



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

**EXPANDED AGENDA**

October 7, 2020

		Res #
<p>4:00 p.m.</p> <p>Page 4</p>	<p><b>I. <u>INFORMATION EXCHANGE</u></b></p> <ul style="list-style-type: none"> <li>A. Resident Advisory Board</li> <li>B. Community Forum*</li> <li>C. Report of the Executive Director</li> <li>D. Tony Davis Memorial Scholarship Recognition</li> <li>E. Commissioner Exchange</li> </ul> <p><b>*Community Forum – In order to continue to implement recommended social distancing guidelines, HOC will conduct its meetings via an online platform and teleconference call until further notice. Persons who desire to participate in the Community Forum must complete the Request to Address Commission Form found on the HOC webpage at least 24 hours prior to the start of the meeting. You will be required to provide your full first and last name, a valid email address, as well as a valid phone number to confirm your participation. Approved participants will be notified no later than 12:00 p.m. on the day of the Commission Meeting. Please refer to HOC’s website for the complete Public Observation and Participation Guidelines and for information on HOC’s State of Emergency Open Meeting Procedures.</b></p>	
<p>4:40 p.m.</p> <p>Page 9</p>	<p><b>II. <u>APPROVAL OF MINUTES</u></b></p> <ul style="list-style-type: none"> <li>A. Approval of Minutes of September 9, 2020</li> <li>B. Approval of Minutes of September 9, 2020 Administrative Session</li> </ul>	
<p>4:50 p.m.</p>	<p><b>III. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u></b></p>	
<p>Page 34</p> <p>54</p> <p>60</p> <p>63</p> <p>67</p> <p>71</p>	<p><b>A. Budget, Finance &amp; Audit Committee – Com. Nelson, Chair</b></p> <ul style="list-style-type: none"> <li>1. Acceptance of the Fourth Quarter FY’20 Budget to Actual Statement</li> <li>2. Authorization to Write-Off Uncollectible Tenant Accounts Receivable</li> <li>3. Acceptance of Calendar Year 2019 (CY’19) Audits of 900 Thayer Limited Partnership (LP) and HOC at The Upton II LLC</li> <li>4. Approval to Renew Property Management Contracts for The Metropolitan and Strathmore for One Year</li> <li>5. Approval to Renew Property Management Contract for Spring Garden One Associates Limited Partnership (LP)</li> <li>6. Authorization to Submit the County Fiscal Year 2022 (FY’22) Maximum Agency Request Ceiling (MARC)</li> </ul>	<p>20-67 (pg. 47)</p> <p>20-68 (pg. 59)</p> <p>20-69 (pg. 62)</p> <p>20-70 (pg. 66)</p> <p>20-71 (pg. 70)</p> <p>20-72 (pg. 73)</p>
<p>5:40 p.m.</p>	<p><b>B. Development and Finance Committee – Com. Simon, Chair</b></p>	

Page 75	1. <b>Single Family Mortgage Purchase Program (SF MPP):</b> Approval to Increase the Income Limits for the Single Family Mortgage Purchase Program	20-73 (pg. 83)
5:50 p.m.	<b><u>ADJOURN</u></b>	
6:00 p.m.	<b><u>DEVELOPMENT CORPORATION MEETING</u></b> <b><u>The Metropolitan Development Corporation</u></b>	
Page 87	<ul style="list-style-type: none"> <li>Approval to Renew Property Management Contract for The Metropolitan Development Corporation for One Year</li> </ul>	20-005 <sub>ME</sub> (pg. 90)
6:05 p.m.	<b><u>Montgomery Arms Development Corporation</u></b>	
Page 92	<ul style="list-style-type: none"> <li>Approval to Renew Property Management Contract for Montgomery Arms Development Corporation for One Year</li> </ul>	20-003 <sub>MA</sub> (pg. 95)
6:10 p.m.	<b><u>ADJOURN</u></b>	
6:20 p.m.	<b><u>ADMINISTRATIVE SESSION</u></b> <i>A closed Administrative Session will be called to order pursuant to Section 3-305(b)(3) and Section 3-305(b)(13) of the General Provisions Article of the Annotated Code of Maryland</i>	

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NOTES:

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

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

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# Information Exchange

### ***HOCP 2020 Inspire Celebration Goes Virtual***

HOC and nonprofit affiliate Housing Opportunities Community Partners (HOCP) hosted the third biannual *Inspire Celebration* on October 2, 2020. This year, staff organized a virtual fundraiser in lieu of an in-person gala event which was livestreamed on YouTube. As donations and sponsorship commitments continue to roll in, the current total fundraised is \$110,110. This total has far surpassed our projected expectations for a first-time virtual celebration.

The 2020 *Inspire Celebration* program contained several original and engaging videos composed by HOC staff, highlighting themes of the programs and services offered through HOCP, the effect of the global pandemic on HOC customers and housing affordability issues nationwide. It also included a compilation of winning video submissions from the *Inspire Celebration* Video Contest. Contest winners included customers Donques Fulton, Tashayla Fulton, and Kaitlyn Crosby, who received a prize for their bold and creative video monologues.

The centerpiece of the evening was the presentation of the inaugural *Shauna Sorrells Memorial Inspire Award* to Emmanuel Brinklow Seventh-Day Adventist Church and accepted by Senior Pastor Dr. Anthony Medley and Community Liaison Lynette Yancey. Late Chief Operating Officer, Shauna Sorrells, was the driving force behind the *Inspire Celebration* and this year we honored her legacy by recognizing an organization that embodies a visionary spirit, drive, and passion for service, much like Shauna herself.

Guest speakers for the evening included HOCP Board Chair, Ken Tecler, and Montgomery County Councilmember Hans Riemer. Livestream viewers enjoyed the stylings of DJ Jonathan Cartagena as well as live musical performances from Keyona and Friends throughout the night.

In addition to adapting to a new virtual platform, including the use of technologies Zoom and YouTube Live, we engaged in robust social media efforts targeted to boost awareness, raise donations, and encourage social engagement with HOC followers on Facebook and Twitter. Social media coverage on the *Inspire Celebration* will continue throughout the week of October 5, 2020, including further encouragement to donate.

### ***Fatherhood Initiative Closes Grant Year and Receives New Funding Award***

HOC's Fatherhood Initiative Program closed out the fifth and final year of its initial grant from the U.S. Department of Health and Human Services (HHS), Administration for Children and Families on September 30, 2020. Since 2016, when the Fatherhood Initiative Program began in earnest, 564 fathers enrolled in the program – gaining education, training, access to employment opportunities, significantly developing parenting skills and techniques, and building supportive bonds with other fathers. Of these, 432 successfully completed the various classes and workshops. Through the Fatherhood Initiative, 52% of the fathers received tuition assistance and successfully completed their vocational training. Because of their increased job skills, 41% of the program graduates received either a promotion and/or new employment. Overall, Fatherhood Initiative Program

graduates reported an average of \$1,000 monthly increase in personal income and a decrease in the number of federal assistance programs in which they participated. Many fathers far exceeded the average.

Resident Services staff worked with LPA staff to apply for a renewed grant with HHS in June 2020. On September 30, 2020, HOC received notice that the Fatherhood Initiative Program had been awarded another five-year grant for \$998,000 annually, which began on October 1, 2020. The first six months of the new grant will be a planning period. We anticipate continued success moving forward for the Fatherhood Initiative, as planning has already begun for adapted digital marketing, recruitment, and virtual training strategies in the COVID-19 environment.

### ***Family Self-Sufficiency Activities***

Emmanuel Brinklow Seventh Day Adventist Church conducted a virtual Financial Literacy workshop on September 22, 2020. Twenty-seven FSS participants attended the workshop on budgeting, saving, the racial wealth divide, and the impact of COVID-19 on finances. Participants received training on how to create individual and household budgets. They departed with a commitment to create personal monthly budgets by tracking their daily expenses beginning October 1, 2020. FSS Case Managers will follow up with participants to provide coaching and monitor progress.

FSS staff continue to recruit for the FSS program via cold calls and bi-weekly virtual information sessions. For the month of September, 17 new program participants successfully completed the enrollment process.

FSS, in collaboration with Emmanuel Brinklow, hosted a Financial Literacy and Social Justice discussion on September 30, 2020. The presenter, Dr. Herma Percy, provided information and engaged participants in discussion centered around voter registration, voting, civic duty, and civil rights. Twenty-four families registered to attend the session.

FSS and HOC Academy collaborated with our partner ALSTNTEC Small Business Development Center to offer a 10-week small business course for customers. Nineteen FSS families expressed an interest and completed a survey to assist in curriculum development. The projected start date of the course is mid Fall 2020.

### ***Prepaid Visa Card Program for Customers***

HOC will soon be piloting a Prepaid Visa Card program with PNC Bank for customers who receive a monthly utility allowance payment. PNC Bank's Prepaid Card Services offers a convenient method for HOC to disburse funds, replacing the need for check issuance and redemption as funds are deposited onto the card via the online program management tool or via an ACH origination process.

HOC will have direct access via the Internet to the PNC Incentive Card platform. Program management and self-service functions are available via this web interface. Other features include:

- Prepaid cards can be established as re-loadable to support recurring payments to individual cardholders.
- The PNC Bank Card is a Visa branded debit card that can be used for purchases everywhere Visa debit cards are accepted at more than 30 million merchant locations.
- Re-loadable cards come with PINs that can be used to access cash at ATMs or to obtain cash back at point of sale (POS).

- There is no cardholder credit check required prior to card issuance.
- Enrollment is easy and facilitated via online access or bulk enrollment directly by HOC assigned program administrators.

We're excited to offer this new service to customers in partnership with PNC Bank and look forward to more opportunities to bring customers financial services and other wrap-around supports that help keep them housed and thriving.

### ***Service Coordination Support and Rental Assistance Continue During COVID-19***

#### *Service Coordination*

The Service Coordination Unit continued to provide services to customers during September 2020. These services included assessments, information and referral. Resident Counselors continued to engage customers to determine their needs. Customers indicated needing rental assistance, food assistance and household items. Customers were referred to our partners and received assistance from the MEFP Food Assistance Program, Emmanuel Brinklow Food Program, MCPS, KFC and Manna. Customers also received referrals to Housing Stabilization, unemployment assistance, TCA, SNAP, MEAP, EARP and other benefit programs. Resident Counselors continued to work remotely due to the COVID-19 pandemic. However, staff continues to come in as needed for emergencies and to assist with food distribution under proper safety and social distancing protocols.

#### *Programming*

Resident Services continued to implement food distribution to HOC customers in need. Food distributions at Arcola Towers, Bauer Park, Elizabeth House, Forest Oak Towers, Paddington Square, Town Center Rockville, Tanglewood Apartments, and Waverly House continued. We are grateful for the partnerships we have with Capital Area Food Bank, Manna Food Center, Hungry Harvest, Nourish Now, Emmanuel Brinklow and the Senior Nutrition Program that allow us to provide monthly, and in some cases weekly, food resources to positively impact food insecure communities throughout Montgomery County. In September, we served 825 households with food.

Resident Services staff continued to help customers meet their essential needs during the COVID-19 Pandemic. Resident Services has distributed over 500 care packages to HOC households with the help of the Housing Opportunities Community Partners COVID-19 Assistance Award. In addition, Resident Services staff continues to support the Emmanuel Brinklow Seventh Day Adventist Church Groceries Grab-n-Go distribution. We provide delivery services to families living in the northern part of the County and in the TCP-Olney HUB.

Housing Opportunities Community Partners awarded Resident Services a \$20,000 grant to expand our food distribution in response to COVID-19. We will be submitting a request for proposals to several vendors to help us bring fresh produce and non-perishables, vegetarian and vegan prepared meals, and healthy snack packs for youth participating in distance learning. We hope to roll this program out in January 2021.

Resident Services did not provide any ongoing virtual youth enrichment programs in September. However, we will be launching cultural arts opportunities (Aerobic and Cultural Dance, Visual Arts Ventures) and a homework club for elementary aged youth in November. HOC Academy Adult Education and Workforce Development served 25 customers this September with employment referrals, workshops, and tuition assistance. The team is currently processing approximately 100 requests for tuition assistance for the fall and winter academic sessions.

