA Site (together, the "Redevelopment Properties"), where HOC contributed the Redevelopment Properties and Duffie contributed cash, both purchasing respective ownership interests (70% to HOC and 30% to Duffie) in the venture; and

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

WHEREAS, on November 16, 2017, the Planning Board approved the Sketch Plan application for the Redevelopment Properties; and

WHEREAS, on February 14, 2019, the Commission sold its seventy percent (70%) interest in the CONA Site to Duffie, contingent on the CONA Site remaining a part of the combined development approval for the Redevelopment Properties; and

WHEREAS, the Commission desires that thirty percent (30%) of the Redevelopment Properties' residential units be affordable ("Affordable Units"); specifically, that at least twenty-five percent (25%) of the Redevelopment Properties' units are affordable to households earning sixty percent (60%) or less of the area median income for the Washington-Arlington-Alexandria Metropolitan Statistical Area ("AMI") and the remainder of the Affordable Units are affordable to households earning eighty percent (80%) or less of AMI; and

WHEREAS, the Commission wishes to secure financing or pursue other strategies to offset the cost of restricting the remainder of the Affordable Units to households earning eighty percent (80%) or less of AMI, but in no event will dilute Duffie's ownership interest in the venture; and

WHEREAS, the Commission desires to approve the site design (the "Site Design") for the Redevelopment Properties, which is comprised of one age-restricted apartment building, one non-age-restricted apartment building, one parking garage, one free standing retail building with drive-through (together, "Phase One"), and one commercial building ("Phase Two"), totaling no more than 582,682 square feet of residential floor area and 71,936 square feet of commercial floor area (the maximum density allowed for the site); and

WHEREAS, Staff will return to the Commission in advance of commencing any development of Phase Two to obtain Commission's approval to 1) develop Phase Two as commercial, 2) develop Phase Two as residential (additional density and Site Plan amendment would be required), or 3) leave Phase Two undeveloped as open green space; and

WHEREAS, the Commission is aware of the Maryland Department of Transportation State Highway Administration's proposal to potentially widen Interstate-495, including portions adjacent to the Redevelopment Properties; and

WHEREAS, the Commission desires to authorize the Development Team to submit an application to the Planning Board for Site and Subdivision Plan approval for the Redevelopment Properties.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, on behalf of itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that it approves that thirty percent (30%) of the Redevelopment Properties' units are affordable; specifically, at least twenty five percent (25%) of the Redevelopment Properties' units are affordable to households earning 60% or less of AMI and the remainder of the Affordable Units are affordable to households earning eighty percent (80%) or less of AMI.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, on behalf of itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that it approves securing financing or pursuing other strategies to offset the cost of restricting the remainder of the Affordable Units to households earning eighty percent (80%) or less of AMI, but in no event will dilute Duffie's ownership interest in the venture.

BE IT FURTHER RESOLVED, by the Housing Opportunities Commission of Montgomery County, on behalf of itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that it approves the Site Design for the Redevelopment Properties and authorizes the Development Team to submit an application to the Planning Board for Site and Subdivision Plan approval for the Redevelopment Properties.

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

VI. **<u>ITEMS REQUIRING DELIBERATION and/or ACTION</u>**

1. **None**

Based upon this report and there being no further business to come before this session of the Commission, the open session adjourned at 5:26 p.m. and reconvened in closed session at approximately 5:37 p.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed session held on May 8, 2019 at approximately 5:37 p.m. at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section(s) 3-305(b)(3) to consider the acquisition of real property for a public purpose and matters directly related thereto.

The meeting was closed on a motion by Vice Chair Nelson, seconded by Commissioner Croom, with Commissioners Simon, Nelson, Priest, Croom, Byrd, and Kelleher unanimously voting in approval. The following persons were present during the closed session: Jackie Simon, Richard Y. Nelson, Jr., Roy Priest, Linda Croom, Pamela Byrd, Frances Kelleher, Aisha Memon, Eamon Lorincz, Kayrine Brown, Christina Autin, Kathryn Hollister, Zachary Marks, Marcus Ervin, Cornelia Kent, Charnita Jackson, and Patrice Birdsong.

In closed session, the Commission discussed the acquisition of real property. The Commission approved entering into a non-binding letter of intent to further explore the potential acquisition. No resolution was passed.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Recess

Development Corporation Annual Meeting And Approval of FY 20 Budget

Alexander House Development Corporation

Alexander House Development Corporation

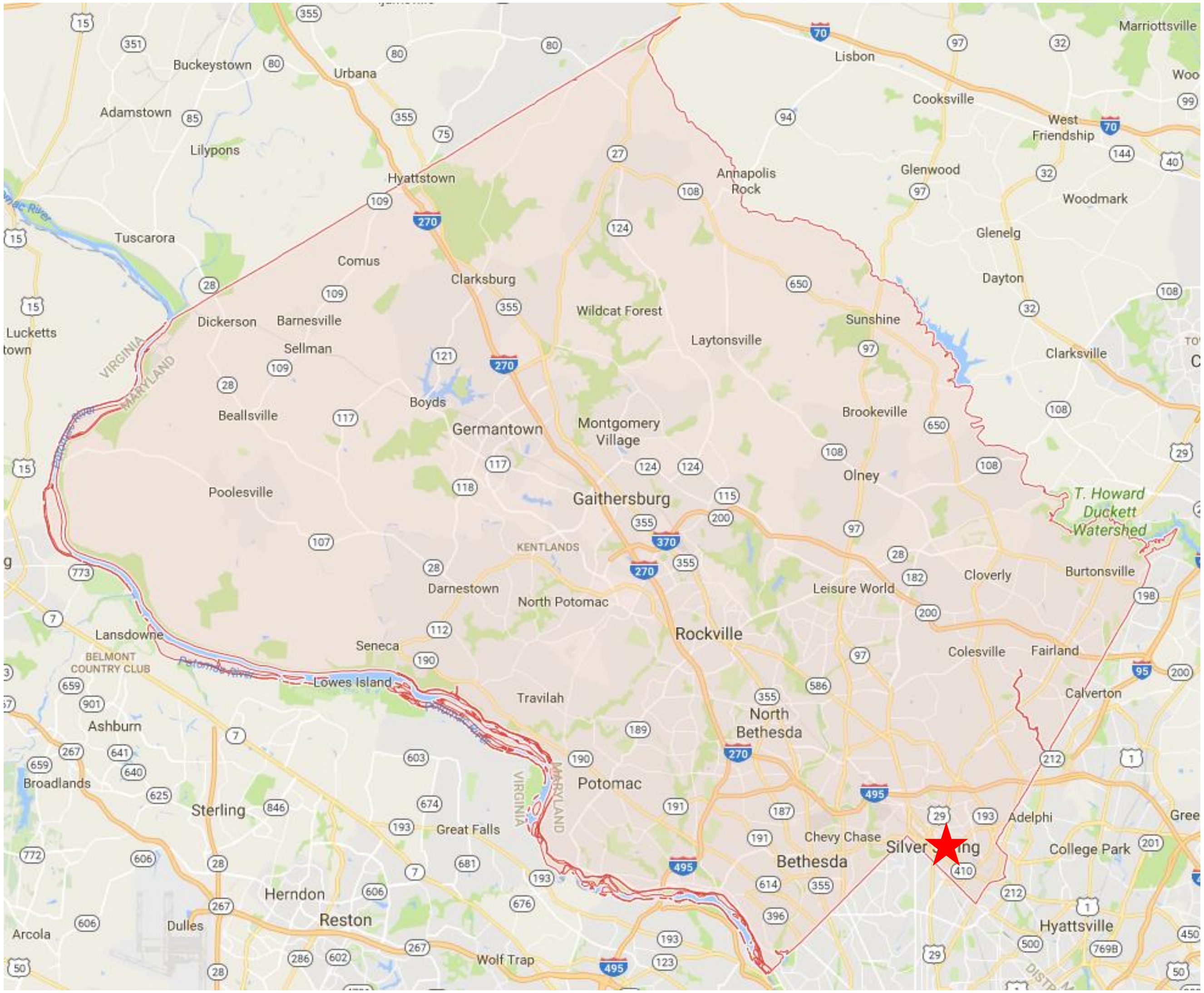
Annual Meeting and Adoption of FY 2020 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 5, 2019

Alexander House Development Corporation



Property Snapshot:

- Located in Downtown, Silver Spring.
- Originally constructed in 1992.
- Refinanced on Jan 31, 2017.
- Comprehensive renovations are currently underway.
- The units were completed in August 2018. Constructions continues on common and amenity space.

Alexander House Development Corporation – FY 2020 Overview

Background

- **November 6, 1996** - Commission authorized the creation of Alexander House Development Corporation and approved the Articles of Incorporation.
- **December 11, 1996** - The Board of Directors for the Development Corporation adopted the By-laws which provide for the operations and functions of the Corporation and elected HOC's seven Commissioners as the officers.
- **January 22, 1997 -** Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.
- **April 23, 1997** - Board of Directors approved a resolution that allowed for the incorporation of the Alexander House annual budget preparation and presentation into the HOC budget process.
- **January 31, 2017 -** Alexander House was refinanced using tax exempt bond financing in the amount of $48,788,075. The property now consists of two entities:
  - Alexander House Development Corporation - 183 market rate units.
  - Alexander House Apartments Limited Partnership - 122 affordable tax credit units.
- Equity from the refinancing will contribute to the funding of the Elizabeth House III development.

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

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

The regulatory agreement restricts six units at or below 30% AMI, six units at or below 40% AMI, eight units at or below 50% AMI, and 102 units at or below 60% AMI.

Alexander House Development Corporation – FY 2020 Update

Property Management

- The AH staff continues to push leasing efforts and resident retention events, including several open houses.
- A hospitality suite has been created to address construction related concerns with residents.
- All units were completed in August 2018. Since then, construction has been concentrating on windows, balconies, common areas and amenity spaces.

Turnover	Avg. Occupancy CY 2018	Current Occupancy
25%	61%	51%

Capital Improvements

- A small budget has been established for non-warranty replacements.

Maintenance

- The largest volume of work tickets for CY2018 was for plumbing followed by general maintenance – drywall damage, electrical and appliances.

Total Work Orders CY 2018	Average Days to Close
816	2

Redevelopment/Refinancing

- Alexander House is in the final phase of the renovation. The last units were delivered August 2018. The lobby was delivered in August 2018 and the amenity spaces will be delivered in late Spring 2019.

Alexander House Development Corporation – FY 2020 Budget Summary

Alexander House Development Corporation

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$3,876,308**	**$3,349,456**	**$1,860,146**	**$3,762,341**	**$5,183,010**
Expenses:					
Operating - Admin	$398,298	$303,344	$292,895	$367,106	$456,706
Operating - Fees	$123,715	$148,252	$150,336	$171,804	$190,027
Tenant & Protective Services	$87,600	$111,048	$86,214	$128,619	$179,312
Taxes, Insurance & Utilities	$280,542	$336,462	$381,044	$360,962	$435,199
Maintenance	$342,894	$335,153	$410,076	$465,972	$606,754
Subtotal - Operating Expenses	**$1,233,049**	**$1,234,259**	**$1,320,565**	**$1,494,463**	**$1,867,998**
Net Operating Income (NOI)	**$2,643,259**	**$2,115,197**	**$539,581**	**$2,267,878**	**$3,315,012**
Debt Service	$2,293,270	$0	$0	$375,022	$284,425
Debt Service Reserves	$0	$0	$0	$675,003	$1,290,968
Replacement Reserves	$64,050	$64,050	$0	$114,366	$150,000
Asset Management Fees	$195,920	$206,900	$197,040	$185,930	$234,110
Development Corporation Fees	$0	$500,000	$342,541	$893,795	$1,281,263
Excess Cash Flow Restricted	$90,019	$1,344,247	$0	$23,762	$74,246
Subtotal - Expenses Below NOI	**$2,643,259**	**$2,115,197**	**$539,581**	**$2,267,878**	**$3,315,012**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$3,000	$0	$0	$0	$820
Health and Safety Materials	$0	$0	$4,216	$0	$0
Locks, Keys	$0	$0	$29	$0	$0
Doors	$0	$0	($3,926)	$11,389	$0
Flooring and Carpeting	$0	$0	$0	$1,396	$0
Plumbing Equipment	$0	$0	$18,712	$0	$0
HVAC Equipment	$0	$0	$2,572	$16,919	$36,704
Appliance Equipment	$0	$0	$1,322	$16,350	$34,709
Tools	$0	$0	$1,231	$0	$2,332
Miscellaneous Equipment	$30,000	$0	$0	$0	$0
Plumbing Contracts	$90,556	$0	$350	$0	$3,689
Flooring/Carpet Contracts	$0	$0	$1,057	$28,724	$51,333
Elevator Contracts	$0	$0	$1,787	$0	$0
Miscellaneous Contracts	$0	$15,000	$809	$0	$0
Total Capital Budget	**$123,556**	**$15,000**	**$28,159**	**$74,778**	**$129,587**

Issues for Consideration

- Rents will be held stable over 2019/2020 to assist with the lease-up of the community, where occupancy is 51% today. We are forecasting to achieve 70% by the start of this budget, with construction completing at the end of Q1, 2019.
- Property cash flow is budgeted at $90,019, all of which is restricted to the property.
- Capital is budgeted at $123,556.
- The operating budget will bear debt service in the amount of $2,293,270 in FY'20.
- DSCR is 1.12.

Time Frame

The FY'20 Adopted Operating and Capital Budgets for Alexander House Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY'20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'20 Operating and Capital Budgets for Alexander House Development Corporation by the Board of Directors.

RESOLUTION NO.: 19-002AH **RE: Alexander House Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets**

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Alexander House Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

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

Barclay Apartments Development Corporation

Barclay Apartments Development Corporation

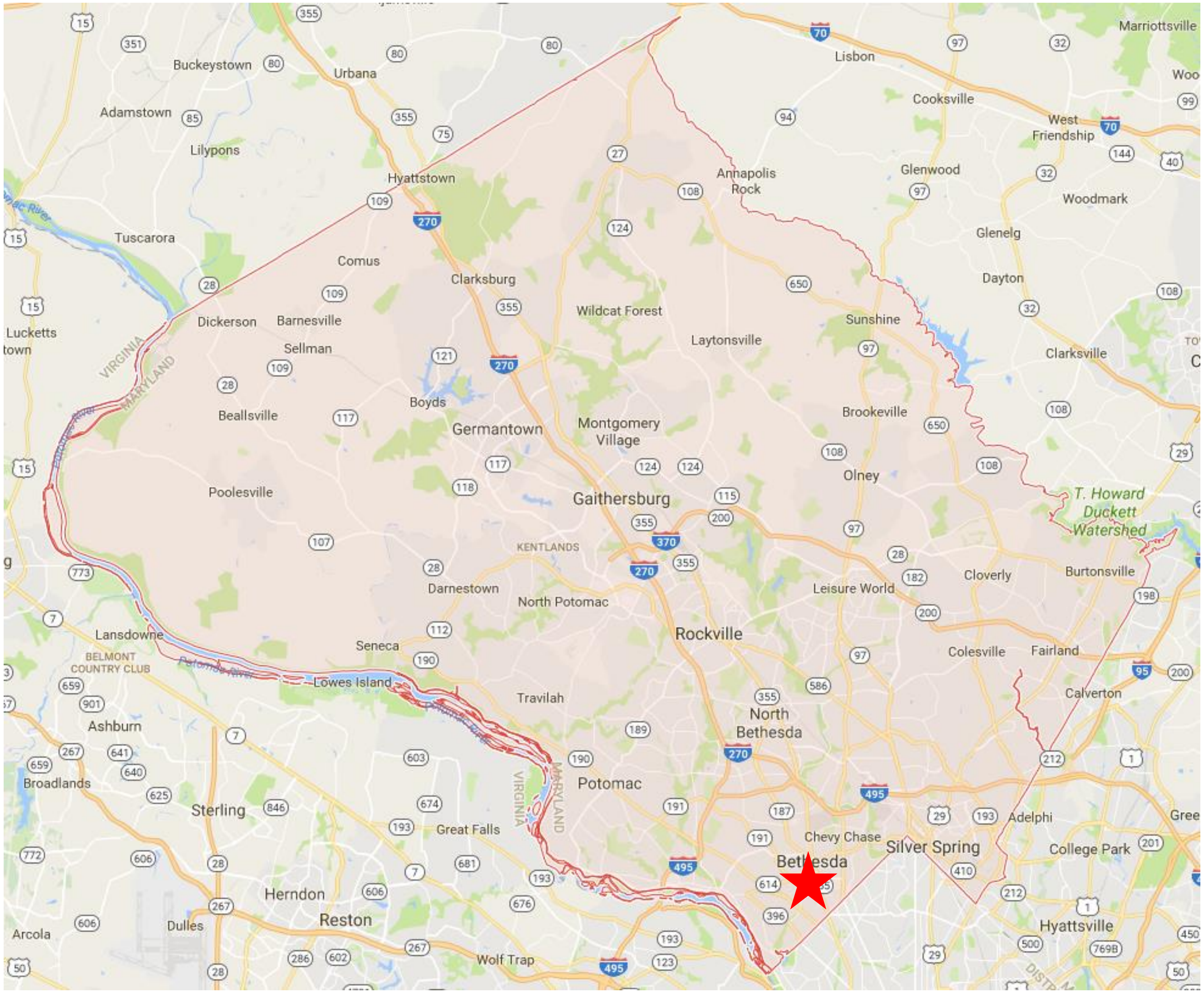
Annual Meeting and Adoption of FY 2020 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 5, 2019

Barclay Development Corporation



Property Snapshot:

- Located in Chevy Chase, Bethesda Central Business District for which revisions to the Master Plan has been completed.
- Constructed in 1955, interiors updated in 2005.
- Amenities include a Community Room, Fitness Room, Business Center, Controlled Building Access, and 24 Hour Laundry Facilities.

Barclay Development Corporation – FY 2020 Overview

Background

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

4716 Bradley Blvd., Chevy Chase, MD 20815
Manager: CAPREIT

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

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

Barclay Development Corporation – FY 2020 Update

Property Management

- Occupancy continues to remain stable despite competition in the submarket. Aging unit finishes and lack of community amenities present some challenges to keeping the community leased.

Turnover	Avg. Occupancy CY 2018	Current Occupancy
29%	92%	97%

Maintenance

- The largest volume of work tickets was for plumbing (32%), appliances (29%), and general work orders (18%).

Total Work Orders CY 2018	Average Days to Close
1627	3

Capital Improvements

- The capital budget includes funding for replacement of carpeting and other turnover activity to include replacement of kitchen countertops, unit flooring, and appliances, as needed.

Redevelopment/Refinancing

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

Barclay Development Corporation – FY 2020 Budget Summary

Barclay Development Corporation

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$1,293,932**	**$1,344,448**	**$1,294,889**	**$1,300,655**	**$1,262,931**
Expenses:					
Operating - Admin	$82,268	$99,526	$100,036	$103,375	$106,659
Operating - Fees	$51,944	$49,794	$44,378	$50,112	$47,310
Tenant & Protective Services	$10,680	$7,800	$11,076	$8,238	$11,042
Taxes, Insurance & Utilities	$107,115	$122,057	$126,121	$135,707	$120,593
Maintenance	$128,804	$138,112	$139,917	$167,557	$114,791
Subtotal - Operating Expenses	**$380,811**	**$417,289**	**$421,528**	**$464,991**	**$400,395**
Net Operating Income (NOI)	**$913,121**	**$927,159**	**$873,361**	**$835,664**	**$862,536**
Debt Service	$675,737	$676,975	$678,652	$679,998	$681,298
Replacement Reserves	$22,800	$22,800	$22,800	$22,800	$22,800
Asset Management Fees	$81,370	$85,930	$81,830	$57,210	$57,210
Development Corporation Fees	$133,214	$141,454	$18,763	$4,682	$101,228
Excess Cash Flow Restricted	$0	$0	$71,316	$70,974	$0
Subtotal - Expenses Below NOI	**$913,121**	**$927,159**	**$873,361**	**$835,664**	**$862,536**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$1,116	$7,200	$1,621	$2,442	$2,170
Grounds/Landscaping Sup.-Cap.	$0	$3,600	$3,741	$1,791	$1,767
Windows and Glass	$0	$0	$0	$244	$0
Doors	$0	$2,000	$0	$0	$0
Flooring and Carpeting	$0	$0	$38,701	$12,011	$8,149
Paint and Wallcoverings	$0	$0	$910	$0	$0
Plumbing Equipment	$0	$0	$677	$0	$0
HVAC Equipment	$24,000	$0	$729	$0	$2,281
Appliance Equipment	$2,700	$6,000	$4,148	$2,693	$2,167
Miscellaneous Equipment	$0	$0	$328	$1,695	$1,370
Roofing/Gutter Contracts	$0	$0	$0	$0	$2,285
Flooring/Carpet Contracts	$18,900	$10,000	$0	$0	$0
Asphalt/Concrete Contracts	$0	$0	$0	$0	$668
Total Capital Budget	**$46,716**	**$28,800**	**$50,855**	**$20,876**	**$20,857**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $133,214.
- Capital is budgeted at $46,716.
- DSCR is 1.32.

Time Frame

The FY'20 Adopted Operating and Capital Budgets for Barclay Apartments Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY'20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'20 Operating and Capital Budgets for Barclay Apartments Development Corporation by the Board of Directors.

RESOLUTION NO.: 19-002BC **RE: Barclay Apartments Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets**

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Barclay Apartments Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

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

Glenmont Crossing Development Corporation

Glenmont Crossing Development Corporation

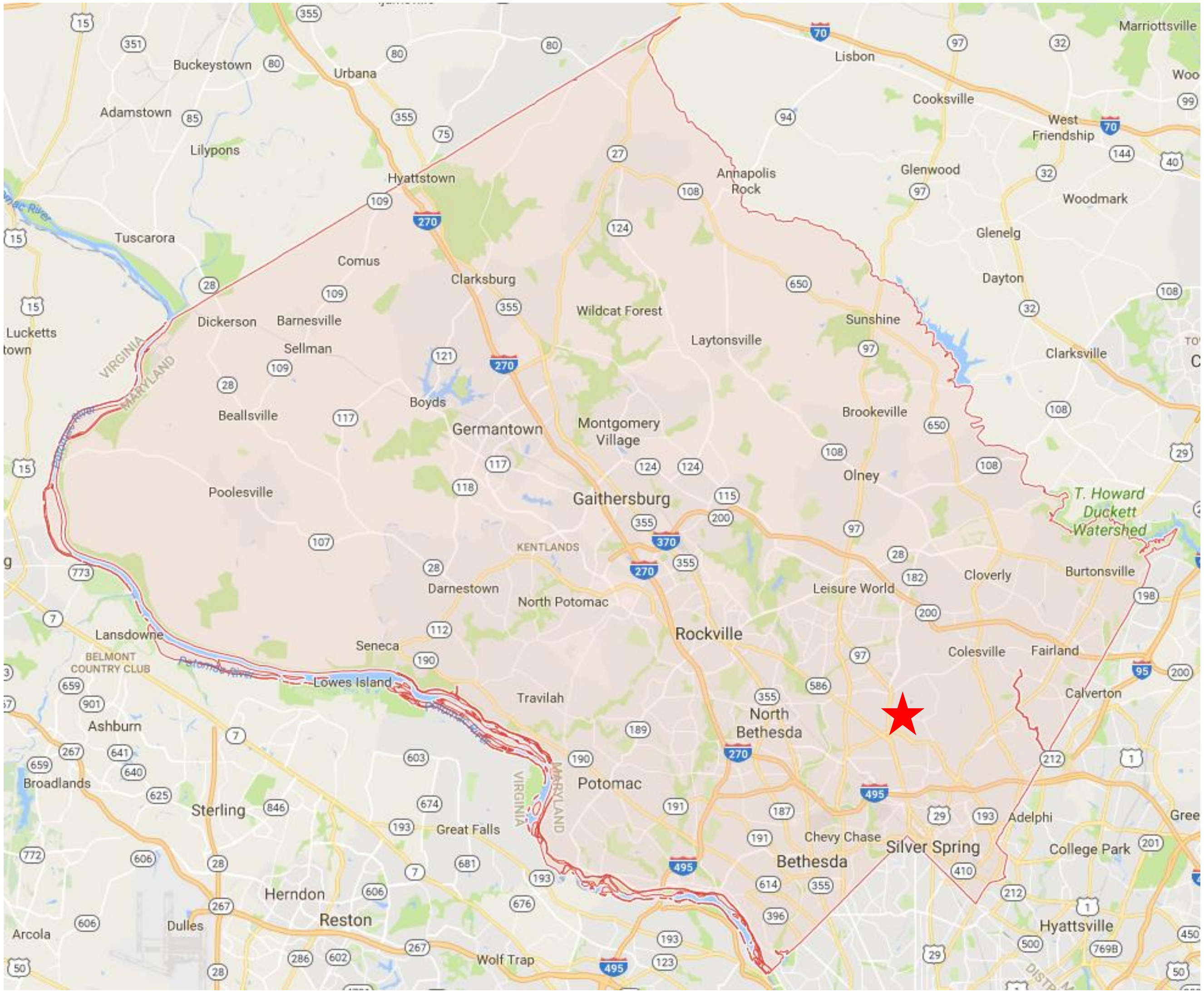
Annual Meeting and Adoption of FY 2020 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 5, 2019

Glenmont Crossing Development Corporation



Property Snapshot:

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

Glenmont Crossing Development Corporation – FY 2020 Overview

Background

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

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

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

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

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

2309 Shorefield Road, Wheaton, MD 20902
Manager: Avison Young

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

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

Glenmont Crossing Development Corporation – FY 2020 Update

Property Management

- Glenmont Crossing maintains consistent occupancy of 98% or greater. Turnover is greater this fiscal year due to residents purchasing homes and moving to another geographical location.

Turnover Rate	Avg. Occupancy FY 2019	Current Occupancy
31%	99%	99%

Maintenance

- The largest volume of work tickets was related to kitchen and bath repairs (36%), plumbing (24%), and HVAC (12%). A large part of the work orders pertain to townhouse structure, where more work orders are needed. Also, preventative maintenance is always done to ensure the best quality/life of units.

Total Work Orders FY 2019	Average Days to Close
742	2

Capital Improvements

- The Capital Budget includes appliance and flooring replacements at turnover, or as needed. FY20 budget also includes replacement of HVAC units, and exterior concrete work.

Redevelopment/Refinancing

- HOC has begun the refinancing process for Glenmont Crossing in 2019.

- A renovation escrow is set aside in the amount of $293,159. A Property Needs Assessment (PNA) will be conducted in FY20 to ensure the appropriate property/system updates are identified and addressed.

Glenmont Crossing Development Corporation – FY 2020 Budget Summary

Glenmont Crossing Development Corporation

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$1,979,541**	**$2,091,961**	**$2,030,274**	**$1,989,565**	**$1,974,837**
Expenses:					
Operating - Admin	$195,237	$208,689	$178,499	$152,435	$158,017
Operating - Fees	$64,702	$69,358	$72,647	$66,505	$69,933
Tenant & Protective Services	$5,844	$6,400	$4,295	$4,241	$4,175
Taxes, Insurance & Utilities	$115,542	$266,378	$269,480	$248,809	$234,629
Maintenance	$332,122	$348,829	$397,555	$272,551	$328,429
Subtotal - Operating Expenses	**$713,447**	**$899,654**	**$922,476**	**$744,541**	**$795,183**
Net Operating Income (NOI)	**$1,266,094**	**$1,192,307**	**$1,107,798**	**$1,245,024**	**$1,179,654**
Debt Service	$828,905	$828,912	$828,913	$828,913	$828,914
Replacement Reserves	$58,200	$58,200	$58,200	$58,200	$58,200
Asset Management Fees	$103,850	$109,670	$104,450	$73,020	$73,020
Development Corporation Fees	$146,850	$31,275	$0	$39,699	$20,482
Excess Cash Flow Restricted	$128,289	$164,250	$116,235	$245,192	$199,038
Subtotal - Expenses Below NOI	**$1,266,094**	**$1,192,307**	**$1,107,798**	**$1,245,024**	**$1,179,654**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Computer Equipment	$1,200	$2,000	$0	$1,417	$0
Kitchen and Bath Supplies	$8,000	$0	$2,299	$14,696	$13,643
Grounds/Landscaping Sup.-Cap.	$0	$0	$0	$2,995	$2,900
Doors	$3,024	$7,200	$0	$0	$800
Miscellaneous Supplies	$0	$0	$333	$0	$0
HVAC Equipment	$3,900	$0	$742	$0	$0
Appliance Equipment	$34,650	$32,004	$21,465	$8,415	$9,574
Tools	$1,397	$0	$0	$0	$0
Plumbing Contracts	$8,490	$6,800	$1,697	$0	$0
Grounds/Landscaping Contr-Cap.	$0	$18,000	$0	$0	$0
HVAC Contracts	$17,760	$34,800	$2,284	$0	$0
Flooring/Carpet Contracts	$48,400	$57,000	$43,844	$51,719	$41,640
Paint/Wallcovering Ext. Cont	$0	$100,000	$0	$0	$0
Asphalt/Concrete Contracts	$12,000	$4,000	$2,770	$3,220	$400
Miscellaneous Contracts	$0	$0	$0	$6,311	$30,060
Vehicle	$0	$11,000	$0	$0	$0
Total Capital Budget	**$138,821**	**$272,804**	**$75,434**	**$88,773**	**$99,017**

Issues for Consideration

- Rent increases 1.5% upon lease renewal per the County Executive's voluntary rent guideline.
- Market rents will be increased 1.5%, but upon turnover will be increased to the prevailing "market rate".
- Property cash flow is budgeted at $275,139, of which $128,289 is restricted.
- Capital is budgeted at $138,821.
- DSCR is 1.46.

Time Frame

The FY'20 Adopted Operating and Capital Budgets for Glenmont Crossing Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY'20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'20 Operating and Capital Budgets for Glenmont Crossing Development Corporation by the Board of Directors.

RESOLUTION NO.: 19-002GC **RE: Glenmont Crossing Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets**

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Glenmont Crossing Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

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

Glenmont Westerly Development Corporation

Glenmont Westerly Development Corporation

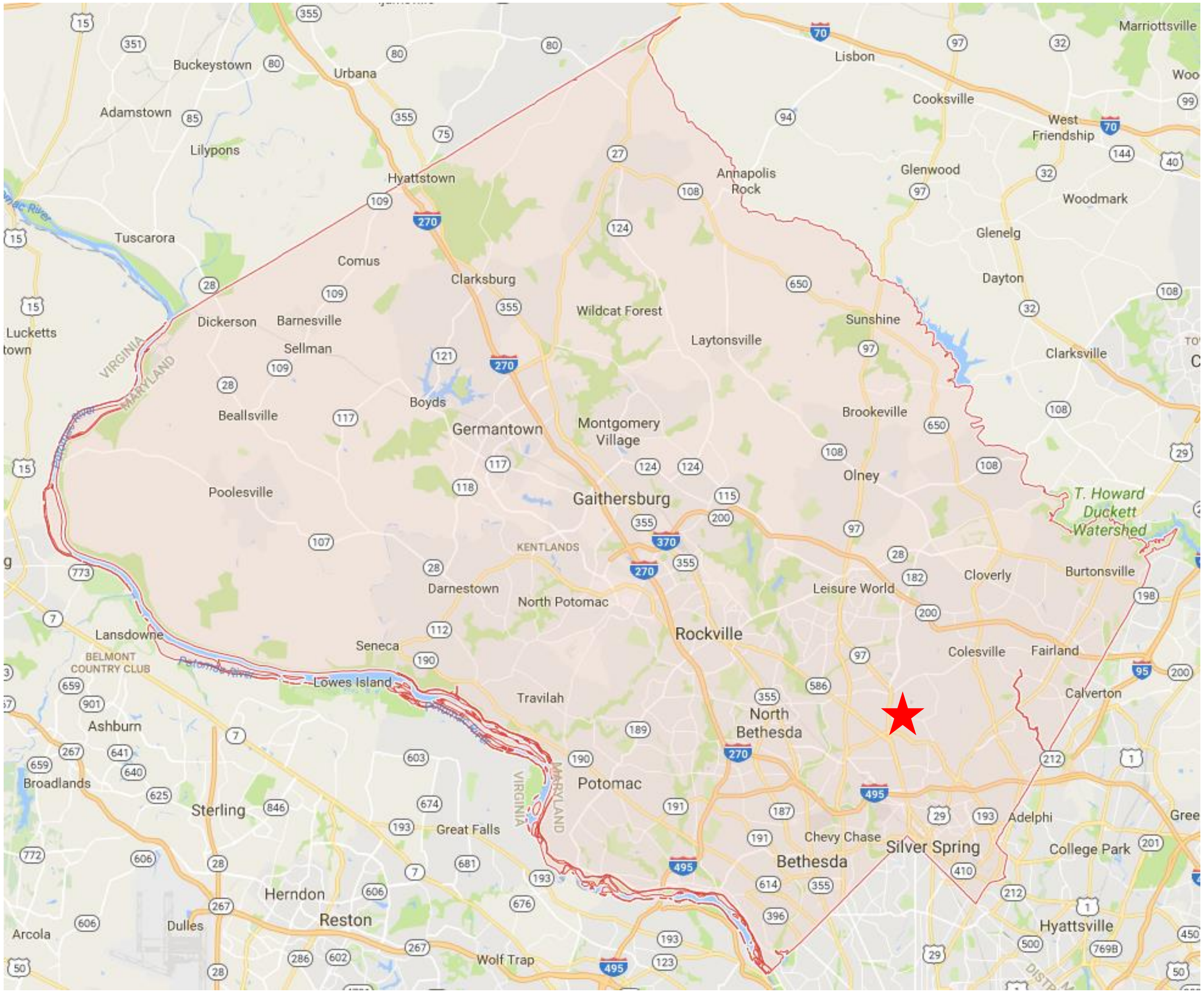
Annual Meeting and Adoption of FY 2020 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 5, 2019

Glenmont Westerly Development Corporation



Property Snapshot:

- Located in Wheaton.
- Constructed in 1965.
- Washer/Dryer in Unit, Free Onsite Parking, Outdoor Community Space.

Glenmont Westerly Development Corporation – FY 2020 Overview

Background

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

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

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

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

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

2309 Shorefield Road, Wheaton, MD 20902
Manager: Avison Young

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

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

Glenmont Westerly Development Corporation – FY 2020 Update

Property Management

- Glenmont Westerly maintains consistent occupancy of 98% or greater.

Turnover Rate	Avg. Occupancy CY 2018	Current Occupancy
19%	100%	100%

Maintenance

- The largest volume of work tickets was related to kitchen and bath repairs (35%), plumbing (25%), and HVAC (17%).

Total Work Orders CY 2018	Average Days to Close
886	2

Capital Improvements

- The Capital Budget includes kitchen, bathroom, flooring upgrades, HVAC replacements, asphalt, and concrete work.

Redevelopment/Refinancing

- HOC is in the process of refinancing Glenmont Westerly in FY2020. A Property Needs Assessment (PNA) was conducted in FY19 to assure the appropriate property/system needs.

- A renovation escrow is set aside in the amount of $906,609..

Glenmont Westerly Development Corporation – FY 2020 Budget Summary

Glenmont Westerly Development Corporation

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$1,740,180**	**$1,744,067**	**$1,723,813**	**$1,689,906**	**$1,689,972**
Expenses:					
Operating - Admin	$187,126	$183,065	$163,864	$169,010	$157,950
Operating - Fees	$67,681	$66,824	$63,498	$56,740	$60,837
Tenant & Protective Services	$7,757	$6,400	$6,229	$6,438	$7,101
Taxes, Insurance & Utilities	$98,744	$185,531	$181,343	$181,651	$164,175
Maintenance	$319,012	$321,669	$322,463	$281,074	$308,911
Subtotal - Operating Expenses	**$680,320**	**$763,489**	**$737,397**	**$694,913**	**$698,974**
Net Operating Income (NOI)	**$1,059,860**	**$980,578**	**$986,416**	**$994,993**	**$990,998**
Debt Service	$538,812	$538,812	$538,812	$538,812	$538,812
Replacement Reserves	$61,200	$61,200	$61,200	$61,200	$61,200
Asset Management Fees	$109,200	$115,320	$109,830	$76,780	$76,780
Development Corporation Fees	$186,398	$136,957	$61,439	$115,185	$134,524
Excess Cash Flow Restricted	$164,250	$128,289	$215,135	$203,016	$179,682
Subtotal - Expenses Below NOI	**$1,059,860**	**$980,578**	**$986,416**	**$994,993**	**$990,998**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Computer Equipment	$0	$2,000	$0	$1,490	$0
Kitchen and Bath Supplies	$24,620	$0	$1,584	$10,150	$17,259
Doors	$4,032	$4,800	$0	$0	$800
Miscellaneous Supplies	$0	$0	$349	$0	$0
HVAC Equipment	$34,800	$34,800	$742	$0	$0
Appliance Equipment	$31,900	$30,396	$12,648	$8,426	$20,327
Tools	$1,397	$0	$0	$0	$0
Plumbing Contracts	$8,490	$6,800	$3,394	$0	$0
HVAC Contracts	$17,760	$0	$0	$0	$0
Flooring/Carpet Contracts	$37,200	$38,796	$22,235	$39,974	$39,430
Asphalt/Concrete Contracts	$60,000	$60,000	$0	$0	$1,400
Miscellaneous Contracts	$0	$0	$0	$4,985	$0
Vehicle	$0	$11,000	$0	$0	$0
Total Capital Budget	**$220,199**	**$188,592**	**$40,952**	**$65,025**	**$79,216**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive’s voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at $350,648 of which $164,250 is restricted.
- Capital is budgeted at $220,199.
- DSCR is 1.85.

Time Frame

The FY’20 Adopted Operating and Capital Budgets for Glenmont Westerly Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY’20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY’20 Operating and Capital Budgets for Glenmont Westerly Development Corporation by the Board of Directors.

RESOLUTION NO.: 19-002GW **RE: Glenmont Westerly Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets**

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Glenmont Westerly Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

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

Magruder's Discovery Development Corporation

Magruder's Discovery Development Corporation

Annual Meeting and Adoption of FY 2020 Operating & Capital Budgets

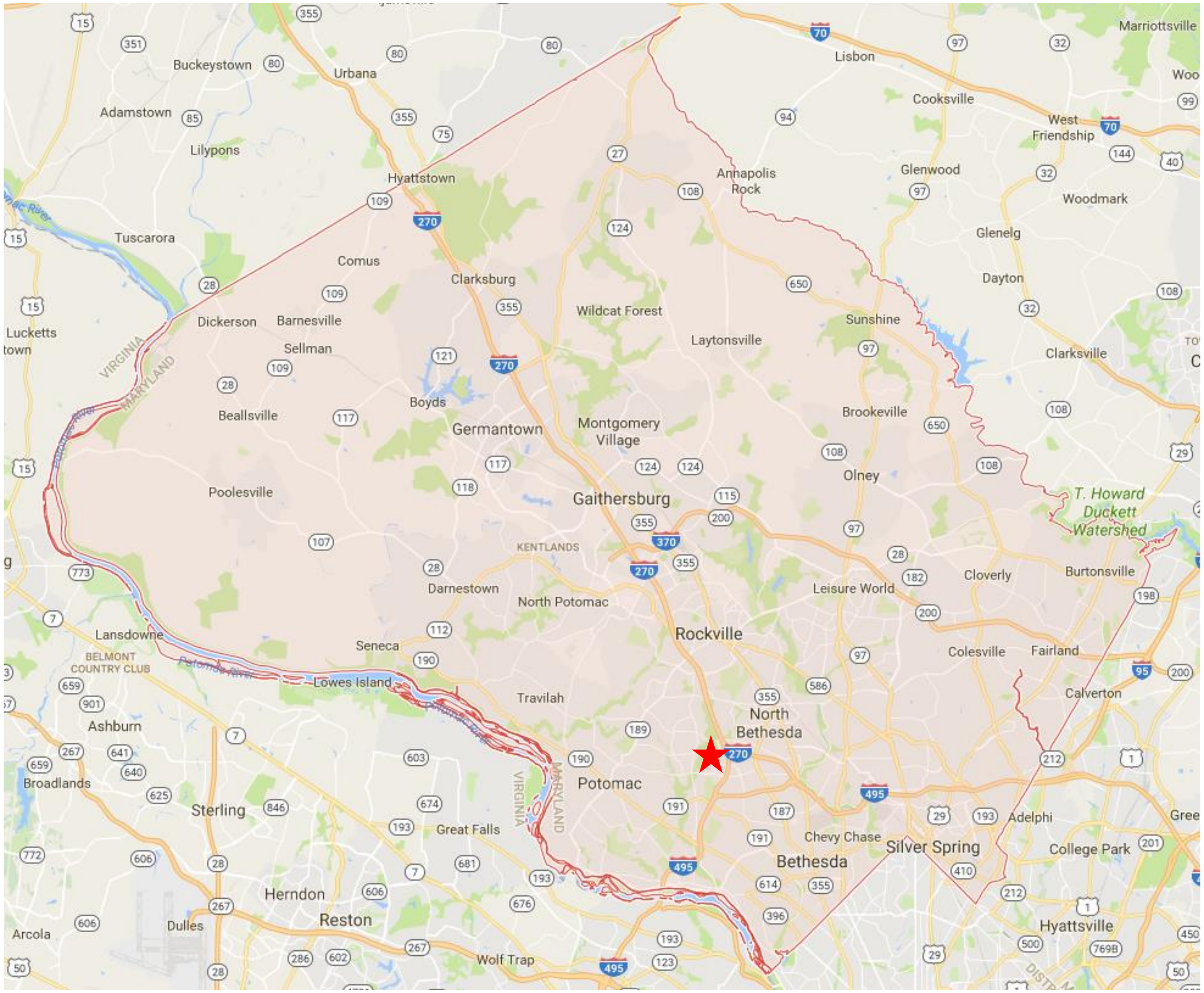
Housing Opportunities Commission
OF MONTGOMERY COUNTY

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 5, 2019

Magruder's Discovery Development Corporation



Property Snapshot:

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

Magruder's Discovery Development Corporation – FY 2020 Overview

Background

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

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

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

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

10508 Westlake Dr., Bethesda, MD 20817
Manager: HOC

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

Magruder's Discovery Development Corporation – FY 2020 Update

Property Management

- Occupancy continues to remain stable. Applications are pulled from Housing Path.

Turnover Rate	Avg. Occupancy CY 2018	Current Occupancy
4%	95%	97%

Maintenance

- The largest volume of work tickets was for plumbing (17%) followed by appliance repairs (12%), and Electrical repairs (11%).

Total Work Orders CY 2018	Average Days to Close
1173	10

Capital Improvements

- Budget for FY 2020 includes roof replacement, flooring, and HVAC replacement.

Redevelopment/Refinancing

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

Magruder's Discovery Development Corporation – FY 2020 Budget Summary

Magruders Development Corporation

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$2,449,328**	**$2,366,205**	**$2,433,767**	**$2,246,248**	**$2,314,304**
Expenses:					
Operating - Admin	$99,001	$127,983	$130,763	$126,624	$102,445
Operating - Fees	$65,707	$114,888	$123,805	$116,810	$120,306
Tenant & Protective Services	$41,840	$39,500	$38,403	$29,319	$30,048
Taxes, Insurance & Utilities	$137,479	$147,004	$143,340	$121,022	$128,430
Maintenance	$244,959	$246,269	$258,832	$239,255	$313,215
Subtotal - Operating Expenses	**$588,986**	**$675,644**	**$695,143**	**$633,030**	**$694,444**
Net Operating Income (NOI)	**$1,860,342**	**$1,690,561**	**$1,738,624**	**$1,613,218**	**$1,619,860**
Debt Service	$926,027	$927,101	$928,108	$929,054	$929,941
Replacement Reserves	$40,812	$39,816	$38,843	$38,256	$36,972
Asset Management Fees	$90,050	$0	$0	$0	$0
Development Corporation Fees	$803,453	$723,644	$771,673	$645,908	$652,947
Subtotal - Expenses Below NOI	**$1,860,342**	**$1,690,561**	**$1,738,624**	**$1,613,218**	**$1,619,860**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$6,000	$0	$0	$1,300	$150
Electrical Supplies	$0	$0	$42	$21	$251
Appliance Supplies	$0	$0	$644	$23	$291
Plumbing Supplies	$0	$0	$19	$92	$1,466
Cleaning/Janitorial Supplies	$0	$0	$0	$0	$244
Doors	$1,000	$4,000	$0	$0	$2,460
Flooring and Carpeting	$0	$0	$0	$6,893	$7,662
Paint and Wallcoverings	$0	$0	$0	$6,206	$3,600
Miscellaneous Supplies	$0	$0	$0	$0	$11
Plumbing Equipment	$0	$2,000	$0	$399	$0
HVAC Equipment	$6,498	$0	$0	$0	$11
Appliance Equipment	$6,000	$6,000	$5,375	$3,742	$6,820
Maintenance Equipment	$0	$0	$0	$0	$126
Appliance Contracts	$12,996	$0	$0	$0	$0
Plumbing Contracts	$0	$0	$8,073	$950	$0
Grounds/Landscaping Contr-Cap.	$8,750	$9,000	$8,800	$0	$0
Roofing/Gutter Contracts	$20,000	$25,000	$6,076	$0	$0
HVAC Contracts	$4,500	$0	$0	$0	$0
Flooring/Carpet Contracts	$10,000	$15,500	$18,395	$12,726	$16,680
Paint/Wallcovering Int. Cont.	$17,500	$0	$20,940	$325	$880
Paint/Wallcovering Ext. Cont	$6,000	$0	$0	$0	$0
Fencing Contracts	$2,000	$0	$0	$0	$0
Asphalt/Concrete Contracts	$5,000	$2,500	$0	$0	$62,355
Miscellaneous Contracts	$2,000	$0	$875	$0	$0
Total Capital Budget	**$108,244**	**$64,000**	**$69,239**	**$32,677**	**$103,007**

Issues for Consideration

- Rent increases are issued per an approved OCAF; the County Executive's voluntary rent guideline is 1.5%.
- Property cash flow is budgeted at $803,453.
- Capital is budgeted at $108,244.
- DSCR is 1.96.

Time Frame

The FY'20 Adopted Operating and Capital Budgets for Magruder's Discovery Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY'20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'20 Operating and Capital Budgets for Magruder's Discovery Development Corporation by the Board of Directors.

RESOLUTION NO.: 19-001MD | **RE: Magruder's Discovery Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets**

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Magruder's Discovery Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

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

The Metropolitan Development Corporation

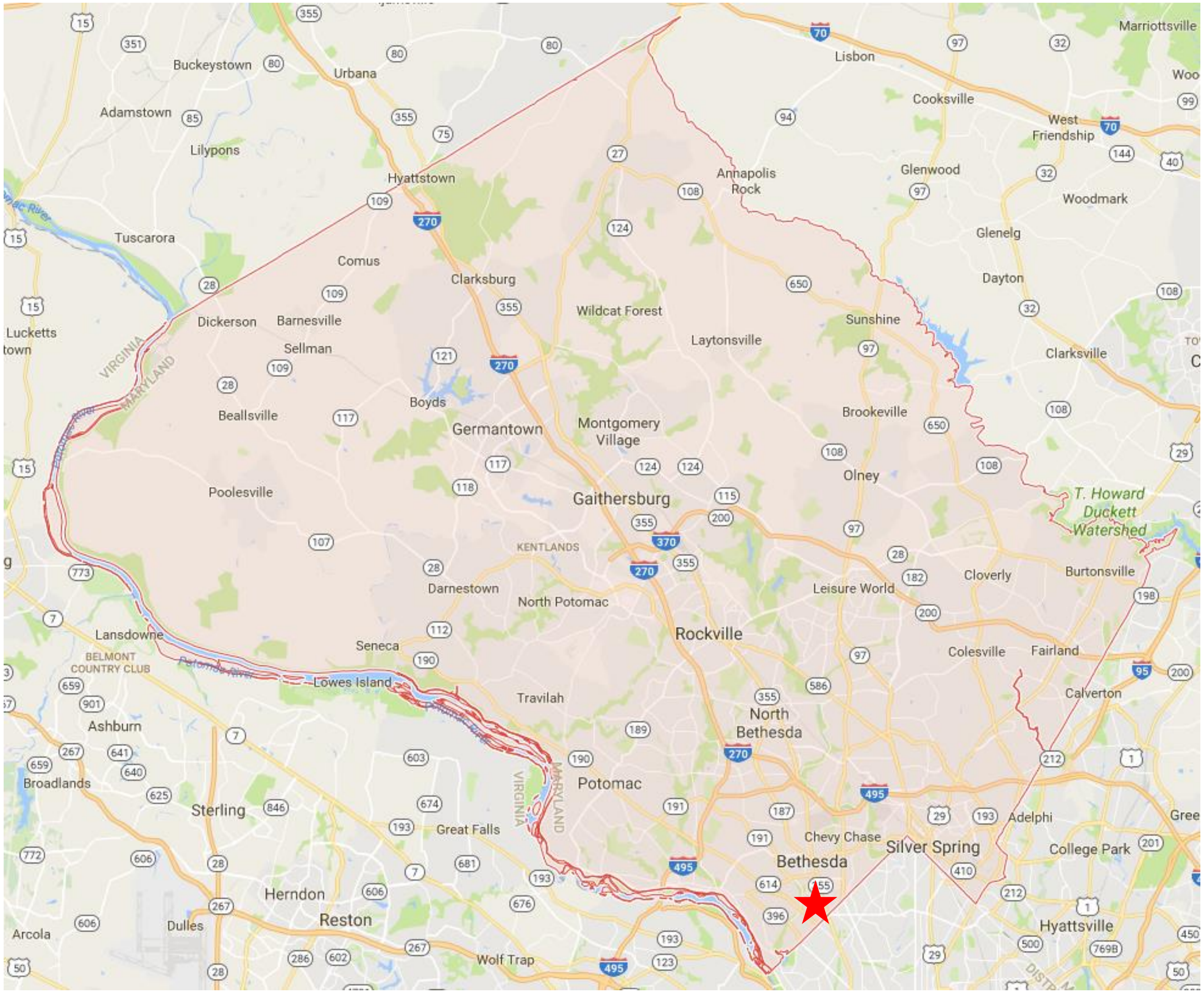
Metropolitan Development Corporation

Annual Meeting and Adoption of FY 2020 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance
June 5, 2019

Metropolitan Development Corporation



Property Snapshot:

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

Metropolitan Development Corporation – FY 2020 Overview

Background

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

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

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

  - The Metropolitan consists of 308 units distributed as follows:
    - 92 tax credit units owned by the Metropolitan of Bethesda LP with HOC as the General Partner.
    - 216 units owned by the Metropolitan Development Corporation, including five retail spaces .

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

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

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

Metropolitan Development Corporation – FY 2020 Update

Property Management

- Property occupancy remains stable despite the highly competitive Downtown Bethesda submarket. Yieldstar is utilized at Metropolitan and a recent rent workshop analysis showed that the property is outperforming the submarket.

- Leasing strategies include a robust online media plan, strong social media, reputation management strategies, and extensive outreach to local businesses and employers.

Turnover	Avg. Occupancy CY 2019	Current Occupancy
41.2%	91.1%	95.8%

Maintenance

- The largest volume of work tickets was related to plumbing (21.1%), appliance (12.6%), electrical (10.9%), misc. (9.0%).

Total Work Orders CY 2019	Average Days to Close
1123	2

Capital Improvements

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

- The FY'20 capital budget includes funding renovations of the patio and outdoor seating area, replacing HVAC units and appliances at turnover, and carpet/flooring replacement in penthouse and hallways.

Redevelopment/Refinancing

- A moderate renovation of the market rate units and common area was performed between 2008 and 2011.

- HOC seeks to resyndicate the 92 affordable units as part of a comprehensive renovation of these units which necessitates a refinancing of the entire development.

Metropolitan Development Corporation – FY 2020 Budget Summary

Metropolitan Development Corporation
FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$6,808,173**	**$7,000,184**	**$6,758,977**	**$6,958,709**	**$7,039,850**
Expenses:					
Operating - Admin	$707,183	$680,291	$749,855	$667,662	$630,204
Operating - Fees	$180,324	$204,672	$184,469	$201,812	$215,442
Tenant & Protective Services	$125,290	$117,406	$118,811	$117,647	$102,686
Taxes, Insurance & Utilities	$521,366	$532,506	$532,629	$508,831	$518,098
Maintenance	$585,639	$505,727	$539,828	$486,938	$472,160
Subtotal - Operating Expenses	**$2,119,802**	**$2,040,602**	**$2,125,592**	**$1,982,890**	**$1,938,590**
Net Operating Income (NOI)	**$4,688,371**	**$4,959,582**	**$4,633,385**	**$4,975,819**	**$5,101,260**
Debt Service	$2,301,956	$2,305,555	$2,308,932	$2,312,100	$2,315,073
Replacement Reserves	$97,200	$194,400	$97,200	$97,200	$97,200
Asset Management Fees	$63,630	$63,630	$62,020	$66,680	$68,320
Development Corporation Fees	$842,289	$933,095	$940,810	$1,047,022	$946,257
Excess Cash Flow Restricted	$1,383,296	$1,462,902	$1,224,423	$1,452,817	$1,674,410
Subtotal - Expenses Below NOI	**$4,688,371**	**$4,959,582**	**$4,633,385**	**$4,975,819**	**$5,101,260**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$25,000	$0	$0	$0
Grounds/Landscaping Sup.-Cap.	$0	$5,600	$0	$0	$0
Doors	$9,100	$0	$918	$0	$949
HVAC Equipment	$4,900	$17,500	$36,372	$37,792	$23,013
Appliance Equipment	$19,800	$41,000	$12,968	$9,371	$4,909
Plumbing Contracts	$8,000	$7,000	$17,810	$5,218	$10,613
Grounds/Landscaping Contr-Cap.	$0	$35,000	$0	$0	$2,484
Roofing/Gutter Contracts	$630,000	$0	$0	$80,052	$0
HVAC Contracts	$0	$0	$8,547	$40,942	$0
Flooring/Carpet Contracts	$48,000	$59,500	$37,107	$19,515	$31,926
Swimming Pool Contracts	$6,132	$0	$0	$0	$0
Asphalt/Concrete Contracts	$22,400	$0	$2,142	$5,745	$0
Miscellaneous Contracts	$5,040	$38,500	$47,021	$97,805	$42,578
Security System	$0	$0	$0	$10,854	$9,766
Total Capital Budget	**$753,372**	**$229,100**	**$162,885**	**$307,294**	**$126,238**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $2,225,585 of which $1,383,296 is restricted to cover the anticipated operating losses ($541,008) of The Metropolitan of Bethesda LP (the tax credit entity) and to pay Montgomery County pursuant to the Air Rights Lease Agreement .
- Capital is budgeted at $753,372.
- DSCR is 1.99.

Time Frame

The FY'20 Adopted Operating and Capital Budgets for Metropolitan Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY'20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'20 Operating and Capital Budgets for Metropolitan Development Corporation by the Board of Directors.

RESOLUTION NO.: 19-001ME | **RE: The Metropolitan Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets**

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of The Metropolitan Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

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

Montgomery Arms Development Corporation

MONTGOMERY ARMS DEVELOPMENT CORPORATION

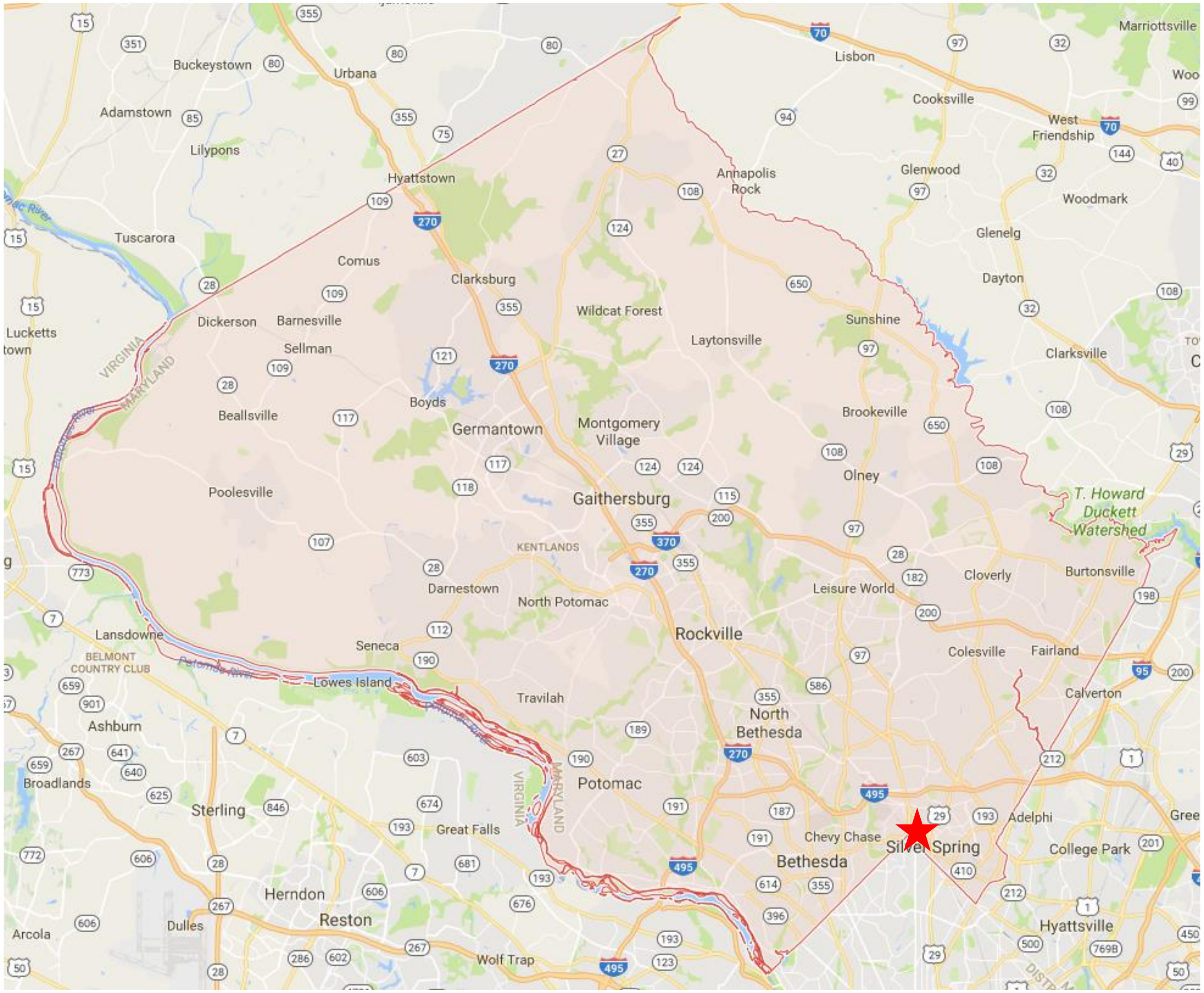
ANNUAL MEETING AND ADOPTION OF FY 2020 OPERATING & CAPITAL BUDGETS

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 5, 2019

Montgomery Arms Development Corporation



Property Snapshot:

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

Montgomery Arms Development Corporation – FY 2020 Overview

Background

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

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

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

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

Unit Mix	Market	Affordable	Total
Studio	4	3	7
1BR	51	42	99
2BR	10	7	23
Total Units	**65**	**52**	**129**

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

Montgomery Arms Development Corporation– FY 2020 Update

Property Management

- The property maintained 95.70% occupancy for CY2018 in a competitive market in downtown Silver Spring. We experienced some difficulty leasing the units, due to the rent increase implemented, because the units are not updated. At present, all market units are rented and current occupancy is 97.8%.

Turnover	Avg. Occupancy CY 2018	Current Occupancy
24.03%	95.80%	97.8%

Maintenance

- Inspection and make ready (37.8%), plumbing (23%), electrical and lighting (10.9%); general maintenance – hardware, drywall, flooring, etc. and appliances (28.30%).

Total Work Orders CY 2018	Average Days to Close
566	1

Capital Improvements

- Most of the proposed capital funding is to support routine turnover activity to include replacement of kitchen countertops, cabinets, vanities, and appliances. Budget also includes replacement of HVAC System and Carpeting/Flooring.

Redevelopment/ Refinancing

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

Montgomery Arms Development Corporation – FY 2020 Budget Summary

Montgomery Arms Development Corporation

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$1,920,181**	**$1,957,821**	**$1,908,930**	**$1,886,711**	**$1,856,945**
Expenses:					
Operating - Admin	$248,373	$250,534	$214,984	$227,840	$245,772
Operating - Fees	$78,496	$78,726	$78,031	$72,179	$77,170
Tenant & Protective Services	$8,084	$7,222	$800	$3,017	$3,532
Taxes, Insurance & Utilities	$138,920	$129,819	$132,279	$118,851	$136,490
Maintenance	$276,026	$270,886	$211,118	$251,887	$320,427
Subtotal - Operating Expenses	**$749,899**	**$737,187**	**$637,212**	**$673,774**	**$783,391**
Net Operating Income (NOI)	**$1,170,282**	**$1,220,634**	**$1,271,718**	**$1,212,937**	**$1,073,554**
Debt Service	$685,602	$687,178	$694,706	$690,111	$695,763
Replacement Reserves	$46,200	$46,200	$46,200	$46,200	$46,200
Asset Management Fees	$138,110	$145,850	$138,900	$97,110	$97,110
Loan Management Fees	$0	$0	$0	$4,333	$0
Development Corporation Fees	$300,370	$341,406	$386,135	$375,183	$234,481
Excess Cash Flow Restricted	$0	$0	$5,777	$0	$0
Subtotal - Expenses Below NOI	**$1,170,282**	**$1,220,634**	**$1,271,718**	**$1,212,937**	**$1,073,554**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$3,500	$4,200	$8,299	$8,160	$5,685
Grounds/Landscaping Sup.-Cap.	$4,000	$4,000	$2,980	$0	$5,384
Doors	$0	$0	$775	$850	$0
Flooring and Carpeting	$24,000	$24,000	$19,684	$11,479	$24,266
Plumbing Equipment	$0	$0	$4,358	$2,497	$2,950
HVAC Equipment	$23,800	$26,700	$18,002	$873	$1,971
Appliance Equipment	$8,370	$8,310	$1,011	$4,928	$3,042
Miscellaneous Equipment	$5,950	$2,900	$8,750	$19,774	$23,864
Roofing/Gutter Contracts	$0	$0	$0	$0	$2,250
Paint/Wallcovering Int. Cont.	$0	$0	$0	$0	$4,176
Fencing Contracts	$6,000	$0	$0	$0	$0
Asphalt/Concrete Contracts	$0	$0	$3,480	$0	$12,145
Miscellaneous Contracts	$0	$5,000	$43,901	$0	$31,275
Total Capital Budget	**$75,620**	**$75,110**	**$111,240**	**$48,561**	**$117,008**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 1.5%.
- Market rents will be increased 1.5%, but upon turnover will be increased to the prevailing "market rate".
- Property cash flow is budgeted at $300,370.
- Capital is budgeted at $75,620.
- DSCR is 1.64.

Time Frame

The FY'20 Adopted Operating and Capital Budgets for Montgomery Arms Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY'20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'20 Operating and Capital Budgets for Montgomery Arms Development Corporation by the Board of Directors.

RESOLUTION NO.: 19-002MA | **RE: Montgomery Arms Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets**

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Montgomery Arms Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

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

The Oaks at Four Corners Development Corporation

Oaks at Four Corners Development Corporation

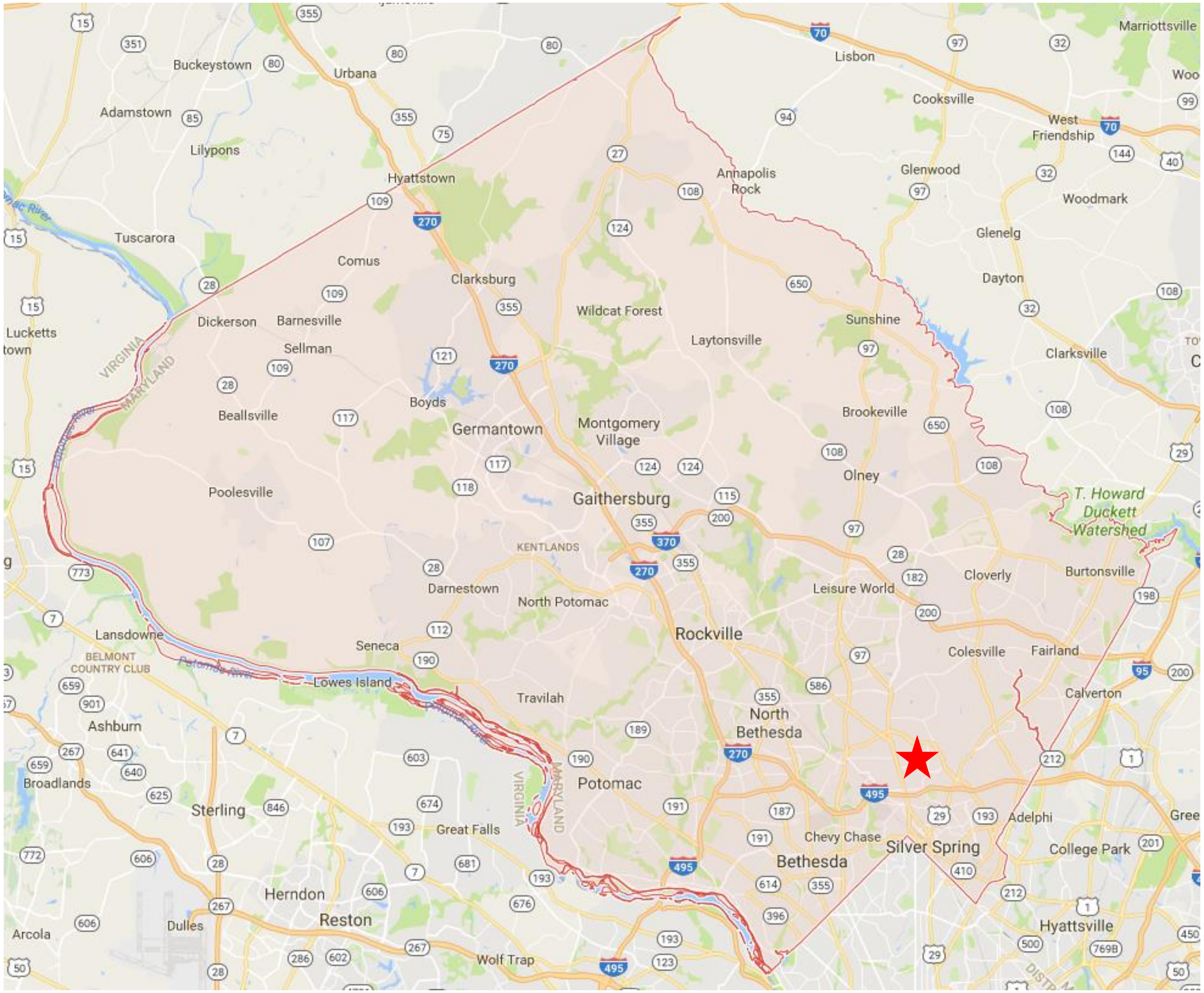
Annual Meeting and Adoption of FY 2020 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 5, 2019

Oaks at Four Corners Development Corporation



Property Snapshot:

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

Housing Opportunities Commission OF MONTGOMERY COUNTY

Oaks at Four Corners Development Corporation – FY 2020 Overview

Background

- **August 21, 1996 -** Commission authorized the creation of The Oaks at Four Corners Corporation and passed a resolution approving the Articles of Incorporation for the Development and By-laws.
- **September 3, 1996** - The Housing Opportunities Commission (HOC) executed a Contract of Sale Agreement with the Corporation whereby the Corporation purchased the improvements known as The Oaks at Four Corners together with a ground lease.
- **December 11, 1996-** The Board of Directors for The Oaks at Four Corners Development Corporation adopted the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.
- **March 26, 1997 -** Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.
- **April 23, 1997 -** Board of Directors approved a resolution that allowed for the incorporation of The Oaks at Four Corners annual budget preparation and presentation into the HOC budget process.
- The Oaks is an apartment building for seniors, age 62 or older.

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

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

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

Oaks at Four Corners Development Corporation – FY 2020 Update

Property Management

- The property maintained a 96.70% occupancy rate in 2018 with a strong competitive market in Silver Spring. Leasing of the units at turnover can lag due to applicants not meeting income requirements.

Turnover	Avg. Occupancy CY 2018	Current Occupancy
17.50%	96.70%	97.8%

Maintenance

- Maintenance Tickets performed during the year were:
  - Preventive Maintenance (30.38%) Turnover Work (10%), Appliance Repairs (3.5%), Plumbing (10.28%), HVAC (9.22%), Safety Equipment (1.9%) Electrical (7.5%), Door Repairs (1.63%), General Maintenance (23.21%) and Flooring (2.38%)

Total Work Orders CY 2018	Average Days to Close
2418	1

Capital Improvements

- Most of the proposed capital funding is for the replacement of siding from Cedar Oaks to vinyl, Gutters Downspouts. Replacement of elevator Starter & Power Units Replacement as well as Carpet/Flooring and Appliances.

Redevelopment/Refinancing

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

Oaks at Four Corners Development Corporation – FY 2020 Budget Summary

Oaks at Four Corners Development Corporation

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$1,399,315**	**$1,392,990**	**$1,366,465**	**$1,377,306**	**$1,312,505**
Expenses:					
Operating - Admin	$246,737	$232,887	$204,226	$209,605	$200,575
Operating - Fees	$70,730	$70,966	$70,167	$72,777	$72,329
Tenant & Protective Services	$76,176	$73,045	$64,214	$98,083	$83,748
Taxes, Insurance & Utilities	$109,371	$108,947	$107,376	$119,445	$110,343
Ground Rent	$100	$100	$0	$100	$100
Maintenance	$310,710	$298,405	$249,689	$246,767	$235,384
Subtotal - Operating Expenses	**$813,824**	**$784,350**	**$695,672**	**$746,777**	**$702,479**
Net Operating Income (NOI)	**$585,491**	**$608,640**	**$670,793**	**$630,529**	**$610,026**
Debt Service	$281,712	$284,208	$283,630	$284,398	$285,119
Replacement Reserves	$172,000	$172,000	$171,996	$171,996	$171,996
Asset Management Fees	$128,470	$135,670	$129,210	$90,330	$90,330
Excess Cash Flow Restricted	$3,309	$16,762	$85,957	$83,805	$62,581
Subtotal - Expenses Below NOI	**$585,491**	**$608,640**	**$670,793**	**$630,529**	**$610,026**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$4,250	$5,100	$3,344	$4,544	$2,620
Electrical Supplies	$0	$4,000	$0	$0	$0
Grounds/Landscaping Sup.-Cap.	$6,000	$5,000	$0	$8,990	$2,500
Windows and Glass	$0	$0	$4,496	$0	$0
Doors	$2,750	$4,000	$4,668	$10,118	$7,454
Flooring and Carpeting	$22,980	$26,280	$11,196	$13,164	$14,102
Miscellaneous Supplies	$1,000	$0	$0	$0	$0
Plumbing Equipment	$2,250	$0	$1,133	$2,505	$16,684
HVAC Equipment	$9,760	$2,050	$7,333	$5,418	$866
Appliance Equipment	$5,230	$5,748	$4,907	$0	$2,797
Miscellaneous Equipment	$0	$0	$8,173	$4,187	$6,916
Windows/Glass Contracts	$1,650	$0	$1,454	$0	$1,196
Roofing/Gutter Contracts	$10,000	$25,000	$13,000	$1,970	$19,873
Paint/Wallcovering Int. Cont.	$0	$0	$0	$6,945	$0
Asphalt/Concrete Contracts	$10,600	$6,000	$0	$20,621	$0
Miscellaneous Contracts	$116,000	$267,217	$11,817	$76,341	$0
Total Capital Budget	**$192,470**	**$350,395**	**$71,521**	**$154,803**	**$75,008**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive’s voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at $3,309 all of which is restricted to the property.
- Capital is budgeted at $192,470.
- DSCR is 1.47.

Time Frame

The FY’20 Adopted Operating and Capital Budgets for Oaks at Four Corners Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019, Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY’20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY’20 Operating and Capital Budgets for Oaks at Four Corners Development Corporation by the Board of Directors.

RESOLUTION NO.: 19-001OC **RE: Oaks at Four Corners Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets**

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Oaks at Four Corners Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

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

Paddington Square Development Corporation

PADDINGTON SQUARE DEVELOPMENT CORPORATION

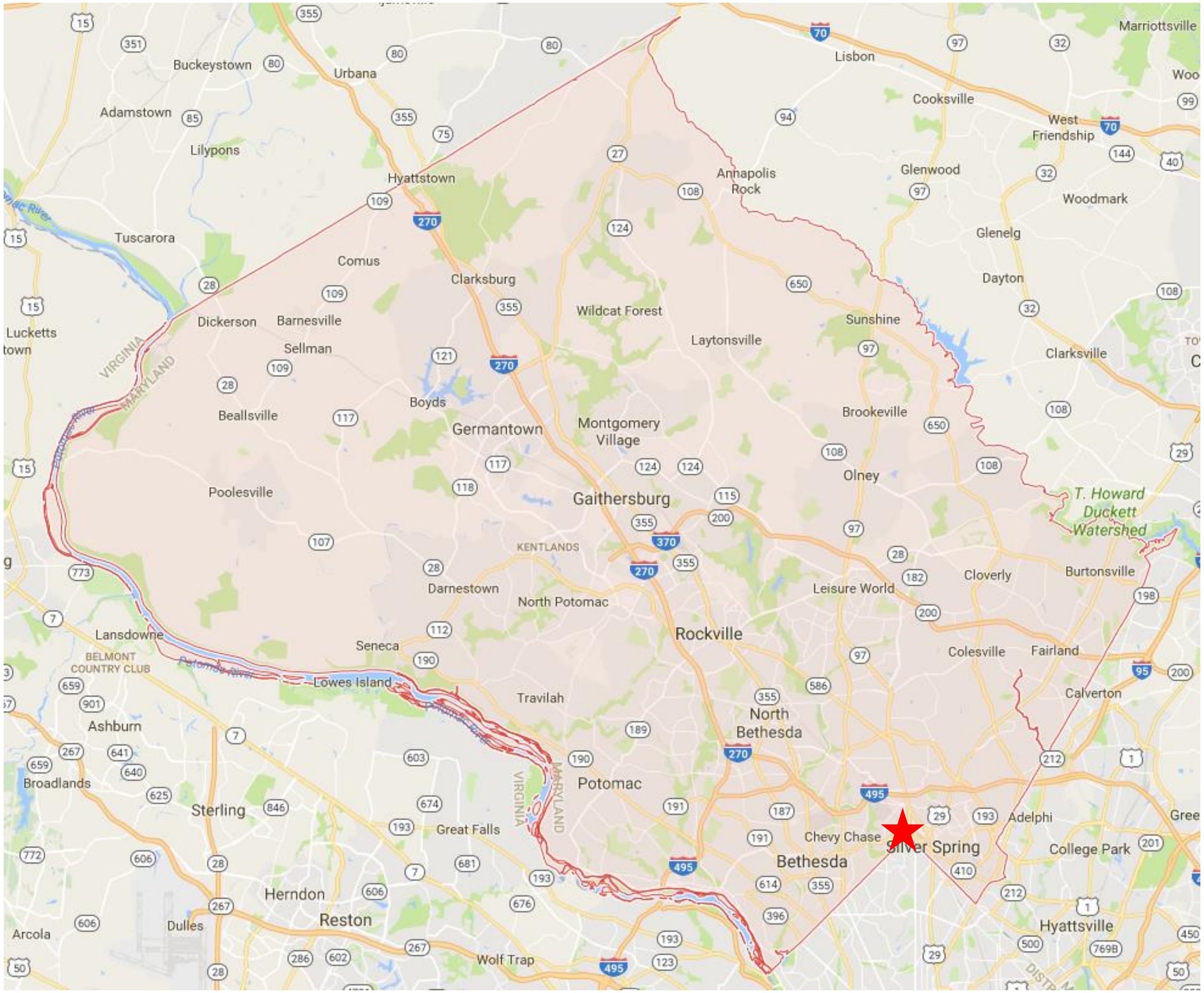
ANNUAL MEETING AND ADOPTION OF FY 2020 OPERATING & CAPITAL BUDGETS

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 5, 2019

Paddington Square Development Corporation



Property Snapshot:

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

Paddington Square Development Corporation – FY 2020 Overview

Background

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

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

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

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

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

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

Unit Mix	Market	Affordable	Total
2BR	89	65	154
3BR	9	2	11
Total Units	**98**	**67**	**165**

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

Paddington Square Development Corporation – FY 2020 Update

Property Management

- With its close proximity to downtown Silver Spring and the benefit of residents with long-term tenancy, current occupancy is at 99%.

Turnover Rate	Avg. Occupancy FY 2019	Current Occupancy
26.6%	98%	99%

Maintenance

- The largest volume of work tickets was for plumbing (24%), followed by appliances (16%), electrical (13%), carpentry (8%), and HVAC (8%).

Total Work Orders FY 2019	Average Days to Close
1,213	3

Capital Improvements

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

Redevelopment/Refinancing

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

Paddington Square Development Corporation – FY 2020 Budget Summary

Paddington Square Development Corporation

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$2,981,416**	**$2,910,644**	**$2,927,005**	**$2,897,877**	**$2,876,438**
Expenses:					
Operating - Admin	$312,306	$265,596	$254,748	$271,424	$281,746
Operating - Fees	$94,115	$98,650	$97,418	$99,104	$98,770
Tenant & Protective Services	$47,818	$46,686	$28,072	$26,991	$32,104
Taxes, Insurance & Utilities	$249,824	$242,371	$221,000	$247,295	$247,028
Maintenance	$555,742	$569,918	$465,464	$482,884	$452,651
Subtotal - Operating Expenses	**$1,259,805**	**$1,223,221**	**$1,066,702**	**$1,127,698**	**$1,112,299**
Net Operating Income (NOI)	**$1,721,611**	**$1,687,423**	**$1,860,303**	**$1,770,179**	**$1,764,139**
Debt Service	$1,132,948	$1,132,951	$1,133,662	$1,150,992	$1,167,605
Replacement Reserves	$57,750	$57,750	$57,750	$57,750	$57,750
Asset Management Fees	$104,470	$104,470	$104,970	$104,970	$104,970
Development Corporation Fees	$426,443	$392,252	$429,178	$456,467	$240,085
Excess Cash Flow Restricted	$0	$0	$134,743	$0	$193,729
Subtotal - Expenses Below NOI	**$1,721,611**	**$1,687,423**	**$1,860,303**	**$1,770,179**	**$1,764,139**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Computer Equipment	$0	$3,000	$0	$0	$0
Kitchen and Bath Supplies	$10,032	$9,744	$15,454	$12,505	$4,971
Electrical Supplies	$4,020	$0	$0	$0	$200
Appliance Supplies	$14,748	$13,080	$0	$0	$0
Plumbing Supplies	$0	$0	$436	$0	$0
Cleaning/Janitorial Supplies	$0	$0	$0	$1,231	$0
Grounds/Landscaping Sup.-Cap.	$4,000	$4,000	$0	$0	$3,135
Windows and Glass	$0	$0	$0	$116	$409
Doors	$4,500	$4,500	$1,056	$36	$1,595
Roofing Materials	$10,020	$10,020	$0	$0	$0
Flooring and Carpeting	$0	$0	$0	$0	$16,690
Miscellaneous Supplies	$12,504	$12,504	$9,757	$9,389	$0
Appliance Equipment	$0	$0	$3,071	$0	$2,407
Miscellaneous Equipment	$0	$0	$0	$0	$343
Appliance Contracts	$0	$0	$0	$0	$347
Plumbing Contracts	$0	$15,000	$18,900	$0	$0
Grounds/Landscaping Contr-Cap.	$0	$0	$945	$0	$0
Windows/Glass Contracts	$0	$0	$545	$0	$0
HVAC Contracts	$7,800	$0	$0	$2,800	$67
Flooring/Carpet Contracts	$31,200	$19,392	$37,681	$33,261	$13,215
Fencing Contracts	$0	$0	$3,487	$0	$0
Swimming Pool Contracts	$0	$0	$5,339	$4,670	$4,550
Asphalt/Concrete Contracts	$0	$0	$9,823	$0	$997
Total Capital Budget	**$98,824**	**$91,240**	**$106,494**	**$64,008**	**$48,926**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 1.5.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $426,443.
- Capital is budgeted at $98,824.
- DSCR is 1.47.

Time Frame

The FY'20 Adopted Operating and Capital Budgets for Paddington Square Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY'20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'20 Operating and Capital Budgets for Paddington Square Development Corporation by the Board of Directors.

RESOLUTION NO.: 19-002PS **RE: Paddington Square Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets**

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Paddington Square Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

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

Pooks Hill Development Corporation

Pooks Hill Development Corporation

Annual Meeting and Adoption of FY 2020 Operating & Capital Budgets

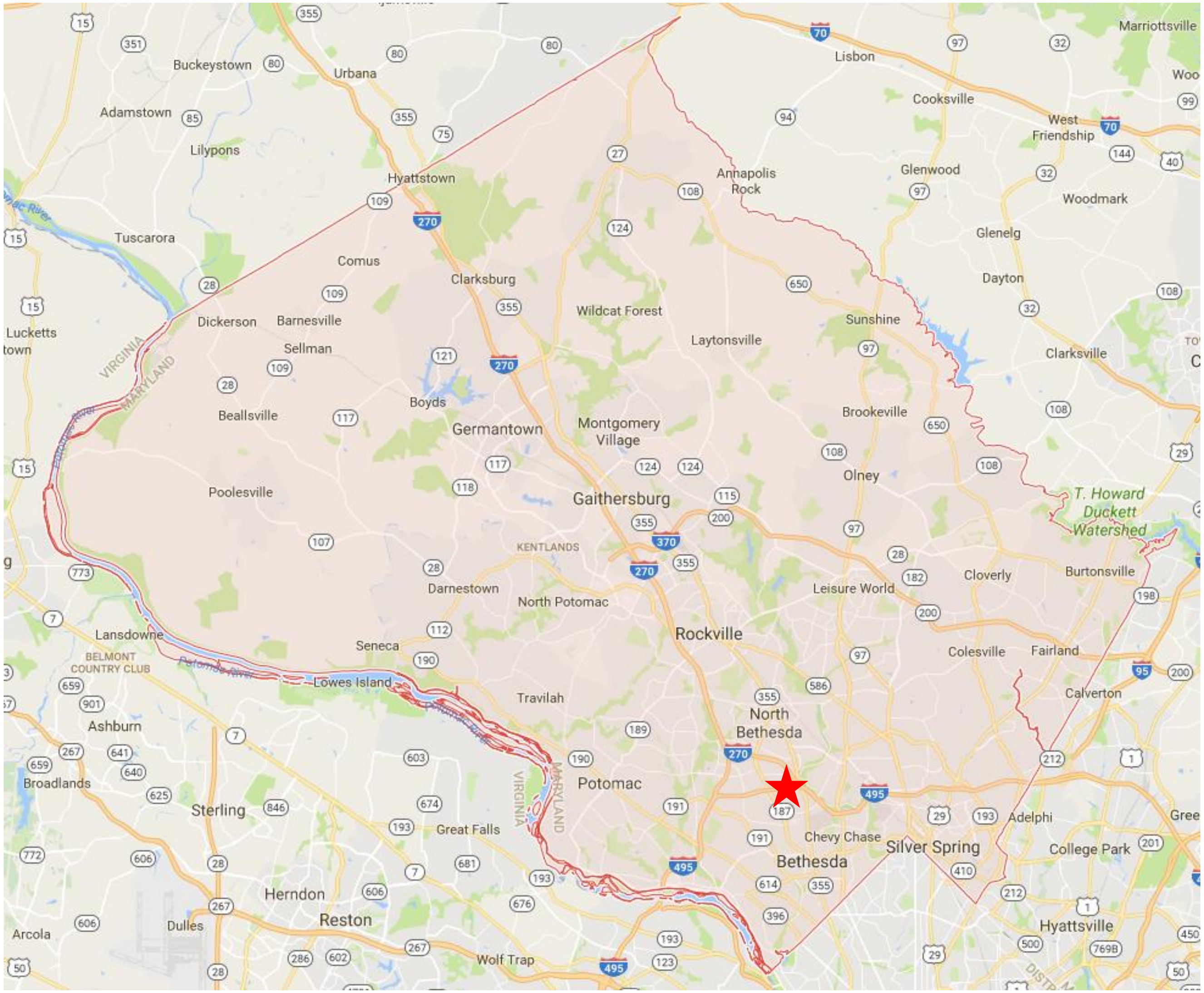
Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

Housing Opportunities Commission of Montgomery County

June 5, 2019

Pooks Hill Development Corporation



Property Snapshot:

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

Pooks Hill Development Corporation – FY 2020 Overview

Background

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

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

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

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

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

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

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

Pooks Hill Development Corporation – FY 2020 Update

Property Management

- Staff are working to maintain occupancy in a highly competitive submarket. Roof space has been leased to - Verizon to install a new cellular antenna, which will generate about $32,000 a year operating revenue. Occupancy is stable and trending towards the goal of 98% occupancy.

Turnover Rate	Avg. Occupancy CY 2019	Current Occupancy
29%	97%	98%

Maintenance

- The largest volume of work tickets was for plumbing repairs (50%), followed by appliance repairs (10%), and electrical repairs (10%).

Total Work Orders CY 2019	Average Days to Close
975	1

Capital Improvements

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

Redevelopment/Refinancing

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

Pooks Hill Development Corporation – FY 2020 Budget Summary

Pooks Hill High-rise Development Corporation

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$2,889,910**	**$2,920,430**	**$2,835,490**	**$2,788,457**	**$2,654,516**
Expenses:					
Operating - Admin	$275,155	$237,708	$247,537	$307,764	$301,805
Operating - Fees	$136,991	$119,862	$120,866	$118,464	$117,605
Tenant & Protective Services	$10,528	$15,546	$11,711	$7,242	$10,204
Taxes, Insurance & Utilities	$214,701	$192,745	$191,197	$190,635	$186,094
Maintenance	$340,690	$348,830	$376,098	$337,373	$352,826
Subtotal - Operating Expenses	**$978,065**	**$914,691**	**$947,409**	**$961,478**	**$968,534**
Net Operating Income (NOI)	**$1,911,845**	**$2,005,739**	**$1,888,081**	**$1,826,979**	**$1,685,982**
Debt Service	$1,024,453	$1,026,669	$1,028,815	$1,030,893	$1,032,906
Replacement Reserves	$166,380	$161,533	$161,533	$156,828	$152,262
Asset Management Fees	$202,340	$213,680	$203,510	$142,270	$142,270
Loan Management Fees	$45,504	$45,504	$45,500	$45,500	$45,500
Development Corporation Fees	$473,168	$558,353	$448,723	$451,488	$313,044
Subtotal - Expenses Below NOI	**$1,911,845**	**$2,005,739**	**$1,888,081**	**$1,826,979**	**$1,685,982**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$0	$4,197	$7,061
Windows and Glass	$0	$0	$0	$477	$339
Doors	$0	$0	$0	$2,116	$1,660
Flooring and Carpeting	$36,000	$94,896	$20,563	$15,123	$24,231
Plumbing Equipment	$12,000	$49,596	$32,012	$21,890	$33,589
HVAC Equipment	$5,000	$18,000	$5,791	$21,350	$4,893
Appliance Equipment	$0	$14,292	$5,026	$1,572	$2,875
Miscellaneous Equipment	$0	$0	$951	$0	$2,412
Grounds/Landscaping Contr-Cap.	$0	$30,000	$0	$0	$0
Roofing/Gutter Contracts	$0	$0	$0	$0	$378,517
Asphalt/Concrete Contracts	$500,000	$0	$37,828	$12,695	$0
Miscellaneous Contracts	$0	$90,500	$820	$150,735	$464,256
Total Capital Budget	**$553,000**	**$297,284**	**$102,991**	**$230,155**	**$919,833**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 1.5%.
- Market rents will be increased 1.5%, but upon turnover will be increased to the prevailing "market rate".
- Property cash flow is budgeted at $473,168.
- Capital is budgeted at $553,000.
- DSCR is 1.66.

Time Frame

The FY'20 Adopted Operating and Capital Budgets for Pooks Hill Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY'20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'20 Operating and Capital Budgets for Pooks Hill Development Corporation by the Board of Directors.

RESOLUTION NO.: 19-002PH | **RE: Pooks Hill Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets**

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Pooks Hill Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

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

RAD 6 Development Corporation

RAD 6 Development Corporation

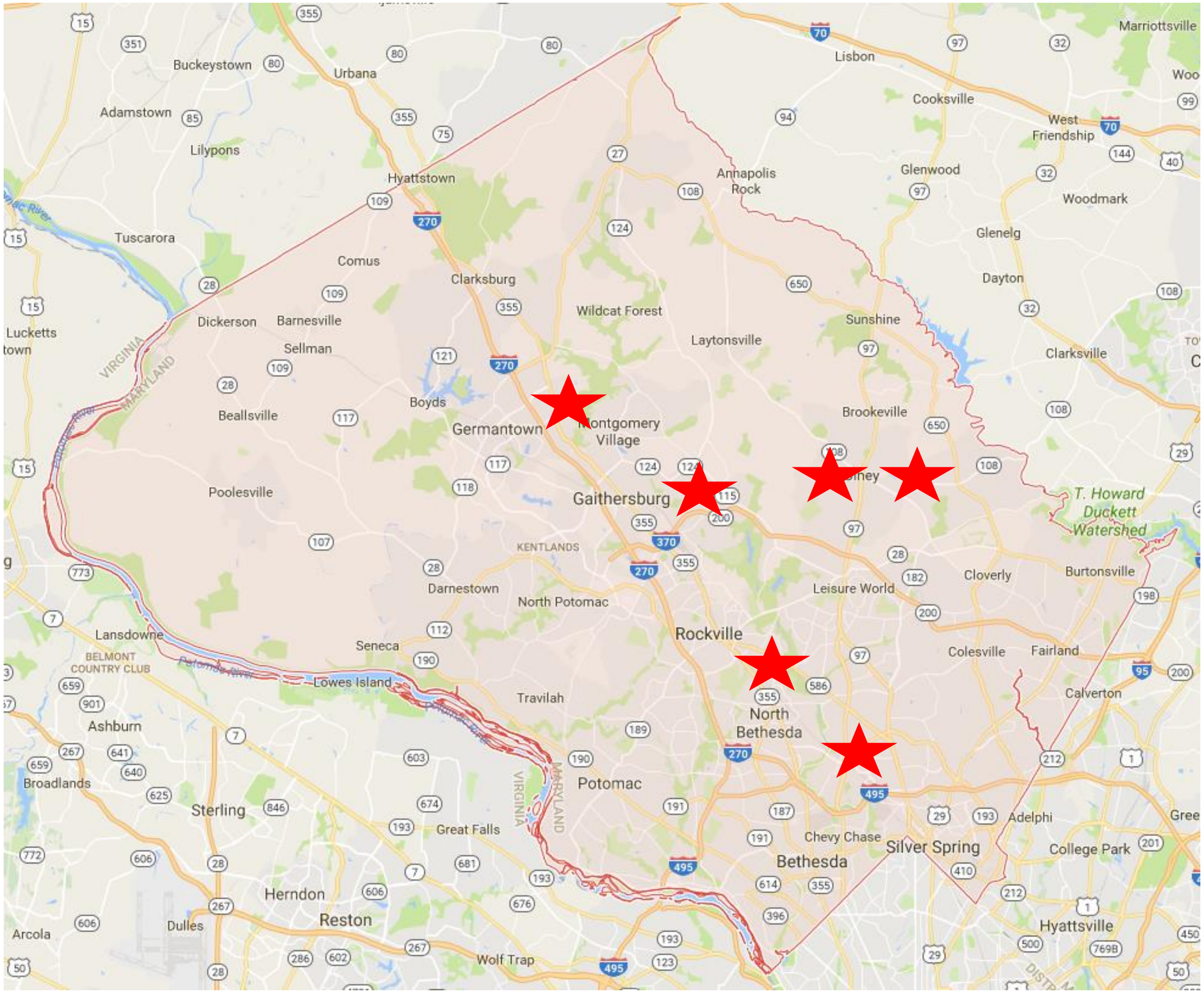
Annual Meeting and Adoption of FY 2020 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 5, 2019

RAD 6 Development Corporation



Property Snapshot:

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

RAD 6 Development Corporation – FY 2020 Overview

Background

- **June 4, 2014 -** Commission authorized the creation of RAD 6 Development Corporation (the "Corporation") to own and operate Ken Gar Apartments, Parkway Woods, Sandy Spring Meadows, Towne Centre Place, Seneca Ridge, and Washington Square (collectively, the "RAD 6 Development") and approved the Articles of Incorporation.

- **August 6, 2014 -** The Board of Directors for the Development Corporation adopted By-laws which provide for the operations and functions of the Corporation, elected the seven Commissioners as the officers and incorporated the Corporation's annual budget preparation and presentation in the HOC budget process.

  The Commission also approved the Final Development Plan for the properties which envisioned the creation of high quality, well designed, amenity rich, energy efficient affordable housing with strong supportive services.

- **November 6, 2014** - Commission approved the Financing Plan which combined a Construction Note with a permanent mortgage insured by the Federal Housing Administration (FHA) under its Risk Sharing Program. Tax-exempt bonds were issued by HOC in the amount of $24,000,000. HOC has assumed 50% of the insurance risk.

- The 268 units in the RAD 6 Development Corporation are distributed as follows:
  - 209 affordable units at or below 560% of the area median income
  - 59 market rate units.

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

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

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

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

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

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

RAD 6 Development Corporation – FY 2020 Overview

Property Management

- PM is working with Client Service to establish a plan to conduct inspection by a 3rd party firm annually (UPCS standard.)

Property	Turnover	Avg. Occupancy FY 2018	Current Occupancy
RAD 6 Combined	12%	91%	94%

Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (34%), followed by appliances (13%) and plumbing (13%).

Total Work Orders FY 2018	Average Days to Close
2,084	9

Capital Improvements

- HVAC, Doors**,** Appliance, Plumbing and flooring/Carpeting expenses are driving the Capital Budget.

Redevelopment/Refinancing

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

RAD 6 Development Corporation – FY 2020 Budget Summary – Ken Gar

RAD 6: Ken Gar

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$256,389**	**$228,183**	**$247,505**	**$238,377**	**$132,676**
Expenses:					
Operating - Admin	$27,613	$11,633	$22,266	$10,882	$19,703
Operating - Fees	$9,596	$28,590	$27,584	$25,785	$21,210
Tenant & Protective Services	$6,430	$8,460	$8,002	$7,493	$7,311
Taxes, Insurance & Utilities	$14,820	$13,174	$15,932	$17,359	$22,403
Maintenance	$44,660	$50,259	$47,194	$43,653	$46,057
Subtotal - Operating Expenses	**$103,119**	**$112,116**	**$120,978**	**$105,172**	**$116,684**
Net Operating Income (NOI)	**$153,270**	**$116,067**	**$126,527**	**$133,205**	**$15,992**
Debt Service	$103,190	$103,348	$103,501	$103,646	$17,288
Replacement Reserves	$9,282	$9,282	$9,012	$8,751	$8,685
Asset Management Fees	$18,070	$0	$0	$0	$0
Excess Cash Flow Restricted	$22,728	$3,437	$0	$0	$0
Subtotal - Expenses Below NOI	**$153,270**	**$116,067**	**$112,513**	**$112,397**	**$25,973**
NET INCOME	**$0**	**$0**	**$14,014**	**$20,808**	**($9,981)**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Plumbing Supplies	$0	$0	$17	$0	$0
Appliance Equipment	$1,500	$0	$1,750	$0	$0
Tools	$0	$0	$0	$0	$129
Electrical Contracts	$0	$0	$1,765	$0	$0
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$130	$1,025
HVAC Contracts	$2,500	$0	$0	$0	$0
Flooring/Carpet Contracts	$2,000	$0	$0	$0	$0
Snow Removal Contracts	$0	$0	$3,276	$7,293	$0
Fencing Contracts	$0	$0	$0	$0	$3,315
Miscellaneous Contracts	$0	$2,496	$0	$0	$0
Total Capital Budget	**$6,000**	**$2,496**	**$6,808**	**$7,423**	**$4,469**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive’s voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at $22,728, all of which is restricted.
- Capital is budgeted at $6,000.
- DSCR is 1.40.

Time Frame

The FY’20 Adopted Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY’20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY’20 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2020 Budget Summary – Parkway Woods

RAD 6: Parkway Woods

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$316,192**	**$309,612**	**$292,628**	**$285,768**	**$202,363**
Expenses:					
Operating - Admin	$33,526	$34,255	$31,315	$24,318	$23,483
Operating - Fees	$11,377	$27,303	$26,587	$27,085	$26,524
Tenant & Protective Services	$7,140	$6,770	$4,239	$6,146	$6,749
Taxes, Insurance & Utilities	$21,115	$22,091	$17,871	$22,905	$34,959
Maintenance	$71,654	$65,039	$66,326	$56,919	$48,584
Subtotal - Operating Expenses	**$144,812**	**$155,458**	**$146,338**	**$137,373**	**$140,299**
Net Operating Income (NOI)	**$171,380**	**$154,154**	**$146,290**	**$148,395**	**$62,064**
Debt Service	$116,703	$116,882	$117,054	$117,219	$19,552
Replacement Reserves	$11,725	$11,725	$11,384	$11,052	$10,970
Asset Management Fees	$22,830	$0	$0	$0	$0
Excess Cash Flow Restricted	$20,122	$25,547	$0	$0	$0
Subtotal - Expenses Below NOI	**$171,380**	**$154,154**	**$128,438**	**$128,271**	**$30,522**
NET INCOME	**$0**	**$0**	**$17,852**	**$20,124**	**$31,542**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Plumbing Supplies	$0	$0	$179	$0	$0
Doors	$10,000	$0	$0	$2,328	$0
Appliance Equipment	$2,016	$0	$0	$0	$0
Appliance Contracts	$3,600	$3,600	$0	$250	$0
HVAC Contracts	$6,000	$6,000	$0	$0	$0
Flooring/Carpet Contracts	$6,000	$6,000	$0	$1,743	$0
Miscellaneous Contracts	$2,500	$0	$0	$0	$0
Total Capital Budget	**$30,116**	**$15,600**	**$179**	**$4,321**	**$0**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $20,122, all of which is restricted.
- Capital is budgeted at $30,116.
- DSCR is 1.37.

Time Frame

The FY'20 Adopted Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY'20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'20 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2020 Budget Summary – Sandy Spring Meadow

RAD 6: Sandy Spring Meadow

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$706,335**	**$690,793**	**$607,292**	**$573,204**	**$475,497**
Expenses:					
Operating - Admin	$75,062	$49,896	$78,246	$48,269	$57,494
Operating - Fees	$26,881	$80,569	$79,403	$72,997	$60,330
Tenant & Protective Services	$12,820	$12,200	$11,523	$13,420	$16,200
Taxes, Insurance & Utilities	$42,396	$36,798	$40,704	$48,003	$82,175
Maintenance	$142,826	$123,369	$124,217	$104,755	$107,038
Subtotal - Operating Expenses	**$299,985**	**$302,832**	**$334,093**	**$287,444**	**$323,237**
Net Operating Income (NOI)	**$406,350**	**$387,961**	**$273,199**	**$285,760**	**$152,260**
Debt Service	$260,913	$261,314	$261,699	$262,066	$43,712
Replacement Reserves	$26,870	$26,870	$26,088	$25,329	$25,140
Asset Management Fees	$52,310	$0	$0	$0	$0
Excess Cash Flow Restricted	$66,257	$99,777	$0	$0	$0
Subtotal - Expenses Below NOI	**$406,350**	**$387,961**	**$287,787**	**$287,395**	**$68,852**
NET INCOME	**$0**	**$0**	**($14,588)**	**($1,635)**	**$83,408**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Computer Equipment	$0	$80	$0	$0	$0
Electrical Supplies	$0	$0	$21	$0	$0
Plumbing Supplies	$0	$0	$17	$0	$0
Grounds/Landscaping Sup.-Cap.	$0	$1,500	$0	$0	$0
HVAC Supplies	$0	$2,496	$0	$0	$0
Flooring and Carpeting	$3,000	$0	$0	$0	$0
Miscellaneous Supplies	$0	$0	$421	$0	$0
Electrical Equipment	$0	$504	$0	$1,934	$0
Plumbing Equipment	$1,500	$1,500	$0	$0	$550
Appliance Equipment	$3,000	$1,500	$1,377	$0	$0
Plumbing Contracts	$1,500	$1,500	$1,300	$0	$0
Grounds/Landscaping Contr-Cap.	$0	$2,004	$0	$2,326	$0
HVAC Contracts	$1,500	$0	$0	$0	$0
Flooring/Carpet Contracts	$1,500	$1,500	$1,393	$2,479	$0
Paint/Wallcovering Int. Cont.	$0	$0	$425	$0	$0
Total Capital Budget	**$12,000**	**$12,584**	**$4,954**	**$6,739**	**$550**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $66,257, all of which is restricted.
- Capital is budgeted at $12,000.
- DSCR is 1.45.

Time Frame

The FY'20 Adopted Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY'20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'20 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2020 Budget Summary – Town Centre Place

RAD 6: Towne Centre Place

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$564,938**	**$558,743**	**$542,499**	**$519,275**	**$455,958**
Expenses:					
Operating - Admin	$71,475	$49,688	$69,435	$74,746	$60,535
Operating - Fees	$22,900	$70,319	$70,964	$65,041	$53,745
Tenant & Protective Services	$11,934	$11,160	$10,773	$11,522	$15,243
Taxes, Insurance & Utilities	$33,687	$34,405	$27,375	$37,813	$67,437
Maintenance	$114,080	$100,030	$109,531	$97,957	$102,472
Subtotal - Operating Expenses	**$254,076**	**$265,602**	**$288,078**	**$287,079**	**$299,432**
Net Operating Income (NOI)	**$310,862**	**$293,141**	**$254,421**	**$232,196**	**$156,526**
Debt Service	$174,982	$175,204	$175,461	$175,708	$29,309
Replacement Reserves	$23,939	$23,939	$23,242	$22,560	$22,397
Asset Management Fees	$46,600	$0	$0	$0	$0
Excess Cash Flow Restricted	$65,341	$93,998	$0	$0	$0
Subtotal - Expenses Below NOI	**$310,862**	**$293,141**	**$198,703**	**$198,268**	**$51,706**
NET INCOME	**$0**	**$0**	**$55,718**	**$33,928**	**$104,820**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Plumbing Supplies	$0	$0	$90	$0	$0
Windows and Glass	$0	$600	$0	$0	$0
Doors	$0	$0	$0	$990	$0
Plumbing Equipment	$0	$750	$0	$550	$0
HVAC Equipment	$8,000	$750	$0	$1,545	$0
Appliance Equipment	$2,000	$1,500	$2,723	$0	$0
Electrical Contracts	$0	$996	$0	$452	$1,275
Plumbing Contracts	$0	$0	$1,800	$475	$4,050
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$0	$1,875
Flooring/Carpet Contracts	$2,004	$2,004	$4,711	$0	$0
Paint/Wallcovering Int. Cont.	$0	$6,000	$0	$0	$0
Asphalt/Concrete Contracts	$0	$7,000	$3,775	$0	$0
Miscellaneous Contracts	$0	$0	$0	$640	$0
Security System	$0	$6,996	$0	$0	$0
Total Capital Budget	**$12,004**	**$26,596**	**$13,099**	**$4,652**	**$7,200**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive’s voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at $65,341, all of which is restricted.
- Capital is budgeted at $12,004.
- DSCR is 1.64.