HOC partnered with Emmanuel Brinklow to assist 45 children at Town Centre Place with school supplies. There is a planned virtual after-school program to start October 19, 2020. A virtual interest meeting is scheduled for October 12, 2020. Emanuel Brinklow will also provide a girl's group and First Generation College Bound/Mount Olive Church program for homework and academic enrichment for ages 5-12 at Town Centre Place.

### Supportive Housing

The Supportive Housing Program continued to provide support to 250 program participants. Program staff continued to call customers weekly and deliver gift cards to assist with food for those that were in need. The team has continued to enroll new customers into the program and respond to critical needs for customers as they arise.

### COVID-19 Rental Assistance Program

Residents Services staff continued to work with Compliance and LPA to issue additional rental assistance resources to County residents who have lost income due to COVID-19. HOC received just under 1,400 applications for the second round. During the month of September, Resident Services staff worked to upload approximately 400 paper applications. A random selection was conducted on October 5, 2020 and Resident Services staff have begun the review and screening of applications in the first week of October. Given the reduced barriers to applying and the increased award amount, we anticipate being able to serve approximately another 970 Montgomery County households with rental assistance funds.

### ***HOC Maintenance Efforts***

All COVID-19 protocols remained in effect during the month of September. During this month, the Maintenance Division completed 1,743 work orders.

Within the HUBs, twelve vacant units were completed during the month of September. Additionally, maintenance staff, along with staff from the Real Estate Division walked nearly fifty vacant units with contractors to prepare scopes of work for upcoming renovations. The Quality Assurance Specialist assisted with these inspections and investigated customer issues throughout the month.

Maintenance staff is working with the insurance company to replace five roofs at Fallwind that were recently damaged by strong winds and heavy rain. Staff is also working with contractors and the Property Management Division to schedule the changeover from air conditioning to heat at our high-rise buildings. The changeover will take place in early October. HVAC preventive maintenance is also being scheduled at many of our family units to include filter replacement and coil cleaning.

# Minutes



**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY**

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

**Minutes**

September 9, 2020

20-09

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Wednesday, September 9, 2020, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:01 p.m. Those in attendance were:

**Present**

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

**Also Attending**

Stacy L. Spann, Executive Director  
Cornelia Kent  
Darcel Cox  
Renee Harris  
Nicolas Deandreis  
Fred Swan  
Nathan Bovelie  
Jay Berkowitz  
Marcus Ervin  
Hyunsuk Choi  
Rita Harris  
Eugenia Pascual  
Erik Smith  
Ian-Terrell Hawkins  
Heather Grendze

Eamon Lorincz, Deputy General Counsel  
Kayrine Brown  
Terri Fowler  
Gio Kaviladze  
Zachary Marks  
Patrick Mattingly  
Bonnie Hodge  
Ellen Goff  
Jennifer Arrington  
Millicent Anglin  
Karlos Taylor  
Leidi Reyes  
Matt Husman

**Resident Advisory Board**

Yvonne Caughman, Vice President

**Commission Support**

Patrice Birdsong, Spec. Asst. to the Commission

Chair Priest opened the meeting with a welcome and an introduction of the newest Commissioner to The Housing Opportunities Commission Board, Jeffrey Merkowitz, as well as welcoming everyone back from brief summer break.

I. **Information Exchange**

**Executive Director's Report**

Stacy L. Spann, Executive Director, highlighted and acknowledged from his written report the work of the Resident Services Division, Housing Resources Division/Housing Choice Voucher Program, Montgomery County, and the Real Estate Development Team, during these difficult times in continuing to provide services to customers.

**Commissioner Exchange**

Chair Priest acknowledged the significant impact of unreported issues that this pandemic has caused in our communities. Chair Pro Tem Nelson expressed his appreciation to the staff, in particular, those who are front facing with customer, for their work in maintaining the business of the Agency. Chair Priest thanked the Commissioners and Staff responsible for the implementation of technology plan that allowed the transitioning of virtual work environment. Commissioner Simon expressed her appreciation to Staff in their work with the CDBG Program.

**Resident Advisory Board**

Yvonne Caughman, Vice President, reported on activities of the Resident Advisory Board. The Resident Advisory Board is in the process of working with the Legislative and Public Affairs and the Information and Technology Offices in improving their presence on the website. There next scheduled meeting is Monday, September 21, 2020 at 6:00 p.m.

- II. **Approval of Minutes** - The minutes were approved as submitted with a motion by Chair Pro Tem Nelson and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, and Simon. Commissioner Merkowicz abstained.
- A. **Approval of Minutes of July 1, 2020**
  - B. **Approval of Minutes of July 1, 2020 Administrative Session**
  - C. **Approval of Minutes of August 11, 2020 Special Session**
  - D. **Approval of Minutes of August 11, 2020 Special Administrative Session**
  - E. **Approval of Minutes of August 27, 2020 Special Session**
  - F. **Approval of Minutes of August 27, 2020 Special Administrative Session**

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

- A. **Budget, Finance & Audit Committee – Com. Nelson, Chair**
  - 1. **Authorization to Submit County FY'22 Capital Improvements Program Budget**

Cornelia Kent, Chief Financial Officer, and Terri Fowler, Budget Officer, were the presenters.

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

**RESOLUTION NO.: 20-60**

**Re: Authorization to Submit County FY'22-27  
Capital Improvements Program Budget**

**WHEREAS**, the Capital Improvements Program (CIP) is a program administered by Montgomery County (the "County") that provides funds for larger long-term investments in facilities & infrastructure, and affordable housing;

**WHEREAS**, the Housing Opportunities Commission of Montgomery County ("HOC") receives funds from the CIP to further its purpose in providing affordable housing;

**WHEREAS**, the County is considering amendments to the CIP Budget for FY'22-27 (the "Budget"), and requests are due to the Office of Management and Budget by September 10, 2020; and

**WHEREAS**, staff desires to submit a request to the County that the Budget (i) continues to fund our current Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements at the \$1,250,000 annual level and, (ii) maintains the current \$1,900,000 funding for the demolition of the Ambassador Apartments and Emory Grove Apartments.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, that it authorizes the submission to the County of a request that the CIP Budget for FY'22-27 continue to fund the current Supplemental Funds for Deeply Subsidized HOC Owned Units Improvements at the \$1,250,000 annual level, and maintains the current \$1,900,000 funding for the demolition of the Ambassador Apartments and Emory Grove Apartments.

**2. Approval to Extend the Primary Audit Contract with CliftonLarsonAllen LLP for One Additional Year**

Cornelia Kent, Chief Financial Officer, was the presenter.

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

**RESOLUTION NO.: 20-61**

**RE: Approval to Extend the Primary Audit Contract with CliftonLarsonAllen LLP for One Additional Year**

**WHEREAS**, on July 10, 2019 the Housing Opportunities Commission of Montgomery County renewed the primary audit contract with CliftonLarsonAllen LLP ("CLA") to complete HOC's financial audit for fiscal year 2020; (the "Contract"); and

**WHEREAS**, the Contract expires as of December 31, 2020 and there are no remaining renewals; and

**WHEREAS**, due to the COVID-19 pandemic, staff has determined it is necessary to extend the Contract with CLA for a one (1) year term under the emergency procurement guidelines in order to minimize disruption and complete the FY 2021 audit in a timely fashion.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby approves extending Contract with CLA for a one (1) year term, with an expiration date of December 31, 2021.

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

**1. RFP 2209: Approval of Selection of Firms to the Research, Policy, Planning and Zoning Pool**

Kayrine Brown, Chief Investment and Real Estate Officer, and Erik Smith, Junior Financial Analyst, were the presenters.

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

**RESOLUTION NO.: 20-62**

**RE: Approval of Selection of Firms to the Research, Policy, Planning and Zoning Pool**

**WHEREAS**, on June 26, 2020, the Housing Opportunities Commission of Montgomery County (“HOC”) issued a request for proposal (“RFP”) #2209 for Research, Policy, Planning and Zoning Consultant Services and received five responses from inSITE Advisory Group (“InSITE”), HR&A Advisors (HR&A), Scheer Partners (“Scheer”), Townscape Design LLC (“Townscape”), and Urban Ventures (“Urban”); and

**WHEREAS**, after review of proposals, staff is recommending that HOC negotiate and execute contracts with the four firms listed below (each a “Firm,” together the “Firms”) to create a Research, Policy, Planning, and Zoning Consultant Pool (the “Pool”) in which each Firm is authorized to provide the following services up to the following amounts:

1. InSITE – Research, Policy, and Planning Consultant Services up to \$30,000 per year.
2. HR&A – Research, Policy, Planning, and Zoning Consultant Services up to \$30,000 per year.
3. Scheer – Research, Policy, Planning, and Zoning Consultant Services up to \$50,000 per year.
4. Townscape – Research, Planning, and Zoning Consultant Services up to \$80,000 per year.

**WHEREAS**, each Firm offers unique and a highly valuable set of services and expertise that will help plan and guide HOC’s research, policy, planning, development and entitlement activities, and all Firms have excellent work history and come highly recommended from various municipalities; and

**WHEREAS**, the Firms are expected to represent HOC and work with staff in the coming months on ongoing and anticipated master and sector plan revisions, the evaluation of the HOC portfolio for opportunities to expand the delivery of affordable housing, and on legislative matters.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it approves the creation of the Pool to include the four Firms to provide the services specified herein.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is authorized and directed to negotiate and execute contracts with the four Firms for an initial term of one year with three one-year extensions up to the amounts specified herein, which shall be paid from annual funding approved in the Real Estate Division budget.

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

**2. Underwriters: Approval to Renew the Contracts of the Underwriting Team Consisting of a Senior Manager and Co-managers in Accordance with the Current Contracts and the Procurement Policy**

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

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

**RESOLUTION NO.: 20-63**

**RE: Approval to Renew the Contracts of the Underwriting Team Consisting of a Senior Manager, Co-Senior Manager, and Co-Managers in Accordance with the Current Contracts and the Procurement Policy**

**WHEREAS**, to advance its mission and operate a successful bond financing program, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") engages the services of a number of industry professionals, including a team of investment banking firms (Underwriters) to help structure HOC's bond issuances and market the bonds to obtain the most favorable pricing; and

**WHEREAS**, on January 9, 2019, after completing a new procurement for Underwriter services, the Commission selected eight firms, approved a structure that consists of a Senior Manager, a Co-senior Manager, and six Co-managers, and authorized the Executive Director to execute Letter Agreements ("Contracts") with each firm with initial terms of two years with two one-year renewals that must be approved by the Commission in accordance with provisions of the Procurement Policy; and

**WHEREAS**, the eight firms were Bank of America Merrill Lynch, Citigroup Global Markets, Jefferies, LLC, Morgan Stanley, PNC Capital Markets, LLC, RBC Capital Markets, Wells Fargo Company, and M&T Securities, but Citigroup has not yet finalized its Contract (but is still eligible to join the team), and M&T Securities terminated its Contract having exited the long-term fixed rate municipal business as of July 1, 2020, leaving six active underwriting firms on the team; and

**WHEREAS**, all firms continue to perform satisfactorily and are positioned to meet the Commission's upcoming issuance needs, and the Commission wishes to extend each Contract for one year as well as allow Citigroup to join the team if it completes the required Contract.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County approves a one-year renewal of each of the Contracts with the following six Underwriters (with the structure unchanged and incorporating the terms of the original Contracts):

Senior Manager: Bank of America Merrill Lynch, New York NY

Co-Senior Manager      PNC Capital Markets, LLC, Pittsburgh, PA  
Co- Managers:            Jefferies LLC, New York, NY  
                                 Morgan Stanley, New York, NY  
                                 RBC Capital Markets, New York, NY  
                                 Wells Fargo Company, San Francisco, CA

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director, or his designee, to execute a Contract with Citigroup for one-year, as an active member of the team, should it complete the necessary documentation required to serve as a Co-manager, provided that the terms and conditions of the Contract shall materially be the same as those accepted by the other Co-managers.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director, or his designee, without any further action on its part, 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 actions contemplated herein.

**3. MAP Lender: Approval to Expand the Pool of U.S. Department of Housing and Urban Development (HUD) Multifamily Accelerated Processing (MAP) Lenders Pursuant to Request for Qualifications #2211**

Jennifer Arrington, Assistant Director of Bond Management, was the presenter.