Time Frame

The FY’20 Adopted Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY’20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY’20 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2020 Budget Summary – Seneca Ridge

RAD 6: Seneca Ridge

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$1,031,999**	**$1,141,033**	**$814,460**	**$881,689**	**$479,752**
Expenses:					
Operating - Admin	$126,143	$65,857	$103,719	$91,647	$80,418
Operating - Fees	$32,048	$100,430	$102,908	$100,844	$79,620
Tenant & Protective Services	$19,836	$19,188	$17,835	$16,570	$18,852
Taxes, Insurance & Utilities	$225,892	$235,727	$206,976	$227,501	$190,974
Maintenance	$204,914	$183,617	$177,356	$201,531	$164,873
Subtotal - Operating Expenses	**$608,833**	**$604,819**	**$608,794**	**$638,093**	**$534,737**
Net Operating Income (NOI)	$423,166	$536,214	$205,666	$243,596	($54,985)
Debt Service	$516,317	$517,106	$517,869	$518,598	$86,502
Replacement Reserves	$34,682	$34,682	$33,677	$32,700	$32,453
Asset Management Fees	$67,530	$0	$0	$0	$0
Excess Cash Flow Restricted	($195,363)	($15,574)	$0	$0	$0
Subtotal - Expenses Below NOI	**$423,166**	**$536,214**	**$551,546**	**$551,298**	**$118,955**
NET INCOME	**$0**	**$0**	**($345,880)**	**($307,702)**	**($173,940)**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$436	$0	$0
Electrical Supplies	$0	$1,080	$0	$0	$0
Appliance Supplies	$0	$1,044	$103	$0	$0
Plumbing Supplies	$0	$36	$53	$2,111	$0
Locks, Keys	$0	$1,272	$0	$0	$0
Windows and Glass	$0	$0	$890	$0	$0
Doors	$0	$540	$0	$0	$0
Hardware Supplies	$0	$0	$29	$0	$0
HVAC Supplies	$4,539	$4,450	$0	$0	$0
Flooring and Carpeting	$2,640	$2,580	$0	$0	$0
Plumbing Equipment	$0	$0	$0	$1,637	$0
Appliance Equipment	$0	$216	$5,872	$0	$0
Appliance Contracts	$0	$1,992	$0	$419	$0
Plumbing Contracts	$0	$0	$575	$0	$550
Grounds/Landscaping Contr-Cap.	$0	$0	$11,900	$0	$10,730
Flooring/Carpet Contracts	$12,240	$12,000	$22,813	$6,479	$0
Paint/Wallcovering Int. Cont.	$0	$0	$855	$0	$2,520
Asphalt/Concrete Contracts	$3,000	$0	$0	$0	$0
Miscellaneous Contracts	$0	$0	$0	$250	$0
Total Capital Budget	**$22,419**	**$25,210**	**$43,526**	**$10,896**	**$13,800**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at ($195,363).
- Capital is budgeted at $22,419.
- DSCR is 0.75.

Time Frame

The FY'20 Adopted Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY'20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'20 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2020 Budget Summary – Washington Square

RAD 6: Washington Square

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$815,079**	**$835,568**	**$726,744**	**$816,200**	**$305,058**
Expenses:					
Operating - Admin	$72,031	$49,440	$190,350	$82,642	$45,941
Operating - Fees	$25,046	$73,148	$74,109	$67,877	$54,914
Tenant & Protective Services	$12,480	$22,370	$16,772	$13,076	$20,507
Taxes, Insurance & Utilities	$72,098	$56,892	$71,569	$62,778	$117,300
Maintenance	$133,723	$131,425	$146,423	$116,664	$160,959
Subtotal - Operating Expenses	**$315,378**	**$333,275**	**$499,223**	**$343,037**	**$399,621**
Net Operating Income (NOI)	**$499,701**	**$502,293**	**$227,521**	**$473,163**	**($94,563)**
Debt Service	$335,609	$336,125	$336,619	$337,092	$56,227
Replacement Reserves	$24,427	$24,427	$23,716	$23,022	$22,854
Asset Management Fees	$47,560	$0	$0	$0	$0
Excess Cash Flow Restricted	$92,105	$141,741	$0	$0	$0
Subtotal - Expenses Below NOI	**$499,701**	**$502,293**	**$360,335**	**$360,114**	**$79,081**
NET INCOME	**$0**	**$0**	**($132,814)**	**$113,049**	**($173,644)**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$115	$0	$425
Plumbing Supplies	$0	$0	$40	$0	$0
Paint and Wallcoverings	$0	$0	$0	$0	$1,100
HVAC Equipment	$0	$0	$1,572	$0	$0
Appliance Equipment	$1,500	$0	$4,070	$0	$0
Appliance Contracts	$0	$0	$0	$225	$0
Plumbing Contracts	$0	$0	$0	$4,905	$500
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$0	$23,943
Flooring/Carpet Contracts	$9,000	$4,800	$6,167	$0	$2,236
Paint/Wallcovering Int. Cont.	$0	$3,050	$0	$0	$0
Fencing Contracts	$0	$0	$0	$0	$600
Asphalt/Concrete Contracts	$0	$0	$0	$0	$280
Total Capital Budget	**$10,500**	**$7,850**	**$11,964**	**$5,130**	**$29,084**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $92,105, all of which is restricted.
- Capital is budgeted at $10,500.
- DSCR is 1.42.

Time Frame

The FY'20 Adopted Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY'20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'20 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RESOLUTION NO.: 19-001RD6 | **RE: Rad 6 Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets**

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Rad 6 Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

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

Scattered Site One Development Corporation

Scattered Site One Development Corporation

Annual Meeting and Adoption of FY 2020

Operating & Capital Budgets

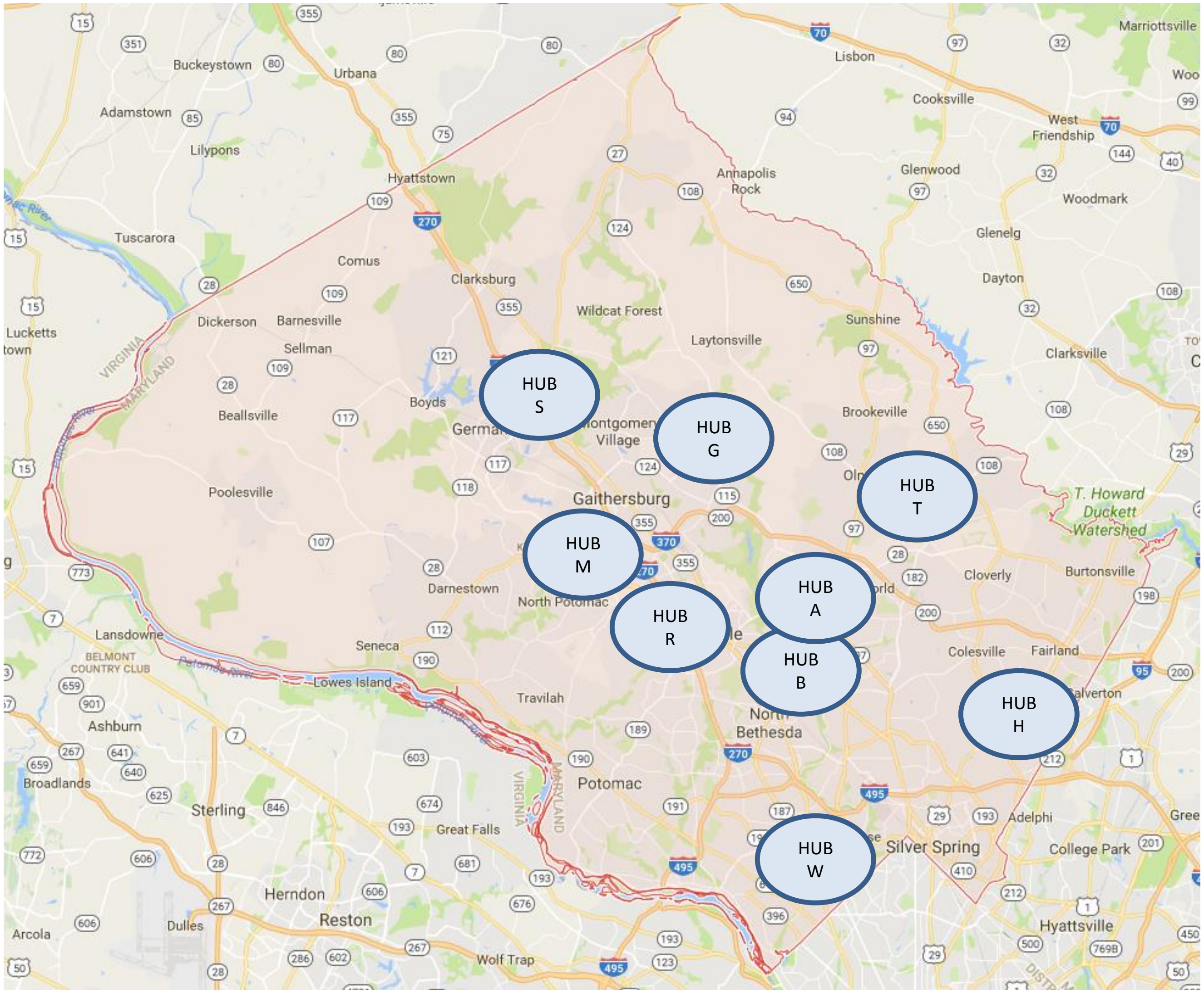
Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

Housing Opportunities Commission
OF MONTGOMERY COUNTY

June 5, 2019

Scattered Site One Development Corporation



Property Snapshot:

- 190 units scattered across nine HUBs throughout Montgomery County.
- Scattered site units that include condominiums, townhomes and single family homes, ranging from one to four bedrooms. Amenities are specific to the unit and the community.
- The age of the properties in Scattered Site One Development Corporation range from 1987 to 2012. A revised renovation plan will be brought forward for Commission approval by the Corporation in FY'20 as funding permits.

Scattered Site One Development Corporation – FY 2020 Overview

Background

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

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

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

Scattered Site One Development Corporation – FY 2020 Overview

Property Management

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

Turnover	Avg. Occupancy FY 2018	Current Occupancy
12%	88%	93%

Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (34%), plumbing (11%) and appliances (10%).

Total Work Orders FY 2018	Average Days to Close
1,743	13

Capital Improvements

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

Redevelopment/Refinancing

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

Scattered Site One Development Corporation – FY 2020 Budget Summary

Scattered Site One Development Corporation

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$2,743,660**	**$2,584,525**	**$2,406,169**	**$2,474,340**	**$2,433,972**
Expenses:					
Operating - Admin	$239,476	$165,792	$180,452	$200,919	$166,080
Operating - Fees	$703,817	$763,669	$736,916	$644,068	$609,711
Tenant & Protective Services	$56,372	$66,222	$59,338	$51,816	$56,723
Taxes, Insurance & Utilities	$82,409	$76,671	$85,661	$82,339	$83,055
Maintenance	$374,856	$409,074	$483,322	$418,181	$456,202
Subtotal - Operating Expenses	**$1,456,930**	**$1,481,428**	**$1,545,689**	**$1,397,323**	**$1,371,771**
Net Operating Income (NOI)	**$1,286,730**	**$1,103,097**	**$860,480**	**$1,077,017**	**$1,062,201**
Debt Service	$563,030	$564,079	$565,110	$566,189	$567,155
Replacement Reserves	$114,000	$114,000	$114,000	$114,000	$114,000
Loan Management Fees	$23,000	$0	$23,000	$23,000	$23,000
Development Corporation Fees	$586,700	$425,018	$158,370	$373,828	$297,288
Excess Cash Flow Restricted	$0	$0	$0	$0	$60,758
Subtotal - Expenses Below NOI	**$1,286,730**	**$1,103,097**	**$860,480**	**$1,077,017**	**$1,062,201**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$25,500	$15,331	$9,154	$96,007
Electrical Supplies	$0	$0	$1,534	$6,592	$13,284
Appliance Supplies	$0	$0	$296	$476	$684
Plumbing Supplies	$0	$0	$3,948	$3,800	$15,545
Cleaning/Janitorial Supplies	$0	$0	$42	$4	$258
Health and Safety Materials	$0	$0	$0	$0	$1,175
Locks, Keys	$0	$0	$0	$33	$95
Windows and Glass	$0	$0	$4,079	$4,629	$11,552
Doors	$0	$0	$791	$1,661	$3,189
Roofing Materials	$0	$0	$450	$0	$0
Hardware Supplies	$0	$0	$857	$3,741	$11,816
HVAC Supplies	$0	$0	$0	$1,210	$3,895
Flooring and Carpeting	$0	$0	$17,028	$10,403	$26,998
Paint and Wallcoverings	$0	$0	$0	$2,240	$1,860
Miscellaneous Supplies	$0	$0	$383	$1,034	$7,302
Electrical Equipment	$0	$0	$0	$0	$538
Plumbing Equipment	$0	$0	$0	$824	$9,703
HVAC Equipment	$0	$0	$14,221	$321	$19,914
Appliance Equipment	$7,125	$25,000	$19,929	$20,814	$49,427
Electrical Contracts	$0	$0	$0	$517	$2,874
Appliance Contracts	$0	$0	$0	$645	$225
Plumbing Contracts	$0	$0	$11,362	$33,405	$14,922
Cleaning/Janitorial Contracts-Cap.	$0	$0	$0	$150	$0
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$0	$650
Windows/Glass Contracts	$0	$3,000	$0	$8,380	$4,100
Roofing/Gutter Contracts	$8,800	$0	$6,801	$4,410	$19,689
HVAC Contracts	$0	$49,500	$1,393	$23,538	$15,828
Flooring/Carpet Contracts	$93,000	$44,500	$30,268	$62,817	$98,192
Paint/Wallcovering Int. Cont.	$0	$0	$7,836	$3,425	$32,878
Paint/Wallcovering Ext. Cont	$0	$0	$725	$48	$0
Fencing Contracts	$0	$0	$0	$0	$855
Asphalt/Concrete Contracts	$0	$0	$0	$3,930	$2,345
Miscellaneous Contracts	$0	$0	$160	$3,781	$14,447
Total Capital Budget	**$108,925**	**$147,500**	**$137,434**	**$211,982**	**$480,247**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $586,700.
- Capital is budgeted at $108,925.
- DSCR is 2.00.

Time Frame

The FY'20 Adopted Operating and Capital Budgets for Scattered Site One Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY'20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'20 Operating and Capital Budgets for Scattered Site One Development Corporation by the Board of Directors.

RESOLUTION NO.: 19-001SS1 | **RE: Scattered Site One Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets**

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Scattered Site One Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

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

Scattered Site Two Development Corporation

SCATTERED SITE TWO DEVELOPMENT CORPORATION

ANNUAL MEETING AND ADOPTION OF FY 2020 OPERATING & CAPITAL BUDGETS

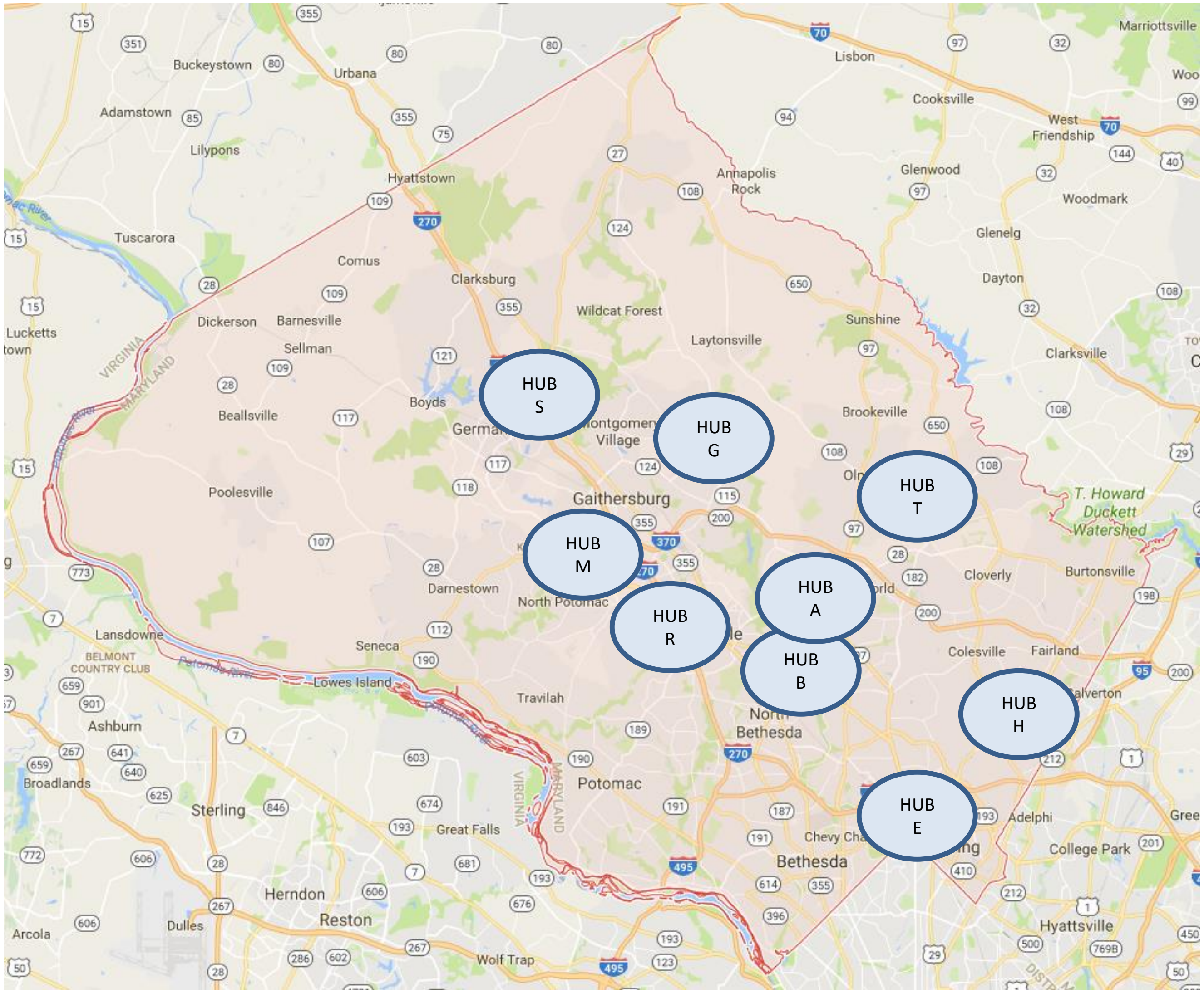
Housing Opportunities Commission
OF MONTGOMERY COUNTY

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 5, 2019

Scattered Site Two Development Corporation



Property Snapshot:

- 54 units located in nine HUBs throughout Montgomery County.
- Scattered site units that include condominiums , townhomes and single family homes ranging from two to four bedrooms. Amenities are specific to the unit and the community .
- The age of the properties in Scattered Site Two Development Corporation range from 1987 to 2006. A revised renovation plan will be brought forward for Commission approval by the Corporation in FY 2019.

Scattered Site Two Development Corporation – FY 2020 Overview

Background

- **December 5, 2012 -** The Housing Opportunities Commission (HOC) authorized the establishment of Scattered Site Two Development Corporation, a wholly controlled corporate instrumentality and passed a resolution approving the Articles of Incorporation.
- **January 9, 2013 -** The Board adopted the By-laws and elected Directors. The 54 scattered site units were transferred to Scattered Site Two Development Corporation. The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process.
- **June 13, 2013** – The property was financed with a new taxable loan from PNC Bank N.A. for $4,900,000 guaranteed by HOC.
- **January – March 2014 -** A comprehensive renovation plan was put on hold to reconfigure the standards so that units could be completed in a similar fashion as the newly renovated VPC units.
- Scattered Site Two Development Corporation consists of 54 units, which are distributed as follows:
    - 16 expired Low Income Housing Tax Credit units with no extended use covenant.
    - 38 units, formerly part of MPDU 2004; eight units affordable under a County HOME loan.

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

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

Scattered Site Two Development Corporation – FY 2020 Overview

Property Management

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

Turnover	Avg. Occupancy FY 2018	Current Occupancy
15%	91%	93%

Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (48%), appliances (9%) and plumbing (10%).

Total Work Orders FY 2018	Average Days to Close
444	13

Capital Improvements

- Capital replacements for appliance, flooring, and HVAC are done at turnover and as needed.
- Significant capital expense has been undertaken to update aging appliances and systems in these units.

Redevelopment/Refinancing

- A renovation plan for this entity will be presented to the Commission in FY2020 as funding permits.

Scattered Site Two Development Corporation – FY 2020 Budget Summary

Scattered Site Two Development Corporation

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$772,532**	**$777,599**	**$710,353**	**$760,650**	**$745,100**
Expenses:					
Operating - Admin	$59,735	$49,323	$44,446	$43,134	$65,780
Operating - Fees	$211,051	$220,545	$212,810	$182,517	$169,395
Tenant & Protective Services	$16,713	$17,433	$16,108	$15,062	$14,571
Taxes, Insurance & Utilities	$19,422	$17,508	$21,773	$21,182	$22,515
Maintenance	$105,532	$132,047	$124,599	$95,513	$144,931
Subtotal - Operating Expenses	**$412,453**	**$436,856**	**$419,736**	**$357,408**	**$417,192**
Net Operating Income (NOI)	**$360,079**	**$340,743**	**$290,617**	**$403,242**	**$327,908**
Debt Service	$268,925	$268,856	$271,181	$271,307	$301,648
Replacement Reserves	$74,400	$74,400	$74,400	$74,400	$74,400
Development Corporation Fees	$16,754	$0	$0	$2,503	$0
Excess Cash Flow Restricted	$0	$0	$0	$55,032	$0
Subtotal - Expenses Below NOI	**$360,079**	**$343,256**	**$345,581**	**$403,242**	**$376,048**
NET INCOME	**$0**	**($2,513)**	**($54,964)**	**$0**	**($48,140)**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$1,000	$16,000	$6,854	($209)	$24,782
Electrical Supplies	$0	$0	$63	$2,704	$1,526
Appliance Supplies	$0	$0	$224	$125	$410
Plumbing Supplies	$0	$0	$1,671	$2,521	$1,127
Cleaning/Janitorial Supplies	$0	$0	$0	$75	$54
Locks, Keys	$0	$0	$0	$0	$33
Windows and Glass	$0	$0	$0	$317	$1,470
Doors	$0	$0	$3,091	$1,300	$7,908
Hardware Supplies	$0	$0	$92	$1,584	$2,388
Flooring and Carpeting	$0	$0	$0	$707	$12,165
Miscellaneous Supplies	$0	$0	$143	$488	$1,489
Plumbing Equipment	$0	$0	$640	$0	$0
HVAC Equipment	$0	$0	$6,808	$7,145	$164
Appliance Equipment	$10,000	$15,000	$6,480	$9,430	$16,363
Tools	$0	$0	$0	$0	$27
Electrical Contracts	$0	$0	$1,165	$0	$4,291
Appliance Contracts	$0	$0	$0	$225	$0
Plumbing Contracts	$0	$0	$1,225	$950	$7,719
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$1,200	$2,392
Windows/Glass Contracts	$4,000	$0	$0	$0	$2,220
Roofing/Gutter Contracts	$9,500	$7,000	$4,974	$0	$5,675
HVAC Contracts	$16,500	$11,000	$0	$11,613	$0
Flooring/Carpet Contracts	$22,500	$24,500	$12,131	$14,022	$25,944
Paint/Wallcovering Int. Cont.	$0	$0	$0	$3,805	$2,460
Fencing Contracts	$0	$0	$0	$0	$3
Asphalt/Concrete Contracts	$0	$0	$0	$2,820	$0
Miscellaneous Contracts	$0	$0	$200	$625	$5,460
Total Capital Budget	**$63,500**	**$73,500**	**$45,761**	**$61,447**	**$126,070**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $16,754.
- Capital is budgeted at $63,500.
- DSCR is 1.06.

Time Frame

The FY'20 Adopted Operating and Capital Budgets for Scattered Site Two Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY'20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'20 Operating and Capital Budgets for Scattered Site Two Development Corporation by the Board of Directors.

RESOLUTION NO.: 19-001SS2 | **RE: Scattered Site Two Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets**

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Scattered Site Two Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

____

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

Sligo Development Corporation

SLIGO HILLS DEVELOPMENT CORPORATION

ANNUAL MEETING AND ADOPTION OF FY 2020 OPERATING & CAPITAL BUDGETS

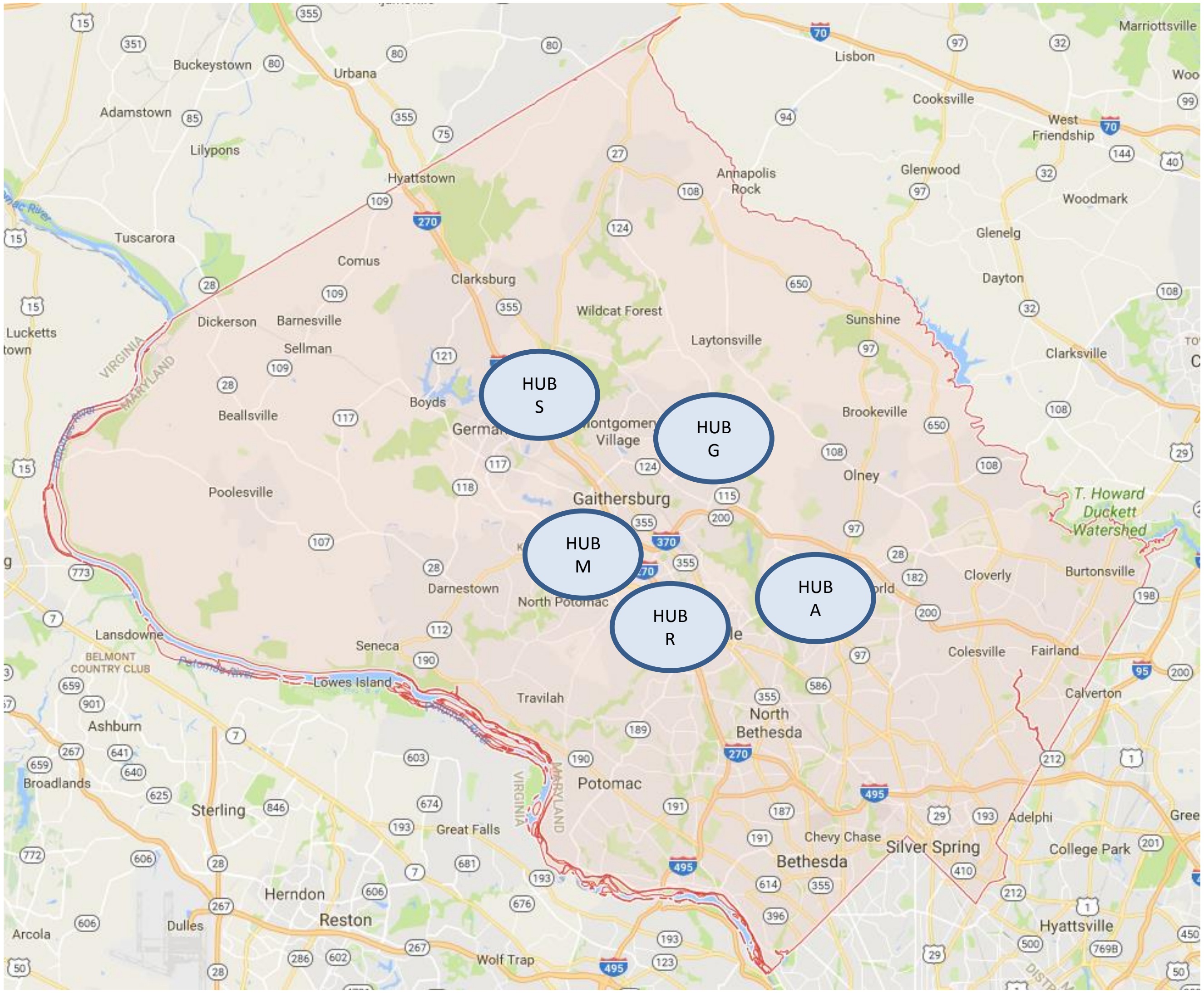
Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

Housing Opportunities Commission
OF MONTGOMERY COUNTY

June 5, 2019

Sligo Hills Development Corporation



Property Snapshot:

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

Sligo Hills Development Corporation – FY 2020 Overview

Background

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

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

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

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

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

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

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

Sligo Hills Development Corporation – FY 2020 Overview

Property Management

- Vacant units are being actively marketed to families on HOC's Housing Path waiting list. Occupancy is expected to stabilize before September 1, 2019.

Turnover Rate	Avg. Occupancy FY 2018	Current Occupancy
1%	87%	87%

Maintenance

- The largest volume of work tickets was for general maintenance – appliances (12%), and plumbing (1%)

Total Work Orders CY 2018	Average Days to Close
139	10

Capital Improvements

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

Redevelopment/Refinancing

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

Sligo Hills Development Corporation – FY 2020 Budget Summary

Sligo Hills Development Corporation

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$239,595**	**$269,511**	**$231,504**	**$270,144**	**$279,785**
Expenses:					
Operating - Admin	$19,696	$17,756	$20,583	$18,840	$21,504
Operating - Fees	$118,767	$127,927	$122,540	$117,866	$113,707
Tenant & Protective Services	$6,821	$7,721	$7,176	$6,206	$6,251
Taxes, Insurance & Utilities	$9,745	$9,118	$7,924	$7,313	$7,891
Maintenance	$51,318	$52,526	$51,689	$42,559	$46,401
Subtotal - Operating Expenses	**$206,347**	**$215,048**	**$209,912**	**$192,784**	**$195,754**
Net Operating Income (NOI)	$33,248	$54,463	$21,592	$77,360	$84,031
Replacement Reserves	$9,192	$9,192	$9,192	$9,192	$9,192
Development Corporation Fees	$24,056	$45,271	$12,400	$68,168	$51,652
Excess Cash Flow Restricted	$0	$0	$0	$0	$23,187
Subtotal - Expenses Below NOI	**$33,248**	**$54,463**	**$21,592**	**$77,360**	**$84,031**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$4,500	$8,400	$2,127	$0	$9,685
Electrical Supplies	$0	$0	$0	$1,971	$2,527
Appliance Supplies	$2,000	$0	$8	$92	$80
Plumbing Supplies	$1,000	$0	$289	$1,776	$1,344
Cleaning/Janitorial Supplies	$0	$0	$0	$2	$6
Windows and Glass	$0	$0	$0	$97	$1,057
Hardware Supplies	$0	$0	$0	$1,135	$1,020
Flooring and Carpeting	$0	$0	$0	$2,800	$6,555
Miscellaneous Supplies	$0	$0	$0	$451	$1,082
Plumbing Equipment	$0	$0	$0	$127	$0
HVAC Equipment	$2,500	$0	$0	$10	$3
Appliance Equipment	$3,000	$7,500	$2,233	$7,318	$6,083
Appliance Contracts	$0	$0	$250	$250	$0
Plumbing Contracts	$0	$0	$400	$2,950	$2,563
Roofing/Gutter Contracts	$1,500	$0	$0	$1,660	$0
HVAC Contracts	$4,500	$0	$5,674	$0	$0
Flooring/Carpet Contracts	$15,000	$14,000	$3,471	$6,740	$12,026
Fencing Contracts	$0	$0	$0	$0	$5
Asphalt/Concrete Contracts	$0	$0	$0	$0	$2,400
Miscellaneous Contracts	$0	$0	$500	$0	$2,610
Total Capital Budget	**$34,000**	**$29,900**	**$14,952**	**$27,379**	**$49,046**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive’s voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at $24,056.
- Capital is budgeted at $34,000.

Time Frame

The FY’20 Adopted Operating and Capital Budgets for Sligo Hills Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY’20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Board Action Needed

Adoption of the FY’20 Operating and Capital Budgets for Sligo Hills Development Corporation by the Board of Directors.

RESOLUTION NO.: 19-001SH **RE: Sligo Hills Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets**

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Sligo Hills Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

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

TPM Development Corporation

TPM Development Corporations

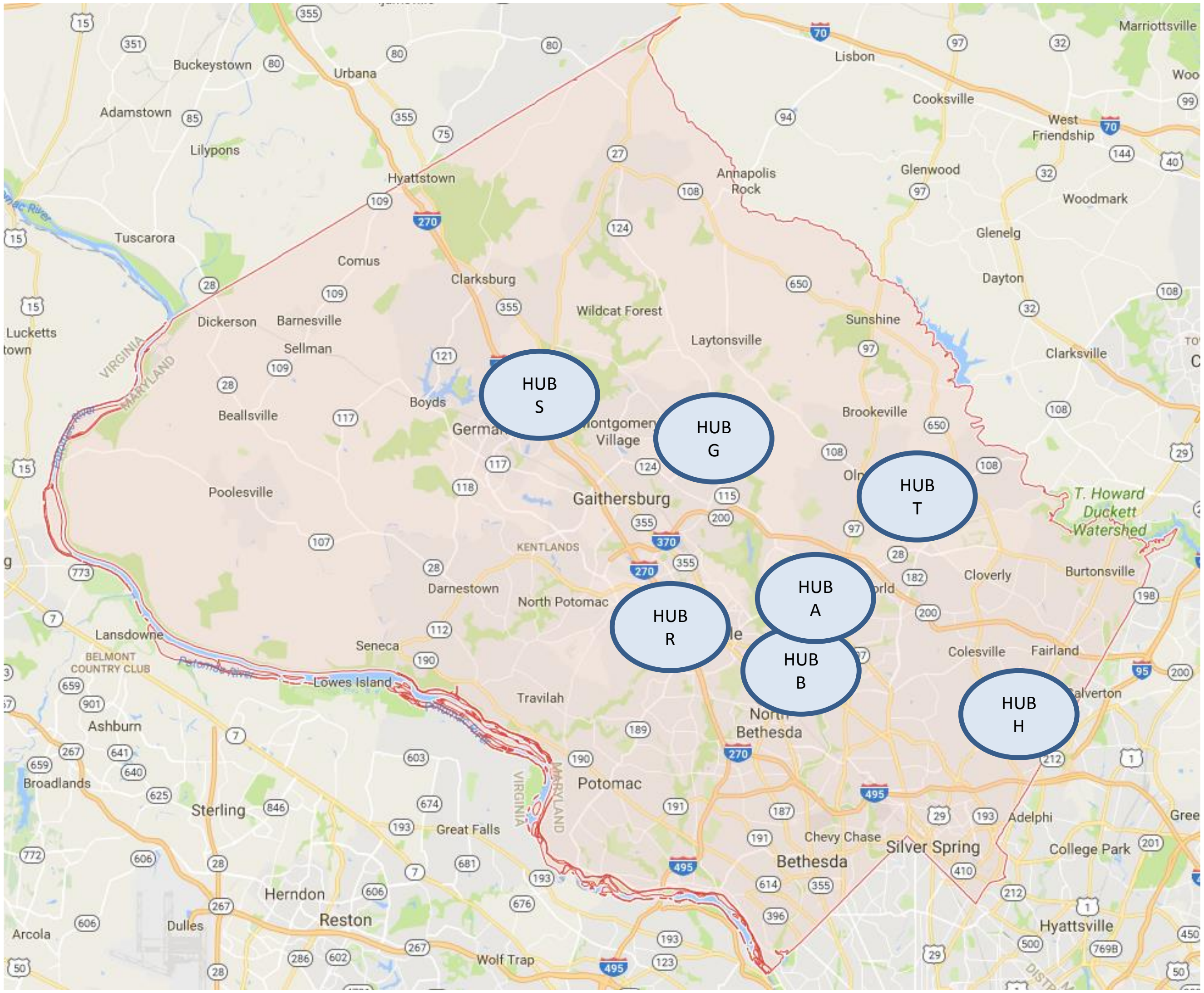
Annual Meeting and Adoption of FY 2020 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 5, 2019

TPM Development Corporation



Property & Submarket Snapshot:

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

TPM Development Corporation – FY 2020 Overview

Background

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

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

MPDU II

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

TPM Development Corporation – FY 2020 Overview

Property Management

- Occupancy remains stable at this entity. With very little turnover, staff does not expect occupancy to significantly fluctuate during FY20.

Turnover Rate	Avg. Occupancy CY 2018	Current Occupancy
1%	100%	100%

Maintenance

- The largest volume of work tickets was for general maintenance – plumbing (18%), appliances (13%).

Property	Total Work Orders CY18	Average Days to Close
MPDU II	480	10

Capital Improvements

- There are no current capital improvement plans at MPDU II.

Redevelopment/Refinancing

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

TPM Development Corporation – FY 2020 Budget Summary Consolidated

TPM Dev Corp-MPDU II/59

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$874,361**	**$869,813**	**$865,670**	**$803,692**	**$831,643**
Expenses:					
Operating - Admin	$68,680	$49,386	$47,647	$47,934	$62,954
Operating - Fees	$172,213	$192,922	$162,684	$150,500	$145,362
Tenant & Protective Services	$18,107	$21,217	$18,842	$17,996	$18,851
Taxes, Insurance & Utilities	$29,460	$25,753	$22,577	$25,682	$25,776
Maintenance	$120,184	$141,184	$113,947	$166,168	$132,552
Subtotal - Operating Expenses	**$408,644**	**$430,462**	**$365,697**	**$408,280**	**$385,495**
Net Operating Income (NOI)	**$465,717**	**$439,351**	**$499,973**	**$395,412**	**$446,148**
Debt Service	$0	$0	$6,971	$19,742	$12,294
Debt Service Reserves	$0	$0	$35,733	$151,056	$157,254
Replacement Reserves	$17,700	$17,700	$17,700	$17,700	$17,700
Development Corporation Fees	$448,017	$421,651	$377,938	$206,914	$229,807
Excess Cash Flow Restricted	$0	$0	$61,631	$0	$29,093
Subtotal - Expenses Below NOI	**$465,717**	**$439,351**	**$499,973**	**$395,412**	**$446,148**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$22,000	$6,895	$14,226	$9,150
Windows and Glass	$0	$0	$4,022	$123	$306
HVAC Supplies	$0	$0	$1,655	$0	$0
Paint and Wallcoverings	$0	$0	$0	$0	$1,764
Plumbing Equipment	$0	$0	$0	$0	$0
Appliance Equipment	$5,700	$16,500	$5,903	$10,919	$7,885
Plumbing Contracts	$0	$0	$800	$0	$225
Windows/Glass Contracts	$0	$0	$600	$12,560	$0
Roofing/Gutter Contracts	$5,500	$0	$3,566	$0	$0
HVAC Contracts	$4,500	$22,000	$0	$5,700	$13,596
Flooring/Carpet Contracts	$6,000	$27,500	$12,026	$21,865	$17,306
Miscellaneous Contracts	$0	$0	$0	$15,000	$55,115
Total Capital Budget	**$21,700**	**$88,000**	**$43,536**	**$96,411**	**$117,515**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive’s voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at $448,017.
- Capital is budgeted at $21,700

Time Frame

The FY’20 Adopted Operating and Capital Budgets for TPM Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY’20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY’20 Operating and Capital Budgets for TPM Development Corporation by the Board of Directors.

RESOLUTION NO.: 19-001TPM | **RE: TPM Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets**

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of TPM Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

____

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

VPC One Development Corporation

VPC One Corporation

Annual Meeting and Adoption of FY 2020 Operating & Capital Budgets

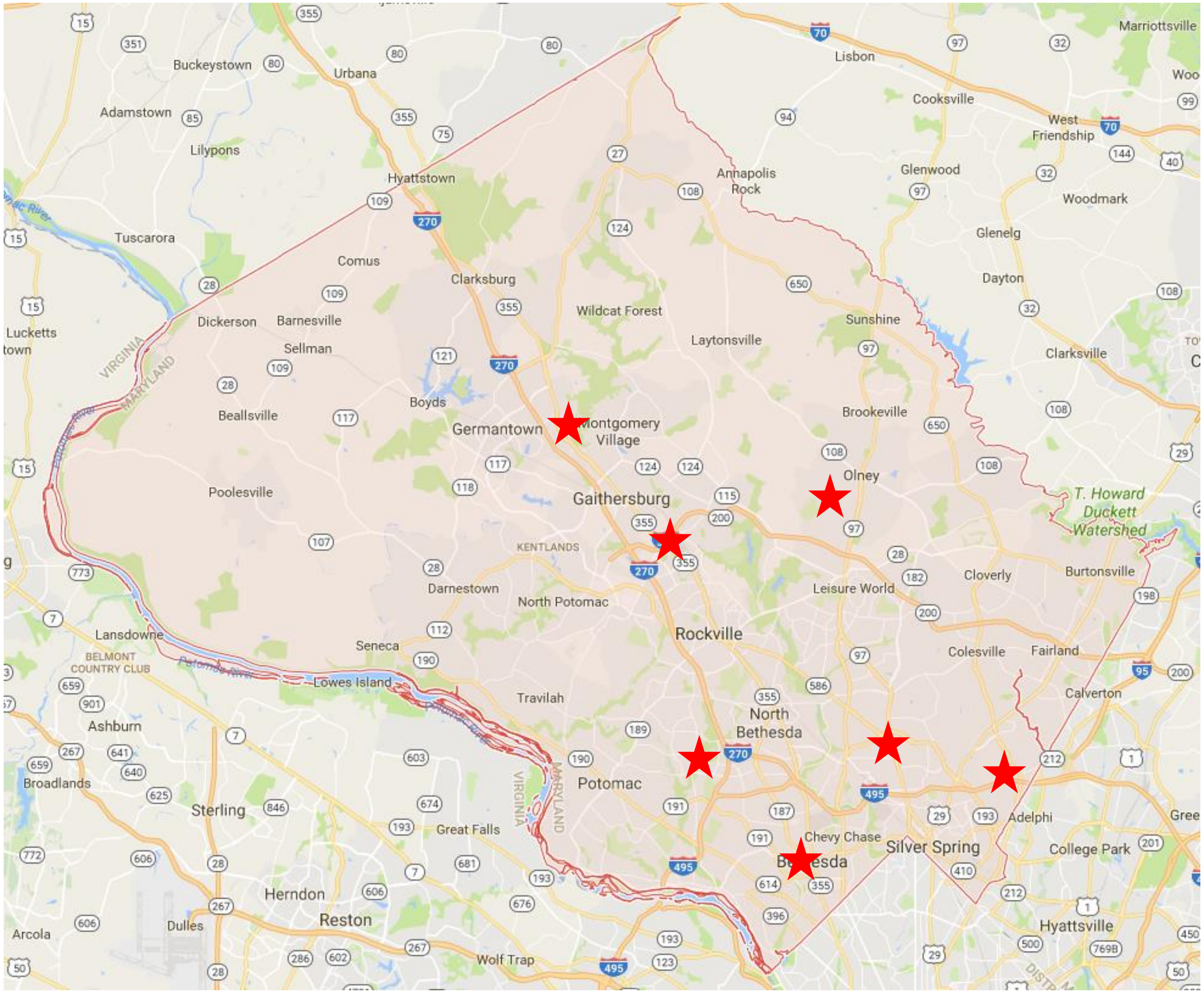
Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

Housing Opportunities Commission
OF MONTGOMERY COUNTY

June 5, 2019

VPC One Corporation



Property Snapshot:

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

Housing Opportunities Commission OF MONTGOMERY COUNTY

VPC One Corporation – FY 2020 Overview

Background

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

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

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

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

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

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

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

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

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

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

VPC One Corporation – FY 2020 Overview

Property Management

- Occupancy remains below metric standard. Waitlist restrictions have been removed to increase income eligible occupancy. Hard to lease units are being targeted for a series of HOC Leasing events open to the general public.

FY18 Turnover	Avg. Occupancy FY2018	Current Occupancy
10%	93%	93%

Maintenance

- The largest volume of work tickets was for general maintenance – Appliance (12%), HVAC (6%) and Electrical (5%)

Total Work Orders CY 2018	Average Days to Close
2698	10

Capital Improvements

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

Redevelopment/Refinancing

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

VPC One Corporation – FY 2020 Budget Summary

VPC One Development Corporation

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$6,617,699**	**$6,801,454**	**$6,316,811**	**$5,621,482**	**$5,092,821**
Expenses:					
Operating - Admin	$466,716	$314,197	$462,265	$361,655	$508,271
Operating - Fees	$1,595,745	$1,609,776	$1,557,292	$1,373,075	$1,283,370
Tenant & Protective Services	$121,987	$132,457	$130,240	$117,476	$118,520
Taxes, Insurance & Utilities	$223,306	$216,946	$207,800	$246,057	$210,502
Maintenance	$727,740	$754,650	$826,005	$788,159	$720,203
Subtotal - Operating Expenses	**$3,135,494**	**$3,028,026**	**$3,183,602**	**$2,886,422**	**$2,840,866**
Net Operating Income (NOI)	**$3,482,205**	**$3,773,428**	**$3,133,209**	**$2,735,060**	**$2,251,955**
Debt Service	$1,481,256	$1,491,211	$994,846	$428,371	$261,381
Debt Service Reserves	$828,707	$828,707	$644,722	$2,180,546	$1,552,166
Replacement Reserves	$119,700	$117,900	$119,700	$108,075	$147,300
Development Corporation Fees	$1,052,542	$1,335,610	$1,367,693	$18,068	$291,108
Excess Cash Flow Restricted	$0	$0	$6,248	$0	$0
Subtotal - Expenses Below NOI	**$3,482,205**	**$3,773,428**	**$3,133,209**	**$2,735,060**	**$2,251,955**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$243	$660	$7,405
Electrical Supplies	$0	$0	$29	$823	$210
Appliance Supplies	$0	$0	$24	$115	$65
Plumbing Supplies	$0	$0	$747	$458	$2,271
Cleaning/Janitorial Supplies	$0	$0	$0	$6	$0
Windows and Glass	$0	$0	$505	$76	$0
Doors	$1,600	$0	$1,135	$3,320	$0
Hardware Supplies	$0	$0	$8	$285	$92
HVAC Supplies	$0	$0	$595	$0	$0
Flooring and Carpeting	$0	$0	$0	$984	$4,867
Miscellaneous Supplies	$0	$0	$0	$131	$143
Plumbing Equipment	$0	$0	$0	$0	$3,800
HVAC Equipment	$4,500	$0	$3,026	$12,068	$3,796
Appliance Equipment	$10,200	$14,550	$8,347	$19,197	$25,585
Tools	$0	$0	$0	$0	($96)
Electrical Contracts	$0	$0	$455	$950	$1,083
Appliance Contracts	$0	$0	$0	$900	$0
Plumbing Contracts	$0	$0	$10,352	$575	$15,360
Grounds/Landscaping Contr-Cap.	$0	$0	$1,082	$680	$3,555
Windows/Glass Contracts	$0	$0	$0	$0	$2,595
Roofing/Gutter Contracts	$5,000	$35,000	$21,830	$0	$6,679
HVAC Contracts	$9,000	$42,000	$0	$0	$13,213
Flooring/Carpet Contracts	$48,000	$42,000	$19,669	$12,439	$14,169
Paint/Wallcovering Int. Cont.	$0	$0	$1,950	$0	$4,132
Paint/Wallcovering Ext. Cont	$0	$0	$0	$1,600	$5,160
Fencing Contracts	$0	$0	$5,250	$0	$0
Asphalt/Concrete Contracts	$0	$0	$30,430	$5,298	$0
Miscellaneous Contracts	$0	$0	$2,085	$5,406	$4,781
Total Capital Budget	**$78,300**	**$133,550**	**$107,762**	**$65,971**	**$118,865**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $1,052,542.
- Capital is budgeted at $78,300.
- DSCR is 2.27.

Time Frame

The FY'20 Adopted Operating and Capital Budgets for VPC One Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019.

Budget Impact

The FY'20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'20 Operating and Capital Budgets for VPC One by the Board of Directors.

RESOLUTION NO.: 19-001$_{VPC1}$

RE: VPC One Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of VPC One Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

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

VPC Two Corporation

VPC Two Corporation

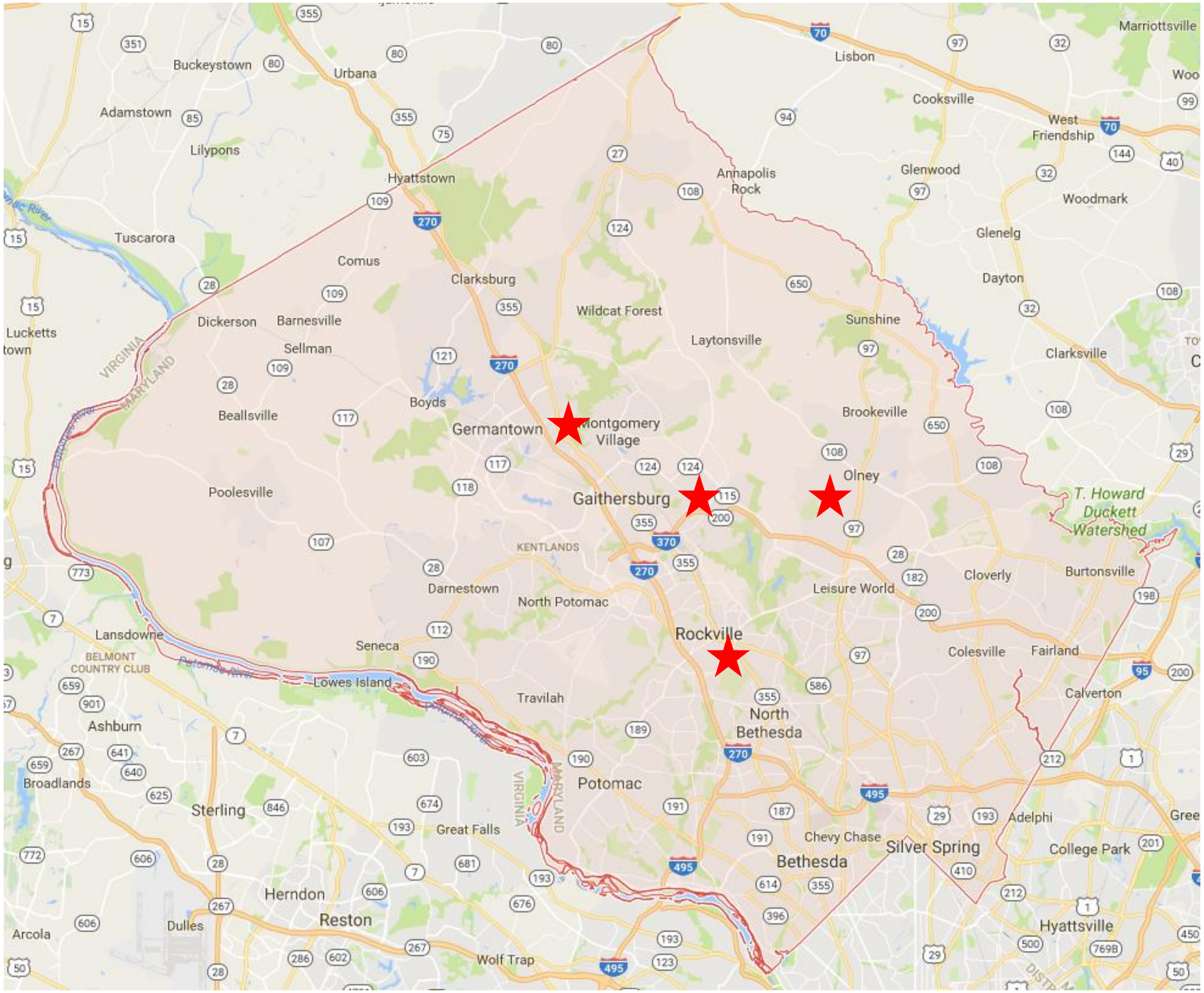
Annual Meeting and Adoption of FY 2020 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 5, 2019

VPC Two Corporation



Property Snapshot:

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

VPC Two Corporation – FY 2020 Overview

Background

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

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

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

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

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

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

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

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

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

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

VPC Two Corporation – FY 2020 Overview

Property Management

- Occupancy remains below metric standard. Waitlist restrictions have been removed to increase income eligible occupancy. Hard to lease units are being targeted for a series of HOC Leasing events open to the general public.

Turnover	Avg. Occupancy FY2018	Current Occupancy
10%	92%	91%

Maintenance

- The largest volume of work tickets was for general maintenance – Plumbing (67%), Appliance (61%) and Carpentry (28%)

Total Work Orders CY2018	Average Days to Close
1902	10

Capital Improvements

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

Redevelopment/Refinancing

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

VPC Two Corporation – FY 2020 Budget Summary

VPC Two Development Corporation
FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$4,418,144**	**$4,576,620**	**$4,269,474**	**$4,012,285**	**$3,271,162**
Expenses:					
Operating - Admin	$358,079	$215,507	$312,447	$252,542	$322,748
Operating - Fees	$920,326	$983,368	$954,330	$812,681	$765,291
Tenant & Protective Services	$71,478	$93,078	$74,177	$73,582	$94,609
Taxes, Insurance & Utilities	$141,822	$132,233	$121,821	$159,695	$195,784
Maintenance	$572,112	$532,181	$548,458	$596,582	$666,831
Housing Assistance Payments	$0	$0	$0	$0	$1,876
Subtotal - Operating Expenses	**$2,063,817**	**$1,956,367**	**$2,011,233**	**$1,895,082**	**$2,047,139**
Net Operating Income (NOI)	$2,354,327	$2,620,253	$2,258,241	$2,117,203	$1,224,023
Debt Service	$1,053,951	$1,044,000	$562,057	$138,023	$17,224
Debt Service Reserves	$580,189	$580,189	$705,593	$1,458,600	$1,084,980
Replacement Reserves	$84,000	$84,000	$84,000	$77,000	$83,700
Development Corporation Fees	$636,187	$912,064	$899,109	$443,580	$38,119
Excess Cash Flow Restricted	$0	$0	$7,482	$0	$0
Subtotal - Expenses Below NOI	**$2,354,327**	**$2,620,253**	**$2,258,241**	**$2,117,203**	**$1,224,023**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$639	$0	$3,757
Electrical Supplies	$0	$0	$0	$209	$138
Appliance Supplies	$0	$0	$67	$153	$21
Plumbing Supplies	$0	$0	$680	$651	$882
Cleaning/Janitorial Supplies	$0	$0	$0	$0	($500)
Grounds/Landscaping Sup.-Cap.	$0	$0	$0	$0	$1,300
Health and Safety Materials	$0	$0	$0	$0	($3,498)
Locks, Keys	$0	$0	$0	$0	$40
Windows and Glass	$0	$0	$0	$66	$4,136
Doors	$7,200	$0	$547	$1,648	$984
Roofing Materials	$0	$0	$0	$0	($1,000)
Hardware Supplies	$0	$0	$0	$146	($63)
HVAC Supplies	$0	$0	$1,188	$0	($243)
Flooring and Carpeting	$0	$0	$0	$0	$4,125
Paint and Wallcoverings	$0	$0	$45	$0	$1,433
Miscellaneous Supplies	$0	$0	$0	$118	$46
Electrical Equipment	$0	$0	$0	$0	($1,064)
Plumbing Equipment	$0	$0	$420	$0	$2,150
HVAC Equipment	$5,500	$0	$13,360	$2,557	$3,378
Appliance Equipment	$7,050	$0	$13,984	$2,787	$10,295
Tools	$0	$0	$0	$0	($79)
Plumbing Contracts	$0	$0	$11,200	$5,930	$10,030
Cleaning/Janitorial Contracts-Cap.	$0	$0	$0	$0	($471)
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$2,600	$1,200
Windows/Glass Contracts	$0	$0	$0	$0	$2,305
Roofing/Gutter Contracts	$20,000	$20,000	$13,725	$7,400	$14,970
HVAC Contracts	$11,000	$24,000	$8,732	$0	$11,916
Flooring/Carpet Contracts	$15,000	$24,500	$11,986	$5,492	$6,065
Paint/Wallcovering Int. Cont.	$0	$0	$0	$915	$550
Paint/Wallcovering Ext. Cont	$0	$0	$0	$0	$3,500
Fencing Contracts	$0	$0	$0	$8,160	($2,776)
Asphalt/Concrete Contracts	$0	$0	$0	$6,360	$5,914
Miscellaneous Contracts	$0	$0	$0	$0	$690
Total Capital Budget	**$65,750**	**$68,500**	**$76,573**	**$45,192**	**$80,131**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $636,187
- Capital is budgeted at $65,750.
- DSCR is 2.15.

Time Frame

The FY'20 Adopted Operating and Capital Budgets for VPC Two Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY'20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY' 20 Operating and Capital Budgets for VPC Two Corporation by the Board of Directors.

RESOLUTION NO.: 19-001VPC2 | **RE: VPC Two Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets**

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of VPC Two Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

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

Wheaton Metro Development Corporation

Wheaton Metro Development Corporation

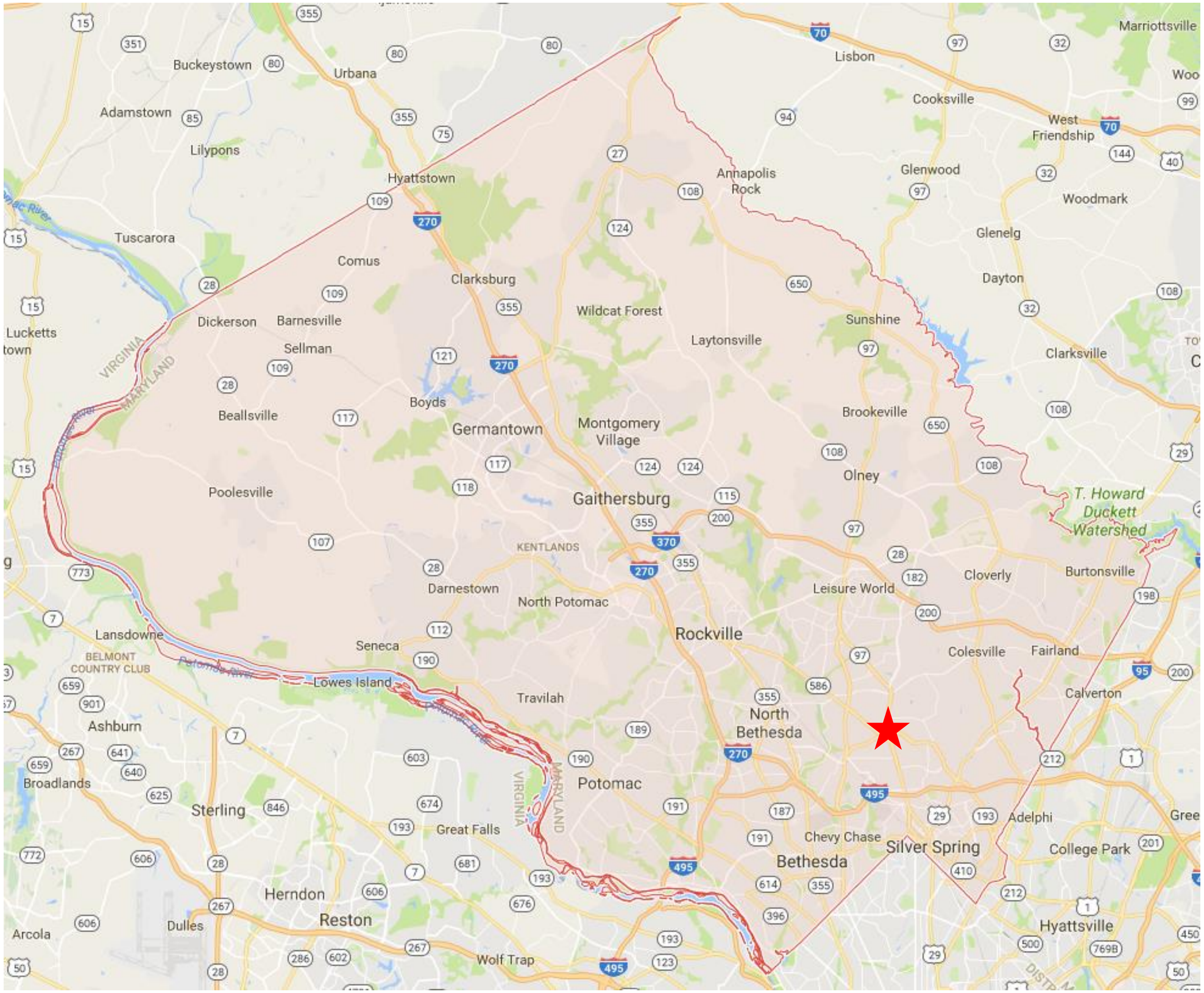
Annual Meeting and Adoption of FY 2020 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 5, 2019

Wheaton Metro Development Corporation



Property Snapshot:

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

Wheaton Metro Development Corporation – FY 2020 Overview

Background

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

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

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

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

Wheaton Metro Development Corporation – FY 2020 Update

Property Management

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

Turnover Rate	Avg. Occupancy FY 2019	Current Occupancy
45.8%	95.2%	94.2%

Maintenance

- The largest volume of work tickets for CY2019 were related to plumbing (28.7%), lighting and electrical (17.4%) appliances (17.0%) , followed by general maintenance –hardware, drywall damage, flooring, etc. (8%).

Total Work Orders FY 2019	Average Days to Close
247	2

Capital Improvements

- The Capital Budget includes funding for replacement of carpeting and other typical turnover-related expenses. One balcony tier has been replaced. The replacement of 24 HVAC units annually is planned to phase out the R22 units over the next five years. This will be pushed back a year to cover the costs of the balcony replacement completed.

Redevelopment/Refinancing

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

Wheaton Metro Development Corporation – FY 2020 Budget Summary

Metropointe Development Corporation

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$2,642,296**	**$2,694,817**	**$2,536,856**	**$2,513,815**	**$2,477,565**
Expenses:					
Operating - Admin	$259,821	$259,210	$262,565	$250,991	$232,802
Operating - Fees	$105,769	$109,455	$115,767	$95,203	$97,692
Tenant & Protective Services	$33,680	$32,930	$34,938	$22,593	$24,935
Taxes, Insurance & Utilities	$139,912	$141,584	$129,808	$121,040	$116,162
Maintenance	$261,520	$257,428	$250,379	$211,202	$245,246
Subtotal - Operating Expenses	**$800,702**	**$800,607**	**$793,457**	**$701,029**	**$716,837**
Net Operating Income (NOI)	**$1,841,594**	**$1,894,210**	**$1,743,399**	**$1,812,786**	**$1,760,728**
Debt Service	$1,946,561	$1,948,948	$1,951,226	$1,953,406	$1,955,490
Replacement Reserves	$30,000	$30,000	$30,000	$30,000	$30,000
Asset Management Fees	$8,680	$8,680	$8,680	$8,680	$8,680
Subtotal - Expenses Below NOI	**$1,985,241**	**$1,987,628**	**$1,989,906**	**$1,992,086**	**$1,994,170**
NET INCOME	**($143,647)**	**($93,418)**	**($246,507)**	**($179,300)**	**($233,442)**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$478	$264	$351
Doors	$0	$0	$0	$4,778	$0
Flooring and Carpeting	$0	$0	$0	$14,175	$0
HVAC Equipment	$0	$0	$0	$0	$380
Appliance Equipment	$6,000	$4,000	$392	$56	$893
Maintenance Equipment	$0	$4,000	$0	$0	$0
Miscellaneous Equipment	$34,700	$0	$2,230	$0	$1,365
Electrical Contracts	$0	$10,000	$0	$0	$0
Plumbing Contracts	$1,500	$1,500	$439	$0	$0
Roofing/Gutter Contracts	$0	$5,000	$0	$0	$0
HVAC Contracts	$72,000	$72,000	$0	$0	$0
Flooring/Carpet Contracts	$30,000	$30,000	$33,986	$10,006	$28,096
Paint/Wallcovering Ext. Cont	$0	$45,800	$0	$0	$0
Asphalt/Concrete Contracts	$0	$43,300	$3,420	$0	$1,085
Miscellaneous Contracts	$225,000	$0	$26,257	$12,438	$12,209
Total Capital Budget	**$369,200**	**$215,600**	**$67,202**	**$41,717**	**$44,379**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive's voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current "market rate".
- The property's $143,647 operating deficit will be funded with a draw from the Agency's General Fund Operating Reserve.
- Capital is budgeted at $369,200.
- DSCR is 0.93.

Time Frame

The FY'20 Adopted Operating and Capital Budgets for Wheaton Metro Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY'20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'20 Operating and Capital Budgets for Wheaton Metro Development Corporation by the Board of Directors.

RESOLUTION NO.: 19-001WM | **RE: Wheaton Metro Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets**

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Wheaton Metro Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

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

Limited Partnership Annual Meeting And Approval of FY 20 Budget

Brookside Glen Limited Partnership

Brookside Glen Limited Partnership

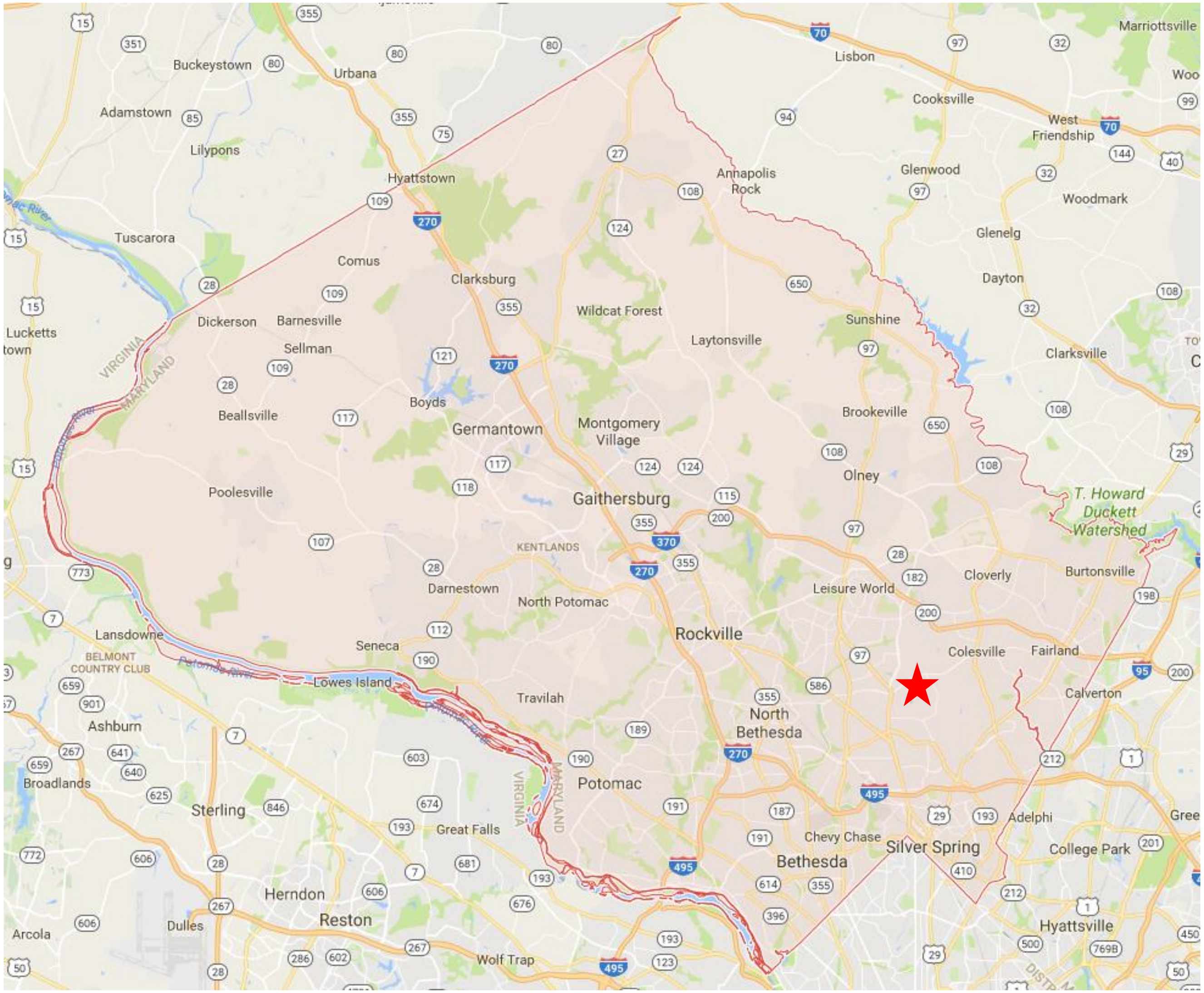
Annual Meeting and Adoption of FY 2020 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 5, 2019

Brookside Glen Limited Partnership



Property Snapshot:

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

Brookside Glen Limited Partnership – FY 2020 Overview

Background

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

2399 Jones Lane, Wheaton, MD 20902
Manager: Avison Young

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

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

Brookside Glen Limited Partnership – FY 2020 Update

Property Management

- Property received an 83b on the REAC Inspection on October 5, 2017.
- The property recently implemented a pet policy which has had a positive impact on leasing. The property is developing a no smoking policy based on resident survey.
- Property occupancy has remained stable with low turnover rates in comparison to its competitors.

Turnover	Avg. Occupancy FY 2019	Current Occupancy
7%	98%	97%

Capital Improvements

- The property will use capital reserves to replace carpet, appliances and HVAC equipment as needed during unit turnover. The parking lot has some areas that will need to be resurfaced to address potholes that have been exacerbated from snow removal.

Maintenance

- The largest volume of work tickets for FY 2019 was for plumbing (31%), followed by appliances (18%) , electrical (16%), Carpentry (10%), and HVAC (7%).
- The property has identified window concerns with frames, balances and seals. Staff will perform a comprehensive survey to see if this will need to be considered a capital investment.

Total Work Orders FY 2019	Average Days to Close
335	6

Redevelopment/Refinancing

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

Brookside Glen Limited Partnership – FY 2020 Budget Summary

Brookside Glen Development Corporation

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$1,608,888**	**$1,638,043**	**$1,564,553**	**$1,535,264**	**$1,556,043**
Expenses:					
Operating - Admin	$208,729	$151,449	$160,278	$171,698	$214,915
Operating - Fees	$59,709	$59,039	$57,605	$60,841	$77,823
Tenant & Protective Services	$13,656	$18,600	$11,251	$6,548	$12,592
Taxes, Insurance & Utilities	$134,404	$141,757	$156,896	$132,438	$140,917
Maintenance	$245,595	$226,746	$314,799	$221,134	$179,016
Subtotal - Operating Expenses	**$662,093**	**$597,591**	**$700,829**	**$592,659**	**$625,263**
Net Operating Income (NOI)	**$946,795**	**$1,040,452**	**$863,724**	**$942,605**	**$930,780**
Debt Service	$497,654	$498,797	$499,888	$500,928	$501,924
Operating Reserves	$16,248	$16,248	$16,250	$16,250	$16,250
Replacement Reserves	$102,360	$97,488	$95,112	$90,576	$86,268
Asset Management Fees	$96,350	$101,750	$96,910	$67,750	$67,750
Excess Cash Flow Restricted	$234,183	$326,169	$155,564	$267,101	$258,588
Subtotal - Expenses Below NOI	**$946,795**	**$1,040,452**	**$863,724**	**$942,605**	**$930,780**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Computer Equipment	$3,600	$2,400	$0	$875	$0
Kitchen and Bath Supplies	$0	$0	$0	$4,332	$0
Doors	$1,800	$1,200	$0	$0	$0
Electrical Equipment	$0	$0	$0	$522	$0
Plumbing Equipment	$7,200	$7,200	$0	$0	$0
HVAC Equipment	$6,000	$2,400	$0	$1,714	$4,640
Appliance Equipment	$10,500	$8,400	$6,956	$12,072	$8,924
Tools	$0	$2,400	$1,107	$0	$0
Plumbing Contracts	$0	$0	$15,522	$18,594	$0
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$0	$19,109
Windows/Glass Contracts	$10,800	$0	$10,457	$0	$0
Flooring/Carpet Contracts	$34,800	$26,400	$18,255	$24,072	$12,366
Asphalt/Concrete Contracts	$12,000	$62,000	$27,256	$0	$4,998
Miscellaneous Contracts	$0	$0	$0	$2,487	$46,792
Security System	$0	$24,000	$0	$0	$0
Total Capital Budget	**$86,700**	**$136,400**	**$79,553**	**$64,668**	**$96,829**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive’s voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at $234,183 and will be restricted to the property.
- Capital is budgeted at $86,700.
- DSCR is 1.70.

Time Frame

The FY’20 Adopted Operating and Capital Budgets for Brookside Glen Limited Partnership were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. Board action is requested at the June 5, 2019 meeting.

Budget Impact

The FY’20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY’20 Operating and Capital Budgets for Brookside Glen Limited Partnership by the Board of Directors.

RESOLUTION NO.: 19-001BG

RE: Brookside Glen Apartments Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Brookside Glen Apartments Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

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

Diamond Square Limited Partnership

Diamond Square Limited partnership

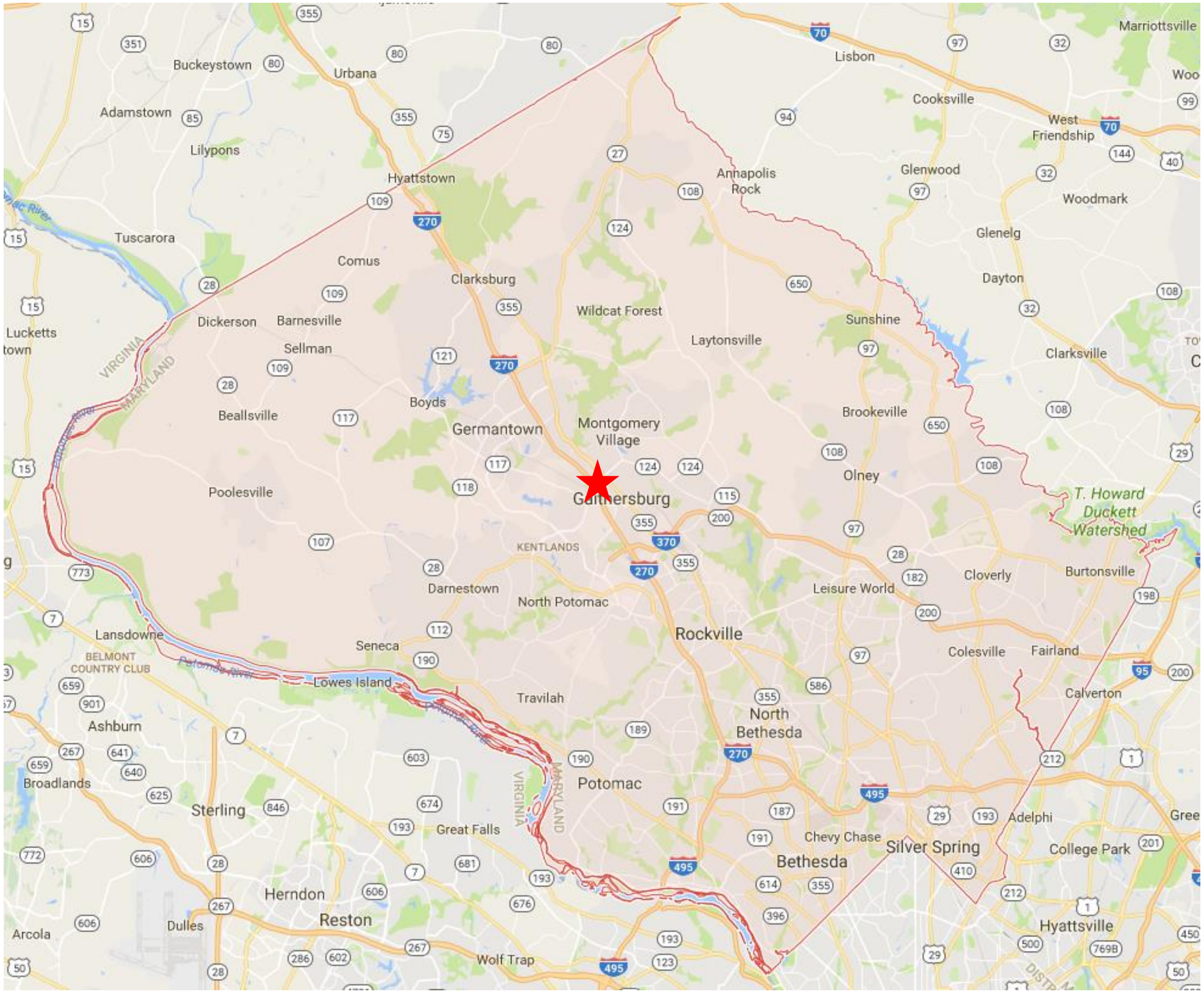
Annual Meeting and Adoption of FY 2020 Operating & Capital Budgets

Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

June 5, 2019

Diamond Square Limited Partnership



Property Snapshot

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

Diamond Square Limited Partnership – FY 2020 Overview

Background

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

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

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

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

80 Bureau Dr, Gaithersburg, 20878
Manager : Avison Young

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

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

Diamond Square Limited Partnership – FY 2020 Update

Property Management

- The property operates under guidance from the Board of Governance (BOG) which consists of one representative from Montgomery County, the City of Gaithersburg, and HOC.
- Property occupancy remains very high. Leasing strategies include direct marketing to local businesses and employers.
- Asset Manager recommends the following: Marketing unfurnished units instead of furnished to reduce expenses. Survey taken indicates this action will have little to no impact on new leases. Adding Diamond Square to the REAL Estate Development pipeline for unit renovation and with a focus on energy cost reduction.

Turnover Rate	Avg. Occupancy FY 2019	Current Occupancy
28%	100%	97%

Maintenance

- The majority of service requests in FY 2019 (YTD) were for plumbing (35%), HVAC (23%), electrical (14%) and appliances (10%).

Total Work Orders FY 2019	Average Days to Close
320	2

Capital Improvements

- The Capital Budget anticipates renovations of units upon turnover. This will include new kitchen cabinets, countertops, appliances, and expanding the kitchen area to include a full size refrigerator. In addition, funds have been identified to upgrade the elevators.

Redevelopment/Refinancing

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

Diamond Square Limited Partnership – FY 2020 Budget Summary

Diamond Square Development Corporation

FY 2020 Operating and Capital Budgets

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Total Revenue	**$1,312,315**	**$1,367,635**	**$1,270,489**	**$1,288,101**	**$1,255,134**
Expenses:					
Operating - Admin	$232,135	$230,896	$202,586	$191,396	$185,987
Operating - Fees	$67,974	$68,456	$66,601	$63,899	$62,940
Tenant & Protective Services	$10,910	$10,836	$46,197	$66,165	$100,200
Taxes, Insurance & Utilities	$215,263	$247,542	$183,658	$236,576	$245,814
Maintenance	$239,563	$237,072	$228,598	$244,231	$235,290
Subtotal - Operating Expenses	**$765,845**	**$794,802**	**$727,640**	**$802,267**	**$830,231**
Net Operating Income (NOI)	**$546,470**	**$572,833**	**$542,849**	**$485,834**	**$424,903**
Debt Service	$117,614	$117,904	$118,184	$118,449	$118,702
Operating Reserves	$19,920	$19,920	$19,920	$19,920	$19,920
Replacement Reserves	$112,020	$107,708	$103,568	$99,585	$95,754
Asset Management Fees	$24,530	$23,820	$23,130	$22,460	$22,460
Excess Cash Flow Restricted	$272,386	$303,481	$278,047	$225,420	$168,067
Subtotal - Expenses Below NOI	**$546,470**	**$572,833**	**$542,849**	**$485,834**	**$424,903**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2020 Proposed Budget	FY 2019 Amended Budget	FY 2018 Actuals	FY 2017 Actuals	FY 2016 Actuals
Capital Budget:					
Computer Equipment	$1,200	$1,200	$1,965	$0	$0
Kitchen and Bath Supplies	$312,000	$156,000	$0	$0	$0
Grounds/Landscaping Sup.-Cap.	$0	$0	$0	$0	$1,308
Doors	$2,400	$4,800	$4,205	$1,110	$0
Miscellaneous Supplies	$0	$5,400	$3,778	$8,828	$11,315
HVAC Equipment	$14,000	$14,000	$6,690	$8,762	$4,937
Appliance Equipment	$23,100	$14,700	$4,146	$6,376	$8,511
Tools	$0	$1,800	$0	$1,111	$431
Miscellaneous Equipment	$0	$0	$3,275	$1,331	$4,526
Grounds/Landscaping Contr-Cap.	$10,000	$0	$0	$0	$0
Flooring/Carpet Contracts	$21,840	$20,800	$13,527	$15,355	$13,828
Elevator Contracts	$0	$275,000	$0	$0	$0
Asphalt/Concrete Contracts	$4,000	$4,000	$3,990	$48,815	$4,326
Miscellaneous Contracts	$0	$0	$1,250	$388,575	$42,804
Total Capital Budget	**$388,540**	**$497,700**	**$42,826**	**$480,263**	**$91,986**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.5%; the County Executive’s voluntary rent guideline is 1.5%.
- Market rents will be increased by 1.5% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at $272,386, all of which is restricted
- Capital is budgeted at $388,540.
- DSCR is 3.69.

Time Frame

The FY’20 Adopted Operating and Capital Budgets for Diamond Square Limited Partnership were presented to the HOC Budget, Finance and Audit Committee on May 7, 2019. The Governing Board approved the FY20 budget on May 21, 2019.

Budget Impact

The FY’20 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY’20 Operating and Capital Budgets for Diamond Square Limited Partnership by the Board of Directors.

RESOLUTION NO.: 19-002DS | **RE: Diamond Square Development Corporation Annual Meeting: Election of Officers and Adoption of FY'20 Operating and Capital Budgets**

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

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

WHEREAS, the Corporation held its Annual Meeting on June 5, 2019 and elected the officers of the Commission as officers of the Corporation;

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

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

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

WHEREAS, the Corporation's FY'20 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 7, 2019; and

WHEREAS, the Corporation has reviewed and desires to approve the FY'20 Operating and Capital Budgets for the Property.

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

1. The officers of the Corporation the same as the officers of the Commission.
2. The Corporation approves the FY'20 Operating and Capital Budgets.
3. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Diamond Square Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

____

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

Information Exchange

Report of the Executive Director
Stacy L. Spann
June 5, 2019

HOC Scholar Job Fair Links College Students with Professional Summer Internships

On Tuesday, May 14, 2019, the inaugural HOC Scholar Job Fair was held at the agency's headquarters in Kensington, Maryland. The job fair was the culmination of HOC's spring outreach efforts to connect rising and current college students with paid professional summer internships. Thirty-five students applied to the HOC Scholars program and 18 students were selected to participate in the networking and interviewing event. At the job fair, HOC Scholar candidates met with hiring professionals from HOC and partners at PNC Bank, The Duffie Companies, KGD Architecture and others providing professional experiences for students this summer. Students had the opportunity to network and hone their interviewing skills in one-on-one conversations with hiring employers, learning about the different skills and industries responsible for producing and sustaining affordable housing. HOC Scholars will engage in a 10-week program where they will learn about fields ranging from accounting to real estate development and participate in additional professional development training and courses focused on resume writing and other key career skills.

The HOC Scholars program matches talented students from households that receive housing subsidies, many who are first-generation college students, with paid summer opportunities. The financial barriers these students face often limit the range of internship and training experiences available to them, which potentially inhibits their opportunities for economic mobility and professional growth. HOC Scholar internships provide an impactful professional development opportunity for students and help boost their summer earnings which may offset some of their college and other expenses. Supplemental programming, such as HOC Scholars, not only promotes academic achievement but advances equity and inclusion in the workforce and supports the professional development of high-achieving students.

Resident Services Hosts Senior Prom Event

On Friday, May 10, 2019, HOC hosted the second annual Senior Prom at the Longwood Community Room. Approximately 100 residents, families and friends attended and enjoyed an evening of food, fun, music and dancing. Those who attended had prom photos taken with friends and dates for the evening and superlatives were awarded to residents in categories such as "Best Dressed" for their evening attire.

Events like Senior Prom help promote healthy aging by providing seniors with light exercise and opportunities for increased socialization. Research shows that social opportunities are beneficial to the emotional wellbeing, as well as physical and cognitive health of seniors. Engaging seniors with supportive programming in a stable housing environment gives residents peace of mind and helps them continue to thrive and live independently as they age.

HOC Hosts Partners for Program Coordinating Committee Meeting

On Wednesday, May 8, 2019, staff from HOC's Family Self Sufficiency, HOC Academy and Fatherhood Initiative programs hosted a Program Coordinating Committee meet and greet with representatives from service organizations across Montgomery County to discuss opportunities for collaboration and increasing program participation. Partnering organizations represented at the meeting included A Wider Circle, Emmanuel Brinklow SDA Church, Destination Achievers, Montgomery College Educational Opportunity Center, WorkSource Montgomery, PNC Bank and Maryland Cash.

Participants had the opportunity to hear from four residents who spoke about their experiences and successes in HOC supportive programming. Residents discussed how the programs have helped them overcome barriers on their individual journeys toward achieving the goals they hold for themselves and their families. The meeting sparked engaging dialogue and idea-sharing among partners and HOC staff on new ways to collaborate, streamline and enrich programming for shared customers. Moving forward, the Program Coordinating Committee will meet on a quarterly basis to strategize about best practices for providing residents with comprehensive programming and resources that will further enrich their lives.

Leaders of Tomorrow Spotlights Students' Academic Achievements

On Thursday, May 16, 2018, HOC hosted the Leaders of Tomorrow Academic Achievement Awards at the Ross Boddy Recreation Center. Open to students grades 5-12 living in HOC households, this event honors the scholastic achievement of students who maintained 3.2 GPAs and higher throughout the school year. Eighty people attended the evening event celebrating the hard work of middle and high school students across the county. Students and their families enjoyed a special dinner and received certificates acknowledging their outstanding academic achievements during the school year. This year's awards also included an essay contest for students who maintained 4.0 GPA or higher with a special prize awarded for the winning essay.

Events like Leaders of Tomorrow provide encouragement and motivation for students to focus on educational pursuits. HOC supports students striving for educational excellence, not only through housing opportunities in neighborhoods with access to some of the nation's top-performing schools, but also with myriad after school and summer learning opportunities that supplement their educational growth and future career prospects. We are delighted to celebrate these students and to honored to have been a small part of their success.

Fatherhood Initiative Graduates 7th Cohort of 2019

On Friday, May 24, 2019, the Fatherhood Initiative graduated its seventh cohort (Chi) of 2019. Twenty fathers successfully completed the Initiative's comprehensive program and received skills training and coaching that positions them for professional advancement and increased financial security. To recognize the individual and collective accomplishments of the Chi cohort, HOC hosted a ceremony at Wheaton's Sky Lounge for graduating fathers and their family and friends.

With the graduation of the Chi class, Fatherhood has achieved 77.3% of its program completion goal for this fiscal year, totaling 116 graduates. Initiative staff have increased recruiting efforts – during May staff coordinated four information sessions in locations across the county including broadening outreach to a new location in Gaithersburg. Interest in the program remains steady with approximately 20 to 25 fathers attending each of the information sessions. As part of their recruiting efforts, Fatherhood Initiative has also coordinated a county-wide Day About Dads community event for Father's Day weekend. The 2019 Day About Dads event will be held on June 15 from 11:00 am to 3:00 pm at Shady Grove Middle School in Gaithersburg. We're proud to continue supporting fathers and families with programming from the Fatherhood Initiative and hope to see our partners and neighbors there!

2019 MAHRA Conference – A Framework Forward: Solutions for a New Housing Paradigm

On Wednesday, May 29 through Friday, May, 31, 2019, affordable housing professionals from across the Mid-Atlantic region convened at MGM National Harbor for the 2019 MAHRA and MARC NAHRO Conference and Exhibition. Each year, the conference brings together leaders from Housing Authorities, construction and property management companies, and other affordable housing industry organizations for three full days of networking, information sessions, workshops and professional development opportunities. Once again, I served as Conference Chair and staff from across the agency provided substantial logistical support for the conference.

This year's theme was "A Framework Forward: Solutions for a New Housing Paradigm" – sessions and plenary events explored ways we as an industry can work to innovate in the affordable housing space to ensure the best practices and policies for serving our customers rise to the top. 2019 conference registration nearly doubled from the previous year in vendor participation increased significantly, as well. Conference highlights included presentations from Richard Rothstein, Hass Institute Senior Fellow at the University of California, Berkley and author of *The Color of Law: A Forgotten History of How Our Government Segregated America*, as well as a welcome address from Prince George's County Executive Angela Alsobrooks. At the conference, CEO and President of NLIHC Diane Yentel launched the 2019 *Our Homes, Our Voices* National Housing Week of Action and joined NAHRO CEO Adrianne Todman and HOC COO Shauna Sorrells for a special plenary panel about Women in Leadership: Everyone Should Be a Feminist. Breakout sessions included a RAD overview and then special one-one-one workshop sessions with HUD's Director of the Office of Recapitalization Tom Davis, as well as sessions about LIHTC, Opportunity Zones, the Family Self Sufficiency program, and more.

In addition to the professional development sessions at the conference, both MAHRA and MARC NAHRO conducted annual meeting business including the election of officers. A photo album including recordings from select sessions will be available for viewing on the MAHRA website at www.mahramd.org.

Affordable Housing Conference of Montgomery County 2019 Summit

On Friday, May 17, 2019, staff participated in the Affordable Housing Conference of Montgomery County's 29th Annual Affordable Housing Summit held at the North Bethesda Marriott Conference Center. The daylong conference featured workshops that covered a wide range of industry topics and included "Discrimination and Bias in Affordable Housing Creation and Operation" and "The New Frontier: Private Capital Investing in Existing Affordable Housing," which was moderated by HOC Chief Investment and Real Estate Officer Kayrine Brown.

Conference attendees heard from Senator Chris Van Hollen, who congratulated Montgomery County for its innovation in affordable housing programs and noted his support for the Family Self Sufficiency program administered by HOC. Other notable officials in attendance included Montgomery County Executive Marc Elrich, Montgomery County Council President Nancy Navarro, and D.C. Mayor Muriel Bowser, who received the Robert C. Weaver Housing Champion Award.

Administrative and Special Session Ratifications

Committee Reports and Recommendations for Action

Budget, Finance & Audit Committee

ACCEPTANCE OF THIRD QUARTER FY'19
BUDGET TO ACTUAL STATEMENTS

June 5, 2019

- The Agency ended the third quarter with a net cash surplus of $560,277 which resulted in a third quarter budget to actual negative variance of $2,848,092.

- The General Fund experienced delays in the receipt of anticipated Commitment and Development Fee Income that was partially offset by the prepayment of Loan Management Fees coupled with savings in expenses.

- At the end of the third quarter, several of the unrestricted properties in the Opportunity Housing Fund exceeded budget expectations; however, the recognizable cash flow to the Agency did not meet budget due to shortfalls in some of the unrestricted properties.

- The Public Housing Program ended the quarter with a smaller than anticipated shortfall primarily as a result of savings in expenses.

- The Housing Choice Voucher (HCV) Program experienced an administrative surplus through March 31, 2019 as a result of fees received for the increased utilization during CY'18 coupled with savings in expenses. The surplus will be restricted to the program.

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff:	Cornelia Kent	Division: Finance	Ext. 9754
	Terri Fowler		Ext. 9507

RE: Acceptance of Third Quarter FY'19 Budget to Actual Statements

DATE: June 5, 2019

STATUS: Committee Report: Deliberation [X]

OVERALL GOAL & OBJECTIVE:
Acceptance of the Third Quarter FY'19 Budget to Actual Statements.

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

ISSUES FOR CONSIDERATION:
To assess the financial performance of the Agency for the third quarter of FY'19 against the budget for the same period.

BUDGET IMPACT:
A projection for FY'19 Year-End is included on Attachment F of the packet.

TIME FRAME:
The Budget, Finance and Audit Committee reviewed the Third Quarter Budget to Actual Statements at the May 24, 2019 Committee meeting. Action is requested at the June 5, 2019 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
The Budget, Finance and Audit Committee recommends to the full Commission acceptance of the Third Quarter FY'19 Budget to Actual Statements.

DISCUSSION – THIRD QUARTER BUDGET TO ACTUAL STATEMENTS

This review of the Budget to Actual Statements for the Agency through the third quarter of FY'19 consists of an overall summary and additional detail on the Opportunity Housing properties, the Development Corporation properties, the Public Housing and Housing Choice Voucher (HCV) Programs and all Capital Improvements Budgets.

HOC overall (see Attachment A)

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

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

The Commission approves the revenue and expenses and unrestricted net cash flow from operations for each fund. Unrestricted net cash flow in each fund is what is available to the Commission to use for other purposes. The Budget to Actual Comparison Summary Statement (Attachment A) shows unrestricted net cash flow or deficit for each of the funds. Attachment A also highlights the FY'19 Third Quarter Capital Budget to Actual Comparison.

The Agency ended the quarter with a net cash surplus of $560,277. This surplus resulted in a third quarter budget to actual negative variance of $2,848,092 when compared to the anticipated third quarter net cash flow of $3,408,369. The primary causes were lower than projected cash flow from our unrestricted properties, as a result of property performance (see Opportunity Housing Fund), coupled with lower than anticipated income in the General Fund after removal of the effects of the PNC Line of Credit related interest (see General Fund).

Explanations of major variances by fund

The **General Fund** consists of the basic overhead costs for the Agency. This fund ended the quarter with a deficit of $5,608,010 which resulted in a positive variance of $380,477 when compared to the projected deficit of $5,988,487.

As of March 31, 2019, income in the General Fund was $3,964,069 higher than budgeted. If we were to exclude the $5,105,776 received by properties with debt on the PNC Bank, N.A. (PNC) $60 million Line of Credit (LOC) and the Real Estate Line of Credit (RELOC), income in the General Fund would have been $1,141,707 less than budget. The interest is paid by the properties to the General Fund and then reflected as interest expense in the General Fund when paid to PNC. Ideally, the timing of the receipt of interest income from the properties and the interest expense paid to PNC from the General Fund should offset one another and are therefore not budgeted. The amount of interest income and expense was significantly higher than previous years as a result of the acquisition of Cider Mill. In addition, income from properties utilizing the FHA Risk Sharing program, which is reflected as income in the General Fund with a corresponding expense to restrict the income to the FHA Risk Sharing Reserve, was $190,703 greater than budget. If we were to exclude the additional FHA Risk Sharing income, the shortfall in income would be $1,332,410. The FY'19 budget anticipated receipt of commitment and development fees totaling $6,144,393 through the third quarter of which 40% or $2,457,757 was to be deposited to the General Fund. The balance of the projected fees or $3,686,636 would have been restricted to the Opportunity Housing Reserve Fund (OHRF). However, delays in the receipt of fees from 900 Thayer, Alexander House, Bauer Park, Elizabeth House III, Knights Bridge, Shady Grove, and Stewartown have resulted in a negative timing variance of $4,635,543 ($1,854,217 in the General Fund and $2,781,326 in the OHRF) that was partially offset by the upfront payment of Loan Management Fees from Cider Mill for FY'19 that was not anticipated at the time the budget was adopted. Staff has reviewed the anticipated timing of the delayed fees as well as fees from projects that were unknown at the time the FY'19 Adopted Budget was developed and expects that negative variance in fee income should be closer to $1,772,740 ($709,096 in the General Fund and $1,063,644 in the OHRF). It is worth noting that the majority of the negative variance is due to changes in the timing of project that have shifted to FY'20 and incorporated in the budget that will come to the Commission for adoption in June.

Expenses in the General Fund were $3,583,592 more than budgeted. As referenced above, if we were to exclude the interest expense of $4,839,143 paid on the PNC LOC and RELOC accounts and additional restriction of the FHA Risk Sharing income of $190,703, expenses in the General Fund would have been $1,446,254 less than budget. The positive variance was primarily the result of savings throughout most administrative expenses and maintenance contracts as well as capital that is budgeted to be funded from operations. Funding for capital work that has moved to FY'20 will be restricted at year-end to be used to pay for the rollover of the specific projects. A portion of the remaining savings is the result of timing issues and staff does not anticipate the full savings to be realized at year end.

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

The Opportunity Housing Fund

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

- The first group includes properties that were budgeted to provide unrestricted net cash flow toward the Agency's FY'19 Operating Budget. This group ended the quarter with cash flow of $5,458,649 or $2,380,365 less than projected. It should be noted that we can only recognize revenue up to the amount budgeted for each property. A few of the properties in this portfolio exceeded budgeted cash flow; however, when we exclude the extra income earned on properties exceeding their budgets, the quarter's recognizable cash flow is $5,232,299 or $2,606,715 below budget.

Unrestricted Development Corporations

	(9 Months) Budget	(9 Months) Actual	Variance		(9 Months) Adjusted
Alexander House	$1,332,265	$350,851	($981,414)		$350,851
The Barclay	$111,331	$132,592	$21,261	(1)	$111,331
Glenmont Westerly	$222,910	$367,126	$144,216	(1)	$222,910
Magruder's Discovery	$539,695	$452,063	($87,632)		$452,063
The Metropolitan	$1,304,040	$1,116,122	($187,918)		$1,116,122
Montgomery Arms	$278,958	$311,033	$32,075	(1)	$278,958
TPM - 59 MPDUs	$303,724	$287,605	($16,119)		$287,605
Paddington Square	$316,112	$324,998	$8,886	(1)	$316,112
Pooks Hill High-Rise	$464,282	$435,375	($28,907)		$435,375
Scattered Site One Dev. Corp.	$286,277	$159,959	($126,318)		$159,959
Scattered Site Two Dev. Corp.	($12,962)	$19,912	$32,874	(1)	$0
Sligo Development Corp.	$32,813	$10,998	($21,815)		$10,998
VPC One Corp.	$1,563,173	$822,930	($740,243)		$822,930
VPC Two Corp.	$1,096,396	$667,085	($429,311)		$667,085
Subtotal	**$7,839,014**	**$5,458,649**	**($2,380,365)**		**$5,232,299**
			Recognizable Cash Flow		**($2,606,715)**

Notes:

(1) - Properties exceeding budgeted cash flow.

Alexander House ended the quarter with a negative cash flow variance of $981,414 primarily as a result of the higher than projected vacancy loss. The FY'19 Adopted Budget assumed an average economic occupancy for the first nine months of the year of 84%. The actual economic occupancy has averaged 49% for the same period. Although the majority of projected cash flow has been restricted for FY'19, the budget is projecting $500,000 will be available for Agency operations and staff believes that the property should generate the $500,000 assumed to support the Agency budget. Cash flow for **Glenmont Westerly** was $144,216 more than budget mostly driven by lower vacancies, higher than anticipated reimbursements for utilities, and savings in maintenance expenses. **The Metropolitan** ended the quarter with a negative cash flow variance of $187,918 as a result of higher than anticipated vacancies in both tenant and retail coupled with unanticipated maintenance expenses. Cash flow at Montgomery Arms was $32,075 greater than budget due to savings in administrative and maintenance expenses that were partially offset by higher than projected vacancies. **Pooks Hill High-Rise** experienced a negative cash flow variance of $28,907 mainly driven by lower gross rents coupled with higher than anticipated utility and bad debt expense. **Scattered Site One Development Corporation** ended the quarter with a negative cash flow variance of $126,318 mainly resulting from higher vacancies, that were partially offset by higher than projected gross rents, coupled with overages in maintenance expenses and the loan management fee that was erroneously excluded in the budget. **VPC**

One and **VPC Two Development Corporation** ended the quarter with negative cash flow variances of $740,243 and $429,311, respectively, largely due to higher vacancies coupled with higher bad debt expense due to the write-off in the first half of the year. When the FY'19 budget was developed a decision was made to budget the VPC Debt Service Reserve (DSR) contribution, which represents the difference between a fully amortizing loan at 6.5% and the current debt structure, in June to allow staff to determine if the income at the properties could support the full contribution and still pay the Agency the Development Corporation Fee anticipated in the budget. Based on property performance to date, staff does not anticipate that VPC One will be able to contribute to the its DSR and will generate cash flow that is short of budget. For VPC Two staff anticipates that VPC Two may be able to pay the Agency the full anticipated Development Corporation Fee but may have a minimal amount to contribute to its DSR.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'19 Operating Budget. Cash flow from this group of Development Corporation properties was $7,925 less than budgeted for the quarter. **Glenmont Crossing** experienced a positive cash flow variance of $120,333 as a result of lower vacancies, higher than anticipated reimbursements for utilities, and savings in administrative, maintenance expenses and bad debt expenses. The shortfall at **MetroPointe** was $17,179 more than projected primarily due to slightly lower gross rents coupled with higher vacancies that were partially offset by savings in administrative expenses and property insurance costs as a result of the property being added to the Montgomery County Self Insurance Fund. On a consolidated basis, the **RAD 6** properties ended the quarter with a negative variance of $144,002 which consisted primarily of variances at **Seneca Ridge** and **Washington Square**. **Seneca Ridge** ended the quarter with a negative cash flow variance of $110,968 primarily due to lower gross rents and greater than anticipated vacancy coupled with small overages in administrative, maintenance and bad debt expense. Cash flow for **Washington Square** was $66,060 lower than projected largely due to lower gross rents and higher administrative, utility, maintenance and bad debt expense that were partially offset by lower than projected vacancy earlier in the year.

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

- The first group consists of properties whose unrestricted net cash flow will be used for the Agency's FY'19 Operating Budget. This group ended the quarter with cash flow of $1,119,771 or $438,071 less than budgeted. As noted above for the Development Corporations, we can only recognize revenue up to the amount budgeted for each property. When we exclude the extra income earned on those properties exceeding budget, the quarter's recognizable cash flow for this group is $935,988 or $621,854 below budget.