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

**RESOLUTION NO.: 20-64**

**RE: Approval to Expand the Pool of HUD  
Multifamily Accelerated Processing Lenders  
Pursuant to Request for Qualifications #2211**

**WHEREAS**, on January 11, 2017, the Housing Opportunities Commission of Montgomery County (the "Commission") approved the creation of a pool of U.S. Department of Housing and Urban Development ("HUD") Multifamily Accelerated Processing ("MAP") lenders (the "MAP Pool") to prepare, process, and submit loan applications to secure Federal Housing Administration multifamily mortgage insurance that included AGM Financial, Love Funding, Walker Dunlop, and Wells Fargo; and

**WHEREAS**, in April 2020, Wells Fargo declined to renew its contract due to lack of MAP lending transactions from the Commission; and

**WHEREAS**, on July 1, 2020, staff issued Request for Qualifications ("RFQ") #2211 in order to expand the existing MAP Pool; and

**WHEREAS**, on July 23, 2020, staff received one response from Berkadia Commercial Mortgage, LLC ("Berkadia"), and after review and consideration, staff recommends that Berkadia be admitted to the existing MAP Pool by awarding an initial two-year contract with three one-year renewal options; and

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

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby authorizes and directs the Executive Director, or his designee, without further action on its part, to execute a contract for MAP lending services, as described by RFQ #2211, with Berkadia for an initial term of two years with three one-year renewal options, as permitted under HOC's procurement policy.

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

**4. Metropolitan: Approval of Feasibility Funding for the Financing and Renovation of The Metropolitan and Authorization to Make loans to The Metropolitan of Bethesda Limited Partnership and The Metropolitan Development Corporation**

Zachary Marks, Director of Development, was the presenter.

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

**RESOLUTION NO.: 20-65**

**RE: Approval of Feasibility Funding for the Financing and Renovation of The Metropolitan and Authorization to Make loans to The Metropolitan of Bethesda Limited Partnership and The Metropolitan Development Corporation**

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

**WHEREAS**, The Metropolitan Apartments ("Metropolitan" or the "Property") was constructed in 1997 with a 14-story, 308-unit high-rise apartment building located at 7620 Old Georgetown Road, Bethesda and currently consists of 216 market rate units and 92 affordable units; and

**WHEREAS**, the Property is owned by The Metropolitan of Bethesda Limited Partnership (the "Metropolitan LP"), which is wholly owned by HOC, and The Metropolitan Development Corporation (the "Metropolitan Corporation"), which is wholly controlled by HOC; and

**WHEREAS**, the 216 market rate units benefitted from minor renovations completed in 2013, but are in need of more significant renovations to remain competitive with other market rate units as well as to address aging systems; and

**WHEREAS**, the 92 affordable units have not had any renovations since they were placed in service; and

**WHEREAS**, staff would like to engage third-party due diligence and feasibility consultants to investigate and document the details of the existing condition of the building and systems in order to develop the scope of the renovation; and

**WHEREAS**, one of the goals for these studies is to identify and quantify the features of this renovation that could encompass an increase in energy efficiency and extend the Property's remaining useful life; and

**WHEREAS**, the Commission desires to approve funding in an amount up to a total of \$120,000 to cover the due diligence and feasibility costs, which shall take the form of a loan to the Metropolitan LP in the amount of \$36,000 and a loan to the Metropolitan Corporation in the amount of \$84,000, and to fund such costs from the Opportunity Housing Reserve Fund ("OHRF"), to be repaid upon closing of renovation financing; 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 \$100,000,000, all or a portion of which may reimburse the Commission for the portion of such capital expenditures incurred or to be incurred subsequent to the date, which is 60 days prior to the date hereof, but before such borrowing, and the proceeds of such tax-exempt borrowing will be allocated to reimburse the Commission's expenditures within 18 months of the later of the date of such capital expenditures or the date that the project is placed in service (but in no event more than three years after the date of the original expenditure of such moneys); and

**WHEREAS**, HOC will continue to evaluate its options for construction and permanent financing, which may include the issuance of tax-exempt governmental bonds or such other tax-exempt bonds that are permissible under provisions of the Internal Revenue Code, the proceeds of which would fund a permanent mortgage that would be insured by FHA in accordance with the Risk Share mortgage program; 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** that the Housing Opportunities Commission of Montgomery County approves a loan to the Metropolitan LP in an amount up to \$36,000 and a loan to the Metropolitan Corporation in an amount up to \$84,000 (total of \$120,000) to be funded from the OHRF for feasibility work for the financing and renovation of the Metropolitan, which will be repaid from the proceeds of the renovation financing at closing.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County, as the general partner of the Metropolitan LP, accepts a loan from HOC in an amount up to \$36,000.



**BE IT FURTHER RESOLVED THAT:**

Section 1. Declaration of Official Intent. The Commission presently intends and reasonably expects to finance costs related to the predevelopment, development, and equipping of the Metropolitan, with moneys currently contained in its Opportunity Housing Reserve Fund, and General Fund Property Reserve Account, County Revolving Fund accounts, and any other funds of the Commission so designated for use by the Commission.

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 will be incurred not earlier than 60 days prior to the date of this Resolution except preliminary expenditures as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).

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 \$100,000,000 will be applied to reimburse the Commission for its expenditures in connection with the project.

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 Property, 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 related to the Property which are 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.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County, on behalf of itself and as the general partner of the Metropolitan LP, authorizes and directs the Executive Director, or his designee, without further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto.

**C. Legislative and Regulatory Committee – *Com. Kelleher, Chair***

**1. Approval of Revisions to HOC's Administrative Plan for the Housing Choice Voucher Program to add Coronavirus Disease 19 (COVID-19) Related Waivers to the Plan in Accordance with HUD Notice PIH 2020-13**

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

**RESOLUTION NO.: 20-66**

**RE: Revision of HOC's Administrative Plan  
for the Housing Choice Voucher Program to Add  
Temporary Changes in Response to COVID-19  
Pursuant to HUD PIH Notice 2020-13**

**WHEREAS**, in response to COVID 19, the U.S. Department of Housing and Urban Development issued Notice PIH 2020-13 (the "Notice") on July 2, 2020 that established temporary waivers and alternative requirements for the Housing Choice Voucher Program;

**WHEREAS**, the Notice allowed a housing authority to adopt waivers and temporarily revise its administrative plan without board approval, provided that any informally adopted revisions are approved by its board no later than December 31, 2020;

**WHEREAS**, pursuant to the Notice, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") informally adopted many of the waivers in the Notice, and the Commission now desires to formally revise its Administrative Plan for the Housing Choice Voucher Program (the "Plan") to add the temporary waivers; and

**WHEREAS**, the recommended revisions to the Plan are outlined in the attached Exhibit A.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County adopts the revisions to the Plan as identified in the attached Exhibit A.

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

Based upon this report and there being no further business to come before this session of the Commission, the open session adjourned at 5:07 p.m. and reconvened in closed session at approximately 5:26 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 September 9, 2020 at approximately 5:26 p.m. via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(13) to discuss the confidential commercial and financial terms of a real estate transaction.

The meeting was closed on a motion by Vice Chair Kelleher, seconded by Chair Pro Tem Nelson, with Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon unanimously voting in approval. The following persons were present during the closed session: Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, Jeffrey Merkowitz, Jackie Simon, Stacy Spann, Eamon Lorincz, Kayrine Brown, Nicolas Deadreis, Zachary Marks, and Cornelia Kent.

In closed session, the Commission discussed the confidential commercial and financial terms of a real estate transaction. No formal action was taken.

The closed session was adjourned at 6:18 p.m.

Respectfully submitted,

Stacy L. Spann  
Secretary-Treasurer

/pmb

Attachment

1 – Exhibit I: Summary of HCV Waivers and Alternative Requirements

**Exhibit I: Summary of HCV Waivers and Alternative Requirements**

This chart summarizes the waivers authorized under PIH Notice 2020-13 and the availability period for each.

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
PH and HCV-1 PHA 5-Year and Annual Plan Submission Dates: Significant Amendment Requirements	<u>Statutory Authority</u> Section 5A(a)(1), Section 5A(b)(1), Section 5A(g), Section 5A(h)(2)  <u>Regulatory Authority</u> §§ 903.5(a)(3), 903.5(b)(3), 903.13(c), 903.21, 903.23	<ul style="list-style-type: none"> <li>Alternative dates for submission</li> <li>Changes to significant amendment process</li> </ul>	<ul style="list-style-type: none"> <li>Varies based on FYE</li> <li>12/31/20</li> </ul>	NO	
PH and HCV-2 Family Income and Composition: Delayed Annual Examinations	<u>Statutory Authority</u> Section 3(a)(1)  <u>Regulatory Authority</u> §§ 982.516(a)(1), 960.257(a)	<ul style="list-style-type: none"> <li>Permits the PHA to delay the annual reexamination of income and family composition</li> <li>HCV PHAs must implement HCV-7 for impacted families if they implement this waiver</li> </ul>	<ul style="list-style-type: none"> <li>12/31/20</li> </ul>	YES	4/20/20
PH and HCV-3 Family Income	<u>Regulatory Authority</u> §§ 5.233(a)(2),	<ul style="list-style-type: none"> <li>Waives the requirements to use the</li> </ul>	<ul style="list-style-type: none"> <li>12/31/20</li> </ul>	YES	4/20/20

**Exhibit I: Summary of HCV Waivers and Alternative Requirements.**

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
and Composition: Annual Examination; Income Verification Requirements	960.259(c), 982.516(a)  <u>Sub-regulatory Guidance</u> PIH Notice 2018-18	income hierarchy, including the use of EIV, and will allow PHAs to consider self-certification as the highest form of income verification  <ul style="list-style-type: none"> <li>• PHAs that implement this waiver will be responsible for addressing material income discrepancies that may arise later</li> </ul>			
PH and HCV-4 Family Income and Composition: Interim Examinations	<u>Statutory Authority</u> Section 3(a)(1)  <u>Regulatory Authority</u> §§ 5.233(a)(2), 982.516(c)(2), 960.257(a), (b) and (d), 960.259(c)  <u>Sub-regulatory Guidance</u> PIH Notice 2018-18	<ul style="list-style-type: none"> <li>• Waives the requirement to use the income verification requirements, including the use of EIV, for interim reexaminations</li> </ul>	<ul style="list-style-type: none"> <li>• 12/31/20</li> </ul>	<b>YES</b>	<b>4/20/20</b>

**Exhibit I: Summary of HCV Waivers and Alternative Requirements.**

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
PH and HCV-5 Enterprise Income Verification (EIV) Monitoring	<u>Regulatory Authority § 5.233</u> <u>Sub-regulatory Guidance</u> PIH Notice 2018-18	<ul style="list-style-type: none"> <li>• Waives the mandatory EIV monitoring requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• 12/31/20</li> </ul>	<p style="text-align: center;"><b>YES</b></p>	<p style="text-align: center;"><b>4/20/20</b></p>
PH and HCV-6 Family Self-Sufficiency (FSS) Contract of Participation: Contract Extension	<u>Regulatory Authority § 984.303(d)</u>	<ul style="list-style-type: none"> <li>• Provides for extensions to FSS contract of participation</li> </ul>	<ul style="list-style-type: none"> <li>• 12/31/20</li> </ul>	<p style="text-align: center;"><b>YES</b></p>	<p style="text-align: center;"><b>4/20/20</b></p>
PH and HCV-7 Waiting List: Opening and Closing; Public Notice	<u>Regulatory Authority § 982.206(a)(2)</u> <u>Sub-regulatory Guidance</u> PIH Notice 2012-34	<ul style="list-style-type: none"> <li>• Waives public notice requirements for opening and closing waiting list</li> <li>• Requires alternative process</li> </ul>	<ul style="list-style-type: none"> <li>• 12/31/20</li> </ul>	<p style="text-align: center;"><b>NO</b></p>	
HQS-1 Initial Inspection Requirements	<u>Statutory Authority Section 8(o)(8)(A)(i), Section 8(o)(8)(C)</u> <u>Regulatory Authority §§ 982.305(a),</u>	<ul style="list-style-type: none"> <li>• Changes initial inspection requirements, allowing for owner certification</li> </ul>	<ul style="list-style-type: none"> <li>• 12/31/20</li> </ul>	<p style="text-align: center;"><b>YES</b></p>	<p style="text-align: center;"><b>4/20/20</b></p>