Unrestricted Opportunity Housing Properties

	(9 Months) Budget	(9 Months) Actual	Variance		(9 Months) Adjusted
64 MPDUs	$98,418	$15,407	($83,011)		$15,407
Chelsea Towers	$30,748	$9,312	($21,436)		$0
Fairfax Court	$87,272	$74,420	($12,852)		$74,420
Holiday Park	$28,359	($25,215)	($53,574)		($25,215)
Jubilee Falling Creek	$8,856	$6,549	($2,307)		$6,549
Jubilee Hermitage	$6,681	$4,062	($2,619)		$4,062
Jubilee Horizon Court	$1,382	$9,594	$8,212	(1)	$1,382
Jubilee Woodedge	$3,713	$8,095	$4,382	(1)	$3,713
McHome	$95,173	$82,554	($12,619)		$82,554
McKendree	$28,303	$43,651	$15,348	(1)	$28,303
MHLP VII	$60,886	$54,839	($6,047)		$54,839
MHLP VIII	$122,895	$125,523	$2,628	(1)	$122,895
MHLP IX Pond Ridge	($2,489)	($50,048)	($47,559)		($50,048)
MHLP IX	$2,621	($162,490)	($165,111)		($162,490)
MHLP X	$76,950	$23,914	($53,036)		$23,914
MPDU 2007 Phase II	$6,546	$22,733	$16,187	(1)	$6,546
TPP LLC Pomander Court ...	$100,946	$27,381	($73,565)		$27,381
Pooks Hill Mid-Rise	$189,853	$226,546	$36,693	(1)	$189,853
Strathmore Court	$233,973	$324,994	$91,021	(1)	$233,973
TPP LLC Timberlawn	$376,756	$297,950	($78,806)		$297,950
Subtotal	**$1,557,842**	**$1,119,771**	**($438,071)**		**$935,988**
			Recognizable Cash Flow		**($621,854)**

Notes:
(1) - Properties exceeding budgeted cash flow.

- A few properties in this portfolio experienced nominal negative cash flow variances due to slightly higher vacancies that were in some cases coupled with small overages in maintenance expense. **64 MPDUs** ended the quarter with a negative cash flow variance of $83,011 as a result of lower gross rents and higher vacancies that was partially offset by small savings in administrative and tenant services expenses. **Holiday Park** experienced a negative cash flow variance of $53,574 through the third quarter due to higher vacancies coupled with utility expenses related to a burst water pipe. The deficit at **MHLP IX Pond Ridge** was $47,559 more than anticipated as a result of higher vacancies coupled with overages in maintenance expenses. Both **MHLP IX** and **MHLP X** experienced negative cash flow variances of $165,111 and $53,036, respectively, largely due to the payment of tax bills for two years. Staff is working with the State and County to secure tax exemption on the properties and will pursue a refund of the paid taxes. Cash flow for **Pomander Court** was $73,565 less than anticipated primarily due to the final loan terms on the debt that resulted in higher overall debt service payments. In addition, the split of the debt between **Timberlawn** and **Pomander Court** changed which resulted in a higher allocation percentage to Pomander Court that further increased the payments charged to **Pomander**. The higher debt at Pomander Court was partially offset by savings in other expense categories. Cash flow at **Pooks Hill Mid-Rise** exceeded budget by $36,693 through March 31 as a result of savings in utility and maintenance expenses. **Strathmore Court** ended the period with a positive cash flow variance of $91,021 largely as a result of lower property insurance costs as a result of the property being added to the Montgomery County Self Insurance Fund as well as savings in utility and maintenance costs that were partially offset by higher vacancies. **Timberlawn** ended the period with a negative cash flow variance of $78,806 mainly due to the final loan terms on the debt split with Pomander Court noted above that was partially offset by lower vacancies at the property.

The second group consists of properties whose cash flow will not be used for the Agency's FY'19 Operating Budget. Some of these properties have legal restrictions on the use of cash flow; others may have needs for the cash flow. Cash flow for this group of properties was $1,378,102 lower than budgeted. **The Ambassador**, which has been decommissioned, experienced expenses of $87,634 mainly driven by continued utility costs in the building, maintenance and security contracts, and interest paid on the outstanding debt on the PNC RELOC. There are sufficient reserves at the property to cover the costs. **Avondale Apartments** reported a negative cash flow variance of $59,494 primarily attributable to higher vacancies at the property coupled with higher maintenance expenses and payments on the RELOC due to changes in the London Interbank Offered Rate (LIBOR). **Brookside Glen** experienced a negative cash flow variance of $40,469 largely due to higher vacancies and slightly lower gross rents at the property. **Cider Mill Apartments** reported a negative cash flow variance of $628,542 primarily due to higher maintenance and bad debt expenses that were partially offset by lower than projected Interest Payments. The **Holly Hall Interim Rental Assistance Demonstration (RAD**) property experienced a shortfall of $377,645 through March that resulted in a negative variance of $547,213 as a result of a delay in the receipt of rental subsidies coupled with higher utility cost and moving expenses paid for tenants. Staff is reconciling the outstanding subsidy payments and a correction will be reflected in the fourth quarter. Cash flow from **Manchester Manor** was $90,282 lower than projected primarily due to higher vacancies coupled with utility expenses incurred last year that were paid after July 1 and debt service payments that exceeded budget as a result of a timing issue in the monthly amortization schedule in the budget that will not result in a variance at year-end. The **Manor at Fair Hill Farm**, **Manor at Cloppers Mill** and **Manor at Colesville** all exceeded budget through March as a result of savings in most expenses categories that were partially offset by slightly higher than anticipated vacancies. **Shady Grove Apartments** exceeded budget by $73,891 as a result of savings throughout most expense categories that were partially offset by slightly lower gross rents and higher vacancies. **Westwood Tower** ended the period with a positive cash flow variance of $25,897 driven by fees received from T Mobile for the tower on the building coupled with lower than anticipated utility, maintenance, and insurance expenses that were partially offset by higher vacancies. **The Willows** ended the quarter with a negative cash flow variance of $174,789 largely due to lower gross rents and excess income retention due to the expired Rental Assistance Program (RAP) contract that were partially offset by savings in administrative and utility expenses. Staff is working to establish a new RAP contract at the property.

<u>The Public Fund</u> (Attachment D)

- The Public Housing Rental Program ended the quarter with a shortfall of $121,252 which resulted in a positive variance of $67,204 when compared to the projected shortfall of $188,456. Income was $25,400 less than budget largely due to lower rent recognized at **Elizabeth House** due to the conversion of some of the units under the Rental Assistance Demonstration (RAD) Program that was not incorporated into the FY'19 Adopted Budget. In addition, expenses were lower at Holly Hall as a result of a delay in the subsidy being transferred from the property to the converted RAD units.

- The Housing Choice Voucher Program (HCVP) ended the quarter with a surplus of $330,633. The surplus was comprised of Housing Assistance Payments (HAP) that exceeded HAP revenue by $68,593 that was more than offset by an administrative surplus of $399,226. The HAP shortfall was funded from the HCVP reserve (NRP), which includes funds received in prior years that were recognized but not used. The program ended the period with a positive administrative variance of $583,631 when compared to the projected shortfall of $184,405 as a result of higher than anticipated administrative fee income coupled with a small savings in administrative expenses. The Department of Housing and Urban Development (HUD) provided additional administrative fees in November 2018 and February 2019 as a result of the reconciliation of fees earned based on actual utilization through September 2018 and the higher pro-ration of 80% published in August 2018, compared to the budgeted pro-ration of 76%.

<u>Tax Credit Partnerships</u>

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

<u>The Capital Budget</u> (Attachment E)

Attachment E is a chart of the Capital Improvements Budget for FY'19. The chart is grouped in two sections – General Fund and Opportunity Housing properties. This report is being presented for information only. Most of the variances in the capital budgets reflect timing issues. Capital projects are long-term; therefore, it is very difficult to analyze each project on a quarterly basis. We will keep the Commission informed of any major issues or deviations from the planned Capital Improvements Budget.

There are a few properties that have exceeded their respective capital budgets by nominal amounts for which sufficient reserves are available. **Alexander House** exceeded its capital budget for the year as a result of having to replace a boiler tank which was not anticipated at the time the budget was developed. **The Barclay** had to replace water heaters, compressors and heat pumps in a few units. The work was not anticipated during the development of the budget and resulted in overspending the capital budget. **Manchester Manor** exceeded its capital budget due to unanticipated replacement of kitchen countertops in a few units, replacement of carpet in the community center and asphalt work. **Montgomery Arms** overspent its capital budget due to the unanticipated replacements of two water heaters and appliance and flooring upgrades to improve pricing for new market-rate renters. 64 MPDUs exceeded its capital budget due to unanticipated carpet and HVAC units in the units. **Parkway Woods** exceeded its FY'19 capital budget as a result of having to replace 61 bedroom ceilings in the units. With the exception of Parkway Woods, there are sufficient replacement reserves at each property to cover the overages. **Seneca Ridge** exceeded its capital budget due to plumbing work as a result of a sewer backup coupled with appliance and carpet replacements in vacant units. Staff is determining if there will be sufficient savings in capital expenditures budgeted to be funded from the Opportunity Housing Property Reserve (OHPR) to cover the additional costs at Parkway Woods.

Resolution No.: 19-57 **Re:** Acceptance of Third Quarter FY'19 Budget to Actual Statements

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

WHEREAS, the Commission reviewed the Third Quarter FY'19 Budget to Actual Statements during its June 5, 2019 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Third Quarter FY'19 Budget to Actual Statements.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on Wednesday, June 5, 2019.

Patrice Birdsong
Special Assistant to the Commission

S

E

A

L

FY'19 Third Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow (9 Months) Budget	(9 Months) Actual	Variance
General Fund			
General Fund	($5,988,487)	($5,608,010)	$380,477
Administration of Multifamily and Single Family Fund			
Multifamily Fund	$443,282	$432,863	($10,419)
Draw from / (Restrict to) Multifamily Bond Fund	($443,282)	($432,863)	$10,419
Single Family Fund	$420,068	$343,991	($76,077)
Draw from / (Restrict to) Single Family Bond Fund	($420,068)	($343,991)	$76,077
Opportunity Housing Fund			
Opportunity Housing Properties	$1,557,842	$935,988	($621,854)
Development Corporation Property Income	$7,839,014	$5,232,299	($2,606,715)
OHRF			
OHRF Balance	$2,625,679	$177,135	($2,448,544)
Excess Cash Flow Restricted	($2,625,679)	($177,135)	$2,448,544
Draw from existing funds	$0	$0	$0
Net -OHRF	**$0**	**$0**	**$0**
SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing	**$3,408,369**	**$560,277**	**($2,848,092)**
Public Fund			
Public Housing Rental (1)	($188,456)	($121,252)	$67,204
Housing Choice Voucher Program HAP (2)	($2,935,137)	($68,593)	$2,866,544
Housing Choice Voucher Program Admin (3)	($184,405)	$399,226	$583,631
Total -Public Fund	**($3,307,998)**	**$209,381**	**$3,517,379**
Public Fund - Reserves			
(1) Public Housing Rental - Draw from / Restrict to Program	$188,456	$121,252	($67,204)
(2) Draw from / Restrict to HCV Program Cash Reserves	$2,935,137	$68,593	($2,866,544)
(3) Draw from / Restrict to HCV Program Excess Admin Fee	$184,405	($399,226)	($583,631)
SUBTOTAL - Public Funds	**$0**	**$0**	**$0**
TOTAL - All Funds	**$3,408,369**	**$560,277**	**($2,848,092)**

FY'19 Third Quarter Operating Budget to Actual Comparison

	Capital Expenses (12 Months) Budget	(9 Months) Actual	Variance
General Fund			
East Deer Park	$225,000	$9,722	$215,278
Kensington Office	$445,000	$215,100	$229,900
Information Technology	$1,598,000	$451,712	$1,146,288
Opportunity Housing Fund	$5,768,342	$2,821,104	$2,947,238
TOTAL - All Funds	**$8,036,342**	**$3,497,638**	**$4,538,704**

FY'19 Third Quarter Operating Budget to Actual Comparison

Development Corp Properties - Net Cash Flow

	(9 Months) Net Cash Flow Budget	Variance Income	Variance Expense	(9 Months) Net Cash Flow Actual	Variance
Properties with unrestricted cash flow for FY18 operating budget					
Alexander House	$1,332,265	($1,040,803)	$59,390	$350,851	($981,414)
The Barclay	$111,331	($57,725)	$78,986	$132,592	$21,261
Glenmont Westerly	$222,910	$77,940	$66,275	$367,126	$144,216
Magruder's Discovery	$539,695	($63,764)	($23,868)	$452,063	($87,632)
The Metropolitan	$1,304,040	($273,242)	$85,324	$1,116,122	($187,918)
Montgomery Arms	$278,958	($42,854)	$74,928	$311,033	$32,075
TPM - 59 MPDUs	$303,724	($11,557)	($4,562)	$287,605	($16,119)
Paddington Square	$316,112	$13,147	($4,261)	$324,998	$8,886
Pooks Hill High-Rise	$464,282	($20,529)	($8,378)	$435,375	($28,907)
Scattered Site One Dev. Corp.	$286,277	($95,727)	($30,590)	$159,959	($126,318)
Scattered Site Two Dev. Corp.	($12,962)	$12,377	$20,498	$19,912	$32,874
Sligo Development Corp.	$32,813	($28,116)	$6,301	$10,998	($21,815)
VPC One Corp.	$1,563,173	($376,731)	($363,512)	$822,930	($740,243)
VPC Two Corp.	$1,096,396	($136,546)	($292,765)	$667,085	($429,311)
Subtotal	**$7,839,014**	**($2,044,130)**	**($336,234)**	**$5,458,649**	**($2,380,365)**
Properties with restricted cash flow (external and internal)					
Glenmont Crossing	$167,642	$59,316	$61,017	$287,975	$120,333
MetroPointe	($98,595)	($96,051)	$78,873	($115,774)	($17,179)
Oaks at Four Corners	$40,713	($18,046)	$50,968	$73,636	$32,923
RAD 6 Total	**$98,251**	**($72,703)**	**($71,298)**	**($45,751)**	**($144,002)**
Ken Gar	($10,052)	$35,639	($5,638)	$19,949	$30,001
Parkway Woods	$14,420	($1,946)	($2,351)	$10,124	($4,296)
Sandy Spring Meadow	$72,131	$7,383	($288)	$79,225	$7,094
Seneca Ridge	($145,817)	($82,503)	($28,464)	($256,785)	($110,968)
Towne Centre Place	$66,029	$14,271	($14,044)	$66,256	$227
Washington Square	$101,540	($45,547)	($20,513)	$35,480	($66,060)
Subtotal	**$208,011**	**($127,484)**	**$119,560**	**$200,086**	**($7,925)**
TOTAL ALL PROPERTIES	**$8,047,025**	**($2,171,614)**	**($216,674)**	**$5,658,735**	**($2,388,290)**

Attachment B

FY'19 Third Quarter Operating Budget to Actual Comparison

For Opportunity Housing Properties - Net Cash Flow

	(9 Months) Net Cash Flow Budget	Variance Income	Variance Expense	(9 Months) Net Cash Flow Actual	Variance
Properties with unrestricted cash flow for FY18 operating budget					
64 MPDUs	$98,418	($65,833)	($17,178)	$15,407	($83,011)
Chelsea Towers	$30,748	($13,464)	($7,972)	$9,312	($21,436)
Fairfax Court	$87,272	($5,992)	($6,860)	$74,420	($12,852)
Holiday Park	$28,359	($32,893)	($20,681)	($25,215)	($53,574)
Jubilee Falling Creek	$8,856	($173)	($2,134)	$6,549	($2,307)
Jubilee Hermitage	$6,681	($2,196)	($423)	$4,062	($2,619)
Jubilee Horizon Court	$1,382	$5,465	$2,747	$9,594	$8,212
Jubilee Woodedge	$3,713	$1,167	$3,215	$8,095	$4,382
McHome	$95,173	($19,903)	$7,284	$82,554	($12,619)
McKendree	$28,303	($1,491)	$16,838	$43,651	$15,348
MHLP VII	$60,886	($22,523)	$16,476	$54,839	($6,047)
MHLP VIII	$122,895	($4,487)	$7,115	$125,523	$2,628
MHLP IX Pond Ridge	($2,489)	($16,019)	($31,539)	($50,048)	($47,559)
MHLP IX	$2,621	$1,696	($166,807)	($162,490)	($165,111)
MHLP X	$76,950	($5,016)	($48,020)	$23,914	($53,036)
MPDU 2007 Phase II	$6,546	$3,241	$12,946	$22,733	$16,187
TPP LLC Pomander Court	$100,946	$5,889	($79,453)	$27,381	($73,565)
Pooks Hill Mid-Rise	$189,853	$1,023	$35,670	$226,546	$36,693
Strathmore Court	$233,973	($53,070)	$144,092	$324,994	$91,021
TPP LLC Timberlawn	$376,756	$47,051	($125,857)	$297,950	($78,806)
Subtotal	**$1,557,842**	**($177,528)**	**($260,541)**	**$1,119,771**	**($438,071)**
Properties with restricted cash flow (external and internal)					
617 Olney Sandy Spring Road	$7,422	($4,016)	$3,548	$6,953	($469)
The Ambassador	$0	$0	($87,634)	($87,634)	($87,634)
Avondale Apartments	$90,315	($20,853)	($38,641)	$30,821	($59,494)
Brooke Park	($1,014)	($27,320)	$8,695	($19,639)	($18,625)
Brookside Glen (The Glen)	$258,333	($46,023)	$5,553	$217,864	($40,469)
Camp Hill Square	$134,701	$13,214	$21,967	$169,881	$35,180
CDBG Units	$8,630	($274)	$10,720	$19,076	$10,446
Cider Mill Apartments	$742,914	($86,435)	($542,108)	$114,372	($628,542)
Dale Drive	$10,052	($101)	($18,758)	($8,807)	($18,859)
Diamond Square	$230,348	($23,463)	$20,263	$227,148	($3,200)
Holly Hall	$169,568	($437,912)	($109,301)	($377,645)	($547,213)
King Farm Village	$5,965	($361)	($2,265)	$3,339	($2,626)
Manchester Manor	$55,454	($23,745)	($66,537)	($34,828)	($90,282)
Manor at Fair Hill Farm	$144,036	($13,648)	$52,425	$182,813	$38,777
Manor at Cloppers Mill	$164,128	($13,351)	$51,526	$202,303	$38,175
Manor at Colesville	$145,462	($3,737)	$29,926	$171,651	$26,189
NCI Units	$24,231	$4,662	$44,269	$73,162	$48,931
NSP Units	$17,093	($3,516)	$14,258	$27,835	$10,742
Paint Branch	$54,739	($332)	($10,815)	$43,592	($11,147)
Shady Grove Apts	$187,648	($17,053)	$90,943	$261,539	$73,891
Southbridge	$28,369	($8,666)	$1,155	$20,858	($7,511)
State Rental Combined	$14,182	($10,843)	$15,372	$18,712	$4,530
Westwood Tower	$422,266	($54,492)	$80,390	$448,163	$25,897
The Willows	$31,257	($207,418)	$32,629	($143,532)	($174,789)
Subtotal	**$2,946,099**	**($985,683)**	**($392,420)**	**$1,567,997**	**($1,378,102)**
TOTAL ALL PROPERTIES	**$4,503,941**	**($1,163,211)**	**($652,961)**	**$2,687,768**	**($1,816,173)**

Attachment C

FY'19 Third Quarter Operating Budget to Actual Comparison
For HUD Funded Programs

	(9 Months) Budget	(9 Months) Actual	Variance
Public Housing Rental			
Revenue	$927,373	$901,973	($25,400)
Expenses	$1,115,829	$1,023,225	$92,604
Net Income	**($188,456)**	**($121,252)**	**$67,204**
Housing Choice Voucher Program			
HAP revenue	$66,424,746	$72,758,910	$6,334,164
HAP payments	$69,359,883	$72,827,503	($3,467,620)
Net HAP	**($2,935,137)**	**($68,593)**	**$2,866,544**
Admin.fees & other inc.	$5,465,040	$5,976,836	$511,796
Admin. Expense	$5,649,445	$5,577,610	$71,835
Net Administrative	**($184,405)**	**$399,226**	**$583,631**
Net Income	**($3,119,542)**	**$330,633**	**$3,450,175**

Attachment D

FY'19 Third Quarter Operating Budget to Actual Comparison

For Public Housing Rental Programs - Net Cash Flow

	(9 Months) Net Cash Flow Budget	Variance Income	Variance Expense	(9 Months) Net Cash Flow Actual	Variance
Elizabeth House	($188,456)	($46,655)	($22,566)	($257,677)	($69,221)
Holly Hall	$0	$16,181	$129,879	$146,060	$146,060
Arcola Towers	$0	$17	($160)	($143)	($143)
Waverly House	$0	$6	($103)	($97)	($97)
Seneca Ridge	$0	$1,620	($362)	$1,258	$1,258
Emory Grove / Washington Square	$0	($257)	($14,106)	($14,363)	($14,363)
Towne Centre Place / Sandy Spring Meadow	$0	($6,844)	$0	($6,844)	($6,844)
Ken Gar / Parkway Woods	$0	$0	$0	$0	$0
Scattered Sites Central	$0	$2,083	($5)	$2,078	$2,078
Scattered Sites East	$0	$1,627	$53	$1,680	$1,680
Scattered Sites Gaithersburg	$0	$2,120	$0	$2,120	$2,120
Scattered Sites North	$0	$2,434	($25)	$2,409	$2,409
Scattered Sites West	$0	$2,267	$0	$2,267	$2,267
TOTAL ALL PROPERTIES	**($188,456)**	**($25,401)**	**$92,605**	**($121,252)**	**$67,204**

Attachment D-1

FY'19 Third Quarter Operating Budget to Actual Comparison

For Capital Improvements

	(12 Months) Budget	(9 Months) Actual	Variance
General Fund			
East Deer Park	$225,000	$9,722	$215,278
Kensington Office	$445,000	$215,100	$229,900
Information Technology	$1,598,000	$451,712	$1,146,288
Subtotal	**$2,268,000**	**$676,534**	**$1,591,466**
Opportunity Housing			
Alexander House	$15,000	$65,187	($50,187)
Avondale Apartments	$21,420	$15,251	$6,169
The Barclay	$28,800	$50,879	($22,079)
Brooke Park	$1,296	$849	$447
Brookside Glen (The Glen)	$136,400	$23,675	$112,725
Camp Hill Square	$54,152	$41,788	$12,364
CDBG Units	$4,500	$344	$4,156
Chelsea Towers	$20,300	$4,943	$15,357
Cider Mill Apartments	$504,696	$274,090	$230,606
Dale Drive	$10,200	$1,879	$8,321
Diamond Square	$497,700	$47,459	$450,241
Fairfax Court	$71,000	$31,249	$39,751
Glenmont Crossing	$272,804	$66,873	$205,931
Glenmont Westerly	$188,592	$22,812	$165,780
Holiday Park	$17,420	$9,076	$8,344
Holly Hall	$0	$10,446	($10,446)
Jubilee Falling Creek	$0	$0	$0
Jubilee Hermitage	$400	$900	($500)
Jubilee Horizon Court	$1,000	$0	$1,000
Jubilee Woodedge	$1,365	$344	$1,021
Ken Gar	$2,496	$3,050	($554)
King Farm Village	$600	$0	$600
Magruder's Discovery	$64,000	$23,105	$40,895
Manchester Manor	$18,924	$45,260	($26,336)
Manor at Cloppers Mill	$142,802	$15,087	$127,715
Manor at Colesville	$52,600	$14,105	$38,495
Manor at Fair Hill Farm	$167,385	$8,719	$158,666
McHome	$72,256	$48,272	$23,984
McKendree	$17,560	$24,281	($6,721)
MetroPointe	$215,600	$62,993	$152,607
The Metropolitan	$229,100	$77,665	$151,435
Montgomery Arms	$75,110	$94,172	($19,062)
MHLP VII	$39,352	$29,557	$9,795
MHLP VIII	$67,396	$36,204	$31,192
MHLP IX - Pond Ridge	$42,325	$17,351	$24,974
MHLP IX - Scatter	$50,310	$68,060	($17,750)
MHLP X	$69,080	$41,503	$27,577
MPDU 2007 Phase II	$1,500	$4,482	($2,982)
617 Olney Sandy Spring Road	$0	$0	$0
64 MPDUs	$47,836	$59,880	($12,044)
TPM - 59 MPDUs	$88,000	$52,536	$35,464
Oaks at Four Corners	$350,395	$68,372	$282,023
NCI Units	$10,500	$9,367	$1,133
NSP Units	$2,000	$9,312	($7,312)
Paddington Square	$91,240	$60,683	$30,557
Paint Branch	$15,762	$20,726	($4,964)
Parkway Woods	$15,600	$224,678	($209,078)
TPP LLC Pomander Court	$12,842	$4,112	$8,730
Pooks Hill High-Rise	$297,284	$63,557	$233,727
Pooks Hill Mid-Rise	$98,966	$10,508	$88,458
Sandy Spring Meadow	$12,584	$6,096	$6,488
Scattered Site One Dev. Corp.	$147,500	$151,402	($3,902)
Scattered Site Two Dev. Corp.	$73,500	$20,128	$53,372
Seneca Ridge	$25,210	$42,992	($17,782)
Shady Grove Apts	$186,000	$51,527	$134,473
Sligo Development Corp.	$29,900	$13,299	$16,601
Southbridge	$21,488	$17,233	$4,255
State Rental Combined	$122,152	$108,875	$13,277
Strathmore Court	$204,411	$99,579	$104,832
Towne Centre Place	$26,596	$6,523	$20,073
TPP LLC Timberlawn	$84,805	$27,522	$57,283
VPC One Dev. Corp.	$133,550	$58,660	$74,890
VPC Two Dev. Corp.	$68,500	$42,913	$25,587
Washington Square	$7,850	$14,409	($6,559)
Westwood Tower	$250,430	$183,933	$66,497
The Willows	$168,000	$110,372	$57,628
Subtotal	**$5,768,342**	**$2,821,104**	**$2,947,238**
TOTAL	**$8,036,342**	**$3,497,638**	**$4,538,704**

FY'19 Fourth Quarter Projection

	Unrestricted Net Cash Flow (12 Months) Budget	(12 Months) Actual	Variance
General Fund			
[1] General Fund	($8,042,414)	($6,992,979)	$1,049,435
Administration of Mutlifamily and Single Family Fund			
[2] Multifamily Fund	$0	$108,800	$108,800
Draw from / (Restrict to) Multifamily Bond Fund	$0	($108,800)	($108,800)
[2] Single Family Fund	$0	$80,175	$80,175
Draw from / (Restrict to) Single Family Bond Fund	$0	($80,175)	($80,175)
Opportunity Housing Fund			
[3] Opportunity Housing Properties	$2,539,004	$1,660,607	($878,397)
[3] Development Corporation Property Income	$6,898,050	$6,302,050	($596,000)
[3] Restricted Opportunity Housing Properties with Projected Deficits	($7,884)	($36,000)	($28,116)
[3] Development Corporation Properties withj Projected Deficit	($2,513)	($11,500)	($8,987)
OHRF			
[4] OHRF Balance	$3,255,110	$2,044,601	($1,210,509)
Excess Cash Flow Restricted	($3,255,110)	($2,044,601)	$1,210,509
Draw from existing funds	$0	$0	$0
Net -OHRF	**$0**	**$0**	**$0**
SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing	**$1,384,243**	**$922,178**	**($462,065)**
Public Fund (5)			
Public Housing Rental (1)	$0	($95,000)	($95,000)
Housing Choice Voucher Program HAP (2)	$0	($135,471)	($135,471)
Housing Choice Voucher Program Admin (3)	$0	$710,264	$710,264
Total -Public Fund	**$0**	**$479,793**	**$479,793**
Public Fund - Reserves			
(1) Public Housing Rental - Draw from / Restrict to Program	$0	$95,000	$95,000
(2) Draw from / Restrict to HCV Program Cash Reserves	$0	$135,471	$135,471
(3) Draw from / Restrict to HCV Program Excess Admin Fee	$0	($710,264)	($710,264)
SUBTOTAL - Public Funds	**$0**	**$0**	**$0**
TOTAL - All Funds	**$1,384,243**	**$922,178**	**($462,065)**
[6] **Contribution to General Fund Operating Reserve (GFOR)**	$1,384,243	$922,178	($462,065)

[1] **The General Fund projection uses the latest forecast for Commitment and Development Fees and annualization of the remaining fee income and expenses based on 10 Months of actuals. It is worth noting that the forecast includes Elizabeth House III closing by June 30. If the closing does not occur by June 30, the shortfall in the General Fund will increase by $765,722 or 40% of the projected Commitment and Development Fees of $1,099,666 and $814,764, respectively.**

[2] **The Multifamily and Single Family Bond Funds projection uses annualization of the expenses based on 10 months of actuals. The projected surpluses will be restricted to the respective funds for future administrative expenses.**

[3] **The projection includes the anticipated shortfalls on certain unrestricted properties based on annualization of the income and expenses based on 10 months of actuals. Also included are the two properties (Scattered Site Two Dev. Corp. and Brooke Park) with projected deficits that will be covered by cash generated from the unrestricted properties.**

[4] **The OHRF projection uses the latest forecast for Commitment and Development Fees and annualization of the Real Estate administrative expenses, funded by the OHRF, based on 10 Months of actuals. It is worth noting that the forecast includes Elizabeth House III closing by June 30. If the closing does not occur by June 30, the shortfall in the cash restricted to the OHRF will increase by $1,148,658 or 60% of the projected Commitment and Development Fees of $1,099,666 and $814,764, respectively.**

[5] **Public Housing and the Housing Choice Voucher Program are restricted. Any surplus in the programs will be restricted to the respective program. Projected shortfalls will be covered by draws from existing reserves. The projections use annualization of the income and expenses based on 10 months of actuals.**

[1] **The projected shortfall in unrestricted property cash flow exceeds the positive variance in the General fund resulting in a smaller contribution to the GFOR than was budgeted.**

AUTHORIZATION TO WRITE OFF BAD DEBT RELATED TO TENANT ACCOUNTS RECEIVABLE (JANUARY 1, 2019 – MARCH 31, 2019)

June 5, 2019

- The BF&A Committee requested that the Finance Department present quarterly write-offs so that more timely information would be available.

- HOC's current policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days. In addition, HOC periodically proposes the write-off of uncollected former resident balances.

- The proposed write-off of bad debt balances from former tenants for the period covered January 1, 2019 to March 31, 2019 totaled $107,772. This quarter write off includes $81,445 from Opportunity Housing properties, $23,432 from RAD 6 properties, $1,029 from Supportive Housing and $1,866 from Public Housing properties. Past tenants at VPC One Corporation, VPC Two Corporation, Scattered Site One Development Corporation and RAD 6 properties accounted for the bulk of the write-offs. The write offs were mainly due to tenants who vacated their units voluntarily or were evicted for non-payment of rent.

- The next anticipated write-off of former tenants' bad debt balance will be for the period covered April 1, 2019 to June 30, 2019, and will be performed in the first quarter of FY'20.

M E M O R A N D U M

TO:	Housing Opportunities Commission				
VIA:	Stacy L. Spann, Executive Director				
FROM:	Staff:	Cornelia Kent	Division:	Finance	Ext. 9754
		Eugenia Pascual		Finance	Ext. 9478
		Nilou Razeghi		Finance	Ext. 9494
		Shauna Sorrells		Property Management	Ext. 9461
RE:	Authorization to Write-off Bad Debt Related to Tenant Accounts Receivable (January 1, 2019 – March 31, 2019)				
DATE:	June 5, 2019				

STATUS: Committee Report: Deliberation X

OVERALL GOAL & OBJECTIVE:
To approve the authorization to write-off bad debt related to tenant accounts receivable.

BACKGROUND:
The agency's current policy is to provide for an allowance for any tenant accounts receivable balance more than 90 days. HOC records all proposed write-offs of former tenant accounts receivable balances in HOC's "Bad Debt Database" as well as in the various individuals' Equifax Credit Bureau files. This process updates the financial records to accurately reflect the receivables and provides greater potential for debt collection.

HOC also maintains a rent collections firm, Rent Collect Global (RCG). All delinquent balances of $200.00 or more are submitted to RCG for further pursuit. Additionally, HOC offers a Surety Bond Program in which residents are provided the option to purchase a security bond, at a much lower rate, from the firm SureDeposit, Inc. instead of paying a traditional security deposit to the Agency. Moreover, the full value of the Surety Bond is available to HOC for recovery of any damage or other loss, just like a traditional security deposit. Through HOC's collection efforts and the services of RCG and SureDeposit, HOC makes every effort to pursue all tenant debts.

The last approved write-off on February 19, 2019 was for $93,166 which covered the three-month period from October 01, 2018, through December 31, 2018.

The proposed write-off of former tenant accounts receivable balances for the third quarter January 1, 2019, through March 31, 2019, is $107,772.

The third quarter write-off totaling $107,772 is primarily due to the Opportunity Housing properties (VPC One Corporation, VPC Two Corporation and Scattered Site One Development Corporation) and RAD 6 properties. The primary reasons for the write-offs include tenants who were evicted for non-payment, tenants who voluntarily left their units and tenants who passed away while in their units.

The following table shows the write-offs by fund.

	Current	Prior			Fiscal Year 2019
	Write-offs	Write-offs	$ Change	% Change	Year-to-Date
Property Type	01/01/19 - 03/31/19	10/01/18 - 12/31/18	12/31/18 - 03/31/19	12/31/18 - 03/31/19	07/01/18 - 03/31/19
Public Housing	$ 1,866	$ 105	$ 1,761	1677.14%	$ 3,095
Opportunity Housing	81,445	90,401	(8,956)	-9.91%	372,859
236 Properties	-	318	(318)	-100.00%	318
Supportive Housing	1,029	-	1,029	0.00%	12,698
RAD Properties	23,432	2,342	21,090	900.51%	60,627
	$ 107,772	$ 93,166	$ 14,606	15.68%	$ 449,597

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

	Current	Prior			Fiscal Year 2019
	Write-offs	Write-offs	$ Change	% Change	Year-to-Date
	01/01/19 - 03/31/19	10/01/18 - 12/31/18	12/31/18 - 03/31/19	12/31/18 - 03/31/19	07/01/18 - 03/31/19
Public Fund					
Former PH Tenants	$ 1,866	105	1,761	1677.14%	3,095
Total Public Fund	$ 1,866	$ 105	$ 1,761	1677.14%	$ 3,095

Within the Public Housing properties, the $1,866 write-off amount is attributable to former Public Housing tenants that have left the HOC programs entirely. The write-offs for Public Housing should continue to decrease as most tenants have transitioned to other programs through the RAD conversion.

	Current Write-offs 01/01/19 - 03/31/19	Prior Write-offs 10/01/18 - 12/31/18	$ Change 12/31/18 - 03/31/19	% Change 12/31/18 - 03/31/19	Fiscal Year 2019 Year-to-Date 07/01/18 - 03/31/19
Opportunity Housing (OH) Fund					
Avondale	$ -	$ -	$ -	**0.00%**	$ 24
Chelsea Towers	315	-	315	**0.00%**	315
Holiday Park	-	-	-	**0.00%**	3,775
MPDU I/64	6,498	16,129	(9,631)	**-59.71%**	22,627
MHLP IX - MPDU	-	-	-	**0.00%**	5,818
MHLP IX - Pondridge	244	-	244	**0.00%**	244
Scattered Site One Dev Corp	18,575	424	18,151	**4280.90%**	24,660
State Rental Partnership	3,833	-	3,833	**0.00%**	11,911
TPP LLC -Pomander	845		845	**0.00%**	845
VPC One Corp	21,808	5,539	16,269	**293.72%**	157,531
VPC Two Corp	29,327	68,309	(38,982)	**-57.07%**	145,109
Total OH Fund	**$ 81,445**	**$ 90,401**	**$ (8,956)**	**-9.91%**	**$ 372,859**

Within the Opportunity Housing portfolio, $69,710 of the total write-off amount is primarily due to VPC One Corporation, VPC Two Corporation and Scattered Site One Development Corporation. The write-offs were mainly due to tenants who voluntarily vacated their units or were evicted due to non-payment of rents.

	Current Write-offs 01/01/19 - 03/31/19	Prior Write-offs 10/01/18 - 12/31/18	$ Change 12/31/18 - 03/31/19	% Change 12/31/18 - 03/31/19	Fiscal Year 2019 Year-to-Date 07/01/18 - 03/31/19
236 Properties					
Town Center Apts	$ -	$ 318	$ (318)	**-100.00%**	$ 318
Total 236 Properties	**$ -**	**$ 318**	**$ (318)**	-100.00%	$ 318

Within the 236 Properties, there were no write-offs in the third quarter of FY ‘19.

	Current Write-offs 01/01/19 - 03/31/19	Prior Write-offs 10/01/18 - 12/31/18	$ Change 12/31/18 - 03/31/19	% Change 12/31/18 - 03/31/19	Fiscal Year 2019 Year-to-Date 07/01/18 - 03/31/19
Supportive Housing					
McKinney X - HUD	$ 500	$ -	$ 500	**0.00%**	$ 9,684
McKinney XII - HUD	529	-	529	**0.00%**	3,014
Total Supportive Housing	**$ 1,029**	**$ -**	**$ 1,029**	**0.00%**	**$ 12,698**

Within the Supportive Housing Program, the $1,029 write- offs were due to a deceased tenant and a tenant who moved to a nursing home.

	Current Write-offs	Current Write-offs	$ Change	% Change	Fiscal Year 2019 Year-to-Date
	01/01/19 - 03/31/19	10/01/18 - 12/31/18	12/31/18 - 03/31/19	12/31/18 - 03/31/19	07/01/18 - 03/31/19
RAD Properties					
RAD 6 - Ken Gar	$ -	$ -	$ -	**0.00%**	$ 10,000
RAD 6 - Sandy Spring Meadow	5,017	-	5,017	**0.00%**	5,017
RAD 6 - Seneca Ridge	189	-	189	**0.00%**	24,974
RAD 6 - Washington Square	18,226	-	18,226	**0.00%**	18,226
Arcola Towers LP	-	274	(274)	**-100.00%**	274
Waverly House LP	-	2,068	(2,068)	**-100.00%**	2,136
Total RAD Properties	**$ 23,432**	**$ 2,342**	**$ 21,090**	**900.51%**	**$ 60,627**

Within the RAD properties, the $23,432 write-offs were mostly due to a deceased tenant and tenants who left their units voluntarily.

The next anticipated write-off will be for the fourth quarter of FY'19, covering April 1, 2019, through June 30, 2019. Upon approval, the write-offs will be processed through Yardi's write-off function with the tenant detail placed into the debt database.

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the write-off of bad debt related to tenant accounts receivable?

BUDGET IMPACT:

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

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the Write-off of Bad Debt at the May 24, 2019 meeting. Action is requested at the June 5, 2019 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

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

RESOLUTION NO.:19-58

RE: Authorization to Write off Bad Debt Related to Tenant Accounts Receivable

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

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

WHEREAS, the proposed write-off of former tenant accounts receivable balances for the period January 1, 2019 – March 31, 2019 is $107,772, consisting of $81,445 from Opportunity Housing properties, $23,432 from RAD 6 properties, $1,029 from Supportive Housing and $1,866 from Public Housing properties.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, without further action on its part, to take any and all actions necessary and proper to write off $107,772 in bad debt related to (i) tenant accounts receivable balances that are delinquent for more than ninety (90) days, and (ii) former tenant balances, including the execution of any and all documents related thereto.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on Wednesday, June 5, 2019.

Patrice M. Birdsong
Special Assistant to the Commission

S
E
A
L

ACCEPTANCE OF CALENDAR YEAR 2018 (CY'18) TAX CREDIT PARTNERSHIPS AND CCL MULTIFAMILY LLC AUDITS

June 5, 2019

- The Finance Division was responsible for the successful completion of 12 Tax Credit Partnership Audits and the CCL Multifamily LLC Property Audit for CY'18.

- A standard unqualified audit opinion was received for all 12 Tax Credit Partnership Property Audits from the respective independent certified public accounting firms performing the audits.

- The audit for CCL Multifamily LLC has not been finalized; however, staff is currently reviewing a draft of this audit. There are no findings and this is not expected to change.

M E M O R A N D U M

TO:	Housing Opportunities Commission				
VIA:	Stacy L. Spann, Executive Director				
FROM:	Staff:	Cornelia Kent	Division:	Finance	Ext. 9754
		Eugenia Pascual		Finance	Ext. 9478
		Claudia Wilson		Finance	Ext. 9474
		Niketa Patel		Finance	Ext. 9584
RE:	Acceptance of Calendar Year 2018 Tax Credit Partnerships and CCL Multifamily LLC Audits				
DATE:	June 5, 2019				

STATUS: Deliberation __X__

OVERALL GOAL & OBJECTIVE:
Acceptance of Calendar Year 2018 Tax Credit Partnerships and CCL Multifamily LLC Audits

BACKGROUND:
The Commission (HOC) is the managing general partner in fourteen (14) tax credit partnerships. Twelve (12) of the partnerships have calendar year ends and two (2) have June 30 fiscal year ends. Strathmore Court Associates LP and The Metropolitan of Bethesda LP, are reported on a fiscal year basis in order to be consistent with the market rent portions of those properties.

HOC is also the managing member and 50% owner of CCL Multifamily LLC, a Maryland limited liability company, which is a partnership with a private foundation. CCL Multifamily LLC owns the Lindley and reports on a calendar year end.

Each of these individual real estate limited partnerships and the LLC are required to have an annual audit to satisfy investor requirements. The following entities were audited as of December 31, 2018:

Calendar Year 2018 Properties
LIHTC
4913 Hampden Lane LP (Lasko Manor)
Alexander House Limited Partnership
Arcola Towers RAD LP
Barclay One Associates LP
Forest Oak Towers LP
Georgian Court Silver Spring LP
Greenhills Limited Partnership
MV Affordable Housing Associates, LP
Spring Garden One Associates LP
Tanglewood and Sligo LP
Waverly House RAD LP
Wheaton Metro Limited Partnership (MetroPointe)
Limited Liability Company (LLC)
CCL Multifamily Limited Liability Company

See Appendix A for each of the properties that report on a calendar year basis. All twelve tax credit partnership audits have been finalized and have received a standard unqualified audit opinion from the independent certified public accounting firms performing the audits. Although the audit for CCL Multifamily LLC has not been finalized, we have received a draft of the audit and the independent auditor has reported no findings and a standard unqualified audit opinion is expected. This is not expected to change when finalized.

ISSUES FOR CONSIDERATION:
Does the Commission wish to accept the 12 CY 2018 Tax Credit Partnerships and the CCL Multifamily LLC Audits?

BUDGET IMPACT:
There is no budget impact related to acceptance of the 12 CY 2018 Tax Credit Partnerships and the CCL Multifamily LLC Audits.

TIME FRAME:
The Budget, Finance and Audit Committee reviewed the request to accept the 12 CY 2018 Tax Credit Partnerships and the CCL Multifamily LLC Audits at the May 24, 2019 meeting. Action is requested at the June 5, 2019 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
The Budget, Finance and Audit Committee recommends to the full Commission acceptance of the 12 CY 2018 Tax Credit Partnerships and CCL Multifamily LLC Audits.

Appendix A

Calendar Year 2018 Audit Status

	Name of the Partnership	Number of Units	Scattered Site	Remaining Compliance Years	Audit Firm	Opinion	Finding
1	4913 Hampden Lane LP (Lasko Manor)	12	No	7	O'Connor Davies	Unqualified	None
2	Alexander House Limited Partnership	122	No	15	Novogradac & Company	Unqualified	None
3	Arcola Towers RAD LP	141	No	13	Novogradac & Company	Unqualified	None
4	Barclay One Associates LP	81	No	2	Kozak, Pollekoff & Goldman, P.C.	Unqualified	None
5	Forest Oak Towers LP	175	No	4	Novogradac & Company	Unqualified	None
6	Georgian Court Silver Spring LP	147	No	None	Kozak, Pollekoff & Goldman, P.C.	Unqualified	None
7	Greenhills Limited Partnership	77	No	15	Novogradac & Company	Unqualified	None
8	MV Affordable Housing Associates, LP	94	No	None	O'Connor Davies	Unqualified	None
9	Spring Garden One Associates LP	83	No	2	Novogradac & Company	Unqualified	None
10	Tanglewood and Sligo LP	132	No	10	Novogradac & Company	Unqualified	None
11	Waverly House RAD LP	157	No	13	Novogradac & Company	Unqualified	None
12	Wheaton Metro Limited Partnership (MetroPointe)	53	No	4	CohnReznick LLP	Unqualified	None
13	CCL Multifamily Limited Liability Company	200	No	NA	Novogradac & Company	Unqualified	None

RESOLUTION: 19-59 **RE:** Acceptance of CY 2018 Tax Credit Partnerships and CCL Multifamily LLC Audits

WHEREAS, the Housing Opportunities Commission of Montgomery County ("Commission"), or its wholly-owned and controlled affiliate, is the managing general partner in twelve (12) tax credit partnerships, including: 4913 Hampden Lane Limited Partnership, Alexander House Limited Partnership, Arcola Towers RAD Limited Partnership, Barclay One Associates Limited Partnership, Forest Oak Towers Limited Partnership, Georgian Court Silver Spring Limited Partnership, Greenhills Limited Partnership, MV Affordable Housing Associates Limited Partnership, Spring Garden One Associates Limited Partnership, Tanglewood and Sligo Limited Partnership, Waverly House RAD Limited Partnership, and Wheaton Metro Limited Partnership (together, the "Tax Credit Partnerships");

WHEREAS, the Commission is the managing member and fifty percent (50%) owner of CCL Multifamily LLC ("CCL Multifamily"), which owns The Lindley;

WHEREAS, the calendar year annual audits for the Tax Credit Partnerships and CCL Multifamily have been completed;

WHEREAS, a standard unqualified audit opinion was received from the respective independent certified public accounting firms performing the audits for all of the Tax Credit Partnerships; and

WHEREAS, the audit for CCL Multifamily has not been finalized, however, staff is currently reviewing a draft of this audit and there are no findings and no changes are anticipated.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County accepts the CY 2018 audits for the Tax Credit Partnerships and CCL Multifamily.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on Wednesday, June 5, 2019.

Patrice M. Birdsong
Special Assistant to the Commission

S
E
A
L

Approval to Procure Property Management Services for: Metro Pointe, L.P & Wheaton Metro Dev Corp, Oaks at Four Corners, The Glen (Brookside Glen, L.P), Timberlawn Crescent, The Manor at Fair Hill Farm, LLC, The Manor at Colesville, LLC, The Manor at Cloppers Mill, LLC

STACY L. SPANN, EXECUTIVE DIRECTOR
Charnita Jackson, Director of Property Management

June 5, 2019

Table of Contents

Topics	**Page**

Executive Summary

On March 01, 2019, HOC issued a Request for Proposal (#2151) soliciting responses from firms to provide property management services for Metro Pointe, L.P & Wheaton Metro Dev Corp, Oaks at Four Corners, The Glen (Brookside Glen, L.P), Timberlawn Crescent, The Manor at Fair Hill Farm, LLC, The Manor at Colesville, LLC, The Manor at Cloppers Mill, LLC. Six proposals in total were received from CAPREIT, Vista Capital Management Group, Edgewood/Vantage, Bozzuto Management, Farmer Property Management, and Habitat America.

After review of the six proposals, staff recommends that the Commission authorize the Executive Director to negotiate and execute contracts with Bozzuto Management, Edgewood/Vantage, and Habitat America, LLC.

Bozzuto offers a unique and highly valuable set of services and expertise, including leasing and managing retail spaces. Additionally, this experience will help guide HOC's planning and development of commercial spaces within residential buildings. The firm has an exemplary compliance record in affordable properties, including LIHTC, RAD, and mixed-income properties.

The Edgewood/Vantage team offers a robust in-house Compliance Department as well as the additional benefit of coordinated marketing, lease-up, and compliance efforts, ensuring that potential renters are identified and moved into the property. Edgewood/Vantage has an in depth understanding of the Montgomery County housing market, its submarkets, and the monitoring agencies therein.

Habitat America, LLC offers valued experience in management services for Senior Communities. Habitat America is committed to providing the highest standard of service in every aspect of property operations to an apartment community owners in market rate and affordable multi-family and senior real estate.

Selection of Property Management - Criteria

HOC issued a Request for Proposals (RFP) #2151 for Property Management Services for Metro Pointe, L.P & Wheaton Metro Dev Corp, Oaks at Four Corners, The Glen(Brookside Glen, L.P.), Timberlawn Crescent, The Manor at Fair Hill Farm, LLC., The Manor at Colesville, LLC, and The Manor at Clopprers Mill, LLC., in accordance with HOC's Procurement Policy.

HOC received responses from six management companies. The scoring team (consisting of staff from Property Management, LPA, Resident Services, and Compliance) completed its review of the responses on April 15, 2019, based on the following criteria:

Max Points	Criteria	
15	**Criteria 1:**	Firm's past experience with the management of similar multi-family apartment communities in Montgomery County
15	**Criteria 2:**	Experience and qualifications of key personnel in managing similar types of apartment communities.
15	**Criteria 3:**	Successful property positioning and experience in managing capital improvements and major property renovation
15	**Criteria 4:**	Experience of the management company and key personnel in managing affordable housing programs. Demonstrated experience with initial tenant files and ongoing compliance.
5	**Criteria 5:**	References
10	**Criteria 6:**	Review of submitted materials and/or interview with review panel
15	**Criteria 7:**	Fees
10	**Criteria 8:**	Minority and/or Woman Owned
100	**Total Points**	

Selection of Property Management – Scoring Summary

Six respondents submitted proposals to RFP #2151. Staff reviewed the submissions, with Bozzuto, Edgewood/Vantage, and Habitat America receiving the highest total points.

Respondent	Criteria1	Criteria2	Criteria3	Criteria4	Criteria5	Criteria6	Criteria7	Criteria8	TOTAL
CAPREIT	13	13	13	14	5	9	12	-	79
Vista Capital Mgmt Group	3	12	9	11	4	9	-	-	48
Bozzuto	15	15	14	14	5	11	14	-	88
Edgewood / Vantage Team	15	14	14	14	5	9	13	-	84
Farmer Property Management	6	6	6	6	4	5	9	10	52
Habitat America, LLC	12	14	12	13	5	10	13	10	89

Selection of Property Management Company

Edgewood/Vantage

Staff is proposing management contracts with Edgewood/Vantage for Timberlawn Crescent, The Glen (Brookside Glen, L.P), and the Oaks at Four Corners, for a term of two years with two one-year renewals in accordance with the agency's procurement policy. Edgewood/Vantage has extensive experience in managing affordable and mixed-income properties throughout Montgomery County, including numerous HOC LIHTC communities. Edgewood offers innovative strategies for marketing a property with limited amenities and the ability to perform detailed market analyses. Edgewood/Vantage consistently achieves REAC scores above 90% across its HOC portfolio. CAPREIT and Farmer Properties proposed a competitive rate but lack experience in one or more factors related to these three properties.

Staff is proposing an extension of the contract with Bozzuto Management for Timberlawn Crescent. The clubhouse is currently under renovation until December 31, 2019. A new contract with Edgewood/Vantage Management will start on January 1, 2020.

Selection of Property Management Company

Bozzuto

Staff is proposing a management contract with Bozzuto for Metro Pointe, L.P. & Wheaton Metro Dev Corp for a term of two years with two one-year renewals in accordance with the new procurement policy. Although their proposed management fee was higher than the other respondents, Metro Pointe, L.P. & Dev Corp is situated in an area of Wheaton surrounded by new rental product. More than ten rental properties are located within a two mile radius of Metro Pointe, L.P. & Dev Corp, and four have been built since 2014. The Flats @Wheaton Station, The Exchange, Solaire of Wheaton, The George and The Encore are properties offering high-end features and a host of property amenities. Despite the intense competition of the surrounding rental properties, Bozzuto (managing agent since 2008) has maintained an average occupancy of 93% in the market units and 98% in the tax credit units for the past 12 months. Bozzuto's aggressive and innovative marketing team has made possible the high levels of occupancy in an extremely competitive sub-market. Further, retail space is 100% leased and the property received a score of 98A for the 2018 REAC inspection. CAPREIT, Farmer Properties, and Edgewood/Vantage management, proposed a competitive rate but lack experience in retail spaces.