**Exhibit I: Summary of HCV Waivers and Alternative Requirements.**

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
	982.305(b), 982.405	that there are no life-threatening deficiencies <ul style="list-style-type: none"> <li>Where self-certification was used, PHA must inspect the unit no later than 1-year anniversary of date of owner’s certification.</li> </ul>	<ul style="list-style-type: none"> <li>1-year anniversary of date of owner’s certification</li> </ul>		
HQS-2: Project-Based Voucher (PBV) Pre-HAP Contract Inspections: PHA Acceptance of Completed Units	<u>Statutory Authority:</u> Section 8(o)(8)(A)  <u>Regulatory Authority:</u> §§ 983.103(b), 983.156(a)(1)	<ul style="list-style-type: none"> <li>Changes inspection requirements, allowing for owner certification that there are no life-threatening deficiencies</li> <li>Where self-certification was used, PHA must inspect the unit no later than 1-year anniversary of date of owner’s certification.</li> </ul>	<ul style="list-style-type: none"> <li>12/31/20</li> <li>1-year anniversary of date of owner’s certification</li> </ul>	<p style="text-align: center;"><b>Yes</b></p>	<p style="text-align: center;"><b>4/20/20</b></p>
HQS-3 Initial Inspection: Non-Life-Threatening Deficiencies (NLT) Option	<u>Statutory Authority</u> Section 8(o)(8)(A)(ii)  <u>Sub-regulatory Guidance</u> HOTMA HCV Federal	<ul style="list-style-type: none"> <li>Allows for extension of up to 30 days for owner repairs of non-life threatening conditions</li> </ul>	<ul style="list-style-type: none"> <li>12/31/20</li> </ul>	<p style="text-align: center;"><b>Yes</b></p>	<p style="text-align: center;"><b>4/20/20</b></p>

**Exhibit I: Summary of HCV Waivers and Alternative Requirements.**

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
	Register Notice January 18, 2017				
HQS-4 HQS Initial Inspection Requirement: Alternative Inspection Option	<u>Statutory Authority</u> Section 8(o)(8)(A)(iii)  <u>Sub-regulatory Guidance</u> HOTMA HCV Federal Register Notice January 18, 2017	<ul style="list-style-type: none"> <li>• Under Initial HQS Alternative Inspection Option - allows for commencement of assistance payments based on owner certification there are no life-threatening deficiencies</li> <li>• Where self-certification was used, PHA must inspect the unit no later than 1-year anniversary of date of owner’s certification.</li> </ul>	<ul style="list-style-type: none"> <li>• 12/31/20</li> <li>• 1-year anniversary of date of owner’s certification</li> </ul>	<b>YES</b>	<b>4/20/20</b>
HQS-5 HQS Inspection Requirement: Biennial Inspections	<u>Statutory Authority</u> Section 8(o)(D)  <u>Regulatory Authority</u> §§ 982.405(a), 983.103(d)	<ul style="list-style-type: none"> <li>• Allows for delay in biennial inspections</li> <li>• All delayed biennial inspections must be completed as soon as reasonably possible but by no later than 1 year after the date on which</li> </ul>	<ul style="list-style-type: none"> <li>• 10/31/20</li> <li>• 1 year after the date on which the biennial inspection would have been required absent the waiver</li> </ul>	<b>NO</b>	



**Exhibit I: Summary of HCV Waivers and Alternative Requirements.**

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
		the biennial inspection would have been required absent the waiver.			
HQS-6 HQS Interim Inspections	<u>Statutory Authority</u> Section 8(o)(8)(F)  <u>Regulatory Authority</u> §§ 982.405(g), 983.103(e)	<ul style="list-style-type: none"> <li>• Waives the requirement for the PHA to conduct interim inspection and requires alternative method</li> <li>• Allows for repairs to be verified by alternative methods</li> </ul>	<ul style="list-style-type: none"> <li>• 12/31/20</li> </ul>	Yes	4/20/20
HQS-7 PBV Turnover Unit Inspections	<u>Regulatory Authority</u> § 983.103(c)	<ul style="list-style-type: none"> <li>• Allows for PBV turnover units to be filled based on owner certification there are no life-threatening deficiencies</li> <li>• Allows for delayed full HQS inspection NLT than 1-year anniversary of date of owner's certification.</li> </ul>	<ul style="list-style-type: none"> <li>• 12/31/20</li> <li>• 1-year anniversary of date of owner's certification</li> </ul>	Yes	4/20/20

**Exhibit I: Summary of HCV Waivers and Alternative Requirements.**

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
HQS-8: PBV HAP Contract: HQS Inspections to Add or Substitute Units	<u>Statutory Authority</u> Section 8(o)(8)(A)  <u>Regulatory Authority</u> §§ 983.207(a), 983.207(b)  <u>Sub-regulatory Guidance</u> HOTMA HCV Federal Register Notice January 18, 2017	<ul style="list-style-type: none"> <li>Allows for PBV units to be added or substituted in the HAP contract based on owner certification there are no life-threatening deficiencies</li> <li>Allows for delayed full HQS inspection NLT 1-year anniversary of date of owner’s certification</li> </ul>	<ul style="list-style-type: none"> <li>12/31/20</li> <li>1-year anniversary of date of owner’s certification</li> </ul>	YES	4/20/20
HQS-9 HQS Quality Control Inspections	<u>Regulatory Authority</u> §§ 982.405(b), 983.103(e)(3)	<ul style="list-style-type: none"> <li>Provides for a suspension of the requirement for QC sampling inspections</li> </ul>	<ul style="list-style-type: none"> <li>12/31/20</li> </ul>	YES	4/20/20
HQS-10 Housing Quality Standards: Space and Security	<u>Regulatory Authority</u> § 982.401(d)	<ul style="list-style-type: none"> <li>Waives the requirement that each dwelling unit have at least 1 bedroom or living/sleeping room for each 2 persons.</li> </ul>	Remains in effect one year from lease term or date of this Notice, whichever is longer	NO	
HQS-11 Homeownership Option: Initial	<u>Statutory Authority</u> Section 8(o)(8)(A)(i), Section 8(y)(3)(B)	<ul style="list-style-type: none"> <li>Waives the requirement to perform an initial HQS inspection in</li> </ul>	<ul style="list-style-type: none"> <li>12/31/20</li> </ul>	YES	4/20/20

**Exhibit I: Summary of HCV Waivers and Alternative Requirements.**

<b>Item</b>	<b>Statutory and regulatory waivers</b>	<b>Summary of alternative requirements</b>	<b>Availability Period Ends</b>	<b>Did PHA implement waiver and alternative requirement?</b>	<b>Date of PHA adoption</b>
HQS Inspection	<u>Regulatory Authority</u> § 982.631(a)	order to begin making homeownership assistance payments <ul style="list-style-type: none"> <li>• Requires family to obtain independent professional inspection</li> </ul>			
HCV-1 Administrative Plan	<u>Regulatory Authority</u> § 982.54(a)	<ul style="list-style-type: none"> <li>• Establishes an alternative requirement that policies may be adopted without board approval</li> <li>• Any provisions adopted informally must be adopted formally NLT December 31, 2020</li> </ul>	<ul style="list-style-type: none"> <li>• 9/30/20</li> <li>• 12/31/20</li> </ul>	<b>Yes</b>	<b>7/20/20</b>
HCV-2 Information When Family is Selected: PHA Oral Briefing	<u>Regulatory Authority</u> §§ 982.301(a)(1), 983.252(a)	<ul style="list-style-type: none"> <li>• Waives the requirement for an oral briefing</li> <li>• Provides for alternative methods to conduct required voucher briefing</li> </ul>	<ul style="list-style-type: none"> <li>• 12/31/20</li> </ul>	<b>Yes</b>	<b>4/20/20</b>
HCV-3 Term of Voucher:	<u>Regulatory Authority</u> § 982.303(b)(1)	<ul style="list-style-type: none"> <li>• Allows PHAs to provide voucher</li> </ul>	<ul style="list-style-type: none"> <li>• 12/31/20</li> </ul>	<b>Yes</b>	<b>4/20/20</b>

**Exhibit I: Summary of HCV Waivers and Alternative Requirements.**

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
Extensions of Term		extensions regardless of current PHA policy			
HCV-4 PHA Approval of Assisted Tenancy: When HAP Contract is Executed	<u>Regulatory Authority § 982.305(c)</u>	<ul style="list-style-type: none"> <li>• Provides for HAP payments for contracts not executed within 60 days</li> <li>• PHA must not pay HAP to owner until HAP contract is executed</li> </ul>	<ul style="list-style-type: none"> <li>• 12/31/20</li> </ul>	<b>YES</b>	<b>4/20/20</b>
HCV-5 Absence from Unit	<u>Regulatory Authority § 982.312</u>	<ul style="list-style-type: none"> <li>• Allows for PHA discretion on absences from units longer than 180 days</li> <li>• PHAs must not make HAP payments beyond 12/31/20 for units vacant more than 180 consecutive days</li> </ul>	<ul style="list-style-type: none"> <li>• 12/31/20</li> </ul>	<b>YES</b>	<b>4/20/20</b>
HCV-6 Automatic Termination of HAP Contract	<u>Regulatory Authority § 982.455</u>	<ul style="list-style-type: none"> <li>• Allows PHA to extend the period of time after the last HAP payment is made before the HAP contract</li> </ul>	<ul style="list-style-type: none"> <li>• 12/31/20</li> </ul>	<b>YES</b>	<b>4/20/20</b>

**Exhibit I: Summary of HCV Waivers and Alternative Requirements.**

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
		terminates automatically.			
HCV-7 Increase in Payment Standard During HAP Contract Term	<u>Regulatory Authority § 982.505(c)(4)</u>	<ul style="list-style-type: none"> <li>Provides PHAs with the option to increase the payment standard for the family at any time after the effective date of the increase, rather than waiting for the next regular reexamination to do so.</li> </ul>	<ul style="list-style-type: none"> <li>12/31/20</li> </ul>	Yes	4/20/20
HCV-8 Utility Allowance Schedule: Required Review and Revision	<u>Regulatory Authority § 982.517</u>	<ul style="list-style-type: none"> <li>Provides for delay in updating utility allowance schedule</li> </ul>	<ul style="list-style-type: none"> <li>12/31/20</li> </ul>	No	
HCV-9 Homeownership Option: Homeownership Counseling	<u>Statutory Authority Section 8(y)(1)(D)</u>  <u>Regulatory Authority §§ 982.630, 982.636(d)</u>	<ul style="list-style-type: none"> <li>Waives the requirement for the family to obtain pre-assistance counseling</li> </ul>	<ul style="list-style-type: none"> <li>12/31/20</li> </ul>	Yes	4/20/20

**Exhibit I: Summary of HCV Waivers and Alternative Requirements.**

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
HCV-10 Family Unification Program (FUP): FUP Youth Age Eligibility to Enter HAP Contract	<u>Statutory Authority</u> Section 8(x)(2)	<ul style="list-style-type: none"> <li>Allows PHAs to increase age to 26 for foster youth initial lease up</li> </ul>	<ul style="list-style-type: none"> <li>12/31/20</li> </ul>	<b>YES</b>	<b>4/20/20</b>
HCV-11 Family Unification Program (FUP): Length of Assistance for Youth	<u>Statutory Authority</u> Section 8(x)(2)	<ul style="list-style-type: none"> <li>Allows PHAs to suspend terminations of assistance for FUP youth who will reach the 36-month limit between April 10, 2020, and December 31, 2020</li> </ul>	<ul style="list-style-type: none"> <li>12/31/20</li> </ul>	<b>NO</b>	
HCV-12 Family Unification Program (FUP): Timeframe for Referral	<u>Statutory Authority</u> Section 8(x)(2)	<ul style="list-style-type: none"> <li>Allows PHAs to accept referrals of otherwise eligible youth who will leave foster care within 120 days</li> </ul>	<ul style="list-style-type: none"> <li>12/31/20</li> </ul>	<b>YES</b>	<b>7/20/20</b>
HCV-13 Homeownership: Maximum Term	<u>Regulatory Authority</u> § 982.634(a)	<ul style="list-style-type: none"> <li>Allows a PHA to extend homeownership</li> </ul>	<ul style="list-style-type: none"> <li>12/31/20</li> </ul>	<b>YES</b>	<b>7/20/20</b>

**Exhibit I: Summary of HCV Waivers and Alternative Requirements.**

Item	Statutory and regulatory waivers	Summary of alternative requirements	Availability Period Ends	Did PHA implement waiver and alternative requirement?	Date of PHA adoption
of Assistance		assistance for up to 1 additional year			
HCV-14 Mandatory Removal of Unit from PBV HAP Contract	<u>Regulatory Authority</u> §§ 983.211(a); 983.258	<ul style="list-style-type: none"> <li>Allows a PHA to keep a PBV unit under contract for a period of time that extends beyond 180 from the last HAP but does not extend beyond December 31, 2020</li> </ul>	<ul style="list-style-type: none"> <li>12/31/20</li> </ul>	YES	7/20/20

# Committee Reports and Recommendations for Action



# Budget, Finance & Audit Committee

# ACCEPTANCE OF THE FOURTH QUARTER FY'20 BUDGET TO ACTUAL STATEMENTS

October 5, 2020

- The Agency ended the year with a net cash flow surplus of \$2,779,257, which equates to 0.99% of the total operating budget of \$279,996,215 and 1.52% of the total adjusted operating budget of \$183,423,960, which excludes Housing Assistance Payments (HAP).
- It is important to note that the FY'20 Amended Budget assumed a contribution to the General Fund Operating Reserve of \$1,617,738 and \$1,152,719 to the Opportunity Housing Property Reserve. If the contributions were made, the Agency would have a reduced net cash surplus of \$8,800, which equates to .003% of the total operating budget and .005% of the total adjusted operating budget less HAP.
- The primary causes were higher than anticipated income coupled with savings in expenses in the General Fund that were partially offset by lower than projected cash flow in some of the unrestricted Opportunity Housing and Development Corporations as a result of property performance.
- At the end of the year, many of the unrestricted properties in the Opportunity Housing Fund exceeded budget expectations; however, the recognizable cash flow to the Agency did not meet budget due to shortfalls in some of the unrestricted properties.
- The Public Housing Program ended FY'20 with a surplus of \$218,297 primarily as a result of the delay in the Rental Assistance Demonstration (RAD) conversion of the final property, Elizabeth House. The surplus will be restricted to the fund.
- The Housing Choice Voucher (HCV) Program ended the year with an administrative surplus of \$890,382 as a result of higher than anticipated administrative fee incomes coupled with savings in administrative expenses. The surplus will be restricted to the program for future administrative costs.
- Staff recommends that the contributions to the respective reserves be held off at this time so that the \$2,779,257 surplus at year-end can be held in the General Fund to offset any loss of income due to the non-receipt of rental payments as a result of the COVID 19 Pandemic to ensure sufficient available cash to maintain timely payment of expenses.

## MEMORANDUM

**TO:** Housing Opportunities Commission

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

**FROM:** Staff: Cornelia Kent                  Division: Finance          Ext. 9754  
Terri Fowler    Ext. 9507  
Tomi Adebo     Ext. 9472

**RE:** Acceptance of the Fourth Quarter FY'20 Budget to Actual Statements

**DATE:** October 5, 2020

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**BACKGROUND:**

The Executive Director presented the quarterly budget to actual statements and amendments to the BF&A for informal review. For formal action at the October 7, 2020 meeting of the full Commission.

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**ISSUES FOR CONSIDERATION:**

To assess the financial performance of the Agency for the fourth quarter of FY'20 against the budget for the same period.

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**BUDGET IMPACT:**

Please see Discussion section of the memo for the budget impact of recommended actions for FY'20.

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**TIME FRAME:**

For formal Commission action at the October 7, 2020 meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff requests that the Commission accept the Fourth Quarter FY'20 Budget to Actual Statements.

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**DISCUSSION – FOURTH QUARTER BUDGET TO ACTUAL STATEMENTS**

This review of the Budget to Actual Statements for the Agency through the fourth quarter of FY'20 consists of an overall summary and additional detail on the Opportunity Housing properties, the Development Corporation properties, the Public Housing and Housing Choice Voucher (HCV) Programs and all Capital Improvements Budgets.

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**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, expenses and unrestricted net cash flow from operations for each fund. Unrestricted net cash flow in each fund is what is available to the Commission to use for other purposes. The Budget to Actual Comparison Summary Statement (Attachment A) shows unrestricted net cash flow or deficit for each of the funds. Attachment A also highlights the FY'20 Fourth Quarter Capital Budget to Actual Comparison.

The Agency ended the year with a net cash surplus of \$2,779,257 which equates to 0.99% of the total operating budget of \$279,996,215 and 1.52% of the total adjusted operating budget of \$183,423,960 which excludes Housing Assistance Payments (HAP). It is important to note that the FY'20 Amended Budget assumed a contribution to the General Fund Operating Reserve (GFOR) of \$1,617,738 and a contribution to the Opportunity Housing Property Reserve (OHPR) of \$1,152,719 that have not been made at this time (See Budget Impact – FY'20 on page 11). If the contributions were made, the Agency would have a reduced net cash surplus of \$8,800, which equates to 0.003% of the total operating budget and .005% of the total adjusted operating budget less HAP. The primary causes were higher than anticipated income coupled with savings in expenses in the General Fund (see General Fund) that were partially offset by lower than projected cash flow in some of the unrestricted Opportunity Housing and Development Corporations as a result of property performance (see Opportunity Housing Fund).

#### **Explanations of major variances by fund**

The **General Fund** consists of the basic overhead costs for the Agency. This fund ended the year with a surplus of \$443,225, which resulted in a positive variance of \$3,385,363 when compared to the projected deficit of \$2,942,138.

As of June 30, 2020, income in the General Fund was \$532,603 higher than projected. The majority of the positive variance was the result of fees received from tax credit properties based on the year end cash flow distributions, greater FHA Risk Sharing income, that also resulted in more expense related to the restriction of the income, the accrual of Federal Emergency Management Agency (FEMA) partial reimbursements for COVID 19 related expenses, and slightly higher Development Corporation Fees when compared to budget that were partially offset by lower than anticipated Development Fee Income.

Expenses in the General Fund were \$2,852,759 lower than budgeted. The positive variance was primarily the result of not contributing to the Operating and Property Reserves coupled with savings in administrative salaries and benefits. This saving was partially offset by the previously mentioned restriction of the additional FHA Risk Sharing income that was restricted to the reserves, COVID 19 related expenses, and higher than anticipated IT contracts and capital cost covered by operating income.

The Multifamily Bond Fund and Single Family Bond Fund are budgeted to balance each year.

The Multifamily Bond Fund draw for FY'20 was reduced by the \$151,876 of savings left in the fund at FY'19 year-end. As a result of savings in administrative salaries and benefits, legal, and financial services expenses, the fund ended the year with a positive expense variance of \$89,694. This savings in expenses results in a year-end surplus of \$89,694. Staff is recommending that the surplus of \$89,694 be used to reduce the budgeted draw for FY'21 for the Multifamily Bond Fund.

The Single Family Bond Fund draw for FY'20 was reduced by the \$77,315 of savings left in the fund at FY'19 year-end. As a result of savings in administrative salaries, benefits, legal costs, financial services expenses, trustee fees and lender service fees the fund ended the year with a positive expense variance of \$130,723. This savings in expenses results in a year-end surplus of \$130,723. Staff is recommending that the surplus of \$130,723 be used to reduce the budgeted draw for FY'21 for the Single Family Bond Fund.

### **The Opportunity Housing Fund**

Historically, unrestricted cash available for Agency use was limited to the budgeted cash flow of each property. This resulted in lower cash recognized each year due to properties that did not meet budget. A discussion was held during the May BF&A meeting and subsequent Commission meeting to change the practice to allow for the recognition of cash above the amount budgeted **by** property to allow those properties exceeding budget to offset losses from those properties not meeting budgeted expectations not to exceed the total cash projected from the unrestricted Development Corporations and Opportunity Housing properties. This new practice was employed for FY'20. However, for some properties within the portfolios, available cash flow was reduced by the impact on tenant receivables due to non-payment of rents in response to the COVID 19 pandemic, available cash at the property, or other necessary precautions.

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

- The first group includes properties that were budgeted to provide unrestricted net cash flow toward the Agency's FY'20 Operating Budget. It should be noted that a few properties also had a portion of operating cash flow restricted for various reasons. This group ended the year with cash flow of \$7,698,497 or \$1,157,037 higher than projected. When we adjust the recognized cash flow by the reductions mentioned above the net year-end recognizable cash flow is \$6,668,476 or \$127,016 above the portfolio budget.

### Unrestricted Development Corporations

	(12 Months) Budget	(12 Months) Actual	Variance	(12 Months) Cash Flow
Alexander House .....	\$465,019	\$441,171	(\$23,848)	\$265,000 (3)
The Barclay .....	\$133,214	(\$77,701)	(\$210,915)	(\$77,701)
Glenmont Crossing .....	\$146,850	\$268,583	\$121,733	\$146,850 (1)
Glenmont Westerly .....	\$186,398	\$208,625	\$22,227	\$186,398 (1)
Magruder's Discovery .....	\$803,453	\$730,906	(\$72,547)	\$721,858 (2)
The Metropolitan .....	\$1,188,148	\$1,185,852	(\$2,296)	\$1,185,852 (4)
Metropolitan Affordable .....	(\$345,859)	(\$343,563)	\$2,296	(\$343,563)
Montgomery Arms .....	\$300,370	\$346,084	\$45,714	\$330,370 (5)
TPM - 59 MPDUs .....	\$448,017	\$441,103	(\$6,914)	\$425,118 (2)
Paddington Square .....	\$426,443	\$433,430	\$6,987	\$426,443 (1)
Pooks Hill High-Rise .....	\$473,168	\$588,840	\$115,672	\$573,168 (5)
Scattered Site One Dev. Corp. ....	\$586,700	\$388,857	(\$197,843)	\$313,350 (2)
Scattered Site Two Dev. Corp. ....	\$16,754	\$40,224	\$23,470	\$0 (2)
Sligo Development Corp. ....	\$24,056	\$52,745	\$28,689	\$38,389 (2)
VPC One Corp. ....	\$1,052,542	\$1,915,654	\$863,112	\$1,617,890 (2)
VPC Two Corp. ....	\$636,187	\$1,077,687	\$441,500	\$859,054 (2)
<b>Subtotal</b>	<b>\$6,541,460</b>	<b>\$7,698,497</b>	<b>\$1,157,037</b>	<b>\$6,668,476</b>
		<b>Recognizable Cash Flow</b>		<b>\$127,016</b>

**Notes:**

- (1) - Based on Budget.
- (2) - Reduced by change or cumulative balance in Tenant Receivable.
- (3) - Limited to available Property Cash.
- (4) - Based on Budget plus loss on Affordable units.
- (5) - Exceeds Budget.