Habitat America, LLC

Staff is proposing a management contract with Habitat America, LLC for The Manor at Fair Hill Farm, LLC, The Manor at Colesville, LLC and The Manor at Cloppers Mill, LLC, for a term of two years with two one-year renewals in accordance with the new procurement policy. Founded in 1988 and headquartered in Annapolis, Maryland, Habitat America, LLC, is a woman-owned third party property management company. Habitat America has a focus on senior housing and manages over 8,000 apartment homes across the Mid-Atlantic in total.

Selection of Property Management – Firm Experience

Edgewood/Vantage Management

- Edgewood was founded in 1973 and its class A Brand imprint Vantage was launched in January 2012.
- The firm is a leader in the Baltimore/Washington real estate market. Edgewood/Vantage manages over 216 properties in 14 states and the District of Columbia, comprising over 30,000 units.
- Edgewood/Vantage was ranked the 9th largest manager of affordable housing by the National Affordable Housing Management Association ("NAHMA") in 2014, and its senior executives are actively involved on the NAHMA legislative and regulatory affairs committees. Edgewood is an Accredited Management Organization through the Institute of Real Estate Management ("IREM") and continues to grow, adapt and improve every year.

Current HOC Managed Properties	
Alexander House	Shady Grove
Georgian Court	Spring Gardens
Montgomery Arms	Stewartown Homes
Oaks @ Four Corners	Willows
Pooks Hill Court/Tower	

Selection of Property Management – Firm Experience

Bozzuto

- Founded in 1988, Bozzuto Management Company oversees 62,000 units across 220 apartment communities and over 2.1 million square feet of retail space throughout the Mid Atlantic, New England, Southeast and Chicago.
- Recognized as the nation's best residential management company by NAHB in 2000 and 2009. Bozzuto Management Company is one of nations preeminent multifamily property managers. Bozzuto has completed the lease –up of over 150 properties, winning several industry awards.

Current HOC Managed Properties	
Strathmore Court	Timberlawn Crescent
The Lindley	Metro Pointe
Metropolitan	

Habitat America, LLC

- Founded in 1988 and headquartered in Annapolis, Maryland, Habitat America, LLC, is a woman-owned third party property management company.
- Habitat America manages over 8,000 apartment homes across the Mid-Atlantic.
- Proven experience working for government institutional groups and private real estate owners and developers.

Current HOC Managed Properties	
The Manor at Colesville	The Manor at Fair Hill Farm
The Manor at Cloppers Mill	

Proposed Fees

Responding Company	Metro Pointe, L.P & Dev Corp	Oaks @ Four Corners	The Glen (Brookside Glen, L.P)	Timberlawn Crescent	The Manor @ Fair Hill Farm	The Manor @ Colesville	The Manor @ Clopper's Mill, LLC
CAPREIT Management	$48.55 PUPM	**$38.33 or $35.91 PUPM	$55.62 PUPM	**$62.46 or $58.18 PUPM	$47.28 PUPM	**$49.28 or $46.33 PUPM	$45.69 PUPM
Vista Capital Mgmt Group	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated
Bozzuto	$77.07 PUPM	N/A	N/A	N/A	N/A	N/A	N/A
Edgewood/Vantage Team	$43.00 PUPM	$40.00 PUPM	$40.00 PUPM	$42.00 PUPM	$40.00 PUPM	$40.00 PUPM	$40.00 PUPM
Farmers Property Management	$48.38 PUPM	$28.93 PUPM	45.39 PUPM	$51.29 PUPM	$24.16 PUPM	$23.48 PUPM	$23.81 PUPM
Habitat America, LLC	N/A	N/A	N/A	N/A	$49.00 PUPM	$60.00 PUPM	$39.00 PUPM

** Proposed Rate decreases with multiple awards

Summary and Recommendations

Issues for Consideration

Does the Commission wish to award the property management services contract with Edgewood/Vantage for property management services at Timberlawn Crescent, The Glen (Brookside Glen, L.P), and the Oaks at Four Corners?

Does the Commission wish to award the property management services contract with Bozzuto Management, for property management services at Metro Pointe, L.P. & Wheaton Metro Dev Corp?

Does the Commission wish to award the property management services contract with Habitat America, LLC for property management services at The Manor at Fair Hill Farm, LLC, The Manor at Colesville, LLC, and The Manor at Cloppers Mill, LLC?

Time Frame

Deliberation at the Budget, Finance and Audit Committee meeting on May 24, 2019; for Commission action at the June 5, 2019 meeting.

Summary and Recommendations

Budget Impact

The costs will also be factored into the FY 2020 and CY2020 budgets. Please note the estimated contract values presented below assume full occupancy (100%) at each property.

Bozzuto Management proposed a fee of $77.07 per unit per month for Metro Pointe, L.P. & Wheaton Metro Dev Corp. Based on the terms outlined in the RFP, the estimated value of the contract is $159,997 for one year.

Edgewood/Vantage Management proposed a fee of $40.00 per unit per month for the Oak at Four Corners. Based on the terms outlined in the RFP, the estimated value of the contract is $57,600 for one year.

Edgewood/Vantage Management proposed a fee of $40.00 per unit per month for The Glen (Brookside Glen, L.P). Based on the terms outlined in the RFP, the estimated value of the contract is $43,200 for one year.

Edgewood/Vantage Management proposed a fee of $42.00 per unit per month for Timberlawn Crescent. House. Based on the terms outlined in the RFP, the estimated value of the contract is $53,928 for one year.

Habitat America, LLC proposed a fee of equal to 4% of gross rents collected for The Manor at Fair Hill Farm, LLC. Based on the terms outlined in the RFP, the estimated value of the contract is $59,552 for one year.

Habitat America, LLC proposed a fee of equal to 4% of gross rents collected for The Manor at Clopper, LLC. Based on the terms outlined in the RFP, the estimated value of the contract is $60,253 for one year.

Habitat America, LLC proposed a fee of equal to 4% of gross rents collected for The Manor at Colesville, LLC. Based on the terms outlined in the RFP, the estimated value of the contract is $47,869 for one year.

Summary and Recommendations

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission authorize the Executive Director execute management contracts with Edgewood/Vantage for property management services at Timberlawn Crescent, The Glen (Brookside Glen, L.P), and the Oaks at Four Corners.

Staff is proposing an extension of the contract with Bozzuto Management for Timberlawn Crescent. The property is currently under renovation until December 31, 2019. A new contract with Edgewood/Vantage Management will start on January 1, 2020.

Staff recommends that the Commission authorize the Executive Director to execute a management contract with Bozzuto Management, for property management services at Metro Pointe, L.P. & Wheaton Metro Dev Corp.

Staff recommends that the Commission authorize the Executive Director execute management contracts with Habitat America, LLC for property management services at The Manor at Fair Hill Farm, LLC, The Manor at Colesville, LLC, and The Manor at Cloppers Mill, LLC.

RESOLUTION NO.: 19-60

RE: Approval to Procure Property Management Services Pursuant to RFP #2151 for MetroPointe, The Manor at Fair Hill Farm, The Manor at Colesville, The Manor at Cloppers Mill, and Timberlawn Crescent, and Approval to Extend the Current Property Management Contract at Timberlawn Crescent

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") is the general partner of Wheaton Metro Limited Partnership, which owns fifty-three (53) low-income housing tax credit units in a development known as MetroPointe ("MetroPointe");

WHEREAS, HOC is the sole member of The Manor at Fair Hill Farm, LLC, which owns the development known as The Manor at Fair Hill Farm ("Fair Hill Farm");

WHEREAS, HOC is the sole member of The Manor at Colesville, LLC, which owns the development known as The Manor at Colesville ("Colesville");

WHEREAS, HOC is the sole member of The Manor at Cloppers Mill, LLC, which owns the development known as The Manor at Cloppers Mill ("Cloppers Mill");

WHEREAS, HOC is the sole member of Timberlawn Pomander Properties LLC, which owns the development known as Timberlawn Crescent ("Timberlawn");

WHEREAS, staff desires to execute a property management contract at MetroPointe with Bozzuto Management Company for a term of two years with two one-year renewals; and

WHEREAS, staff desires to execute property management contracts at Fair Hill Farm, Colesville, and Cloppers Mill with Habitat America, LLC for a term of two years with two one-year renewals.

WHEREAS, pursuant to an Agreement for Property Management Services effective July 1, 2016, Timberlawn is currently managed by Bozzuto Management Company (the "Bozzuto Contract");

WHEREAS, the clubhouse at Timberlawn is currently under renovation and is not anticipated to be complete until after the expiration of the Bozzuto Contract;

WHEREAS, to allow the timely completion of the clubhouse renovations, staff recommends extending the Bozzuto Contract to December 31, 2019; and

WHEREAS, to be effective January 1, 2020, staff desires to execute a property management contract at Timberlawn with Edgewood/Vantage Management Company for a term of two years with two one-year renewals.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself on behalf of Wheaton Metro Limited Partnership, as its general partner, that the Executive Director is hereby authorized and directed to execute a contract with Bozzuto Management Company for a term of two years with two one-year renewals for property management services at MetroPointe.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and as the sole member of The Manor at Fair Hill Farm, LLC, that the Executive Director is hereby authorized and directed to execute a contract with Habitat America, LLC for a term of two years with two one-year renewals for property management services at Fair Hill Farm.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and as the sole member of The Manor at Colesville, LLC, that the Executive Director is hereby authorized and directed to execute a contract with Habitat America, LLC for a term of two years with two one-year renewals for property management services at Colesville.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and as the sole member of The Manor at Cloppers Mill, LLC, that the Executive Director is hereby authorized and directed to execute a contract with Habitat America, LLC for a term of two years with two one-year renewals for property management services at Cloppers Mill.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and as the sole member of Timberlawn Pomander Properties LLC, that the Executive Director is hereby authorized to (1) extend the Bozzuto Contract to December 31, 2019, and (2) execute a contract with Edgewood/Vantage Management Company to be effective as of January 1, 2020, for a term of two years with two one-year renewals for property management services at Timberlawn.

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 5, 2019.

S
E
A
L

____

Patrice M. Birdsong
Special Assistant to the Commission

Approval to Extend the Use of the PNC Bank N.A. Line of Credit (LOC) and the PNC Bank N.A. Real Estate Line of Credit (RELOC) to Finance Commission Approved Actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Ambassador Apartments, and Avondale Apartments

June 5, 2019

- The Commission has previously approved advances from the two lines of credit from PNC Bank N.A. to fund the interim financing needs for:
  - MHLP VII
  - Fairfax Court Apartments
  - Ambassador Apartments, and
  - Avondale Apartments

- As of March 31, 2019, total principal balance from these draws was approximately $10.2 million. The authorization from the Commission for the use of the two lines of credit will expire on June 30, 2019.

- The estimated total annual cost related to these advances from the two Lines of Credit is approximately $298,516 based on one month London Interbank Offered Rate (LIBOR) as of April 1, 2019 with a cushion of 94 basis points plus the spread.

- Staff requests authorization to extend the current maturity date from June 30, 2019 through June 30, 2020.

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Cornelia Kent Division: Finance Ext. 9754
Eugenia Pascual Finance Ext. 9478

RE: Approval to Extend the use of the PNC Bank N.A. Line of Credit (LOC)and the PNC Bank N.A. Real Estate Line of Credit (RELOC) to Finance Commission Approved Actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Ambassador Apartments, and Avondale Apartments

DATE: June 5, 2019

STATUS: Committee Report: Deliberation X

OVERALL GOAL & OBJECTIVE:
To extend the use of the PNC Bank N.A. LOC and RELOC to finance Commission approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Ambassador Apartments, and Avondale Apartments.

BACKGROUND:
The Commission has previously approved advances from the PNC Bank N.A. LOC to support the interim financing needs of MHLP VII, and Fairfax Court Apartments and from the PNC Bank N.A. RELOC to prepay the first and subordinate mortgages of Ambassador Apartments and to purchase Avondale Apartments. Staff requests to extend the current maturity dates through June 30, 2020. The PNC Bank LOC Credit Agreement's taxable borrowing rate is LIBOR plus 90 basis points and the tax exempt borrowing rate is 68.5% of LIBOR plus 59 basis points. The RELOC taxable borrowing rate is LIBOR plus 58 basis points and the tax exempt borrowing rate is 68.5% of LIBOR plus 38 basis points. The unobligated amount as of March 31, 2019 is $25,299,636 under the LOC and $9,907,735 under the RELOC.

The table below indicates the current maturity dates, the outstanding principal amounts as of March 31, 2019 and the estimated annual cost under each of these loans. In order to mitigate interest rate risk, the estimated cost under the two Lines of Credit is based on the one month LIBOR rate of April 1, 2019 with an additional 94 basis points plus the spread.

Property	PNC Bank N.A. Line of Credit	Current Maturity date	Principal Balance	Estimated Annual Cost	Libor Rate & Spread	
MHLP VII	LOC	June 30, 2019	$ 522,725	$ 22,680	4.33876%	Taxable
Fairfax Court Apartments	LOC	June 30, 2019	746,000	32,367	4.33876%	Taxable
Ambassador Apartments	RELOC	June 30, 2019	1,862,495	50,949	2.73555%	Tax-exempt
Avondale Apartments	RELOC	June 30, 2019	7,037,704	192,520	2.73555%	Tax-exempt
Total			**$ 10,168,924**	**$ 298,516**		

MHLP VII

The draw on the LOC funded the repayment of the first mortgage associated with MHLP VII, a low income housing tax credit (LIHTC) scattered site property. The units were conveyed to HOC at the end of the initial LIHTC compliance period and are now subject to an Extended Use Covenant. HOC intends to continue to operate the property as an affordable housing development. HOC has also purchased the limited partners' interest in MHLP VIII, MHLP IX, MHLP X, and the remaining scattered site properties. Future plans are to combine them into a single ownership entity and repay all outstanding indebtedness from refinancing proceeds.

Fairfax Court

Fairfax Court is an 18-unit development located in Chevy Chase. The outstanding draw on the LOC repaid the first mortgage which was funded with variable rate demand obligation bonds. The Commission intends to operate Fairfax Court as an affordable housing asset and while a comprehensive renovation plan is being developed, the Commission will begin to repay the LOC from accrued cash and cash flow from operations at the property.

Ambassador

On October 28, 2014, HOC prepaid the Ambassador mortgage by drawing $1,862,494.55 from the RELOC and used said funds to redeem prior outstanding bonds issued for the project. On April 3, 2019 the Commission approved authorization for the Executive Director to enter into a binding joint venture operating agreement with the Duffie companies and Wilco LLC, to pursue the redevelopment of Wheaton Gateway consisting specifically of the Lindsay Ford Parcels, Ambassador Apartments and the Mattress Firm property. The RELOC loan will be repaid from financing proceeds from the redevelopment.

Avondale

The outstanding draw of $7,037,703.64 on the RELOC funded the acquisition of the Avondale properties. Staff has been working to determine the appropriate development strategy for the property, which with the approval of the Bethesda Downtown Master Plan and the rezoning of the Avondale properties, the Commission is now able and expects to commence the redevelopment plan for the property. Proceeds from the financing will be directed to repay the RELOC.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve the extension of the maturity dates for the use of the two lines of credit from PNC Bank N.A. to finance Commission approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Ambassador Apartments and Avondale Apartments through June 30, 2020?

PRINCIPALS:

HOC
PNC Bank, N.A.
Montgomery Homes Limited Partnership (MHLP) VII
Fairfax Court Apartments
Wheaton-University Boulevard Limited Partnership for Ambassador Apartments
Avondale Apartments

BUDGET IMPACT:

The amount of interest expense for FY 2020 is estimated to be $298,516. The interest expense will be included in the FY 2020 Agency Budget.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the approval to extend the use of PNC Bank Line of Credit (LOC) and the PNC Bank Real Estate Line of Credit (RELOC) to finance Commission approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Ambassador Apartments, and Avondale Apartments at its May 24, 2019 meeting. Commission action is requested at the June 5, 2019 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the Commission the approval to extend the use of the PNC Bank Line of Credit (LOC) and the PNC Bank Real Estate Line of Credit (RELOC) to finance Commission approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Ambassador Apartments, and Avondale Apartments.

RESOLUTION: 19-61

RE: Approval to Extend the Use of PNC Bank N.A. Line of Credit (LOC) and the Real Estate Line of Credit (RELOC) to Finance Commission Approved Actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Ambassador Apartments, and Avondale Apartments

WHEREAS, the Housing Opportunities Commission of Montgomery County ("Commission") has approved various actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Ambassador Apartments, and Avondale Apartments (together, the "Properties"), which are currently financed through the PNC Bank N.A. Line of Credit (the "LOC") and the PNC Bank N.A. Real Estate Line of Credit (the "RELOC"); and

WHEREAS, staff recommends extending, through June 30, 2020, the use of the LOC at the taxable borrowing rate of LIBOR plus 90 basis points or the tax exempt rate of 68.5% of LIBOR plus 59 basis points, and the use of the RELOC at the taxable rate of LIBOR plus 58 basis points or the tax exempt rate of 68.5% of LIBOR plus 38 basis points to continue to finance Commission approved actions related to the Properties; and

WHEREAS, the estimated cost, as of April 1, 2019, under the LOC and RELOC is expected to be approximately $298,516.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves extending, through June 30, 2020, the use of the PNC Bank N.A. Line of Credit and the PNC Bank N.A. Real Estate Line of Credit to finance various Commission actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Ambassador Apartments, and Avondale Apartments.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on Wednesday, June 5, 2019.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Commission

Approval to concur with the Real Property Trade or Business election request for Greenhills Apartments LP, Waverly House RAD LP, and Spring Garden One Associates LP pursuant to the TCJA

June 5, 2019

- Congress recently passed two pieces of legislation that impact all partnerships and limited liability companies; the first is the Bipartisan Budget Act of 2015; and the second is the Tax Cuts and Jobs Act of 2017 ("TCJA").
- The TCJA allows partnerships that meet certain standards to make an irrevocable election to be treated as a Real Property Trade or Business ("RPTOB") which once made exempts the partnership from the business interest limitation but may require a change in the depreciation schedule.
- PNC Real Estate Tax Credit the Investor for Greenhills Apartments LP has requested to make the RPTOB election. The current 40-year depreciation rate on original building will remain unchanged. Current 27.5-year depreciation rate on recent rehabilitation expenses from 2017 LIHTC syndication will be extended to 30 years, slowing losses.
- R4 WP Acquisition LLC the Investor for Waverly House RAD LP has requested to make the RPTOB election. Current 40-year depreciation rate will remain unchanged.
- M&T Trust Company the Investor for Spring Garden One Associates LP has requested to make the RPTOB election. Current 27.5-year depreciation rate will be extended to 40 years, slowing losses.

M E M O R A N D U M

TO:	Housing Opportunities Commission
VIA:	Stacy L. Spann, Executive Director
FROM:	Staff: Cornelia Kent Division: Finance Ext. 9754 Eamon Lorincz Legal Ext. 9751
RE:	Approval to concur with the RPTOB election request for Greenhills Apartments LP, Waverly House RAD LP, and Spring Garden One Associates LP pursuant to the TCJA.
DATE:	June 5, 2019
STATUS:	Committee Report: Deliberation __X

OVERALL GOAL & OBJECTIVE:

On March 6, 2019 the Commission authorized the Executive Director to amend certain limited partnership agreements and operating agreements or issue letter agreements relating thereto to address technical tax issues arising from the Bipartisan Budget Act of 2015 (the "Budget Act") and the Tax Cuts and Jobs Act of 2017 ("TCJA").

Since March 6, 2019, the limited partners for Greenhills Apartments LP, Waverly House RAD LP and Spring Garden One Associates LP requested to make the irrevocable election to be treated as a Real Property Trade or Business ("RPTOB") under Section 467 (c) (7) (C).

BACKGROUND:

Congress has recently passed two pieces of tax legislation that impact all partnerships and limited liability companies.

The Budget Act changes the rules for how the IRS audits partnerships and imposes liability from such audits on partnerships. The TCJA made sweeping changes to individual, partnership, corporate and estate taxation. This memo focuses on changes to depreciation schedules and tax elections that impact all of HOC's partnerships.

The TCJA also imposed a limitation on the amount of business interest expenses that a corporation or a partner of a partnership can deduct against its federal taxable income. Generally speaking, the amount of deductible interest expense in a taxable year is now limited to 30% of the taxpayer's adjusted taxable income for that tax year. Beginning in 2022 the limit on deductible interest will be reduced further to approximately 30% of adjusted taxable income less depreciation and amortization. This would reduce the business interest deduction that HOC and its partners have previously relied on.

In order to account for the importance of this deduction to the real estate industry, TCJA does allow partnerships that meet certain standards to make an irrevocable election to be treated as a Real Property Trade or Business ("RPTOB") under Section 467 (c) (7) (C). Partnerships that make this election would then be exempt from the business interest limitation. Entities that do not immediately elect to be treated as a RPTOB can elect to be treated as a RPTOB in any subsequent tax year. An entity that makes the RPTOB election may also need to change the depreciation schedule for property, as set forth in the table below.

RBTOB Election Choice	Placed in Service on or before 12/31/2017	Placed in Service on or after 1/1/2018
Make the RPTOB election	Use 40 year ADS depreciation rate.	Use 30 year ADS depreciation rate.
Decline the RPTOB election	Use existing depreciation rate. (either 27.5 MACRS depreciation or 40 year ADS depreciation)	Entity can choose either 27.5 MACRS or 30 year ADS depreciation rate.

HOC as the General Partner has engaged Novogradac & Company LLP (CPA firm) to perform the analysis on several properties to determine the effects of making the RPTOB election, to see the effect on the investors capital account and potential impact to exit taxes when the property is transferred to HOC from the LIHTC Investor. While it is important to analyze each property on a case-by-case basis, we would generally expect that with respect to LIHTC partnerships, making the RPTOB will serve to allow the investor to once again claim losses that the parties originally expected the investor to claim when the deal was originally structured.

Most LIHTC partnership agreements contain a provision stating that a sponsor will make tax elections requested by an investor unless those elections will have materially negative consequences on the sponsor. Thus, unless making a RPTOB election would have a dramatic impact on exit taxes for a particular property, it would be reasonable for an investor to expect that the sponsor would make the election if requested.

The following chart shows the property, limited partner investor and the changes they are requesting pursuant to the TCJA.

Property	Limited Partner Investor	Requested tax law change
Greenhills Apartments LP	PNC Real Estate Tax Credit	• RPTOB election requested. Current 40-year depreciation rate on original building will remain unchanged. Current 27.5 year depreciation rate on recent rehabilitation expenses from 2017 LIHTC syndication will be extended to 30 years, slowing losses.

Waverly House RAD LP	R4 WP Acquisition LLC	• RPTOB election requested. Current 40 year depreciation rate will remain unchanged.
Spring Garden One Associates LP	M&T Trust Company	• RPTOB election requested. Current 27.5 year depreciation rate will be extended to 40 years, slowing losses.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approval to allow the Executive Director to concur with the RPTOB election request for Greenhills Apartments LP, Waverly House RAD LP, and Spring Garden One Associates LP pursuant to the TCJA?

PRINCIPALS:

HOC (General Partner)
Greenhills Apartments LP (PNC Real Estate Tax Credit)
Development Corporation)
Waverly House RAD LP (R4 WP Acquisition LLC)
Spring Garden One Associates LP (M&T Trust Company)

BUDGET IMPACT:

The RPTOB election should have no immediate budget impact to the LIHTC partnership. HOC continues to determine the effects of making the RPTOB election on exit taxes when the property is transferred from the LIHTC Investor to HOC.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the request at the May 24, 2019 meeting. Commission action is requested at the June 5, 2019 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full Commission approval to allow the Executive Director to concur with the RPTOB election request for Greenhills Apartments LP, Waverly House RAD LP, and Spring Garden One Associates LP pursuant to the TCJA.

RESOLUTION No: 19-62 | **RE:** Approval to Concur with the RPTOB Election Request for Greenhills Apartments LP, Waverly House RAD LP, and Spring Garden One Associates LP pursuant to the TCJA

WHEREAS, Congress recently passed the Bipartisan Budget Act of 2015 and the Tax Cuts and Jobs Act of 2017 ("TCJA"); and

WHEREAS, the TCJA allows partnerships that meet certain standards to make an irrevocable election to be treated as a Real Property Trade or Business ("RPTOB"), which exempts the partnership from the business interest limitation but may require a change in the depreciation schedule; and

WHEREAS, PNC Real Estate Tax Credit, the Investor for Greenhills Apartments Limited Partnership has requested to make the RPTOB election, which will change their depreciation rate on the recent rehabilitation expenses from 27.5 years to 30 years and will allow them to continue to take the business interest expense as a deduction against federal taxable income; and

WHEREAS, R4 WP Acquisition LLC, the Investor for Waverly House RAD Limited Partnership has requested to make the RPTOB election, which will maintain their depreciation rate at 40 years and will allow them to continue to take the business interest expense as a deduction against federal taxable income; and

WHEREAS, M&T Trust Company, the Investor for Spring Garden One Associates Limited Partnership has requested to make the RPTOB election, which will change their depreciation rate from 27.5 years to 40 years and will allow them to continue to take the business interest expense as a deduction against federal taxable income.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Greenhills Apartments GP LLC, as its sole member, acting for itself and on behalf of Greenhills Apartments Limited Partnership, as its general partner, that the Executive Director is hereby authorized to concur with the RPTOB election.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Waverly House RAD GP LLC, as its sole member, acting for itself and on behalf of Waverly House RAD Limited Partnership, as its general partner, that the Executive Director is hereby authorized to concur with the RPTOB election.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Spring Garden One Associates Limited Partnership, as its general partner, that the Executive Director is hereby authorized to concur with the RPTOB election.

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

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on Wednesday, June 5, 2019.

S
E
A
L

Patrice M. Birdsong
Special Assistant to the Commission

ADOPTION OF THE FY'20 BUDGET

June 5, 2019

- **The Budget, Finance and Audit Committee has reviewed the Executive Director's FY'20 Recommended Budget and additional changes included in the proposed budget.**

- **The Proposed Operating Budget for FY'20 is $276.2 million.**

- **The FY'20 budget includes contributions to the General Fund Operating Reserve and the Opportunity Housing Property Reserve of $1.2 million each.**

- **The Proposed Capital Budgets for FY209 is $154.3 million.**

M E M O R A N D U M

TO:	Housing Opportunities Commission
VIA:	Stacy L. Spann, Executive Director
FROM:	Staff: Cornelia Kent Division: Finance Ext. 9754
	Terri Fowler Division: Finance Ext. 9507
RE:	Adoption of the FY’20 Budget
DATE:	June 5, 2019
STATUS:	Committee Reports: Deliberation [X]

OVERALL GOAL & OBJECTIVE:
Adoption of the FY’20 Budget.

BACKGROUND:
The Executive Director's FY’20 Recommended Budget for the Housing Opportunities Commission of Montgomery County (“HOC” or “Agency”) was presented at the April 3, 2019 Commission meeting. Since then, the Budget, Finance and Audit Committee met with staff four times to review and discuss the budget in detail. They have completed their review and the proposed budget for FY’20 is now before the full Commission for adoption. There will be a short presentation of the proposed FY’20 Budget at this Commission meeting.

ISSUES FOR CONSIDERATION:
The Proposed Operating Budget for FY’20 is $276.2 million which represents an increase of $944,300 from the Recommended Budget presented on April 4, 2018.

The Proposed Capital Budget for FY’20 is $154.3 million which represents a decrease of approximately $38.7 million from the Recommended Budget presented on April 4, 2018.

HOC’s FY’20 budget reflects the Agency’s commitment to the 2018 - 2022 strategic plan implemented at the outset of FY’18. As Housers, our work is focused on just three things:

- *Getting People Housed;*
- *Keeping People Housed; and*
- *Helping Customers Reach Their Fullest Potential.*

Through thoughtful development activity that is dedicated to developing Community

Connected Housing, providing pathways to opportunity through equitable and inclusive community development that capitalizes on the assets and potential of a community and creates spaces that promote residents' health, happiness, and well-being, the Agency continues to re-position the real estate portfolio with an emphasis on communities of opportunity that help all Montgomery county residents thrive. Moreover, the Agency recognizes that Property Management and Maintenance are paramount to realizing the benefits of the substantial investment in its portfolio. To this end, the FY'20 budget reflects ongoing investment in personnel and systems to successfully manage and maintain our properties. In addition to the Agency's focus on efficiently developing, managing and maintaining our real estate portfolio, we continue to deliver cutting-edge services to our clients through HOC Academy, HOC Works, and investments in technology.

The Agency's development activities continue to generate commitment and development fees that support the Agency's operations and the Opportunity Housing Reserve Fund (OHRF), which provides funding for future development activities. Redevelopment and renovation of HOC's aging mixed-income properties continues to improve the ability to attract market rate renters, which offsets the affordable units and support the financial viability of the Agency's portfolio.

The FY'20 Proposed Budget, which sets the financial plan for the Agency for the next year, is balanced with the planned use of reserves for MetroPointe and the Housing Choice Voucher Program (HCVP) administration costs, and also relies on fees from development activity that are one-time in nature. Therefore, the development of the budget continued to require each division to monitor discretionary spending and implement appropriate cost savings measures to ensure the long-term viability of the Agency.

The major differences in the Proposed Operating Budget from the Executive Director's FY'20 Recommended Budget, which are shown in Enclosure 1, are discussed in the following:

General Fund:

Revenues increased in the **General Fund** (Attachment 1-1) by $224,228. There are several reasons for the change.

- As a result of the change in management structure for the properties that were operating under the Property Assistance Contract and the remaining HOC Managed properties, Asset Management Fees increased by $475,780 and Property Management Fees decreased by $614,280 to reflect the shift of property to and from Edgewood Management Corporation.

- Development Corporation Fees increased by $231,434 to reflect changes in the properties.

- Development Fee Income increased by $374,874 to reflect changes in the timing and amount of fees projected in the proposed development budgets. Forty percent of the change in fees, or $149,950, is reflected in the General Fund. The balance of the decrease, or $224,924, is in the OHRF.

- The Asset Management Fee at Cider Mill increased by $106,440 to reflect the fee paid to HOC for overhead.

- Loan Management Fees increased by $36,031 to reflect the addition of fees for Glenmont Crossing and Glenmont Westerly and to remove the fees for 900 Thayer that have been prepaid for 17 years.

- Additional funds of $43,682 have been transferred to the General Fund from the County Grant to fund Resident Service related expenses associated with HOC Academy.

- Commitment Fees decreased by $269,420 to reflect changes in the timing and amount of fees projected in the proposed development budgets. Forty percent of the change in fees, or $107,769, is reflected in the General Fund. The balance of the increase, or $161,651, is in the Opportunity Housing Reserve Fund (OHRF).

- Management Fee Income from non-properties decreased by $87,310 to reflect the removal of fee income from a terminated County Grant and correction of fees charged to the Multifamily and Single family Bond Programs as well as the update to the Agency personnel complement.

- The update to the Agency personnel complement resulted in a decrease of $9,730 in transfers to the General Fund from the OHRF for Real Estate Development Personnel costs.

Expenses decreased in the General Fund (Attachment 1-1) by $476,965. Cash of $42,233 was restricted to cover the projected loss at the Lasko Manor LP. Vehicle Insurance increased by $17,070 to reflect the additional Liability Coverage for the leased vehicles. $6,500 was added to reflect the Solid Waste and Water Quality Taxes charged for the East Deer Park facility. The change in management structure for the properties that were operating under the Property Assistance Contract and the remaining HOC Managed properties resulted in a shift of some of the central Property Management positions that had been reflected as overhead in the General Fund to be directly charged to the properties which decreased expenses in the General fund by $295,270. Finally, the update to the personnel complement decreased expenses by $247,498.

The Recommended Budget assumed a contribution to the General Fund Operating Reserve (GFOR) of $430,861. The net impact of the General Fund changes, and changes in other funds, was an increase of $680,708 in the contribution to the GFOR for a total contribution of $1,152,719.

Multifamily Bond Funds:

Expenses in the **Multifamily Bond Fund** increased by $7,630 to reflect a correction to the Management Fee charged for overhead and an update to the personnel complement.

There is a corresponding adjustment in revenues to reflect the decrease in the Bond Draw to support the operations of the Multifamily programs.

Single Family Bond Funds:

Expenses in the **Single Family Bond Fund** increased by $91,650 to reflect a correction to the Management Fee charged for overhead and an update to the personnel complement.

There is a corresponding adjustment in revenues to reflect the increase in the Bond Draw to support the operations of the Single Family programs.

Opportunity Housing Fund:

Revenues increased in the **Opportunity Housing and Development Corporation** properties by $748,428. The majority of the change is a result of revised vacancy assumptions to reflect the latest leasing plans of Property Management to increase occupancy which resulted in an increase of $1,387,559 and an increase of $395,400 for corrections of the post-renovation rent structure at Alexander House that were partially offset by a $684,101 reduction in rental income that included reduced pricing on some of the more difficult units to lease. Parking income at Westwood Towers was increased by $12,000 to reflect anticipated income. Reimbursements for utilities and grounds cost at Diamond Square from the City of Gaithersburg and utilities at Glenmont Crossing and Glenmont Westerly from the residents were removed from income and reflected as an offset to the appropriate expenses which decreased income by $326,495. The draws from existing or residual cash at Manchester Manor, The Oaks at Four Corners and The Willows was reduced by $21,585 to reflect changes at the properties. Finally, transfers from the County Contract for Tenant Services personnel costs at properties were decreased by $14,350.

Expenses in the portfolio increased by $786,241. There are several reasons for the change.

- Permanent debt at Alexander House will commence on August 1st which added expenses of $2,293,270 to the property. As a result of the additional debt offset by the $395,400 increase in rents noted above coupled with a reduction of the Asset Management Fee of $10,980, restricted cash decreased by $1,386,890 and the Development Corporation Fee of $500,000 that would have been paid to the Agency was removed.

Change from Recommended to Proposed Budget					
	Income	Expenses	Cash Flow	Restricted Cash Flow	Development Corporation Fee
Recommended Budget	**$3,480,908**	**$1,503,999**	**$1,976,909**	**$1,476,909**	**$500,000**
Rents	$395,400		**$395,400**		
Debt Service		$2,293,270	**($2,293,270)**		
Asset Management Fee		($10,980)	**$10,980**		
Change in Distribution of Cash Flow				($1,386,890)	**($500,000)**
	$3,876,308	**$3,786,289**	**$90,019**	**$90,019**	**$0**

- Development Corporation Fees increased by $731,434 to reflect changes in the properties. The increase was partially offset by the removal of the fee at Alexander House noted above which resulted in a net increase of income to the General Fund of $231,434.

- As a result of the change in management structure for the properties that were operating under the Property Assistance Contract and the remaining HOC Managed properties, Asset Management Fees increased by $476,640, Property Management Fees decreased by $512,490, and Contract Managed Fees decreased by $295,426 to reflect the shift of property to and from Edgewood Management Corporation in the Fiscal Year properties. All but the change in Contract Management Fees, paid to Edgewood, affects income in the General Fund. In addition, some of the central Property Management positions that had been reflected as overhead in the General Fund were shifted to be directly charged to the properties which increased expenses in the General fund by $295,270. Finally, the personnel costs at the properties increased by $285,780 to reflect the new management structure.

- Restricted cash increased at some of the properties by $171,918 based on the net effect of the changes in income and expenses.

- The Asset Management Fee at Cider Mill increased by $106,440 to reflect the fee paid to HOC for overhead.

- Vehicle Insurance increased by $29,164 to reflect the additional Liability Coverage for the leased vehicles.

- The Loan Management Fee for Scattered Site One Development Corporation was added which increased expenses $23,000.

- The new financing at Westwood Towers requires an independent audit which increases expenses $10,120 at the property.

- Cash flow at Dale Drive is restricted 50 % to the Replacement Reserves (RfR) and the contributions at Dale Drive increased by $871 to reflect the change in projected cash flow.

- Reimbursements for utilities and grounds cost at Diamond Square from the City of Gaithersburg and utilities at Glenmont Crossing and Glenmont Westerly from the residents were removed from income and reflected as an offset to the appropriate expenses which decreased expenses by $326,495.

- Personnel expenses decreased by $230,014 as a result of an update of the personnel complement.

- In light of the amount of allowances established this year for Bad Debt, the assumptions were reviewed, which resulted in increases at some properties and decreases at others, resulting in a net reduction in expenses of $169,796 from the Recommended Budget.

- The tenant reimbursements for utilities at Cider Mill were update based on a review of the payments by Grady Management which reduce the net utility cost by $126,784.

- Various properties had adjustments to utility and/or maintenance expenses resulting in a net reduction of $46,439.

- The interest payments to the PNC Line of Credit (LOC) were adjusted at Fairfax Court and MHLP VII to reflect the projected reduced balance for Fairfax Court and payments based on 6% interest for MHLP VII which decreased expenses by $37,644.

- Finally, the contributions to the Operating Reserves at the Foreclosure Homes were reduced by $5,688 to reflect changes in the expenses at the property.

Revenues increased in the **Opportunity Housing Reserve Fund** (OHRF) by $63,273 as a result of increased overall Development Fees that were partially offset by decreased overall Commitment Fees (See General Fund). Expenses decreased by $9,730 to reflect costs associated with the Real Estate Development personnel complement.

The Recommended Budget included fees of $4,058,056 that were to be restricted to the OHRF. As a result of the net increase in anticipated fees and an increase to expenses, the restricted cash has increased by $73,003 resulting in a budgeted restriction of $4,131,059 to the OHRF ($63,273 + $9,730 = $73,003).

Public Fund:

Revenues decreased in the **Housing Choice Voucher Program** (HCVP) by $1,442 to reflect the decreased draw from HCVP Administrative reserves, which resulted from income received but not spent in prior years, as a result of a net decrease in administrative expenses charged to the program.

For display purposes, we have carved out a portion of revenue equivalent to the County Contract funding available for client services to better reflect the anticipated federal funding shortfall for the HCVP administrative costs. As a result of the update to the personnel complement, the required funding from the County to offset anticipated federal deficits was reduced by $7,250 (See Federal, State and County Grants). This is reflected as an increase to revenue of $7,250 resulting from the reduction of the aforementioned carve-out and corresponding decrease to the available contribution line.

Expenses decreased by a net of $1,442 as a result of a shift of $7,250 in personnel costs previously funded by the County Contract that was more than offset by a reduction of $8,692 in personnel costs based on updates to the Personnel complement.

Federal, State and County Grants decreased by a net $6,167. There were several factors that contributed to the decrease:

- The Country Contract that provides a match for the McKinney Programs increased by $9,285 and expenses were adjusted accordingly.
- There was a net increase of $3,568 in the transfer from the Main County Contract to balance the smaller County contracts, due to changes in funding and expenses, which increased both income and expense in the grants.
- The transfer from McKinney X to McKinney XIV to balance the grant was reduced by $13,408, due to changes in funding and expenses, which decreased both income and expense in the grants.
- Funding for a few of the smaller County Contracts decreased by $5,612.
- Vehicle Insurance increased by $8,720 to reflect the additional Liability Coverage for the leased vehicles.
- Personnel costs of $7,250 for Housing Resources staff were shifted from the County Contract to the HCVP.
- The Personnel Complement update reduced expenses by $41,560. As a result of this change, management fees paid to the General Fund decreased by $6,000.
- The transfer to cover the cost of Counselors at certain properties was reduced by $14,350 as a result of the update to the personnel complement which reduced expenses at the affected properties.

- Miscellaneous expenses or restricted cash were increased by $11,146 in the remaining restricted grants to balance the grants.
- Finally, the FY'20 Recommend Budget projected a transfer of $78,954 to the General Fund for Resident Service related expenses in HOC Academy. As a result of the net changes to the grants, the transfer was increased by $43,982.

Change from Recommended to Proposed Budget

	Income
Recommended Budget - Transfer to HOC Academy	**$78,954**
Increase Vehicle Insurance for added Liability Coverage	$8,720
Update Personnel Complement	($41,560)
Reduce transfer from County Contract for Counselors at properties	($14,350)
Shift portion of cost for Housing Resources staff to HCVP from Cou	($7,250)
Adjust Management Fees paid to General Fund	($6,000)
Adjustments to County Contracts funding	$5,612
Balance Grants	$11,146
Net changes to Grants	($43,682)
Proposed Budget - Transfer to HOC Academy	**$122,636**

Capital Budget:

The FY'20 Proposed Capital Budget reflects the changes that were discussed at the Budget, Finance and Audit Committee meetings during April and May. The Proposed Capital Budget for FY'20 is $154.3 million, and reflects a reduction of approximately $38.7 million from the Recommended Budget presented on April 3, 2019.

- **Capital Improvements Budget**
  The capital improvements budget at MHLP X was increased by $59,350 to better reflect the planned timing for improvements. This increase was partially offset by decreases of $3,000 and $4,500 at MPDU II (59) and Sligo MPDU III, respectively. (Attachment 1-3)

- **Capital Development Budget:**
  The capital development budgets decreased by $38,719,992 to reflect timing and scope changes in several projects. (Attachment 1-3)

Enclosure 2 includes the updated charts from the Summary and Capital Budget sections of the FY'19 Recommended Budget reflecting the proposed budgets.

Enclosure 3 includes the resolutions to adopt the FY'19 Operating and Capital Budgets.

BUDGET IMPACT:

Adoption of the FY'20 Budget will set the financial plan for the next fiscal year. Quarterly reviews will keep it updated and relevant.

TIME FRAME:

Adoption of the FY'20 Budget at the June 5, 2019 meeting will allow time for staff to implement the budget for the beginning of the fiscal year, July 1st. The Commission needs to adopt a budget for FY'20 before the fiscal year begins on July 1, 2019.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The adoption of the FY'20 Operating and Capital Budgets and related resolutions by approving the attached resolutions (Enclosure 3).

ENCLOSURES:

1) Spreadsheets highlighting major budget changes from FY'20 Recommended Operating and Capital Budgets

2) Revised charts from Summary and Capital Budget sections of the FY'20 Recommended Budget

3) Resolutions to adopt the FY'20 Budget

   - Adoption of the FY'20 Budgets, Bond Draw Downs and Transfers

   - Adoption of FY'20 Reimbursement Resolution

Spreadsheets Highlighting Major Budget Changes from FY’20 Recommended Operating and Capital Budgets

Enclosure 1

FY 2020 Proposed Operating Budget Comparison from Recommended Budget	Revenues	Expenses	Recommended Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Proposed Budget
General Fund								
General Fund	$24,615,135	$25,953,028	($1,337,893)	$224,228	($476,965)	$24,839,363	$25,476,063	($636,700)
Restrict to GFOR	$0	$1,642,058	($1,642,058)	$0	($489,339)	$0	$1,152,719	($1,152,719)
Restrict to OHPR	$0	$0	$0	$0	$1,152,719	$0	$1,152,719	($1,152,719)
Restrict to OPEB Reserve	$0	$0	$0			$0	$0	$0
Multifamily & Single Family Bond Funds								
Multifamily Fund	$16,344,894	$16,344,894	$0	$7,630	$7,630	$16,352,524	$16,352,524	$0
Single Family Fund	$9,289,146	$9,289,146	$0	($91,650)	($91,650)	$9,197,496	$9,197,496	$0
Opportunity Housing Fund								
Opportunity Housing Reserve Fund	$5,609,198	$1,551,142	$4,058,056	$63,273	($9,730)	$5,672,471	$1,541,412	$4,131,059
Opportunity Housing & Development Corps	$97,026,621	$94,190,317	$2,836,304	$748,428	$786,241	$97,775,049	$94,976,558	$2,798,491
Draw from OHRF	$0		$0			$0	$0	$0
Restrict to OHRF	$0	$4,058,056	($4,058,056)	$0	$73,003	$0	$4,131,059	($4,131,059)
Draw from GFOR for MetroPointe Deficit	$143,647	$0	$143,647	$0	$0	$143,647	$0	$143,647
Public Fund								
Housing Choice Voucher Program	$104,033,682	$105,108,195	($1,074,513)	$7,250	($1,442)	$104,040,932	$105,106,753	($1,065,821)
Draw from HCVP Administrative Reserve	$434,693	$0	$434,693	($1,442)	$0	$433,251	$0	$433,251
County Contributions towards HCVP Administration	$639,820	$0	$639,820	($7,250)	$0	$632,570	$0	$632,570
Federal , State and Other County Grants	$17,079,900	$17,079,900	$0	($6,167)	($6,167)	$17,073,733	$17,073,733	$0
TOTAL - ALL FUNDS	**$275,216,736**	**$275,216,736**	**$0**	**$944,300**	**$944,300**	**$276,161,036**	**$276,161,036**	**$0**

Footnotes - explanation of changes

GF R	$475,780	Update Asset Management Fees for change in management structure
GF R	$231,434	Increase Development Corporation Fees
GF R	$149,950	Adjust Development Fee income for timing and scope changes
GF R	$106,440	Correct Asset Management Fee from Cider Mill
GF R	$43,682	Increase transfer from County for HOC Academy
GF R	$36,031	Update Loan Management Fees to add Glenmont Crossing and Glenmont Westerly and remove 900 Thayer
GF R	($614,280)	Update Property Management Fees for change in management structure
GF R	($107,769)	Adjust Commitment Fee income for timing and scope changes
GF R	($87,310)	Adjust Management Fee income
GF R	($9,730)	Decrease transfer from OHRF for increase in RE Personnel
	$224,228	
GF E	$42,233	Restrict cash for Lasko Manor deficit
GF E	$17,070	Increase Vehicle Insurance for added Liability Coverage
GF E	$6,500	Add Taxes for East Deer Park
GF E	($295,270)	Shift of some Property Management position from the General Fund to the properties
GF E	($247,498)	Update Personnel Complement
	($476,965)	
GF	**($489,339)**	**Adjust Contribution to General Fund Operating Reserve (GFOR)**
GF	**$1,152,719**	**Add Contribution to Opportunity Housing Property Reserve (OHPR)**
MF R	**$7,630**	Increase draw from indenture to fund administrative costs
MF E	$23,070	Correct Management Fee
MF E	($15,440)	Update Personnel Complement
	$7,630	
SF R	**($91,650)**	Decrease draw from indenture to fund administrative costs
SF E	($84,380)	Correct Management Fee
SF E	($7,270)	Update Personnel Complement
SF E	**($91,650)**	
OHRF R	$224,924	Adjust Development Fee income for timing and scope changes
OHRF R	($161,651)	Adjust Commitment Fee income for timing and scope changes
OHRF R	**$63,273**	
OHRF E	**($9,730)**	Decrease transfer to GF to fund RE personnel
OHRF	**$73,003**	**Increase excess cash flow restriction**

OH R	$1,387,559	Update Vacancy Assumptions
OH R	$395,400	Corrections of the post-renovation rent structure at Alexander House
OH R	$12,000	Adjust Parking income at Westwood Towers
OH R	($326,495)	Move reimbursements for utilities and grounds to offset expenses
OH R	($684,101)	Adjust rents at various properties
OH R	($21,585)	Decrease draw from existing or residual cash at various properties
OH R	($14,350)	Reduce transfer from County Contract for Counselors at properties
	$748,428	
OH E	$2,293,270	Add new Debt Service at Alexander House
OH E	$731,434	Increase Development Corporation Fees
OH E	$476,640	Update Asset Management Fees for change in management structure
OH E	$295,270	Shift of some Property Management position from the General Fund to the properties
OH E	$285,780	Update Personnel costs for change in management structure
OH E	$171,918	Increase restricted cash at various properties
OH E	$106,440	Correct Asset Management Fee from Cider Mill
OH E	$29,164	Increase Vehicle Insurance for added Liability Coverage
OH E	$23,000	Add missing Loan Management Fee at Scattered Site Dev Corp One
OH E	$10,120	Add Independent Audit for Westwood Towers
OH E	$871	Increase RfR contributions at Dale Drive
OH E	($1,386,890)	Decrease restricted cash at Alexander House
OH E	($512,490)	Update Property Management Fees for change in management structure
OH E	($500,000)	Remove Development Corporation Fee at Alexander House
OH E	($326,495)	Move reimbursements for utilities and grounds to offset expenses
OH E	($295,426)	Update Contract Management Fees for change in management structure
OH E	($230,014)	Update Personnel Complement
OH E	($169,796)	Update Bad Debt assumptions
OH E	($126,784)	Update Tenant Reimbursement for Utilities at Cider Mill
OH E	($46,439)	Adjust Utility and Maintenance expenses at various properties
OH E	($37,644)	Correct LOC Interest Payments at Fairfax Court and MHLP VII
OH E	($5,688)	Decrease contributions to Operating Reserves at Foreclosure Homes
	$786,241	
HCV R	$7,250	Reduce contribution from the County for HCVP Administration
HCV R	($8,692)	Decrease draw from HCV Administrative reserves
	($1,442)	
HCV R	**($1,442)**	Decrease draw from HCV Administrative reserves
HCV E	$7,250	Shift portion of cost for Housing Resources staff from County Contract to HCVP
HCV E	($8,692)	Update Personnel Complement
	($1,442)	
HCV	**($7,250)**	**Reduce Contribution from County for HCVP Administration**

FY 2020 Proposed Operating Budget Comparison from Recommended Budget	Revenues	Expenses	Recommended Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Proposed Budget
General Fund								
General Fund	$24,615,135	$25,953,028	($1,337,893)	$224,228	($476,965)	$24,839,363	$25,476,063	($636,700)
Restrict to GFOR	$0	$1,642,058	($1,642,058)	$0	($489,339)	$0	$1,152,719	($1,152,719)
Restrict to OHPR	$0	$0	$0	$0	$1,152,719	$0	$1,152,719	($1,152,719)
Multifamily & Single Family Bond Funds								
Multifamily Fund	$16,344,894	$16,344,894	$0	$7,630	$7,630	$16,352,524	$16,352,524	$0
Single Family Fund	$9,289,146	$9,289,146	$0	($91,650)	($91,650)	$9,197,496	$9,197,496	$0
Opportunity Housing Fund								
Opportunity Housing Reserve Fund	$5,609,198	$1,551,142	$4,058,056	$63,273	($9,730)	$5,672,471	$1,541,412	$4,131,059
Opportunity Housing & Development Corps	$97,026,621	$94,190,317	$2,836,304	$748,428	$786,241	$97,775,049	$94,976,558	$2,798,491
Restrict to OHRF	$0	$4,058,056	($4,058,056)	$0	$73,003	$0	$4,131,059	($4,131,059)
Draw from GFOR for MetroPointe Deficit	$143,647	$0	$143,647	$0	$0	$143,647	$0	$143,647
Public Fund								
Housing Choice Voucher Program	$104,033,682	$105,108,195	($1,074,513)	$7,250	($1,442)	$104,040,932	$105,106,753	($1,065,821)
Draw from HCVP Administrative Reserve	$434,693	$0	$434,693	($1,442)	$0	$433,251	$0	$433,251
County Contributions towards HCVP Administration	$639,820	$0	$639,820	($7,250)	$0	$632,570	$0	$632,570
Federal , State and Other County Grants	$17,079,900	$17,079,900	$0	($6,167)	($6,167)	$17,073,733	$17,073,733	$0
TOTAL - ALL FUNDS	**$275,216,736**	**$275,216,736**	**$0**	**$944,300**	**$944,300**	**$276,161,036**	**$276,161,036**	**$0**