**Alexander House** ended the year with a negative cash flow variance of \$23,848 primarily due to higher than projected concessions, offered to increase occupancy at the property, maintenance and security expense that were partially offset by savings in administrative, utility expense. Cash flow at **The Barclay** was \$210,915 lower than anticipated due to higher than projected vacancy loss and concessions coupled with overages in administrative, maintenance and bad debt expense. **Glenmont Crossing** and **Glenmont Westerly** experienced positive cash flow variances of \$228,080 (\$121,733 + \$106,347) and \$41,813 (\$22,227 + 19,586), respectively, as a result of savings in administrative and maintenance expenses coupled with timing of the new debt service payments from the refinancing. The savings were partially offset by lower gross rents at both properties, greater than anticipated utility cost at Crossing and slightly higher vacancies at Westerly. **Magruder's Discovery** reported a negative cash flow variance of \$72,547 attributable to lower gross rents and higher vacancies coupled with higher utilities and maintenance expense. **The Metropolitan** also reported a negative cash flow variance of \$290,435 (\$2,296 + \$288,139) largely attributable to rental abatements offered on new retail leases offset by savings in utilities and maintenance expense. **Montgomery Arms** ended the year with a positive cash flow variance of \$45,714 as a result of savings in administrative and maintenance expense offset by higher

than expected legal services cost and insurance expense. Cash flow at **Pooks Hill High-Rise** was \$115,672 higher than anticipated due to lower than expected vacancy loss coupled with savings in utilities, maintenance and bad debt expense that were partially offset by administrative and security expenses that exceeded budget. **Scattered Site One Dev. Corp.** experienced a lower than anticipated cash flow for the year resulting in a negative variance of \$197,843 as a result of higher vacancy coupled with higher maintenance and bad debt expense that were partially offset by savings in administrative salary and benefits coupled with County funding for the Resident Counselor costs at the property. **Scattered Site Two Dev. Corp.** reported a positive cash flow variance of \$23,470 as a result of County funding for the Resident Counselor costs at the property coupled with lower bad debt expense that were partly offset by overages in administrative and maintenance expenses.

**VPC One and VPC Two Development Corporation** ended the year with positive cash flow variances of \$863,112 and \$441,500, respectively. When the FY'20 budget was developed, a decision was made to budget the VPC Debt Service Reserve (DSR) contributions, 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. If the full DSR contributions of \$828,707 and \$580,189, respectively, were made, **VPC One** would have exceeded budget by only \$34,405 and **VPC Two** would have ended the year with a negative cash flow variance of \$138,689. **VPC One** experienced greater than anticipated vacancies, maintenance and bad debt expenses that were offset by not making the DSR contribution coupled with County funding for the Resident Counselor costs at the property and savings in administrative salary and benefit costs. **VPC Two** experienced greater than anticipated vacancies, utility, maintenance and bad debt expenses that were partially offset by not making the DSR contribution coupled with County funding for the Resident Counselor costs at the property and savings in administrative salary and benefit costs. Staff is recommending that the DSR contributions not be made for FY 2020 to assist in offsetting losses at other properties within the portfolio.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'20 Operating Budget. Cash flow from this group of Development Corporation properties was \$571,859 less than budgeted for the year. The negative cash flow variance was primarily resulting from the Metropolitan that was partially restricted (see above for explanations) couple with the loss related to the **RAD 6** properties. The shortfall at **MetroPointe** was \$42,563 more than projected primarily due to higher vacancies and higher than anticipated administrative, utility and bad debt expenses that were partially offset by savings in insurance costs. The shortfall at MetroPointe will be funded through a planned draw from the GFOR. On a consolidated basis, the **RAD 6** properties ended the year with a negative variance of \$387,074 which consisted primarily of variances at **Seneca Ridge** and **Washington Square**. The planned deficit at **Seneca Ridge** was \$116,985 more than anticipated primarily due to lower gross rents and greater than anticipated vacancy coupled with overages in administrative, maintenance and utilities expenses that were partially offset by lower than anticipated bad debt expense. **Washington Square** ended the year with a deficit of \$144,567 which resulted in a negative cash flow variance of \$236,672 due to lower gross rents and

higher vacancies coupled with overages in administrative cost, utilities, maintenance and bad debt expense. The deficits at the two properties will be net against the cash generated at the remaining **RAD 6** properties which results in a net negative cash flow for the group of \$315,884 that will be covered by unrestricted cash received from other properties in the Opportunity Housing (OH) portfolio.

**Attachment C** is a chart of the Opportunity Housing properties. This chart divides the properties into two groups.

- The first group consists of properties whose unrestricted net cash flow will be used for the Agency's FY'20 Operating Budget. This group ended the year with cash flow of \$3,214,727 or \$28,132 less than budgeted. When we adjust the recognized cash flow by the reductions mentioned above the net year-end recognizable cash flow is \$3,111,077 or \$131,782 below budget.



**Unrestricted Opportunity Housing Properties**

	<b>(12 Months) Budget</b>	<b>(12 Months) Actual</b>	<b>Variance</b>	<b>(12 Months) Cash Flow</b>
64 MPDUs .....	\$80,446	\$82,995	\$2,549	\$58,066 (2)
Avondale Apartments .....	\$8,400	\$6,800	(\$1,600)	\$0
Camp Hill Square .....	\$118,290	\$94,450	(\$23,840)	\$94,450 (2)
Chelsea Towers .....	\$51,897	\$81,186	\$29,289	\$81,186 (5)
Fairfax Court .....	\$110,117	\$74,831	(\$35,286)	\$74,831
Holiday Park .....	\$96,766	\$50,557	(\$46,209)	\$35,368 (2)
Jubilee Falling Creek .....	\$14,750	\$5,898	(\$8,852)	\$0 (2)
Jubilee Hermitage .....	\$4,874	(\$13,234)	(\$18,108)	(\$13,234)
Jubilee Horizon Court .....	\$1,981	(\$1,553)	(\$3,534)	(\$1,553)
Jubilee Woodedge .....	\$7,604	(\$9,820)	(\$17,424)	(\$9,820)
The Manor at Cloppers Mill .....	\$98,908	\$98,908	\$0	\$98,910 (1)
The Manor at Colesville .....	\$83,283	\$83,283	\$0	\$83,280 (1)
The Manor at Fair Hill Farm .....	\$81,891	\$90,035	\$8,144	\$81,890 (1)
McHome .....	\$105,775	\$124,154	\$18,379	\$124,154 (5)
McKendree .....	\$44,166	\$69,184	\$25,018	\$69,184 (5)
MHLP VII .....	\$110,519	\$133,092	\$22,573	\$128,998 (2)
MHLP VIII .....	\$222,764	\$228,672	\$5,908	\$208,963 (2)
MHLP IX Pond Ridge .....	\$19,304	(\$88,524)	(\$107,828)	(\$88,524)
MHLP IX Scattered Sites .....	(\$25,806)	(\$71,971)	(\$46,165)	(\$71,971)
MHLP X .....	\$206,655	\$141,013	(\$65,642)	\$130,558 (2)
MPDU 2007 Phase II .....	\$11,718	\$34,020	\$22,302	\$31,129 (2)
Pooks Hill Mid-Rise .....	\$275,490	\$224,157	(\$51,333)	\$224,157
Strathmore Court .....	\$656,074	\$599,542	(\$56,532)	\$599,542
Strathmore Court Affordable .....	(\$332,139)	(\$337,021)	(\$4,882)	(\$337,021)
TPP LLC Pomander Court .....	\$97,228	\$5,539	(\$91,689)	\$0 (2)
TPP LLC Timberlawn .....	\$522,773	\$570,440	\$47,667	\$570,440
Westwood Tower .....	\$569,131	\$938,094	\$368,963	\$938,094
<b>Subtotal</b>	<b>\$3,242,859</b>	<b>\$3,214,727</b>	<b>(\$28,132)</b>	<b>\$3,111,077</b>
		<b>Recognizable Cash Flow</b>		<b>(\$131,782)</b>

**Notes:**

- (1) - Based on Budget.
- (2) - Reduced by change or cumulative balance in Tenant Receivable.
- (3) - Limited to available Property Cash.
- (4) - Based on Budget plus loss on Affordable units.
- (5) - Exceeds Budget.

A few properties in this portfolio experienced nominal negative cash flow variances due to slightly higher vacancies that were in some cases coupled with overages in utilities and maintenance expense. **Avondale Apartments** reported a negative cash flow variance of \$13,842 (\$1,600 + \$12,242) primarily attributable to lower gross rents coupled with greater than anticipated vacancies and concession as well as overages in utility, maintenance and bad debt expenses that were partially offset by savings in interest paid on outstanding debt on

the RELOC. **Camp Hill Square** ended the year with a negative cash flow variance of \$93,974 (\$23,840 + \$70,134) largely due to greater than anticipated utility, maintenance, security and bad debt expense that was partially offset by slightly higher tenant income. Cash flow at **Chelsea Towers** was \$29,289 more than anticipated due to lower than anticipated vacancies coupled with savings in administrative, utility and maintenance cost. **Fairfax Court** experienced a negative cash flow variance of \$35,286 primarily as a result of higher vacancy and maintenance expense. **Holiday Park** ended the year with a negative cash flow variance of \$46,209 primarily due to lower rents and higher than projected vacancy loss coupled with overages in utility and maintenance expense. **Jubilee Hermitage** and **Jubilee Woodedge** experienced negative cash flow variances of \$18,108 and \$17,424, respectively, mainly as a result of adjustments for prior year subsidy payments that decreased tenant income. Cash flow for the **Manor properties** at **Cloppers Mills**, **Colesville** and **Fair Hill Farm** were restricted 50% for FY'20. **The Manor at Cloppers Mills** ended the year with a negative variance of \$61,532 (\$0 + \$61,152) as a result of lower gross rents and higher vacancy loss coupled with greater than anticipated maintenance, insurance and bad debt expense that was partially offset by savings in utilities. Cash flow at **The Manor at Colesville** was \$63,206 (\$0 + \$63,206) lower than expected as a result of higher vacancy and administrative cost coupled with overages in utilities, insurance and maintenance expense. Cash flow at **McHome** was \$18,379 higher than expected due to savings in administrative, maintenance and bad debt expenses that were partially offset by higher vacancy loss and concessions. **McKendree** experienced a positive variance of \$25,018 as a result of maintaining 100% occupancy coupled with savings in most major expense categories that was slightly offset by higher than anticipated bad debt expenses. **MHLP VII** ended the year with a positive variance of \$22,573 primarily due to savings in administrative costs and maintenance expense. **MHLP IX Pond Ridge** and **MHLP IX Scattered Sites** ended the year with negative cash flow variances of \$107,828 and \$46,165, respectively, primarily due to higher than anticipated vacancy loss and overages in utilities and bad debt. **MHLP IX Pond Ridge** also experienced overages in maintenance expense. Cash flow at **MHLP X** was \$65,642 lower than expected due to higher administrative, maintenance and tax expense. Payment in Lieu of Taxes (PILOT) agreements have been established for some of the units and staff is working to obtain the remaining PILOTs and will pursue a refund of the paid taxes. The expense overages were partially offset by slightly higher rent potential, lower vacancy and County funding for the Resident Counselor costs at the property. **MPDU 2007 Phase II** experienced a positive variance of \$22,302 as a result of maintaining 100% occupancy coupled with savings throughout most expense categories. Cash flow for **Pooks Hill Mid-Rise** was \$51,333 lower than projected due to lower tenant income coupled with higher than anticipated administrative, utility and bad debt expense that were partially offset by savings in maintenance and security expenses. **Strathmore Court** experienced a negative cash flow variance of \$56,532 as a result of lower tenant income and higher than anticipated administrative and security expense that were slightly offset by savings in utility and maintenance expense. **TPP LLC Pomander Court** experienced a negative cash flow variance of \$91,689 mainly due to higher than anticipated utility, maintenance, and bad debt expense. **TPP LLC Timberlawn's** cash flow exceeded the year end budget by \$47,667 as a result of savings in tenant services, maintenance and bad debt expenses that were partially offset by the write-off of an unanticipated insurance claim reimbursement. Cash flow at **Westwood Tower** was \$368,963 more than anticipated as a result of higher gross rents and lower

concessions and vacancy coupled with savings in utility, maintenance, security and bad debt expenses that were partially offset by higher than expected administrative and insurance costs at the property.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'20 Operating Budget. Some of these properties have legal restrictions on the use of cash flow; others may have needs for the cash flow. Cash flow for this group of properties was \$1,476,384 lower than budgeted. **617 Olney Sandy Spring Road** ended the year with a shortfall of \$8,932 which produced a negative cash flow variance of \$19,685 as a result of the property remaining vacant coupled with small overages in most expense categories. The deficit will be net against unrestricted cash from the OH portfolio. The demolition of **The Ambassador** was completed in April of 2020. The property experienced expenses of \$107,915 mainly driven by costs associated with the transfer of the property to Wheaton Gateway, tax return costs, security costs and taxes coupled with interest paid on the outstanding debt on the PNC Real Estate Line of Credit (RELOC). There are sufficient reserves at the property to cover the costs. Cash flow at **Barclay Affordable** was \$25,805 higher than anticipated due to savings in administrative, utility and maintenance expense coupled with the receipt of a reimbursement for prior period expenses. **Brooke Park** ended the year with a \$9,090 greater loss than projected mainly due to higher than anticipated utility and maintenance expense associated with boarding up windows. **Brookside Glen** experienced a negative cash flow variance of \$27,950 primarily due to lower rent potential and higher vacancy loss coupled with overages in administrative and insurance costs that were partially offset by savings in utility and bad debt expense. **Cider Mill Apartments** reported a negative cash flow variance of \$847,741 primarily due to higher vacancy, maintenance, bad debt, and debt service expenses as well as payments to mezzanine lender debt. The negative variance was largely offset by savings in administrative, utility and tax expense. Cash flow at **Dale Drive** was \$9,517 lower than anticipated due to higher maintenance and utilities expense. **Diamond Square** experienced a negative cash flow variance of \$39,146 largely due to higher security and insurance cost offset by lower than anticipated vacancies and savings in administrative, utility and maintenance cost. **Elizabeth House Interim RAD** ended the year with a \$96,093 greater loss than projected due to shortfalls in tenant income that were partially offset by savings in administrative, utility and maintenance expense. The FY'20 Budget was based on the final Public Housing property, Elizabeth House, being fully converted under the Rental Assistance Demonstration (RAD) Program. Activity for the units that had not been converted until July 31 (30 units) and March 31 (106 units) is shown in the Public Housing Program. Cash flow at **Holly Hall** was \$44,325 lower than expected as a result of higher than anticipated utility, maintenance, and protective services cost that were partially offset by higher than anticipated rental income as a result of the receipt of subsidies owed to the property for FY'19. **Manchester Manor**, which was projected to have a deficit at year-end to be covered by existing property cash, experienced a negative cash flow variance of \$62,510 mainly due to higher than anticipated administrative, maintenance, security and bad debt expense. There were also delayed loan payments from FY'19 that contributed to the lower cash flow. There is sufficient cash at the property fund the higher deficit. **Paint Branch** experienced a negative cash flow variance of \$43,296 largely due to lower gross rents and higher than expected vacancy coupled with overages in administrative, maintenance and bad

debt expenses. **Shady Grove** ended the year with a positive variance of \$54,033 primarily due to savings in administrative, maintenance, and security costs that were partly offset by higher vacancy loss. Cash flow at **State Rental Combined** was \$276,999 lower than projected due to higher vacancies coupled with overages in administrative, which included the write-off of an unanticipated insurance claim reimbursement, utility and maintenance cost that were partially offset by lower than anticipated bad debt expense. The year-end deficit of \$198,137 will be funded by existing property cash. **Stewartown Affordable** ended the year with a positive variance of \$126,554 as a result of lower vacancy loss coupled with savings in tenant services, maintenance, and debt service expenses. **The Willows** ended the year with a \$90,455 lower loss than projected due to savings in most expense categories that were partly offset by lower than anticipated gross rents coupled with higher than projected concessions and vacancy. The year-end loss of \$228,265 will be funded by a draw from residual receipts at the property.

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

- The FY'20 Budget was based on the final Public Housing property, **Elizabeth House**, being fully converted under the Rental Assistance Demonstration (RAD) Program and therefore did not include a budget for the Public Housing Rental Program (See Opportunity Housing). As a result of the delay in the final units converting at Elizabeth House which did not occur until March 31, 2020, the program ended the year with a surplus of \$218,297 primarily based on the income that exceeded expenses related to the remaining units at the property. This was partially offset by the small amount of expenses at **Emory Grove** that is slated for demolition.
- The Housing Choice Voucher Program (HCVP) ended the year with a surplus of \$3,884,807. The surplus was comprised of Housing Assistance Payment (HAP) revenue that exceeded HAP payments by \$2,994,425 coupled with an administrative surplus of \$890,382. The HAP surplus will be restricted to the HCVP reserve known as the Net Restricted Position (NRP), which includes funds received in prior years that were recognized but not used. The program ended the period with a positive administrative variance of \$890,382 as a result of higher than anticipated administrative fee income coupled with savings in administrative expenses due largely to staff turnover. The positive fee variance is largely due to the Department of Housing and Urban Development (HUD) providing additional administrative fees in July 2019 as a result of the final reconciliation of fees earned based on actual utilization through December 2018 coupled with additional fees received in April 2020 as a result of the final reconciliation of fees earned based on actual utilization through December 2019. The savings in expenses were primarily due to salary and benefit lapse coupled with slightly lower than anticipated management fee expenses. The administrative surplus will be restricted to the program for future administrative costs.

### **Tax Credit Partnerships**

The Tax Credit Partnerships have a calendar year end. Quarterly Budget to Actual Statements are reported to the Budget, Finance, and Audit Committee for informal review and discussion.

### **Budget Impact – FY'20**

- As explained in this memo, the Agency ended the year with a surplus of \$2,779,257 primarily as a result of not making the planned reserve contributions coupled with higher income and lower than anticipated expenses in the General Fund. The FY'20 Budget projected planned reserve contribution totaling \$2,770,457 that were to be contributed as follows; \$1,617,738 to be contributed to the General Fund Operating Reserve (GFOR), and \$1,152,719 to the Opportunity Housing Property Reserve (OHPR).
- Staff recommends that the contributions to the respective reserves be held off at this time so that the \$2,779,257 surplus available at year-end can be held in the General Fund to offset any loss of income due to the non-receipt of rental payments as a result of the COVID 19 Pandemic to ensure sufficient available cash to maintain timely payment of expenses. The cash position and outstanding receivables is being constantly monitored and staff will keep the Commission apprised of any cash flow potential concerns.

### **The Capital Budget (Attachment E)**

Attachment E is a chart of the Capital Improvements Budget for FY'20. The chart is grouped in two sections – General Fund and Opportunity Housing properties. Several properties exceeded their budget due to unanticipated physical needs at the properties. On properties where sufficient reserves are available, they will be used to cover the overages. Several properties were dependent upon the Opportunity Housing Property Reserve (OHPR) for FY '20. Total expenditures for the portfolio did not exceed the authorized amount of \$720,718 allocated from the OHPR for FY'20. Capital budgets from projects with positive variances may be rolled forward as requested for projects that were planned for FY'20 but not completed.

In the General Fund, Information Technology exceeded budget as a result of unanticipated computer equipment needs. This overage will be covered by a restriction of operating income in the General Fund.

The following is an explanation of properties that have exceeded their annual capital budget. There are sufficient property reserves to cover the overages at all of the properties except **Manchester Manor, Manor at Fair Hill Farm, Metropolitan Affordable, MHLP IX – Pond Ridge, Montgomery Arms Dev Corp,** and **MPDU II (59) Dev Corp.** The overages at these properties will be covered by the OHPR. There are sufficient savings in other capital budgets that were drawing from this reserve to cover the overage at these properties.

There are a few properties with nominal overages that will be funded by the respective properties reserves. **Avondale** exceeded the capital budget due to work related to paving the parking lot. **The Barclay** had Real Estate Assessment Center (REAC) inspection related work that caused the overage. **Brookside Glen** overspent their capital budget as a result of work related to plumbing and flooring contracts. **Camp Hill Square** exceeded the capital budget due to carpet replacements. **Fairfax Court** had a County inspection that required additional capital investment that was not anticipated at the time the budget was developed. **Jubilee Hermitage** overspent as a result of carpet replacement. **Ken Gar** has exceeded its FY'20 capital budget by a small amount due to higher than anticipated flooring contracts. **Manchester Manor** replaces the property

chillers that were originally planned in a prior year's budget. Funds for the additional costs were previously obligated in the Opportunity Housing Property Reserve. The **Manor at Fair Hill Farm** overspent as a result of roof work that was planned for FY'19 but was not expensed until FY'20. The **Metropolitan Affordable** budget overage was a timing variance due to the property conversion. **Montgomery Arms** exceeded its capital budget due to flooring and HVAC replacement. **MHLP IX Pond Ridge** experienced unanticipated door and roof replacements as well as unit painting. **TPM - 59 MPDUs** overspent as a result of roof and HVAC work that was more than anticipated. **Paddington Square** exceeded its capital budget for the year as a result of the REAC inspection related work. **Sandy Springs** had tree removals cost that caused the overage. **Seneca Ridge** overspent as a result of work related to ex-tenant damages in the units. Staff is working to charge the improvements back to the respective individuals. **State Rental** overspent its capital budget as a result of unanticipated kitchen and bath renovations, as well as appliance replacements that exceeded the planned replacements in the units. **Town Centre Place** exceeded the capital budget due to tree removal cost. **Scattered Site One Dev. Corp.** experienced capital expenditure in excess of budget in several categories including kitchen and bath, window, HVAC, and roof replacements based on the need for renovations of the units. Both **VPC One** and **VPC Two Dev. Corp.** have overspent their respective capital budgets as a result of unanticipated capital needs in several units including painting, appliance, flooring and roof replacements, waterproofing at a few units, and rewiring of one home after a fire. **Washington Square** exceeded their capital budget due to work related to plumbing and flooring contracts.

**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;

**WHEREAS**, the Commission reviewed the Fourth Quarter FY’20 Budget to Actual Statements during its October 7, 2020 meeting;

**WHEREAS**, HOC ended FY’20 with an operating surplus of \$2,779,257; and

**WHEREAS**, it is recommended that \$2,779,257 be held in the General Fund to offset any loss of income due to the non-receipt of rental payments as a result of COVID-19 to ensure sufficient available cash to maintain timely payment of expenses.

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

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby authorizes the surplus of \$2,779,257 to be held in the General Fund to offset any loss of income due to the non-receipt of rental payments as a result of the COVID-19 Pandemic to ensure sufficient available cash to maintain timely payment of expenses.

**I HEREBY CERTIFY** that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on Wednesday, October 7, 2020.

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Patrice Birdsong  
Special Assistant to the Commission

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## FY 20 Fourth Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow		
	(12 Months) Budget	(12 Months) Actual	Variance
<b>General Fund</b>			
General Fund .....	(\$2,942,138)	\$443,225	\$3,385,363
<b>Administration of Multifamily and Single Family Fund</b>			
Multifamily Fund .....	\$0	\$89,694	\$89,694
Draw from / (Restrict to) Multifamily Bond Fund .....	\$0	(\$89,694)	(\$89,694)
Single Family Fund .....	\$0	\$130,723	\$130,723
Draw from / (Restrict to) Single Family Bond Fund .....	\$0	(\$130,723)	(\$130,723)
<b>Opportunity Housing Fund</b>			
Opportunity Housing Properties .....	\$3,242,859	\$3,111,077	(\$131,782)
Restricted Opportunity Housing Properties with Deficits .....	(\$300,721)	(\$459,161)	(\$158,440)
Restricted Development Corporations with Deficits .....	\$0	(\$315,884)	(\$315,884)
<b>OHRF</b>			
OHRF Balance .....	\$0	\$3,659,203	\$3,659,203
Excess Cash Flow Restricted .....	\$0	(\$3,659,203)	(\$3,659,203)
Draw from existing funds .....	\$0	\$0	\$0
<b>Net -OHRF</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing</b>	<b>\$0</b>	<b>\$2,779,257</b>	<b>\$2,779,257</b>
<b>Public Fund</b>			
Public Housing Rental (1) .....	\$0	\$218,297	\$218,297
Housing Choice Voucher Program HAP (2) .....	\$270,013	\$2,994,425	\$2,724,412
Housing Choice Voucher Program Admin (3) .....	\$0	\$890,382	\$890,382
<b>Total -Public Fund</b>	<b>\$270,013</b>	<b>\$4,103,104</b>	<b>\$3,833,091</b>
<b>Public Fund - Reserves</b>			
(1) Public Housing Rental - Draw from / Restrict to Program .....	\$0	(\$218,297)	(\$218,297)
(2) Draw from / Restrict to HCV Program Cash Reserves .....	(\$270,013)	(\$2,994,425)	(\$2,724,412)
(3) Draw from / Restrict to HCV Program Excess Admin Fee .....	\$0	(\$890,382)	(\$890,382)
<b>SUBTOTAL - Public Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL - All Funds</b>	<b>\$0</b>	<b>\$2,779,257</b>	<b>\$2,779,257</b>