Footnotes - explanation of changes

Grants R	$9,285	Adjust County Income for McKinney Grants
Grants R	$3,568	Increase transfers from County Contracts to balance grants
Grants R	($13,408)	Adjust transfers to balance McKinney Grants
Grants R	($5,612)	Adjustments to County Contracts funding
	($6,167)	

Grants E	$43,682	Increase transfer to HOC Academy in General fund from County
Grants E	$11,146	Balance Grants
Grants E	$9,285	Adjust expenses for increase in County Income for McKinney Grants
Grants E	$8,720	Increase Vehicle Insurance for added Liability Coverage
Grants E	$3,568	Increase transfers from County Contract to balance Grants
Grants E	($41,560)	Update Personnel Complement
Grants E	($14,350)	Reduce transfer from County Contract for Counselors at properties
Grants E	($13,408)	Adjust transfers to balance McKinney Grants
Grants E	($7,250)	Shift portion of cost for Housing Resources staff to HCVP from County Contract
Grants E	($6,000)	Adjust Management Fees paid to General Fund
	($6,167)	

FY 2020 Proposed Capital Budget Comparison from Recommended Budget		Revenues	Expenses	Recommended Budget	Net Changes to Revenue	Net Changes to Expenses	Revenues	Expenses	Proposed Budget
Capital Improvements									
	East Deer Park	$325,000	$325,000	**$0**	$0	$0	$325,000	$325,000	**$0**
	Kensington Office	$375,000	$375,000	**$0**	$0	$0	$375,000	$375,000	**$0**
	Information Technology	$585,000	$585,000	**$0**	$0	$0	$585,000	$585,000	**$0**
	Opportunity Housing Properties	$6,943,202	$6,943,202	**$0**	$51,850	$51,850	$6,995,052	$6,995,052	**$0**
		$8,228,202	**$8,228,202**	**$0**	**$51,850**	**$51,850**	**$8,280,052**	**$8,280,052**	**$0**
Capital Development Projects									
	900 Thayer	$50,008,847	$50,008,847	**$0**	($35,142,066)	($35,142,066)	$14,866,781	$14,866,781	**$0**
	Alexander House	$9,616,457	$9,616,457	**$0**	$0	$0	$9,616,457	$9,616,457	**$0**
	Bauer Park	$26,227,436	$26,227,436	**$0**	($3,462,931)	($3,462,931)	$22,764,505	$22,764,505	**$0**
	Deeply Affordable Units	$750,000	$750,000	**$0**	$500,000	$500,000	$1,250,000	$1,250,000	**$0**
	Elizabeth House III	$32,050,739	$32,050,739	**$0**	$385,005	$385,005	$32,435,744	$32,435,744	**$0**
	Georgian Court	$12,001,713	$12,001,713	**$0**	$0	$0	$12,001,713	$12,001,713	**$0**
	Greenhills	$1,830,114	$1,830,114	**$0**	$0	$0	$1,830,114	$1,830,114	**$0**
	The Lindley (CCL)	$1,277,701	$1,277,701	**$0**	$0	$0	$1,277,701	$1,277,701	**$0**
	Shady Grove	$19,377,409	$19,377,409	**$0**	$0	$0	$19,377,409	$19,377,409	**$0**
	Stewartown	$17,815,541	$17,815,541	**$0**	($1,000,000)	($1,000,000)	$16,815,541	$16,815,541	**$0**
	Upton II	$12,728,883	$12,728,883	**$0**	$0	$0	$12,728,883	$12,728,883	**$0**
	Waverly House	$1,034,376	$1,034,376	**$0**	$0	$0	$1,034,376	$1,034,376	**$0**
		$184,719,216	**$184,719,216**	**$0**	**($38,719,992)**	**($38,719,992)**	**$145,999,224**	**$145,999,224**	**$0**
	TOTAL - ALL FUNDS	**$192,947,418**	**$192,947,418**	**$0**	**($38,668,142)**	**($38,668,142)**	**$154,279,276**	**$154,279,276**	**$0**

Footnotes - explanation of changes

CI-OH	**I**	$59,350	Increase Capital Improvements Budget for MHLP X
CI-OH	**I**	($3,000)	Decrease Capital Improvements Budget for MPDU II (59) Dev Corp
CI-OH	**I**	($4,500)	Decrease Capital Improvements Budget for Sligo MPDU III Dev Corp
		$51,850	
CI-OH	**E**	$59,350	Increase Capital Improvements Budget for MHLP X
CI-OH	**E**	($3,000)	Decrease Capital Improvements Budget for MPDU II (59) Dev Corp
CI-OH	**E**	($4,500)	Decrease Capital Improvements Budget for Sligo MPDU III Dev Corp
		$51,850	

CD	**R**	($35,142,066)	Adjust timing and scope of Capital Development Budget for 900 Thayer
CD	**R**	($3,462,931)	Adjust timing and scope of Capital Development Budget for Bauer Park
CD	**R**	$500,000	Adjust timing of Capital Development Budget for Deeply Affordable Units
CD	**R**	$385,005	Adjust timing and scope of Capital Development Budget for Elizabeth House III
CD	**R**	($1,000,000)	Adjust timing and scope of Capital Development Budget for Stewartown
		($38,719,992)	
CD	**E**	($35,142,066)	Adjust timing and scope of Capital Development Budget for 900 Thayer
CD	**E**	($3,462,931)	Adjust timing and scope of Capital Development Budget for Bauer Park
CD	**E**	$500,000	Adjust timing of Capital Development Budget for Deeply Affordable Units
CD	**E**	$385,005	Adjust timing and scope of Capital Development Budget for Elizabeth House III
CD	**E**	($1,000,000)	Adjust timing and scope of Capital Development Budget for Stewartown
		($38,719,992)	

Revised Charts
From Summary and Capital Budget Sections
of the FY'20 Recommended Budget

Enclosure 2

Commission Meeting

FY 2020 Proposed Budget

FY 2020 – Budget Overview

Proposed Budget

Fund Summary Overview	FY 2020 Proposed Budget		
	Revenues	Expenses	Net
General Fund	$24,839,363	$25,476,063	($636,700)
Restrict to GFOR	$0	$1,152,719	($1,152,719)
Restrict to OHPR	$0	$1,152,719	($1,152,719)
Multifamily Bond Funds	$16,352,524	$16,352,524	$0
Single Family Bond Funds	$9,197,496	$9,197,496	$0
Opportunity Housing Fund			
Opportunity Housing Reserve Fund (OHRF)	$5,672,471	$1,541,412	$4,131,059
Restrict to OHRF	$0	$4,131,059	($4,131,059)
Opportunity Housing & Development Corporation Properties	$97,775,049	$94,976,558	$2,798,491
Draw from GFOR for MetroPointe Deficit	$143,647	$0	$143,647
Public Fund			
Housing Choice Voucher Program (HCVP)	$104,040,932	$105,106,753	($1,065,821)
Draw from GHCVP Administrative Reserve	$433,251	$0	$433,251
County Contributions towards HCVP Administration	$632,570	$0	$632,570
Federal, State, and County Grants	$17,073,733	$17,073,733	$0
TOTAL - ALL FUNDS	**$276,161,036**	**$276,161,036**	**$0**

*** Revenues and Expenses include inter-company Transfer Between Funds**

FY 2020 – Revenue and Expense Summary

Proposed Budget

FY 2020 Revenue and Expense Statement

Operating Budget

Operating Income	
Tenant Income	$96,319,504
Non-Dwelling Rental Income	$673,688
Federal Grant	$110,117,614
County Grant	$10,821,325
Management Fees	$27,972,139
Miscellaneous Income	$140,997
TOTAL OPERATING INCOME	**$246,045,267**

Operating Expenses	
Personnel Expenses	$47,088,596
Operating Expenses - Fees	$17,567,684
Operating Expenses - Administrative	$8,667,422
Tenant Services Expenses	$6,888,551
Protective Services Expenses	$784,627
Utilities Expenses	$6,051,528
Insurance and Tax Expenses	$2,843,737
Maintenance Expenses	$8,398,627
Housing Assistance Payments (HAP)	$96,647,339
TOTAL OPERATING EXPENSES	**$194,938,111**
NET OPERATING INCOME	**$51,107,156**

Non-Operating Budget

Non-Operating Income	
Investment Interest Income	$22,521,277
FHA Risk Sharing Insurance	$713,107
Transfer Between Funds	$6,881,385
TOTAL NON-OPERATING INCOME	**$30,115,769**

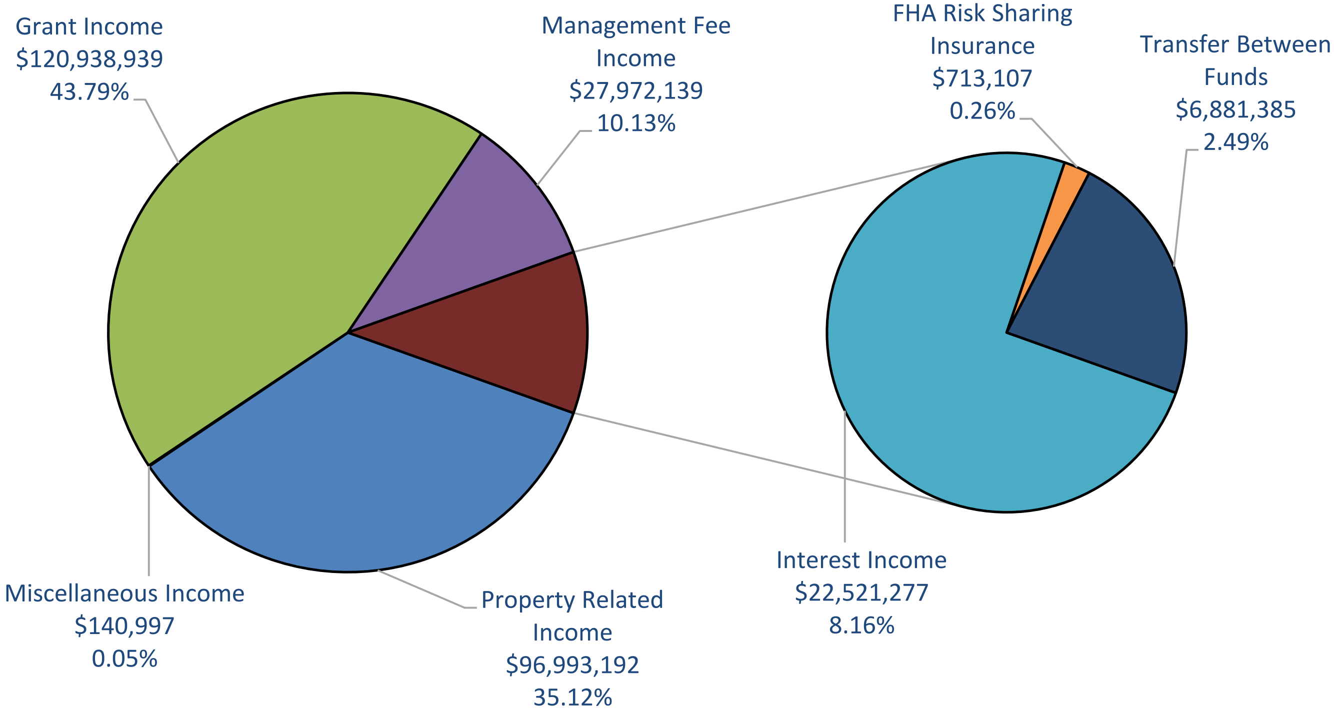
Non-Operating Expenses	
Interest Payment	$38,194,381
Mortgage Insurance	$861,146
Principal Payment	$10,817,469
Debt Service, Operating and Replacement Reserves	$12,664,528
Restricted Cash Flow	$8,655,022
Development Corporation Fees	$6,076,441
Miscellaneous Bond Financing Expenses	$29,424
FHA Risk Sharing Insurance	$713,107
Transfer Out Between Funds	$3,211,407
TOTAL NON-OPERATING EXPENSES	**$81,222,925**
NET NON-OPERATING ADJUSTMENTS	**($51,107,156)**

FY 2020 – Operating Budget: Source of Funds

Total Income – Proposed – $276,161,036

Operating Income
$246,045,267

Non-Operating Income
$30,115,769

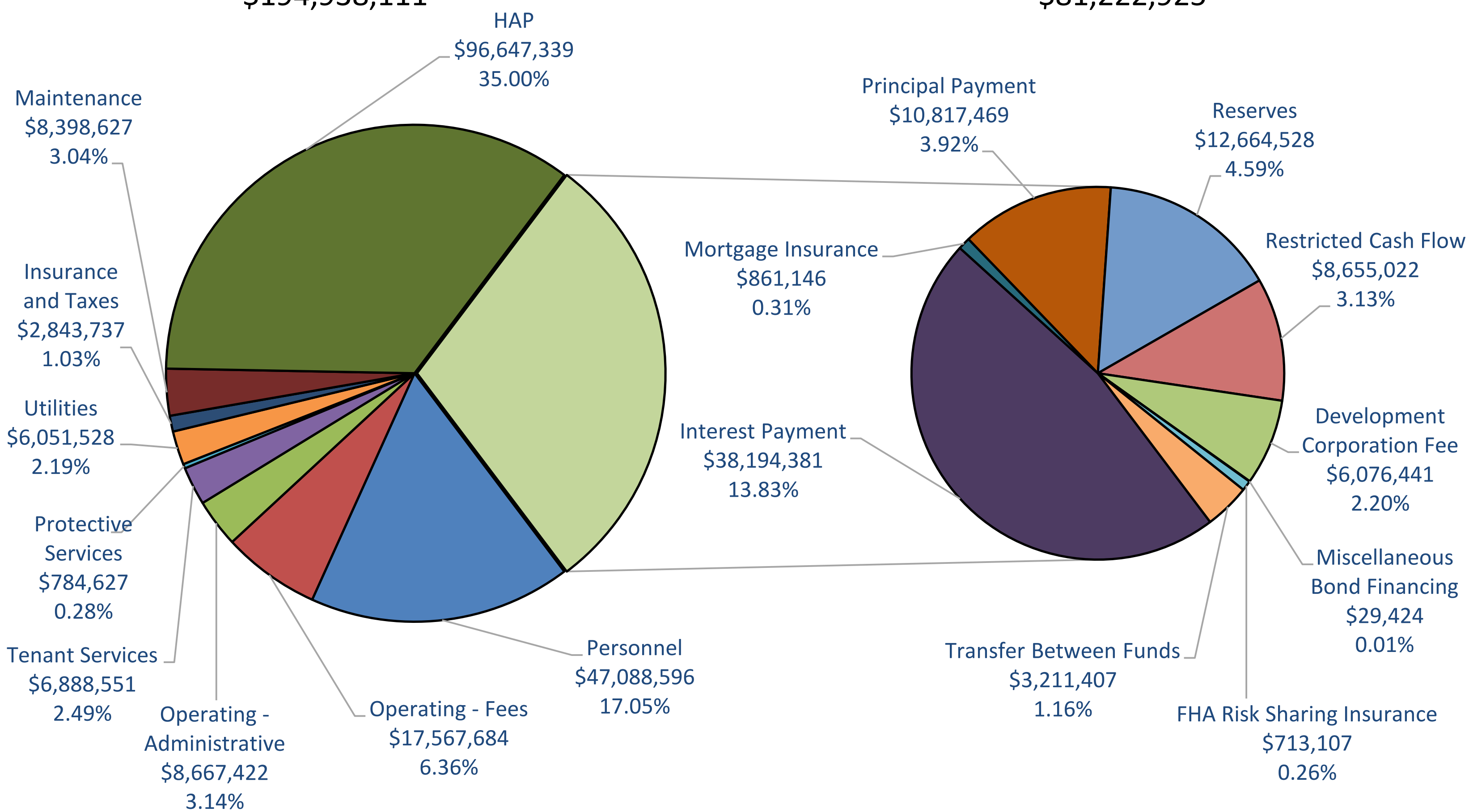


FY 2020 – Operating Budget: Use of Funds

Total Expenses – Proposed – $276,161,036

Operating Expenses
$194,938,111

Non-Operating Expenses
$81,222,925



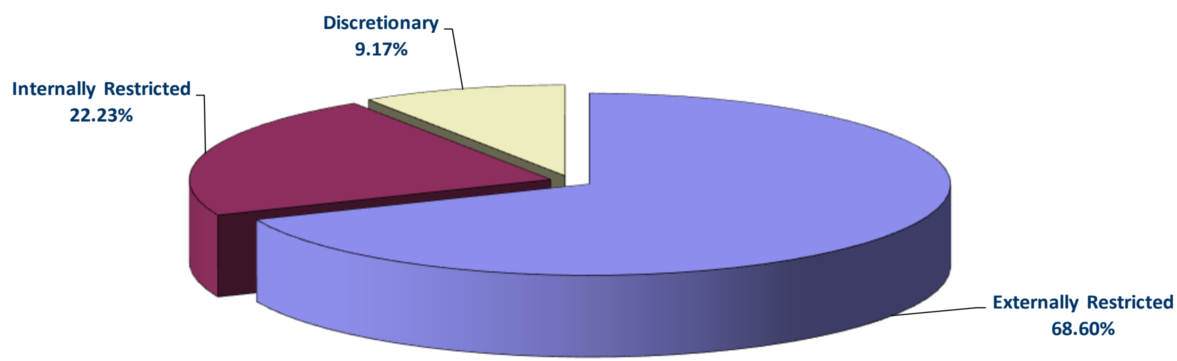
Total Agency Operating Budget Summary – FY 2016 through FY 2020

Net Operating Income

Total Revenue and Expense Statement	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Amended Budget	FY 2020 Proposed Budget
Operating Income					
Tenant Income	$67,455,171	$67,333,831	$76,823,091	$94,983,877	$96,319,504
Non-Dwelling Rental Income	$1,346,229	$1,150,050	$1,402,219	$1,044,852	$673,688
Federal Grant	$95,780,190	$97,705,641	$103,892,095	$103,128,545	$110,117,614
State Grant	$157,083	$184,480	$105,990	$0	$0
County Grant	$9,761,734	$9,877,142	$9,750,971	$10,720,642	$10,821,325
Management Fees	$16,672,501	$17,879,325	$20,493,087	$26,640,109	$27,972,139
Miscellaneous Income	$348,240	$1,642,884	$181,601	$170,990	$140,997
TOTAL OPERATING INCOME	**$191,521,148**	**$195,773,353**	**$212,649,054**	**$236,689,015**	**$246,045,267**
Operating Expenses					
Personnel Expenses	$35,610,940	$37,420,400	$40,021,952	$45,051,884	$47,088,596
Operating Expenses - Fees	$13,635,450	$13,787,927	$15,908,908	$17,515,677	$17,567,684
Operating Expenses - Administrative	$7,695,705	$8,000,361	$7,080,545	$8,040,985	$8,667,422
Tenant Services Expenses	$5,444,800	$5,540,710	$6,146,396	$6,827,283	$6,888,551
Protective Services Expenses	$756,953	$678,418	$812,364	$812,918	$784,627
Utilities Expenses	$5,394,293	$4,962,367	$5,567,031	$6,206,232	$6,051,528
Insurance and Tax Expenses	$1,616,298	$1,553,706	$1,847,157	$2,905,429	$2,843,737
Maintenance Expenses	$6,779,554	$6,211,113	$7,605,304	$8,482,962	$8,398,627
Housing Assistance Payments (HAP)	$81,539,944	$84,763,551	$91,157,649	$92,078,274	$96,647,339
TOTAL OPERATING EXPENSES	**$158,473,937**	**$162,918,553**	**$176,147,306**	**$187,921,644**	**$194,938,111**
NET OPERATING INCOME	**$33,047,211**	**$32,854,800**	**$36,501,748**	**$48,767,371**	**$51,107,156**
Non-Operating Income					
Investment Interest Income	$23,536,467	$23,439,972	$24,414,456	$24,267,275	$22,521,277
FHA Risk Sharing Insurance	$639,692	$609,502	$697,624	$671,566	$713,107
Transfer Between Funds	$12,533,892	$7,398,074	$7,674,456	$8,654,883	$6,881,385
TOTAL NON-OPERATING INCOME	**$36,710,051**	**$31,447,548**	**$32,786,536**	**$33,593,724**	**$30,115,769**
Non-Operating Expenses					
Interest Payment	$27,982,289	$28,212,630	$33,006,029	$36,958,454	$38,194,381
Mortgage Insurance	$764,050	$816,079	$832,655	$810,515	$861,146
Principal Payment	$6,661,644	$7,111,496	$7,356,662	$9,224,950	$10,817,469
Debt Service, Operating and Replacement Reserves	$12,208,303	$13,365,814	$8,216,656	$12,524,771	$12,664,528
Restricted Cash Flow	$11,865,614	$6,333,253	$8,626,949	$11,031,317	$8,655,022
Development Corporation Fees	$5,211,017	$5,592,375	$6,435,449	$6,898,050	$6,076,441
Miscellaneous Bond Financing Expenses	$57,343	$511,025	$585,994	$29,429	$29,424
FHA Risk Sharing Insurance	$639,692	$609,502	$618,857	$671,566	$713,107
Transfer Out Between Funds	$4,870,590	$4,301,071	$3,790,711	$4,212,043	$3,211,407
TOTAL NON-OPERATING EXPENSES	**$70,260,542**	**$66,853,245**	**$69,469,962**	**$82,361,095**	**$81,222,925**
NET NON-OPERATING ADJUSTMENTS	**($33,550,491)**	**($35,405,697)**	**($36,683,426)**	**($48,767,371)**	**($51,107,156)**
NET CASH FLOW	**($503,280)**	**($2,550,897)**	**($181,678)**	**$0**	**$0**

FY 2020 – Revenue Restrictions

Revenue Restriction (Showing externally placed restrictions)	FY 2020 Proposed Budget			
	Externally Restricted	Internally Restricted	Discretionary	TOTAL
Operating Income				
Property Related Income	$38,325,872	$55,725,182	$2,942,138	**$96,993,192**
Federal Grant	$110,117,614			**$110,117,614**
County Grant	$10,821,325	$0	$0	**$10,821,325**
Management Fees	$0	$5,672,471	$22,299,668	**$27,972,139**
Miscellaneous Income	$133,497		$7,500	**$140,997**
TOTAL OPERATING INCOME	**$159,398,308**	**$61,397,653**	**$25,249,306**	**$246,045,267**
Non-Operating Income				
Interest Income	$22,449,993		$71,284	**$22,521,277**
FHA Risk Sharing	$713,107			**$713,107**
Transfer Between Funds	$6,881,385		$0	**$6,881,385**
TOTAL NON-OPERATING INCOME	**$30,044,485**		**$71,284**	**$30,115,769**
TOTAL - ALL REVENUE SOURCES	**$189,442,793**	**$61,397,653**	**$25,320,590**	**$276,161,036**



FY 2020 – Opportunity Housing & Development Corporations

Operating Budget

Opportunity Housing and Development Corps FY 2020 Operating Budget	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Services	Annual RfR, Operating & Debt Service Reserve Escrow	Asset & Loan Management Fees	Non-Operating Expenses	FY 2020 Projected Cash Flow	Restricted Cash Flow	Development Corporations Fees	FY 2020 Net Cash Flow to HOC
Alexander House	$3,876,308	$1,233,049	**$2,643,259**	$2,293,270	$64,050	$195,920	$2,553,240	**$90,019**	$90,019	$0	**$0**
Avondale Apartments	$363,993	$106,784	**$257,209**	$147,792	$9,996	$26,760	$184,548	**$72,661**	$64,261	$0	**$8,400**
Barclay, The	$1,293,932	$380,811	**$913,121**	$675,737	$22,800	$81,370	$779,907	**$133,214**	$0	$133,214	**$0**
Brooke Park	$792	$3,361	**($2,569)**	$0	$0	$0	$0	**($2,569)**	$0	$0	**($2,569)**
Brookside Glen (The Glen)	$1,608,888	$662,093	**$946,795**	$497,654	$118,608	$96,350	$712,612	**$234,183**	$234,183	$0	**$0**
Camp Hill Square	$673,034	$366,555	**$306,479**	$0	$15,300	$54,600	$69,900	**$236,579**	$118,289	$0	**$118,290**
CDBG Units	$45,165	$18,751	**$26,414**	$924	$25,490	$0	$26,414	**$0**	$0	$0	**$0**
Chelsea Towers	$326,217	$189,044	**$137,173**	$54,396	$8,400	$22,480	$85,276	**$51,897**	$0	$0	**$51,897**
Cider Mill Apartments	$12,734,275	$5,083,282	**$7,650,993**	$6,597,978	$302,400	$208,440	$7,108,818	**$542,175**	$542,175	$0	**$0**
Dale Drive	$104,504	$75,313	**$29,191**	$0	$12,907	$10,710	$23,617	**$5,574**	$5,574	$0	**$0**
Diamond Square	$1,312,315	$765,845	**$546,470**	$117,614	$131,940	$24,530	$274,084	**$272,386**	$272,386	$0	**$0**
Elizabeth House Interim RAD	$1,013,336	$1,082,965	**($69,629)**	$0	$0	$100,820	$100,820	**($170,449)**	$0	$0	**($170,449)**
Fairfax Court	$285,828	$109,125	**$176,703**	$8,376	$38,940	$19,270	$66,586	**$110,117**	$0	$0	**$110,117**
Glenmont Crossing	$1,979,541	$713,447	**$1,266,094**	$828,905	$58,200	$103,850	$990,955	**$275,139**	$128,289	$146,850	**$0**
Glenmont Westerly	$1,740,180	$680,320	**$1,059,860**	$538,812	$61,200	$109,200	$709,212	**$350,648**	$164,250	$186,398	**$0**
Holiday Park	$335,418	$99,467	**$235,951**	$101,563	$16,212	$21,410	$139,185	**$96,766**	$0	$0	**$96,766**
Holly Hall Interim RAD	$102,294	$229,997	**($127,703)**	$0	$0	$0	$0	**($127,703)**	$0	$0	**($127,703)**
Jubilee Falling Creek	$37,256	$20,502	**$16,754**	$0	$2,004	$0	$2,004	**$14,750**	$0	$0	**$14,750**
Jubilee Hermitage	$33,725	$26,847	**$6,878**	$0	$2,004	$0	$2,004	**$4,874**	$0	$0	**$4,874**
Jubilee Horizon Court	$32,485	$28,500	**$3,985**	$0	$2,004	$0	$2,004	**$1,981**	$0	$0	**$1,981**
Jubilee Woodedge	$31,559	$21,951	**$9,608**	$0	$2,004	$0	$2,004	**$7,604**	$0	$0	**$7,604**
Ken Gar	$256,389	$103,119	**$153,270**	$103,190	$9,282	$18,070	$130,542	**$22,728**	$22,728	$0	**$0**
King Farm Village Center	$17,996	$9,340	**$8,656**	$0	$1,200	$0	$1,200	**$7,456**	$7,456	$0	**$0**
Magruder's Discovery	$2,449,328	$588,986	**$1,860,342**	$926,027	$40,812	$90,050	$1,056,889	**$803,453**	$0	$803,453	**$0**
Manchester Manor	$777,252	$490,955	**$286,297**	$221,375	$21,410	$62,873	$305,658	**($19,361)**	$0	$0	**($19,361)**
Manor at Cloppers Mill	$1,485,170	$515,024	**$970,146**	$632,530	$30,600	$109,200	$772,330	**$197,816**	$98,908	$0	**$98,908**
Manor at Colesville	$1,178,367	$434,314	**$744,053**	$463,727	$24,900	$88,860	$577,487	**$166,566**	$83,283	$0	**$83,283**
Manor at Fair Hill Farm	$1,475,676	$481,398	**$994,278**	$692,065	$30,300	$108,130	$830,495	**$163,783**	$81,892	$0	**$81,891**
McHome	$461,162	$338,987	**$122,175**	$0	$16,400	$0	$16,400	**$105,775**	$0	$0	**$105,775**
McKendree	$178,627	$123,265	**$55,362**	$0	$11,196	$0	$11,196	**$44,166**	$0	$0	**$44,166**
MetroPointe	$2,642,296	$800,702	**$1,841,594**	$1,946,561	$30,000	$8,680	$1,985,241	**($143,647)**	$0	$0	**($143,647)**
Metropolitan, The	$6,808,173	$2,119,802	**$4,688,371**	$2,301,956	$97,200	$63,630	$2,462,786	**$2,225,585**	$1,383,296	$842,289	**$0**
MHLP VII	$496,449	$343,352	**$153,097**	$28,578	$14,000	$0	$42,578	**$110,519**	$0	$0	**$110,519**
MHLP VIII	$698,731	$455,967	**$242,764**	$0	$20,000	$0	$20,000	**$222,764**	$0	$0	**$222,764**
MHLP IX - Pond Ridge	$540,704	$263,213	**$277,491**	$242,187	$16,000	$0	$258,187	**$19,304**	$0	$0	**$19,304**
MHLP IX	$1,130,094	$686,112	**$443,982**	$439,400	$30,388	$0	$469,788	**($25,806)**	$0	$0	**($25,806)**
MHLP X	$1,129,501	$594,391	**$535,110**	$305,463	$22,992	$0	$328,455	**$206,655**	$0	$0	**$206,655**

FY 2020 – Opportunity Housing & Development Corporations

Operating Budget (continued)

Opportunity Housing and Development Corps FY 2020 Operating Budget	Total Operating Income	Total Operating Expenses	Net Operating Income	Annual Debt Services	Annual RfR, Operating & Debt Service Reserve Escrow	Asset & Loan Management Fees	Non-Operating Expenses	FY 2020 Projected Cash Flow	Restricted Cash Flow	Development Corporations Fees
Montgomery Arms	$1,920,181	$749,899	**$1,170,282**	$685,602	$46,200	$138,110	$869,912	**$300,370**	$0	$300,370
MPDU 2007 - Phase II	$82,836	$69,318	**$13,518**	$0	$1,800	$0	$1,800	**$11,718**	$0	$0
MPDU I (64)	$835,367	$500,525	**$334,842**	$226,856	$27,540	$0	$254,396	**$80,446**	$0	$0
TPM - MPDU II (59)	$874,361	$408,644	**$465,717**	$0	$17,700	$0	$17,700	**$448,017**	$0	$448,017
NCI Units	$185,171	$90,827	**$94,344**	$0	$94,344	$0	$94,344	**$0**	$0	$0
NSP Units	$96,636	$50,772	**$45,864**	$0	$45,864	$0	$45,864	**$0**	$0	$0
Oaks @ Four Corners, The	$1,399,315	$813,824	**$585,491**	$281,712	$172,000	$128,470	$582,182	**$3,309**	$3,309	$0
Olney Sandy Spring Road	$17,475	$6,422	**$11,053**	$0	$300	$0	$300	**$10,753**	$10,753	$0
Paddington Square	$2,981,416	$1,259,805	**$1,721,611**	$1,132,948	$57,750	$104,470	$1,295,168	**$426,443**	$0	$426,443
Paint Branch	$188,740	$68,064	**$120,676**	$0	$8,400	$14,990	$23,390	**$97,286**	$97,286	$0
Parkway Woods	$316,192	$144,812	**$171,380**	$116,703	$11,725	$22,830	$151,258	**$20,122**	$20,122	$0
Pooks Hill High-Rise	$2,889,910	$978,065	**$1,911,845**	$1,024,453	$166,380	$247,844	$1,438,677	**$473,168**	$0	$473,168
Pooks Hill Mid-Rise	$954,420	$271,431	**$682,989**	$298,109	$55,860	$53,530	$407,499	**$275,490**	$0	$0
Sandy Spring Meadow	$706,335	$299,985	**$406,350**	$260,913	$26,870	$52,310	$340,093	**$66,257**	$66,257	$0
Scattered Sites One	$2,743,660	$1,456,930	**$1,286,730**	$563,030	$114,000	$23,000	$700,030	**$586,700**	$0	$586,700
Scattered Sites Two	$772,532	$412,453	**$360,079**	$268,925	$74,400	$0	$343,325	**$16,754**	$0	$16,754
Seneca Ridge	$1,031,999	$608,833	**$423,166**	$516,317	$34,682	$67,530	$618,529	**($195,363)**	($195,363)	$0
Shady Grove	$2,191,454	$1,038,414	**$1,153,040**	$595,326	$186,000	$175,263	$956,589	**$196,451**	$196,451	$0
Sligo MPDU III	$239,595	$206,347	**$33,248**	$0	$9,192	$0	$9,192	**$24,056**	$0	$24,056
Southbridge	$462,879	$244,336	**$218,543**	$125,216	$10,800	$41,750	$177,766	**$40,777**	$40,777	$0
State Rental Combined	$1,698,852	$1,532,894	**$165,958**	$0	$87,096	$0	$87,096	**$78,862**	$78,862	$0
Strathmore Court	$3,507,082	$1,168,741	**$2,338,341**	$1,183,125	$161,316	$161,660	$1,506,101	**$832,240**	$508,305	$0
TPP LLC - Pomander	$450,368	$129,264	**$321,104**	$188,106	$10,080	$25,690	$223,876	**$97,228**	$0	$0
TPP LLC - Timberlawn	$2,264,317	$743,405	**$1,520,912**	$838,649	$44,940	$114,550	$998,139	**$522,773**	$0	$0
Towne Centre Place	$564,938	$254,076	**$310,862**	$174,982	$23,939	$46,600	$245,521	**$65,341**	$65,341	$0
VPC One	$6,617,699	$3,135,494	**$3,482,205**	$1,481,256	$948,407	$0	$2,429,663	**$1,052,542**	$0	$1,052,542
VPC Two	$4,418,144	$2,063,817	**$2,354,327**	$1,053,951	$664,189	$0	$1,718,140	**$636,187**	$0	$636,187
Washington Square	$815,079	$315,378	**$499,701**	$335,609	$24,427	$47,560	$407,596	**$92,105**	$92,105	$0
Westwood Towers	$4,643,804	$2,042,355	**$2,601,449**	$899,724	$905,624	$226,970	$2,032,318	**$569,131**	$0	$0
The Willows	$1,909,251	$1,549,615	**$359,636**	$283,454	$168,000	$226,902	$678,356	**($318,720)**	$0	$0
TOTAL	**$97,436,968**	**$42,861,681**	**$54,575,287**	**$32,701,046**	**$5,510,964**	**$3,545,232**	**$41,757,242**	**$12,818,045**	**$4,281,194**	**$6,076,441**
From reserves planned to fund specific property operating deficits										
Manchester Manor								**19,361**		
MetroPointe								**143,647**		
The Willows								**$318,720**		
Net Cash Flow - All Properties								**$13,299,773**		

Housing Opportunities Commission OF MONTGOMERY COUNTY

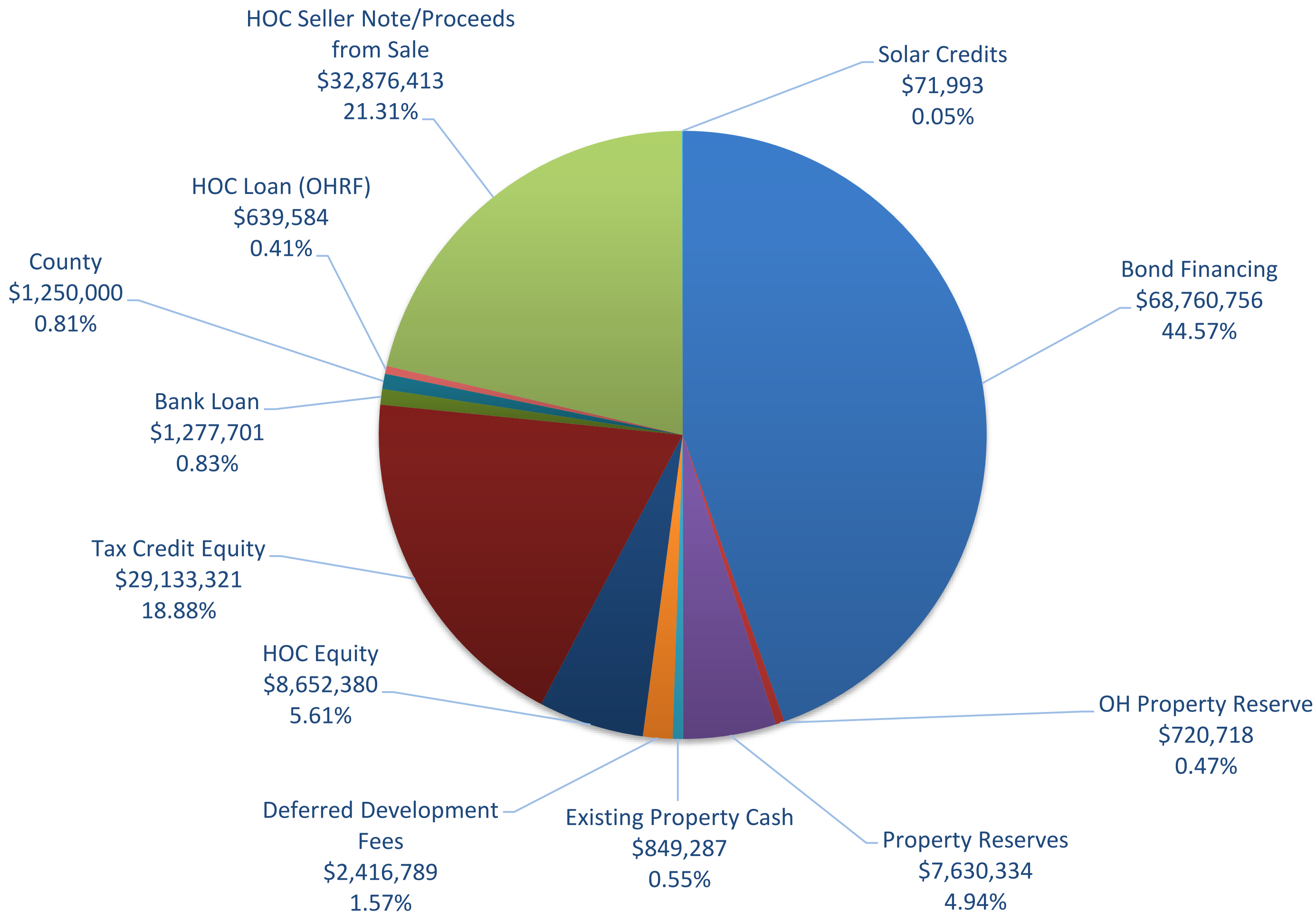
FY 2020 – Capital Budget

Capital Budget Overview

Capital Budget Summary	FY 2020 Proposed Budget
Capital Improvements	
East Deer Park	$325,000
Kensington Office	$375,000
Information Technology	$585,000
Opportunity Housing Properties	$6,995,052
Subtotal	**$8,280,052**
Capital Development Projects	
900 Thayer	$14,866,781
Alexander House	$9,616,457
Bauer Park	$22,764,505
Deeply Affordable Units	$1,250,000
Elizabeth House III	$32,435,744
Georgian Court	$12,001,713
Greenhills	$1,830,114
The Lindley (CCL)	$1,277,701
Shady Grove	$19,377,409
Stewartown	$16,815,541
Upton II	$12,728,883
Waverly House	$1,034,376
Subtotal	**$145,999,224**
TOTAL	**$154,279,276**

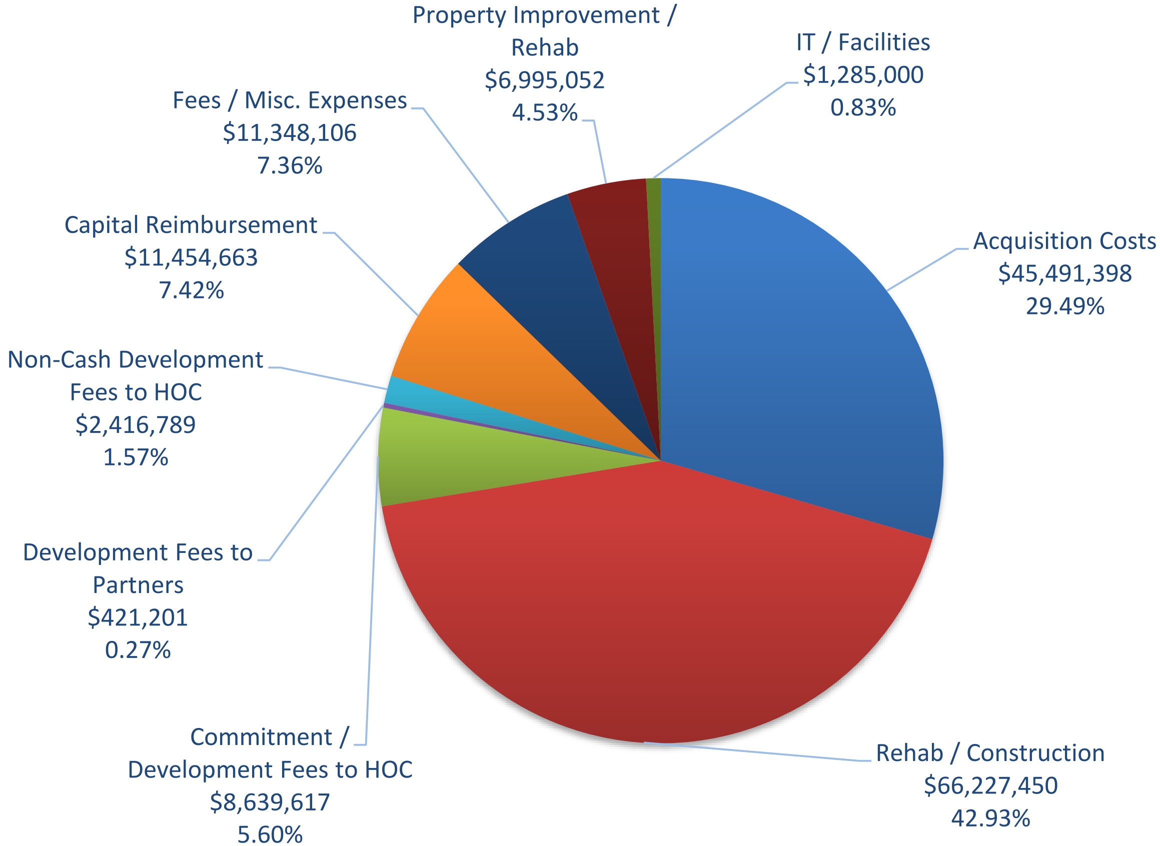
FY 2020 – Capital Budget

Source of Funds - Proposed – $154,279,276



FY 2020 – Capital Budget

Use of Funds - Proposed – $154,279,276



ADOPTION OF THE FY’20 BUDGET RESOLUTIONS

A - Adoption of the FY’20 Budgets, Bond Draw Downs and Transfers

B - Adoption of FY’20 Reimbursement Resolution

Enclosure 3

RESOLUTION NO. 19-64a **RE:** Adoption of the FY'20 Budget,
Bond Draw Downs and Transfers

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission" or "Agency") is required to adopt a budget based on the current chart of accounts in use before July 1, 2019; and

WHEREAS, the Commission is required to approve the transfer of equity between Agency funds.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby adopts a total Operating Budget for FY'20 of $276.2 million by fund as attached.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves the drawdown of bond funds for the Operating Budget as follows:

- $ 1,726,341 from the 1996 Multifamily Housing Development Bond (MHDB); and Indenture
- $ 1,372,606 from the 1979 Single Family Mortgage Revenue Bond (MRB) Indenture.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves the following transfers between funds in order to balance the Operating Budget:

- Up to $2,942,138 for FY'20 from the cash flow from the Opportunity Housing properties in the Opportunity Housing Fund to the General Fund.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County hereby adopts a Capital Budget for FY'20 of $154.3 million as attached.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June 5, 2019.

____

Patrice Birdsong
Special Assistant to the Commission

S
E
A
L

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY (THE "COMMISSION") DECLARING ITS OFFICIAL INTENT TO REIMBURSE ITSELF WITH THE PROCEEDS OF A FUTURE TAX-EXEMPT BORROWING FOR CERTAIN CAPITAL EXPENDITURES TO BE UNDERTAKEN BY THE COMMISSION; IDENTIFYING SAID CAPITAL EXPENDITURES AND THE FUNDS TO BE USED FOR SUCH PAYMENT; AND PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH.

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

WHEREAS, the Commission has determined that it is in the best interest of the Commission to make certain capital expenditures on the projects named in this Resolution; and

WHEREAS, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures in an amount not to exceed $160,000,000, *all or a portion of which may reimburse* the Commission for the portion of such capital expenditures incurred or to be incurred subsequent to the date which is 60 days prior to the date hereof but before such borrowing, and the proceeds of such tax-exempt borrowing will be allocated to reimburse the Commission's expenditures within 18 months of the later of the date of such capital expenditures or the date that *each of* the Projects (as hereinafter defined) is placed in service (but in no event more than 3 years after the date of the original expenditure of such moneys); and

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

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION THAT:

Section 1. ***Declaration of Official Intent.*** The Commission presently intends and reasonably expects to finance certain Commission facilities and property improvements to the properties as described in the Commission's FY 20 Capital Budget attached, including **900 Thayer Avenue, Alexander House, Avondale Apartments, The Barclay, Bauer Park, Brooke Park, Brookside Glen, Camp Hill Square, CDBG-NSP-NCI, Chelsea Towers, Cider Mill, Dale Drive, Deeply Affordable Unit Renovation, Diamond Square, Elizabeth House III, Fairfax Court, Georgian Court, Glenmont Crossing, Glenmont Westerly, Greenhills,**

Holiday Park, Jubilee Hermitage, Jubilee Woodedge, King Farm Village Center, The Lindley (formerly Chevy Chase Lakes) Magruder's Discovery, Manchester Manor, Manor at Clopper's Mill, Manor at Colesville, Manor at Fair Hill Farm, McHome, McKendree, MetroPointe, The Metropolitan, Montgomery Arms, MHLP VII, MHLP VIII, MHLP IX-Pond Ridge, MHLP Scattered, MHLP X, MPDU 2007 Phase II, MPDU I, MPDU II (TPM), MPDU III, The Oaks at Four Corners, Paddington Square, Paint Branch, Pomander Court, Pooks Hill High-Rise, Pooks Hill Mid-Rise, RAD 6 Properties (Ken Gar, Parkway Wood, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place, and Washington Square), Scattered Site One, Scattered Site Two, Shady Grove, Southbridge, State Rental Combined, Strathmore Court, Stewartown, Timberlawn, Upton, VPC One and VPC Two, Waverly House, Westwood Tower, and The Willows and capital improvements to the Commission's administrative offices and information technology (collectively, the "Projects") with moneys currently contained in its Operating Reserve Account, Replacement Reserve Account and General Fund Property Reserve Account for these Projects and from its operating cash.

Section 2. ***Dates of Capital Expenditures.*** All of the capital expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings were made not earlier than 60 days prior to the date of this Resolution except preliminary expenditures related to the Projects as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).

Section 3. ***Issuance of Bonds or Notes.*** The Commission presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed $160,000,000 **will be applied** to reimburse the Commission for its expenditures in connection with the Projects.

Section 4. ***Confirmation of Prior Acts.*** All prior acts and doings of the officials, agents and employees of the Commission which are in conformity with the purpose and intent of this Resolution, and in furtherance of the Projects, shall be and the same hereby are in all respects ratified, approved and confirmed.

Section 5. ***Repeal of Inconsistent Resolutions.*** All other resolutions of the Commission, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the *extent* of such inconsistency.

Section 6. ***Effective Date of Resolution.*** This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED at a regular meeting held this ____ day of _____________.

S
E
A
L

____

Patrice Birdsong
Special Assistant to the Commission

Development and Finance Committee

APPROVAL TO CONSOLIDATE THE OWNERSHIP STRUCTURE OF 900 THAYER INTO A SINGLE ENTITY AND TO EXECUTE A LIMITED PARTNERSHIP AGREEMENT WITH WELLS FARGO COMMUNITY LENDING AND INVESTMENT APPROVED TO SERVE AS LOW INCOME HOUSING TAX CREDIT INVESTOR

SILVER SPRING

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
HYUNSUK CHOI

June 05, 2019

TABLE OF CONTENTS

Executive Summary

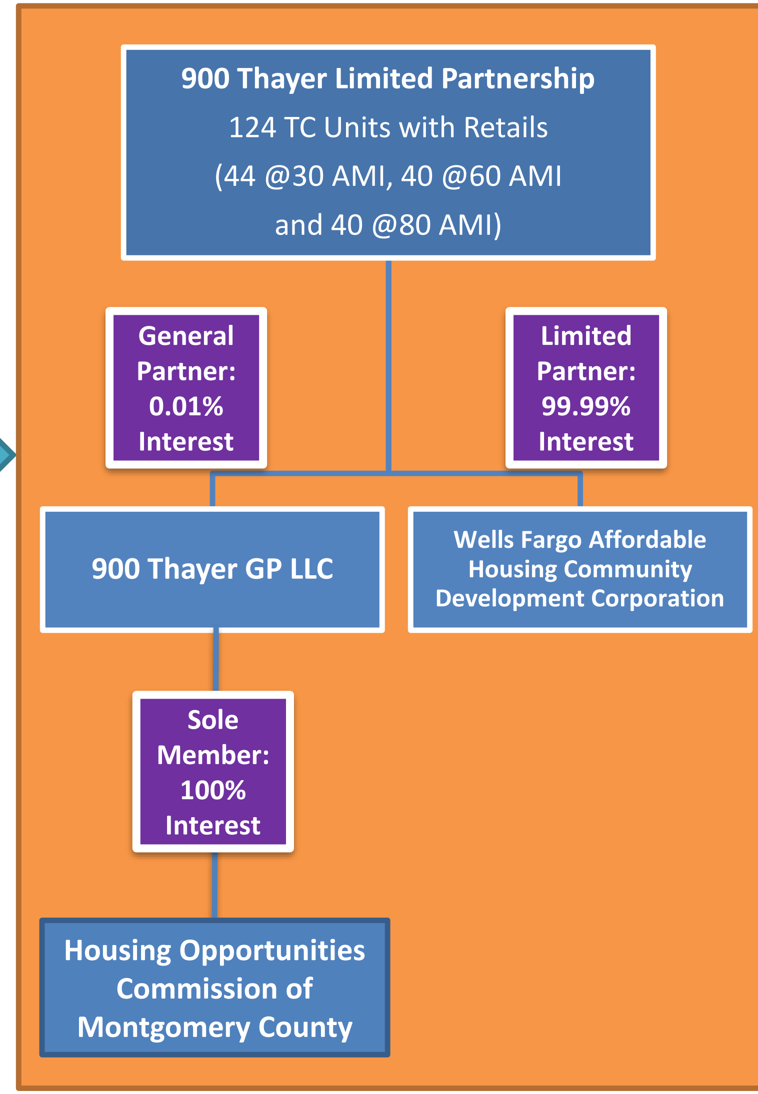
- 900 Thayer ("900 Thayer" or the "Property") is a 124-unit, mixed-income, mixed-use apartment community with 5,098 square feet of ground-floor retail space, currently under construction in Silver Spring, MD.
- The Property is an important element in HOC's portfolio as it will provide 84 relocation housing units under HUD's Rental Assistance Demonstration ("RAD") / Project Based Rental Assistance ("PBRA") programs.
- On January 10, 2018, in preparation for the financing via 9% and 4% LIHTC funding (Twinning), the Commission approved the ownership of 900 Thayer by three separate entities, each 100% owned or controlled by HOC: 900 Thayer Nine Limited Partnership ("900 Thayer Nine"), 900 Thayer Limited Partnership ("900 Thayer LP") and 900 Thayer Development Corporation (the "Corporation").

Under construction as May 15, 2019

- To achieve this ownership structure, the Commission first sold the Property and assigned the construction contract to the Corporation, which in turn sold a portion of the Property and assigned respective shares of the development costs to 900 Thayer Nine and 900 Thayer LP. HOC also created entities to serve as the General Partners of the tax credit ownership entities.
- On January 30, 2018, 900 Thayer Nine and 900 Thayer LP entered into separate HAP contracts and RAD Use Agreements for 62 units and 22 units, respectively, as part of the disposition of 84 units of public housing from Holly Hall and the transfer of their rental assistance to the Property.
- Upon notification that 900 Thayer Nine did not receive an allocation for 9% LIHTC, staff resubmitted an application for 4% LIHTC for the entire 124-unit Property. On December 5, 2018, the Commission approved the execution of a Letter of Intent ("LOI") with Wells Fargo Community Lending and Investing ("Wells Fargo") to serve as LIHTC investor for the Property. Staff received its 42(m) letter from Maryland Department of Housing and Community Development ("DHCD") on April 24, 2019 and staff is preparing to close on the transaction by June 30, 2019.
- The Property no longer needs a separate 9% LIHTC entity; therefore, HOC staff is seeking approval by the Commission to consolidate 900 Thayer's ownership structure as it prepares to close on the 4% LIHTC transaction.

Ownership Structure—Old and Revised

Old Ownership Structure



Revised Ownership Structure

- To maximize the use of tax credits, HOC initially pursued both 9% and 4% LIHTCs for the project by creating three separate condominiums with three separate owners shown above.
- The 900 Thayer development was unsuccessful in securing an allocation of 9% LIHTC credits; therefore, staff must now execute a permanent financing structure to reflect a development funded from 4% LIHTC equity proceeds. The revised ownership structure is formed so that it maximizes the financing that can be utilized. This structure is the single entity needed to enable the use of the income averaging method.

Next Steps

900 Thayer LP, 900 Thayer Nine and the Corporation are completely separate entities with separate assets, liabilities and contracts; therefore, the following steps must occur in order to consolidate the ownership structure into a single entity:

- Transfer all assets and liabilities to 900 Thayer LP (including loan documents and construction contracts);
- Consolidation of RAD Documentation (including HAP contracts and RAD Use Agreements).

In order to close on the LIHTC transaction, the following additional steps must occur:

- Execution of a Limited Partnership Agreement ("LPA") with Wells Fargo. On December 5, 2018, the Commission approved Wells Fargo as the LIHTC Investor and authorized the Executive Director to negotiate an LPA. The LPA has been negotiated and is ready to be executed.
- As part of the LPA, Wells Fargo is requiring a Master Lease Agreement covering the Property's three retail units, with a guarantee from HOC in the event of an operating deficit. Should there be a deficit (after drawing beyond available reserves), HOC must infuse cash to make the investor whole. Conversely, if HOC sublets the retail spaces for more than the amount owed under the Master Lease Agreement, HOC keeps the difference.

Prior Commission Action

Date	Res.	Description of Commission Resolutions
August 5, 2015	15-68(ES)	Approval to execute a purchase and sale contract for acquisition of 900 Thayer.
October 7, 2015	15-82(ES)	Approval to complete the acquisition of the Property.
September 15, 2017	17-62	Approval of a Financing Plan for the Construction of 900 Thayer and Approval to Fund up to $35 million from Various HOC Sources (Revolving Fund-$5 million, PNC Bank RELOC- $25 million, OH Bond Fund-$5 million)
January 10, 2018	18-001(TY) & 18-06	Approval to organize and execute condominium ownership structure in pursuit of 4% and 9% LIHTC.
December 5, 2018	18-97	Approval of Wells Fargo Community Lending and Investment as LIHTC Investor and authorized the Executive Director to negotiate an LPA.
May 8, 2019	19-50	Approval of the Financing Plan for 900 Thayer; Authorization to Issue Loans to 900 Thayer Limited Partnership for Acquisition and Construction Financing; Authorization to Issue Commitments for up to $16.6 Million in Permanent Financing, Including Authorization to Hedge Interest Rate Risk; and, Authorization for the Borrower to Accept Acquisition and Construction Loans
	19-50A	Adoption of an Authorizing Resolution for One or More Tax-Exempt Drawings on the PNC Bank, National Association Real Estate Revolving Line of Credit to Finance the Acquisition, Construction and Equipping of the 900 Thayer Project
	19-50B	Approval to Draw from the PNC Bank, N.A. Real Estate Line of Credit to Fund a Construction and Bridge Loan for 900 Thayer in Accordance with the Approved Financing Plan

Summary and Recommendations

Issues for Consideration

Does the Commission accept the recommendation of the Development and Finance Committee that Commission accept Staff's recommendation and approve:

1. The transfer of all assets and liabilities from 900 Thayer Nine to 900 Thayer LP and the acceptance by 900 Thayer LP of such transfer?
2. The acceptance of the transfer of all assets and liabilities from the Corporation to 900 Thayer LP, when such transfer has been approved by the Corporation?
3. The consolidation of the 900 Thayer Nine and 900 Thayer LP HAP contracts and RAD Use Agreements into one HAP contract and one RAD Use Agreement to be held by 900 Thayer LP?
4. The termination of the condominium regime so that 900 Thayer LP is the sole owner of the Property?
5. Entering into a Master Lease Agreement for the Property's three (3) retail units and providing a guarantee to Wells Fargo Community Lending and Investing in the event of any operating deficit for the retail units?
6. The execution of a Limited Partnership Agreement with Wells Fargo Community Lending and Investing?

Summary and Recommendations

Issues for Consideration

Does the Commission accept the recommendation of the Development and Finance Committee that Commission accept Staff's recommendation and approve:

1. The consolidation of the 900 Thayer Nine and 900 Thayer LP HAP contracts and RAD Use Agreements into one HAP contract and one RAD Use Agreement to be held by 900 Thayer Limited Partnership, and approves the execution of any and all documentation required in connection therewith, including without limitation, termination of the existing HAP contract or RAD Use Agreement (to the extent required)?
2. Accepts the transfer of all assets and liabilities from the Corporation and 900 Thayer Nine, including loan documents and construction contracts, to 900 Thayer Limited Partnership, and approves the execution of any and all documentation required in connection therewith?
3. Approves the termination of the Declaration of Condominium, and any and all documents required in connection therewith?
4. Approves the termination of the condominium regime so that 900 Thayer Limited Partnership is the sole owner of the Property?
5. Approves the execution of a Limited Partnership Agreement with Wells Fargo Community Lending and Investing, and any and all documents required in connection therewith?
6. Approves entering into a Master Lease Agreement for the Property's three (3) retail units and providing a guarantee to Wells Fargo Community Lending and Investing in the event of any operating deficit for the retail units?

Time Frame

Action at the June 5, 2019 meeting of the Commission.

Committee Consideration

On May 24, 2019, the Development and Finance Committee considered this request and it unanimously voted that the request advances to the Commission approval.

Budget/Fiscal Impact

There is no adverse impact for the Agency's FY 2019 budget.

Summary and Recommendations

Staff Recommendation and Commission Action Needed

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

1. The consolidation of the 900 Thayer Nine and 900 Thayer LP HAP contracts and RAD Use Agreements into one HAP contract and one RAD Use Agreement to be held by 900 Thayer Limited Partnership, and approves the execution of any and all documentation required in connection therewith, including without limitation, termination of the existing HAP contract or RAD Use Agreement (to the extent required).
2. Accepts the transfer of all assets and liabilities from the Corporation and 900 Thayer Nine, including loan documents and construction contracts, to 900 Thayer Limited Partnership, and approves the execution of any and all documentation required in connection therewith.
3. Approves the termination of the Declaration of Condominium, and any and all documents required in connection therewith.
4. Approves the termination of the condominium regime so that 900 Thayer Limited Partnership is the sole owner of the Property.
5. Approves the execution of a Limited Partnership Agreement with Wells Fargo Community Lending and Investing, and any and all documents required in connection therewith.
6. Approves entering into a Master Lease Agreement for the Property's three (3) retail units and providing a guarantee to Wells Fargo Community Lending and Investing in the event of any operating deficit for the retail units.
    - The Guarantee will be capped at the lesser of (A) such operating deficit or (B) the gap between the actual net income of the commercial space and the modeled amount.

RESOLUTION No.: 19-65 **RE: Approval to Consolidate the Ownership Structure of 900 Thayer into a Single Entity and to Executive a Limited Partnership Agreement with Wells Fargo Community Lending and Investment to Serve as Low Income Housing Tax Credit Investor**

WHEREAS, on March 16, 2016, the Commission acquired real property commonly known as 900 Thayer located at 8240 Fenton Street, Silver Spring, MD, comprised of approximately 0.65 acres (28,526 square feet) of land ("900 Thayer" or the "Property"); and

WHEREAS, on January 22, 2018, to maximize the use of Low Income Housing Tax Credits ("LIHTCs"), HOC pursued both 9% and 4% LIHTCs for the Property and "divided" 900 Thayer into three separate condominiums with three separate owners as follows: (1) 69 mixed-income apartment units consisting of 62 Rental Assistance Demonstration ("RAD") units and seven market rate units owned by 900 Thayer Nine Limited Partnership ("900 Thayer Nine"), which would be funded with 9% LIHTC equity proceeds; (2) 22 RAD units owned by 900 Thayer Limited Partnership ("900 Thayer LP"), which would be funded with 4% LIHTC equity proceeds and tax-exempt bonds; and (3) 33 market rate units owned by 900 Thayer Development Corporation (the "Corporation"); and

WHEREAS, HOC is the sole member of 900 Thayer Nine GP LLC, which is the general partner of 900 Thayer Nine, and HOC is the sole member of 900 Thayer GP LLC, which is the general partner of 900 Thayer LP; and

WHEREAS, on January 30, 2018, 900 Thayer Nine and 900 Thayer LP entered into separate HAP contracts and RAD Use Agreements (for 62 units and 22 units, respectively) as part of the disposition of 84 units of public housing from Holly Hall and the transfer of their rental assistance to the Property; and

WHEREAS, on December 5, 2018, the Commission approved Wells Fargo Community Lending and Investment ("Wells Fargo") as the LIHTC syndicator for 900 Thayer and authorized the negotiation of a Limited Partnership Agreement; and

WHEREAS, upon notification that 900 Thayer Nine did not receive an allocation for 9% LIHTC, staff resubmitted an application for 4% LIHTC with Income Averaging for the entire 124-unit Property in March 2019; and

WHEREAS, because 900 Thayer LP, 900 Thayer Nine, and the Corporation are separate entities with separate assets, liabilities, and contracts the following steps must occur in order to consolidate the ownership structure into a single entity: (1) the assets and liabilities of 900 Thayer Nine and the Corporation have to be transferred to 900 Thayer LP (including loan documents and construction contracts), and (2) the RAD documentation (including HAP contracts and RAD Use Agreements) has to be consolidated to be held solely by 900 Thayer LP; and

WHEREAS, following the consolidation of the ownership structure into a single entity, staff recommends that the declaration of condominium (the "Declaration of Condominium") created to govern the previous condominiums be terminated; and

WHEREAS, staff has negotiated the Limited Partnership Agreement and now recommends the Commission execute the Limited Partnership Agreement with Wells Fargo; and

WHEREAS, as part of the Limited Partnership Agreement, Wells Fargo has requested a Master Lease Agreement that covers the Property's three (3) retail units, with a guarantee from HOC in the event of an operating deficit.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of 900 Thayer Nine GP, LLC, the general partner of 900 Thayer Nine Limited Partnership, acting for itself and on behalf of 900 Thayer Nine Limited Partnership, hereby authorizes the transfer of all assets and liabilities of 900 Thayer Nine Limited Partnership to 900 Thayer Limited Partnership, and at an appropriate time thereafter, cause 900 Thayer Nine GP, LLC, and 900 Thayer Nine Limited Partnership to be dissolved, and at an appropriate time thereafter to be terminated.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of 900 Thayer GP LLC, the general partner of 900 Thayer Limited Partnership, acting on behalf of itself and on behalf of 900 Thayer Limited Partnership, that it hereby:

1. Accepts the transfer of all assets and liabilities from the Corporation and 900 Thayer Nine, including loan documents and construction contracts, to 900 Thayer Limited Partnership, and approves the execution of any and all documentation required in connection therewith;
2. Approves the consolidation of the 900 Thayer Nine and 900 Thayer LP HAP contracts and RAD Use Agreements into one HAP contract and one RAD Use Agreement to be held by 900 Thayer Limited Partnership, and approves the execution of any and all documentation required in connection therewith, including without limitation, termination of the existing HAP contract or RAD Use Agreement (to the extent required);
3. Approves the termination of the Declaration of Condominium, and any and all documents required in connection therewith;
4. Approves the termination of the condominium regime so that 900 Thayer Limited Partnership is the sole owner of the Property;
5. Approves the execution of a Limited Partnership Agreement with Wells Fargo Community Lending and Investing, and any and all documents required in connection therewith; and
6. Approves entering into a Master Lease Agreement for the Property's three (3) retail units and providing a guarantee to Wells Fargo Community Lending and Investing in the event of any operating deficit for the retail units.

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

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open session meeting on June 5, 2019.

S
E
A
L

____

Patrice M. Birdsong
Special Assistant to the Commission

AUTHORIZATION TO DRAW ON THE PNC BANK, N.A. LINE OF CREDIT TO REFUND AND REDEEM SINGLE FAMILY BONDS

June 5, 2019

- The Commission receives a limited allocation of volume cap from the Maryland Department of Housing and Community Development each year, and due to the Commission's extensive multifamily pipeline in 2019, the existing Single Family volume cap already used by the Commission should be preserved.

- On December 5, 2018, the Commission approved a $5 million allocation on the $60 million PNC Bank, N.A. Line of Credit ("PNC LOC") for the Single Family Mortgage Purchase Program (the "Program") for use on a revolving basis in accordance with its terms for the purpose of preserving Single Family volume cap via replacement refunding of bonds. Of this amount, $2.32 million was drawn in January 2019, leaving $2.68 million available.

- Volume cap can be extended by executing a replacement refunding of bonds that are to be redeemed, and the PNC LOC is a form of debt which can be used to refund bonds to preserve volume cap.

- On July 1, 2019, $4.6 million of replacement refunding eligible bonds are anticipated to be redeemed; therefore, staff is requesting a $3 million increase to the replacement refunding allocation on the PNC LOC for the Program for the purpose of preserving single family volume cap. The additional $3 million will increase the use of the PNC LOC for the Program's replacement refundings for up to $8 million on a revolving basis. Total drawn by the Program as of July 1, 2019, is anticipated to be approximately $6.92 million.

- The Program's PNC LOC use of up to $8 million to recycle and preserve single family volume cap will revert to up to $5 million on a revolving basis once the January and July 2019 draws are retired via the Single Family bond issuance anticipated in Fall 2019Fall 2019.

- While outstanding, the draw on the line is collateralized by the funds (repayments and revenue) in the Single Family 1979 Indenture. If no bonds were issued, these funds are available to repay the draw on the line of credit.

M E M O R A N D U M

TO:	Housing Opportunities Commission			
VIA:	Stacy L. Spann, Executive Director			
FROM:	Staff: Kayrine V. Brown	Division: Mortgage Finance		Ext. 9480
	Jennifer H. Arrington	Mortgage Finance		Ext. 9589
RE:	Authorization to Draw on the PNC Bank, N.A. Line of Credit to Refund and Redeem Single Family Bonds			
DATE:	June 5, 2019			

STATUS: Consent ______ Deliberation __X___ Status Report ______

OVERALL GOAL & OBJECTIVE:
To preserve volume cap in preparation for a Single Family bond issuance in 2019.

BACKGROUND:
The Housing Opportunities Commission of Montgomery County (the "Commission") has utilized the practice of issuing refunding bonds in the Single Family Mortgage Purchase Program (the "Program") to (i) recycle and extend the life of volume cap it allocates to each bond issue and/or (ii) refinance its outstanding bond debt at lower interest rates, thereby resulting in the reduction or elimination of negative arbitrage expense to the Program.

The Commission receives a limited quantity of volume cap allocation from the Maryland Department of Housing and Community Development (the "State") each year, which is used for the issuance of Private Activity tax-exempt bonds. Due to the Commission's extensive pipeline of anticipated multifamily projects in 2019 and the limited volume cap received annually from the State (approximately $36 million), existing Single Family volume cap already used by the Commission should be preserved to the extent possible. Volume cap can be extended by executing a "replacement refunding" of certain Mortgage Revenue Bonds ("MRBs") or Housing Revenue Bonds ("HRBs") that are to be redeemed on a specified redemption date. The replacement refunded bonds can either be replaced with newly issued bonds or via a form of debt, i.e. a draw on the PNC Bank, N.A. $60 million Line of Credit ("PNC LOC"). Neither require additional volume cap.

On December 5, 2018, the Commission approved a $5 million allocation on the PNC LOC for the Program for use on a revolving basis in accordance with its terms for the purpose of preserving Single Family volume cap via replacement refunding of bonds. Of this amount, $2.32 million was drawn, leaving $2.68 million available.

To preserve volume cap in preparation of the Single Family bond issuance, now anticipated in Fall 2019, the Commission can use debt via the PNC LOC to refund Single Family MRBs or HRBs that are eligible to be redeemed using unrestricted mortgage repayments and prepayments or excess revenues, which are not otherwise being redeemed by the IRS 10-year rule restricting mortgage repayments and prepayments. The volume cap associated with the MRBs or HRBs refunded using the PNC LOC can then be transferred to a new bond issuance and the proceeds from the new bond issuance can be used to pay off the PNC LOC that was originally used to refund the bonds.

On July 1, 2019, approximately $4.6 million of replacement refunding eligible bonds are anticipated to be redeemed within the Single Family 1979 and 2009 Indentures, which can be refunded using the PNC LOC to retain a like amount of volume cap. Please see the below bond series and amounts affected in this transaction:

Bond Series	Amount
2009 Series C-2	$360,000
2009 Series C-3	$240,000
2011 Series A	$285,000
2012 Series A	$330,000
2013 Series A	$1,245,000
2016 Series A	$1,040,000
2017 Series A	$670,000
2017 Series B	$110,000
2018 Series A	$310,000
Total Replacement Refunding	**$4,590,000**

As an alternative to using the PNC LOC to refund bonds for the replacement refunding, the Commission may postpone redemption of bonds until the next bond call date of January 1, 2020. The risks of this strategy are as follows:

1. **Loss of volume cap.** The amount of volume cap at risk is $1,620,000 and consists of maturing principal redemptions which must occur on July 1, 2019 and cannot be postponed.
2. **An increase in interest expense.** Interest expense of approximately $57,650 will be incurred on $3,010,000 of replacement refunding eligible bonds between July 1, 2019 and January 1, 2020, versus an estimated interest expense of $26,200 by using the PNC LOC on the Redemption Date (which would result in estimated savings of $31,450).

<u>Conclusion</u>
The benefits from the use of the PNC LOC to complete the redemption of bonds on July 1, 2019 are significant, given the volume cap constraints facing the Commission. Therefore, considering

only $2.68 million remains available under the December 5, 2018 Commission resolution, staff is requesting a $3 million increase to the replacement refunding allocation on the PNC LOC for the Program for the purpose of preserving single family volume cap. The additional $3 million will increase the use of the PNC LOC for the Program's replacement refundings from $5 million to up to $8 million on a revolving basis. Total drawn by the Program as of July 1, 2019, is anticipated to be approximately $6.92 million.

The Program's use of the PNC LOC to recycle and preserve single family volume cap will revert from $8 million to up to $5 million on a revolving basis upon the closing of the Single Family bond issuance in fall 2019.

ISSUES FOR CONSIDERATION:
Should the Commission authorize an interim $3 million increase to the loan from the PNC Bank, N.A. Line of Credit from $5 million to up to $8 million to refund Single Family Mortgage Revenue Bonds eligible for replacement refunding?

PRINCIPALS:
Housing Opportunities Commission of Montgomery County
PNC Bank, N.A.
Caine Mitter & Associates Incorporated, Financial Advisor

BUDGET IMPACT:
There is no impact on the Commission's operating budget. The Single Family Mortgage Purchase Program will bear the interest cost of the loan at the contract LOC rate. The current unused capacity on the PNC LOC as of April 30, 2019 is $24,882,376.21. While outstanding, the draw on the PNC LOC is fully cash collateralized by the corresponding amount of cash in the singe family indenture.

TIMEFRAME:
For action at the June 5, 2019 Commission meeting.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:
Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and authorize a $3 million increase to the Program's replacement refunding allocation from $5 million to up to $8 million on the PNC LOC for the purpose of preserving single family volume cap. The Single Family Program's use of the PNC LOC to recycle and preserve Single Family volume cap will revert to up to $5 million on a revolving basis upon the closing of the Single Family bond issuance in Fall 2019 fall 2019, but that the term of the draw shall not exceed 12 months.

RESOLUTION No.: 19-67 **RE: Authorization to Draw on the PNC Bank, N.A. Line of Credit to Refund and Redeem Single Family Bonds**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes; and

WHEREAS, the Commission has issued various series of Single Family Mortgage Revenue Bonds ("MRBs") under the Single Family Bond Resolution originally adopted on March 28, 1979, as amended, and has issued various series of Single Family Housing Revenue Bonds ("HRBs") under the Single Family Housing Bond Resolution originally adopted on November 20, 2009, as amended, a portion of which are currently outstanding; and

WHEREAS, pursuant to its authority, the Commission has utilized the practice of issuing refunding bonds in the Single Family Mortgage Purchase Program (the "Program") to recycle and extend the life of volume cap it allocates to each bond issue and/or to refinance its outstanding bond debt at lower interest rates, thereby, minimizing negative arbitrage expenses to the Program; and

WHEREAS, the ability to recycle volume cap is facilitated by reserving mortgage principal repayments and prepayments to make new mortgage loans and using the proceeds of a new bond issue to refund and redeem the prior outstanding bonds associated with the mortgage principal repayments and prepayments; and

WHEREAS, due to the Commission's extensive pipeline of anticipated multifamily projects in 2019 and the limited volume cap received annually from the Maryland Department of Housing and Community Development, existing single family volume cap already used by the Commission should be preserved to the extent possible; and

WHEREAS, the Commission has a line of credit with PNC Bank, N.A. in the total amount of $60 million ("PNC LOC"), with an unobligated balance of approximately $24,882,376.21, as of April 30, 2019, and is a form of debt which can be used to refund MRBs and HRBs to preserve volume cap; and

WHEREAS, the Commission may draw on the PNC LOC based on various London Interbank Offered Rates ("LIBOR") on a taxable basis at LIBOR plus 90 basis points or tax-exempt basis at 68.5% of LIBOR plus 59 basis points; and

WHEREAS, on December 5, 2018, the Commission approved an up to $5 million allocation on the PNC LOC for the Program for use on a revolving basis in accordance with its terms for the purpose of preserving Single Family volume cap via replacement refunding of Single Family MRBs or HRBs; and

WHEREAS, the Commission wishes to preserve its existing bond authority.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission approves a $3 million increase to the Single Family Mortgage Purchase Program's replacement refunding allocation from $5 million to up to $8 million on the $60 million PNC Bank, N.A. Line of Credit and that funds may be drawn on the PNC LOC on a taxable basis at the 30-day LIBOR plus 90 basis points for the purpose of preserving single family volume cap.

BE IT FURTHER RESOLVED that the Single Family Mortgage Purchase Program's use of the PNC LOC to recycle and preserve Single Family volume cap will revert to up to $5 million on a revolving basis upon the closing of the Single Family bond issuance in fall 2019, but that the term of the draw shall not exceed 12 months.

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

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June 5, 2019.

S
E ______________________________________
A Patrice Birdsong
L Special Assistant to the Commission

Deliberation

and/or

Action

Future Action

Adjourn

Development Corporation Meetings

APPROVAL TO CONSOLIDATE THE OWNERSHIP STRUCTURE OF 900 THAYER INTO A SINGLE ENTITY; TO TRANSFER THE CORPORATION'S ASSETS TO 900 THAYER LP TO EFFECT THE CLOSING OF THE LIHTC TRANSACTION; AND TO DISSOLVE AND TERMINATE THE CORPORATION

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
HYUNSUK CHOI

June 05, 2019

Executive Summary

- 900 Thayer ("900 Thayer" or the "Property") is a 124-unit, mixed-income, mixed-use apartment community with 5,098 square feet of ground-floor retail space, currently under construction in Silver Spring, MD.
- The Property is an important element in HOC's portfolio as it will provide 84 relocation housing units under HUD's Rental Assistance Demonstration ("RAD") / Project Based Rental Assistance ("PBRA") programs.
- On January 10, 2018, in preparation for the financing via 9% and 4% LIHTC funding (Twinning), the Commission approved the ownership of 900 Thayer by three separate entities, each 100% owned or controlled by HOC: 900 Thayer Nine Limited Partnership ("900 Thayer Nine"), 900 Thayer Limited Partnership ("900 Thayer LP") and 900 Thayer Development Corporation (the "Corporation").

Under construction as May 15, 2019

- To achieve this ownership structure, the Commission first sold the Property and assigned the construction contract to the Corporation, which in turn sold a portion of the Property and assigned respective shares of the development costs to 900 Thayer Nine and 900 Thayer LP. HOC also created entities to serve as the General Partners of the tax credit ownership entities.
- On January 30, 2018, 900 Thayer Nine and 900 Thayer LP entered into separate HAP contracts and RAD Use Agreements for 62 units and 22 units, respectively, as part of the disposition of 84 units of public housing from Holly Hall and the transfer of their rental assistance to the Property.
- Upon notification that 900 Thayer Nine did not receive an allocation for 9% LIHTC, staff resubmitted an application for 4% LIHTC for the entire 124-unit Property. On December 5, 2018, the Commission approved the execution of a Letter of Intent ("LOI") with Wells Fargo Community Lending and Investing ("Wells Fargo") to serve as LIHTC investor for the Property. Staff received its 42(m) letter from Maryland Department of Housing and Community Development ("DHCD") on April 24, 2019 and staff is preparing to close on the transaction by June 30, 2019.
- The Property no longer needs a separate 9% LIHTC entity; therefore, HOC staff is seeking approval by the Commission to consolidate 900 Thayer's ownership structure as it prepares to close on the 4% LIHTC transaction.

Summary and Recommendations

Staff Recommendation and Commission Action Needed

Does the 900 Thayer Development Corporation accepts the recommendation of the Development and Finance Committee and authorize the Commission to transfer all of the Corporation's assets and liabilities to 900 Thayer LP and dissolve the corporation upon completion of the transfer?

900 THAYER DEVELOPMENT CORPORATION

RESOLUTION No.: 19-001THY **RE: Approval to Consolidate the Ownership Structure of 900 Thayer into a Single Entity; to Transfer the Corporation's Assets to 900 Thayer LP to Effect the Closing of the LIHTC Transaction; and to Dissolve and Terminate the Corporation**

WHEREAS, 900 Thayer Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission"); and

WHEREAS, on March 16, 2016, the Commission acquired real property commonly known as 900 Thayer located at 8240 Fenton Street, Silver Spring, MD, comprised of approximately 0.65 acres (28,526 square feet) of land ("900 Thayer" or the "Property"); and

WHEREAS, on January 22, 2018, to maximize the use of Low Income Housing Tax Credits ("LIHTCs"), HOC pursued both 9% and 4% LIHTCs for the Property and "divided" 900 Thayer into three separate condominiums with three separate owners as follows: (1) 69 mixed-income apartment units consisting of 62 Rental Assistance Demonstration ("RAD") units and 7 market rate units owned by 900 Thayer Nine Limited Partnership ("900 Thayer Nine"), which would be funded with 9% LIHTC equity proceeds; (2) 22 RAD units owned by 900 Thayer Limited Partnership ("900 Thayer LP"), which would be funded with 4% LIHTC equity proceeds and tax-exempt bonds; and (3) 33 market rate units owned by the Corporation; and

WHEREAS, upon notification that 900 Thayer Nine did not receive an allocation for 9% LIHTC, staff resubmitted an application for 4% LIHTC with Income Averaging for the entire 124-unit Property in March 2019; and

WHEREAS, because 900 Thayer LP, 900 Thayer Nine, and the Corporation are separate entities with separate assets, liabilities, and contracts the assets and liabilities of 900 Thayer Nine and the Corporation have to be transferred to 900 Thayer LP (including loan documents and construction contracts); and

WHEREAS, following the transfer of assets and liabilities to 900 Thayer LP, 900 Thayer Nine and the Corporation will thereafter be dissolved, and at an appropriate time thereafter, be terminated.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of 900 Thayer Development Corporation that it hereby authorizes the execution of any and all documents necessary to effectuate the transfer of all of its assets and liabilities to 900 Thayer Limited Partnership, and for such assets to be transferred to 900 Thayer Limited Partnership.

BE IT FURTHER RESOLVED that the Board of Directors of 900 Thayer Development Corporation, after the transfer of the Corporation's assets to 900 Thayer Limited Partnership, authorizes the filing of any and all documents necessary to dissolve the Corporation and for the Corporation to be dissolved, and at an appropriate time thereafter, to file any and all documents necessary to terminate the Corporation and for the Corporation to be terminated.

BE IT FURTHER RESOLVED by the Board of Directors of 900 Thayer Development Corporation that the Commission's Executive Director is authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of 900 Thayer Development Corporation at a meeting conducted on June 5, 2019.

S
E
A
L

____
Patrice M. Birdsong
Special Assistant to the Board of Directors of
900 Thayer Development Corporation

Approval to Procure Property Management Services for Wheaton Metro Development Corporation

STACY L. SPANN, EXECUTIVE DIRECTOR
Charnita Jackson, Director of Property Management

June 5, 2019

Table of Contents

Topics **Page**

Executive Summary

On March 01, 2019, HOC issued a Request for Proposal (#2151) soliciting responses from firms to provide property management services for Wheaton Metro Development Corporation. Six proposals in total were received from CAPREIT, Vista Capital Management Group, Edgewood/Vantage, Bozzuto Management, Farmer Property Management, and Habitat America.

After review of the proposals, staff recommends that the Commission authorize the Executive Director negotiate and execute a contract with Bozzuto Management for Wheaton Metro Development Corporation.

Bozzuto offers a unique and highly valuable set of services and expertise, including leasing and managing retail spaces. Additionally, this experience will help guide HOC's planning and development of commercial spaces within residential buildings. The firm has an exemplary compliance record in affordable properties, including LIHTC, RAD, and mixed-income properties.

Selection of Property Management - Criteria

HOC issued a Request for Proposals (RFP) #2151 for Property Management Services for Wheaton Metro Development Corp in accordance with HOC's Procurement Policy.

HOC received responses from six management companies. The scoring team (consisting of staff from Property Management, LPA, Resident Services, and Compliance) completed its review of the responses on April 15, 2019, based on the following criteria:

15	**Criteria 1:**	Firm's past experience with the management of similar multi-family apartment communities in Montgomery County
15	**Criteria 2:**	Experience and qualifications of key personnel in managing similar types of apartment communities.
15	**Criteria 3:**	Successful property positioning and experience in managing capital improvements and major property renovation
15	**Criteria 4:**	Experience of the management company and key personnel in managing affordable housing programs. Demonstrated experience with initial tenant files and ongoing compliance.
5	**Criteria 5:**	References
10	**Criteria 6:**	Review of submitted materials and/or interview with review panel
15	**Criteria 7:**	Fees
10	**Criteria 8:**	Minority and/or Woman Owned
100	**Total Points**	

Selection of Property Management – Scoring Summary

Six respondents submitted proposals to RFP #2151. Staff reviewed the submissions, with Bozzuto and Edgewood/Vantage, and Habitat America receiving the highest total points.

Respondent	Criteria1	Criteria2	Criteria3	Criteria4	Criteria5	Criteria6	Criteria7	Criteria8	TOTAL
CAPREIT	13	13	13	14	5	9	12	-	79
Vista Capital Mgmt Group	3	12	9	11	4	9	-	-	48
Bozzuto	15	15	14	14	5	11	14	-	88
Edgewood / Vantage Team	15	14	14	14	5	9	13	-	84
Farmer Property Management	6	6	6	6	4	5	9	10	52
Habitat America, LLC	12	14	12	13	5	10	13	10	89

Selection of Property Management Company

Bozzuto

Staff is proposing a management contract with Bozzuto for Wheaton Metro Development Corporation for a term of two years with two one-year renewals in accordance with the new procurement policy. Although their proposed management fee was higher than the other respondents, Wheaton Metro Development Corporation is situated in an area of Wheaton surrounded by new rental product. More than ten rental properties are located within a two mile radius of Wheaton Metro Development Corporation and four have been built since 2014. The Flats @Wheaton Station, The Exchange, Solaire of Wheaton, The George and The Encore are properties offering high-end features and a host of property amenities. Despite the intense competition of the surrounding rental properties, Bozzuto (managing agent since 2008) has maintained an average occupancy of 93% in the market units and 98% in the tax credit units for the past 12 months. Bozzuto's aggressive and innovative marketing team has made possible the high levels of occupancy in an extremely competitive sub-market. Further, retail space is 100% leased and the property received a score of 98A for the 2018 REAC inspection.   CAPREIT, Farmer Properties, and Edgewood/Vantage management, proposed a competitive rate but lack experience in retail spaces.

Selection of Property Management – Firm Experience

Bozzuto

- Founded in 1988, Bozzuto Management Company oversees 62,000 units across 220 apartment communities and over 2.1 million square feet of retail space throughout the Mid Atlantic, New England, Southeast and Chicago.
- Recognized as the nation's best residential management company by NAHB in 2000 and 2009. Bozzuto Management Company is one of nations preeminent multifamily property managers. Bozzuto has completed the lease –up of over 150 properties, winning several industry awards for lease up pace in the process.

Current HOC Managed Properties	
Strathmore Court	Timberlawn Crescent
The Lindley	Metro Pointe
Metropolitan	

Proposed Fees

Responding Company	Metro Pointe, L.P & Dev Corp	Oaks @ Four Corners	The Glen (Brookside Glen, L.P)	Timberlawn Crescent	The Manor @ Fair Hill Farm	The Manor @ Colesville	The Manor @ Clopper's Mill, LLC
CAPREIT Management	$48.55 PUPM	**$38.33 or $35.91 PUPM	$55.62 PUPM	**$62.46 or $58.18 PUPM	$47.28 PUPM	**$49.28 or $46.33 PUPM	$45.69 PUPM
Vista Capital Mgmt Group	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated
Bozzuto	$77.07 PUPM	N/A	N/A	N/A	N/A	N/A	N/A
Edgewood/Vantage Team	$43.00 PUPM	$40.00 PUPM	$40.00 PUPM	$42.00 PUPM	$40.00 PUPM	$40.00 PUPM	$40.00 PUPM
Farmers Property Management	$48.38 PUPM	$28.93 PUPM	45.39 PUPM	$51.29 PUPM	$24.16 PUPM	$23.48 PUPM	$23.81 PUPM
Habitat America, LLC	N/A	N/A	N/A	N/A	$49.00 PUPM	$60.00 PUPM	$39.00 PUPM

Summary and Recommendations

Issues for Consideration

Does the Commission wish to award the property management services contract with Bozzuto Management, for property management services at Wheaton Metro Development Corporation?

Time Frame

Deliberation at the Budget, Finance and Audit Committee meeting on May 24, 2019; for Commission action at the June 5, 2019 meeting.

Summary and Recommendations

Budget Impact

The costs will also be factored into the FY 2020 and CY2020 budgets. Please note the estimated contract values presented below assume full occupancy (100%) at each property.

Bozzuto Management proposed a fee of $77.07 per unit per month for Wheaton Metro Development Corporation. Based on the terms outlined in the RFP, the estimated value of the contract is $159,997 for one year.

Summary and Recommendations

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission authorize the Executive Director execute a management contract with Bozzuto Management, for property management services at Wheaton Metro Development Corporation.

RESOLUTION NO.: 19-001WM RE: Approval to Procure Property Management Services Pursuant to RFP #2151 for Wheaton Metro

WHEREAS, Wheaton Metro Development Corporation (the "Corporation") owns the market-rate units and retail space at the development known as MetroPointe (the "Property");

WHEREAS, staff desires to execute a property management contract at the Property with Bozzuto Management Company for a term of two years with two one-year renewals.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Wheaton Metro Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County ("HOC") is hereby authorized and directed, without any further action on its part, to execute a contract with Bozzuto Management Company for a term of two years with two one-year renewals for property management services at the Property.

BE IT FURTHER RESOLVED by the Board of Directors of Wheaton Metro Development Corporation that the Executive Director of HOC is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Wheaton Metro Development Corporation at an open meeting conducted on June 5, 2019.

S
E
A
L

____

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

Approval to Procure Property Management Services for Oaks at Four Corners Development Corporation

STACY L. SPANN, EXECUTIVE DIRECTOR
Charnita Jackson, Director of Property Management

June 5, 2019

Table of Contents

Topics	**Page**

Executive Summary

On March 01, 2019, HOC issued a Request for Proposal (#2151) soliciting responses from firms to provide property management services for Oaks at Four Corners Development Corporation. Six proposals in total were received from CAPREIT, Vista Capital Management Group, Edgewood/Vantage, Bozzuto Management, Farmer Property Management, and Habitat America.

After review of the proposals, staff recommends that the Commission authorize the Executive Director negotiate and execute a contract with Edgewood/Vantage for Oaks at Four Corners Development Corporation.

The Edgewood/Vantage team offers a robust in-house Compliance Department as well as the additional benefit of coordinated marketing, lease-up, and compliance efforts, ensuring that potential renters are identified and moved into the property. Edgewood/Vantage has an in depth understanding of the Montgomery County housing market, its submarkets, and the monitoring agencies therein.

Selection of Property Management - Criteria

HOC issued a Request for Proposals (RFP) #2151 for Property Management Services for Oaks at Four Corners Development Corporation in accordance with HOC's Procurement Policy.

HOC received responses from six management companies. The scoring team (consisting of staff from Property Management, LPA, Resident Services and Compliance) completed its review of the responses on April 15, 2019, based on the following criteria:

15	**Criteria 1:**	Firm's past experience with the management of similar multi-family apartment communities in Montgomery County
15	**Criteria 2:**	Experience and qualifications of key personnel in managing similar types of apartment communities.
15	**Criteria 3:**	Successful property positioning and experience in managing capital improvements and major property renovation
15	**Criteria 4:**	Experience of the management company and key personnel in managing affordable housing programs. Demonstrated experience with initial tenant files and ongoing compliance.
5	**Criteria 5:**	References
10	**Criteria 6:**	Review of submitted materials and/or interview with review panel
15	**Criteria 7:**	Fees
10	**Criteria 8:**	Minority and/or Woman Owned
100	**Total Points**	

Selection of Property Management – Scoring Summary

Six respondents submitted proposals to RFP #2151. Staff reviewed the submissions, with Bozzuto, Edgewood/Vantage, and Habitat America receiving the highest total points.

Respondent	Criteria1	Criteria2	Criteria3	Criteria4	Criteria5	Criteria6	Criteria7	Criteria8	TOTAL
CAPREIT	13	13	13	14	5	9	12	-	79
Vista Capital Mgmt Group	3	12	9	11	4	9	-	-	48
Bozzuto	15	15	14	14	5	11	14	-	88
Edgewood / Vantage Team	15	14	14	14	5	9	13	-	84
Farmer Property Management	6	6	6	6	4	5	9	10	52
Habitat America, LLC	12	14	12	13	5	10	13	10	89

Edgewood/Vantage

Staff is proposing a management contract with Edgewood/Vantage for Oaks at Four Corners Development Corporation, for a term of two years with two one-year renewals in accordance with the agency's procurement policy. Edgewood/Vantage has extensive experience in managing affordable and mixed-income properties throughout Montgomery County, including numerous HOC LIHTC communities. Edgewood offers innovative strategies for marketing a property with limited amenities and the ability to perform detailed market analyses. Edgewood/Vantage consistently achieves REAC scores above 90% across its HOC portfolio. CAPREIT and Farmer Properties proposed a competitive rate but lack experience in one or more factors related to these three properties.

Selection of Property Management – Firm Experience

Edgewood/Vantage Management

- Edgewood was founded in 1973 and its class A Brand imprint Vantage was launched in January 2012.
- The firm is a leader in the Baltimore/Washington real estate market. Edgewood/Vantage manages over 216 properties in 14 states and the District of Columbia, comprising over 30,000 units.
- Edgewood/Vantage was ranked the 9th largest manager of affordable housing by the National Affordable Housing Management Association ("NAHMA") in 2014, and its senior executives are actively involved on the NAHMA legislative and regulatory affairs committees. Edgewood is an Accredited Management Organization through the Institute of Real Estate Management ("IREM") and continues to grow, adapt and improve every year.

Current HOC Managed Properties	
Alexander House	Shady Grove
Georgian Court	Spring Gardens
Montgomery Arms	Stewartown Homes
Oaks @ Four Corners	Willows
Pooks Hill Court/Tower	

Proposed Fees

Responding Company	Metro Pointe, L.P & Dev Corp	Oaks @ Four Corners	The Glen (Brookside Glen, L.P)	Timberlawn Crescent	The Manor @ Fair Hill Farm	The Manor @ Colesville	The Manor @ Clopper's Mill, LLC
CAPREIT Management	$48.55 PUPM	**$38.33 or $35.91 PUPM	$55.62 PUPM	**$62.46 or $58.18 PUPM	$47.28 PUPM	**$49.28 or $46.33 PUPM	$45.69 PUPM
Vista Capital Mgmt Group	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated
Bozzuto	$77.07 PUPM	N/A	N/A	N/A	N/A	N/A	N/A
Edgewood/Vantage Team	$43.00 PUPM	$40.00 PUPM	$40.00 PUPM	$42.00 PUPM	$40.00 PUPM	$40.00 PUPM	$40.00 PUPM
Farmers Property Management	$48.38 PUPM	$28.93 PUPM	45.39 PUPM	$51.29 PUPM	$24.16 PUPM	$23.48 PUPM	$23.81 PUPM
Habitat America, LLC	N/A	N/A	N/A	N/A	$49.00 PUPM	$60.00 PUPM	$39.00 PUPM

Summary and Recommendations

Issues for Consideration

Does the Commission wish to award the property management services contract with Edgewood/Vantage for property management services at the Oaks at Four Corners Development Corporation?

Time Frame

Deliberation at the Budget, Finance and Audit Committee meeting on May 24, 2019; for Commission action at the June 5, 2019 meeting.

Summary and Recommendations

Budget Impact

The costs will also be factored into the FY 2020 and CY2020 budgets. Please note the estimated contract values presented below assume full occupancy (100%) at each property.

Edgewood/Vantage Management proposed a fee of $40.00 per unit per month for the Oak at Four Corners Development Corporation. Based on the terms outlined in the RFP, the estimated value of the contract is $57,600 for one year.

Summary and Recommendations

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission authorize the Executive Director execute a management contract with Edgewood/Vantage for property management services at the Oaks at Four Corners Development Corporation.

RESOLUTION NO.: 19-001$_{OC}$ RE: Approval to Procure Property Management Services Pursuant to RFP #2151 for Oaks at Four Corners

WHEREAS, Oaks at Four Corners Development Corporation (the "Corporation") owns the development known as Oaks at Four Corners (the "Property");

WHEREAS, staff desires to execute a property management contract at the Property with Edgewood/Vantage Management Company for a term of two years with two one-year renewals.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Oaks at Four Corners Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County ("HOC") is hereby authorized and directed, without any further action on its part, to execute a contract with Edgewood/Vantage Management Company for a term of two years with two one-year renewals for property management services at the Property.

BE IT FURTHER RESOLVED by the Board of Directors of Oaks at Four Corners Development Corporation that the Executive Director of HOC is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Oaks at Four Corners Development Corporation at an open meeting conducted on June 5, 2019.

S
E
A
L

____
Patrice M. Birdsong
Special Assistant to the Board of Directors of Oaks at Four Corners Development Corporation

Limited Partnership Meeting

Approval to Procure Property Management Services for Brookside Glen Apartments Development Corporation

STACY L. SPANN, EXECUTIVE DIRECTOR
Charnita Jackson, Director of Property Management

June 5, 2019

Table of Contents

Executive Summary

On March 01, 2019, HOC issued a Request for Proposal (#2151) soliciting responses from firms to provide property management services for Metro Pointe, L.P & Dev Corp, Oaks at Four Corners, Brookside Glen (The Glen), Timberlawn Crescent, The Manor at Fair Hill Farm, LLC, The Manor at Colesville, LLC, The Manor at Cloppers Mill, LLC. Six proposals in total were received from CAPREIT, Vista Capital Management Group, Edgewood/Vantage, Bozzuto Management, Farmer Property Management, and Habitat America.

After review of the six proposals, staff recommends that the Commission authorize the Executive Director negotiate and execute contracts with Bozzuto Management, Edgewood/Vantage, and Habitat America, LLC.

The Edgewood/Vantage team offers a robust in-house Compliance Department as well as the additional benefit of coordinated marketing, lease-up, and compliance efforts, ensuring that potential renters are identified and moved into the property. Edgewood/Vantage has an in depth understanding of the Montgomery County housing market, its submarkets, and the monitoring agencies therein.

Selection of Property Management - Criteria

HOC issued a Request for Proposals (RFP) #2151 for Property Management Services for Brookside Glen (The Glen) in accordance with HOC's Procurement Policy.

HOC received responses from six management companies. The scoring team (consisting of staff from Property Management, LPA, Resident Services, and Compliance) completed its review of the responses on April 15, 2019, based on the following criteria:

15	**Criteria 1:**	Firm's past experience with the management of similar multi-family apartment communities in Montgomery County
15	**Criteria 2:**	Experience and qualifications of key personnel in managing similar types of apartment communities.
15	**Criteria 3:**	Successful property positioning and experience in managing capital improvements and major property renovation
15	**Criteria 4:**	Experience of the management company and key personnel in managing affordable housing programs. Demonstrated experience with initial tenant files and ongoing compliance.
5	**Criteria 5:**	References
10	**Criteria 6:**	Review of submitted materials and/or interview with review panel
15	**Criteria 7:**	Fees
10	**Criteria 8:**	Minority and/or Woman Owned
100	**Total Points**	

Selection of Property Management – Scoring Summary

Six respondents submitted proposals to RFP #2151. Staff reviewed the submissions, with Bozzuto, Edgewood/Vantage, and Habitat America receiving the highest total points.

Respondent	Criteria1	Criteria2	Criteria3	Criteria4	Criteria5	Criteria6	Criteria7	Criteria8	TOTAL
CAPREIT	13	13	13	14	5	9	12	-	79
Vista Capital Mgmt Group	3	12	9	11	4	9	-	-	48
Bozzuto	15	15	14	14	5	11	14	-	88
Edgewood / Vantage Team	15	14	14	14	5	9	13	-	84
Farmer Property Management	6	6	6	6	4	5	9	10	52
Habitat America, LLC	12	14	12	13	5	10	13	10	89

Selection of Property Management Company

Edgewood/Vantage

Staff is proposing management contracts with Edgewood/Vantage for Brookside Glen (The Glen) for a term of two years with two one-year renewals in accordance with the agency's procurement policy. Edgewood/Vantage has extensive experience in managing affordable and mixed-income properties throughout Montgomery County, including numerous HOC LIHTC communities. Edgewood offers innovative strategies for marketing a property with limited amenities and the ability to perform detailed market analyses. Edgewood/Vantage consistently achieves REAC scores above 90% across its HOC portfolio. CAPREIT and Farmer Properties proposed a competitive rate but lack experience in one or more factors related to these three properties.

Selection of Property Management – Firm Experience

Edgewood/Vantage Management

- Edgewood was founded in 1973 and its class A Brand imprint Vantage was launched in January 2012.
- The firm is a leader in the Baltimore/Washington real estate market. Edgewood/Vantage manages over 216 properties in 14 states and the District of Columbia, comprising over 30,000 units.
- Edgewood/Vantage was ranked the 9 th largest manager of affordable housing by the National Affordable Housing Management Association (“NAHMA”) in 2014, and its senior executives are actively involved on the NAHMA legislative and regulatory affairs committees. Edgewood is an Accredited Management Organization through the Institute of Real Estate Management (“IREM”) and continues to grow, adapt and improve every year.

Current HOC Managed Properties	
Alexander House	Shady Grove
Georgian Court	Spring Gardens
Montgomery Arms	Stewartown Homes
Oaks @ Four Corners	Willows
Pooks Hill Court/Tower	

Proposed Fees

Responding Company	Metro Pointe, L.P & Dev Corp	Oaks @ Four Corners	The Glen (Brookside Glen, L.P)	Timberlawn Crescent	The Manor @ Fair Hill Farm	The Manor @ Colesville	The Manor @ Clopper's Mill, LLC
CAPREIT Management	$48.55 PUPM	**$38.33 or $35.91 PUPM	$55.62 PUPM	**$62.46 or $58.18 PUPM	$47.28 PUPM	**$49.28 or $46.33 PUPM	$45.69 PUPM
Vista Capital Mgmt Group	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated	Fee Amount not stated
Bozzuto	$77.07 PUPM	N/A	N/A	N/A	N/A	N/A	N/A
Edgewood/Vantage Team	$43.00 PUPM	$40.00 PUPM	$40.00 PUPM	$42.00 PUPM	$40.00 PUPM	$40.00 PUPM	$40.00 PUPM
Farmers Property Management	$48.38 PUPM	$28.93 PUPM	45.39 PUPM	$51.29 PUPM	$24.16 PUPM	$23.48 PUPM	$23.81 PUPM
Habitat America, LLC	N/A	N/A	N/A	N/A	$49.00 PUPM	$60.00 PUPM	$39.00 PUPM

Summary and Recommendations

Issues for Consideration

Does the Commission wish to award the property management services contract with Edgewood/Vantage for property management services at Brookside Glen(The Glen)?

Time Frame

Deliberation at the Budget, Finance and Audit Committee meeting on May 24, 2019; for Commission action at the June 5, 2019 meeting.

Summary and Recommendations

Budget Impact

The costs will also be factored into the FY 2020 and CY2020 budgets. Please note the estimated contract values presented below assume full occupancy (100%) at each property .

Edgewood/Vantage Management proposed a fee of $40.00 per unit per month for Brookside Glen (The Glen). Based on the terms outlined in the RFP, the estimated value of the contract is $43,200 for one year.

Summary and Recommendations

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission authorize the Executive Director execute management contracts with Edgewood/Vantage for property management services at Brookside Glen (The Glen).

RESOLUTION NO.: 19-001BG RE: Approval to Procure Property Management Services Pursuant to RFP #2151 for Brookside Glen (The Glen)

WHEREAS, Brookside Glen Apartments Development Corporation (the "Corporation") is the general partner of Brookside Glen Limited Partnership, which owns the development known as Brookside Glen (The Glen) (the "Property");

WHEREAS, staff desires to execute a property management contract at the Property with Edgewood/Vantage Management Company for a term of two years with two one-year renewals.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Brookside Glen Apartments Development Corporation, acting for itself and on behalf of Brookside Glen Limited Partnership, as its general partner, that the Executive Director of the Housing Opportunities Commission of Montgomery County ("HOC") is hereby authorized and directed, without any further action on its part, to execute a contract with Edgewood/Vantage Management Company for a term of two years with two one-year renewals for property management services at the Property.

BE IT FURTHER RESOLVED by the Board of Directors of Brookside Glen Apartments Development Corporation, acting for itself and on behalf of Brookside Glen Limited Partnership, as its general partner, that the Executive Director of HOC is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Brookside Glen Apartments Development Corporation at an open meeting conducted on June 5, 2019.

S
E
A
L

____
Patrice M. Birdsong
Special Assistant to the Board of Directors of Brookside Glen Apartments Development Corporation

Administrative Session