## FY 20 Fourth Quarter Operating Budget to Actual Comparison

	Capital Expenses		
	(12 Months) Budget	(12 Months) Actual	Variance
<b>General Fund</b>			
880 Bonifant .....	\$200,000	\$140,259	\$59,741
East Deer Park .....	\$325,000	\$141,503	\$183,497
Kensington Office .....	\$375,000	\$177,433	\$197,567
Information Technology .....	\$802,560	\$990,913	(\$188,353)
<b>Opportunity Housing Fund</b>	<b>\$7,687,162</b>	<b>\$5,305,004</b>	<b>\$2,382,158</b>
<b>TOTAL - All Funds</b>	<b>\$9,189,722</b>	<b>\$6,614,853</b>	<b>\$2,574,869</b>



## FY 20 Fourth Quarter Operating Budget to Actual Comparison

### Development Corp Properties - Net Cash Flow

	(12 Months)	Variance		(12 Months)	Variance
	Net Cash Flow Budget	Income	Expense	Net Cash Flow Actual	
<b>Properties with unrestricted cash flow for FY20 operating budget</b>					
Alexander House .....	\$465,019	(\$88,961)	\$65,112	\$441,171	(\$23,848)
The Barclay .....	\$133,214	(\$63,138)	(\$147,778)	(\$77,701)	(\$210,915)
Glenmont Crossing .....	\$146,850	(\$49,235)	\$170,968	\$268,583	\$121,733
Glenmont Westerly .....	\$186,398	(\$38,756)	\$60,983	\$208,625	\$22,227
Magruder's Discovery .....	\$803,453	(\$20,263)	(\$52,284)	\$730,906	(\$72,547)
The Metropolitan .....	\$1,188,148	(\$168,265)	\$23,049	\$1,185,852	(\$2,296)
Metropolitan Affordable .....	(\$345,859)	(\$2,891)	\$5,187	(\$343,563)	\$2,296
Montgomery Arms .....	\$300,370	\$2,029	\$43,685	\$346,084	\$45,714
TPM - 59 MPDUs .....	\$448,017	\$21,749	(\$28,663)	\$441,103	(\$6,914)
Paddington Square .....	\$426,443	\$13,230	(\$6,243)	\$433,430	\$6,987
Pooks Hill High-Rise .....	\$473,168	\$63,636	\$52,036	\$588,840	\$115,672
Scattered Site One Dev. Corp. ....	\$586,700	(\$108,872)	(\$88,970)	\$388,857	(\$197,843)
Scattered Site Two Dev. Corp. ....	\$16,754	\$21,207	\$2,263	\$40,224	\$23,470
Sligo Development Corp. ....	\$24,056	\$31,631	(\$2,942)	\$52,745	\$28,689
VPC One Corp. ....	\$1,052,542	\$61,939	\$801,173	\$1,915,654	\$863,112
VPC Two Corp. ....	\$636,187	\$57,730	\$383,770	\$1,077,687	\$441,500
<b>Subtotal</b>	<b>\$6,541,460</b>	<b>(\$267,230)</b>	<b>\$1,281,346</b>	<b>\$7,698,497</b>	<b>\$1,157,037</b>
<b>Properties with restricted cash flow (external and internal)</b>					
Glenmont Crossing .....	\$128,289	(\$43,012)	\$149,359	\$234,636	\$106,347
Glenmont Westerly .....	\$164,250	(\$34,151)	\$53,737	\$183,836	\$19,586
MetroPointe .....	(\$143,647)	(\$47,229)	\$4,666	(\$186,210)	(\$42,563)
The Metropolitan .....	\$842,289	(\$168,265)	\$23,049	\$554,150	(\$288,139)
Oaks at Four Corners .....	\$3,309	\$8,322	\$11,662	\$23,293	\$19,984
<b>RAD 6 Total</b>	<b>\$71,190</b>	<b>(\$142,563)</b>	<b>(\$244,510)</b>	<b>(\$315,884)</b>	<b>(\$387,074)</b>
Ken Gar .....	\$22,728	\$4,863	(\$4,504)	\$23,086	\$358
Parkway Woods .....	\$20,122	(\$7,743)	\$16,897	\$29,276	\$9,154
Sandy Spring Meadow .....	\$66,257	(\$43,003)	\$18,904	\$42,158	(\$24,099)
Seneca Ridge .....	(\$195,363)	(\$17,926)	(\$99,059)	(\$312,348)	(\$116,985)
Towne Centre Place .....	\$65,341	(\$27,915)	\$9,085	\$46,511	(\$18,830)
Washington Square .....	\$92,105	(\$50,839)	(\$185,833)	(\$144,567)	(\$236,672)
<b>Subtotal</b>	<b>\$1,065,680</b>	<b>(\$426,898)</b>	<b>(\$2,037)</b>	<b>\$493,821</b>	<b>(\$571,859)</b>
<b>TOTAL ALL PROPERTIES</b>	<b>\$7,607,140</b>	<b>(\$694,128)</b>	<b>\$1,279,309</b>	<b>\$8,192,318</b>	<b>\$585,178</b>

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

	(12 Months)		Variance		(12 Months)	
	Net Cash Flow				Net Cash Flow	
	Budget	Income	Expense	Actual	Variance	
<b>Properties with unrestricted cash flow for FY20 operating budget</b>						
64 MPDUs .....	\$80,446	(\$13,372)	\$15,921	\$82,995	\$2,549	
Avondale Apartments .....	\$8,400	(\$3,882)	\$2,282	\$6,800	(\$1,600)	
Camp Hill Square .....	\$118,290	\$16,995	(\$63,981)	\$94,450	(\$23,840)	
Chelsea Towers .....	\$51,897	\$15,679	\$13,610	\$81,186	\$29,289	
Fairfax Court .....	\$110,117	(\$12,196)	(\$23,090)	\$74,831	(\$35,286)	
Holiday Park .....	\$96,766	(\$22,101)	(\$24,108)	\$50,557	(\$46,209)	
Jubilee Falling Creek .....	\$14,750	(\$5,609)	(\$3,243)	\$5,898	(\$8,852)	
Jubilee Hermitage .....	\$4,874	(\$16,770)	(\$1,338)	(\$13,234)	(\$18,108)	
Jubilee Horizon Court .....	\$1,981	(\$3,454)	(\$80)	(\$1,553)	(\$3,534)	
Jubilee Woodedge .....	\$7,604	(\$16,091)	(\$1,332)	(\$9,820)	(\$17,424)	
The Manor at Cloppers Mill .....	\$98,908	(\$16,722)	(\$14,044)	\$98,908	\$0	
The Manor at Colesville .....	\$83,283	(\$5,718)	(\$25,884)	\$83,283	\$0	
The Manor at Fair Hill Farm .....	\$81,891	\$41,750	(\$33,606)	\$90,035	\$8,144	
McHome .....	\$105,775	(\$15,540)	\$33,919	\$124,154	\$18,379	
McKendree .....	\$44,166	\$11,481	\$13,538	\$69,184	\$25,018	
MHLP VII .....	\$110,519	(\$488)	\$23,061	\$133,092	\$22,573	
MHLP VIII .....	\$222,764	\$7,047	(\$1,139)	\$228,672	\$5,908	
MHLP IX Pond Ridge .....	\$19,304	(\$41,760)	(\$66,068)	(\$88,524)	(\$107,828)	
MHLP IX Scattered Sites .....	(\$25,806)	(\$47,834)	\$1,669	(\$71,971)	(\$46,165)	
MHLP X .....	\$206,655	\$14,287	(\$79,929)	\$141,013	(\$65,642)	
MPDU 2007 Phase II .....	\$11,718	\$1,722	\$20,580	\$34,020	\$22,302	
Pooks Hill Mid-Rise .....	\$275,490	(\$45,273)	(\$6,060)	\$224,157	(\$51,333)	
Strathmore Court .....	\$656,074	(\$41,899)	(\$14,633)	\$599,542	(\$56,532)	
Strathmore Court Affordable .....	(\$332,139)	(\$1,890)	(\$2,993)	(\$337,021)	(\$4,882)	
TPP LLC Pomander Court .....	\$97,228	(\$4,127)	(\$87,562)	\$5,539	(\$91,689)	
TPP LLC Timberlawn .....	\$522,773	\$2,703	\$44,964	\$570,440	\$47,667	
Westwood Tower .....	\$569,131	\$210,114	\$158,848	\$938,094	\$368,963	
<b>Subtotal</b>	<b>\$3,242,859</b>	<b>\$7,052</b>	<b>(\$120,698)</b>	<b>\$3,214,727</b>	<b>(\$28,132)</b>	
<b>Properties with restricted cash flow (external and internal)</b>						
617 Olney Sandy Spring Road .....	\$10,753	(\$17,361)	(\$2,324)	(\$8,932)	(\$19,685)	
The Ambassador .....	\$0	\$0	(\$107,915)	(\$107,915)	(\$107,915)	
Avondale Apartments .....	\$64,261	(\$29,696)	\$17,454	\$52,019	(\$12,242)	
Barclay Affordable .....	\$76,678	\$21,807	\$3,998	\$102,483	\$25,805	
Brooke Park .....	(\$2,569)	\$1,614	(\$10,704)	(\$11,659)	(\$9,090)	
Brookside Glen (The Glen) .....	\$234,183	(\$91,789)	\$63,839	\$206,233	(\$27,950)	
Camp Hill Square .....	\$118,290	\$16,995	(\$63,981)	\$48,156	(\$70,134)	
CDBG Units .....	\$0	(\$223)	\$7,076	\$6,853	\$6,853	
Cider Mill Apartments .....	\$542,175	(\$330,702)	(\$517,040)	(\$305,566)	(\$847,741)	
Dale Drive .....	\$11,149	\$46	(\$9,563)	\$1,632	(\$9,517)	
Diamond Square .....	\$272,386	\$30,407	(\$69,554)	\$233,240	(\$39,146)	
Elizabeth House Interim RAD .....	(\$170,449)	(\$523,623)	\$427,530	(\$266,542)	(\$96,093)	
Georgian Court Affordable .....	\$109,449	\$18,128	(\$15,227)	\$112,350	\$2,901	
Holly Hall Interim RAD .....	(\$127,703)	\$170,528	(\$214,853)	(\$172,028)	(\$44,325)	
King Farm Village .....	\$7,456	(\$464)	(\$407)	\$6,585	(\$871)	
Manchester Manor .....	(\$19,361)	(\$5,216)	(\$57,294)	(\$81,871)	(\$62,510)	
The Manor at Cloppers Mill .....	\$98,908	(\$16,722)	(\$14,044)	\$37,376	(\$61,532)	
The Manor at Colesville .....	\$83,283	(\$5,718)	(\$25,884)	\$20,077	(\$63,206)	
The Manor at Fair Hill Farm .....	\$81,892	\$41,750	(\$33,606)	\$90,035	\$8,143	
NCI Units .....	\$0	(\$4,202)	\$4,202	\$0	\$0	
NSP Units .....	\$0	(\$6,036)	\$6,036	\$0	\$0	
Paint Branch .....	\$97,286	(\$19,718)	(\$23,577)	\$53,990	(\$43,296)	
Shady Grove Apts .....	\$196,451	(\$41,490)	\$95,523	\$250,484	\$54,033	
Southbridge .....	\$40,777	\$2,690	(\$1,566)	\$41,901	\$1,124	
State Rental Combined .....	\$78,862	(\$78,034)	(\$198,964)	(\$198,137)	(\$276,999)	
Stewartown Affordable .....	\$28,226	\$41,406	\$85,148	\$154,780	\$126,554	
The Willows .....	(\$318,720)	(\$63,028)	\$153,483	(\$228,265)	\$90,455	
<b>Subtotal</b>	<b>\$1,513,663</b>	<b>(\$888,651)</b>	<b>(\$502,214)</b>	<b>\$37,279</b>	<b>(\$1,476,384)</b>	
<b>TOTAL ALL PROPERTIES</b>	<b>\$4,756,522</b>	<b>(\$881,599)</b>	<b>(\$622,912)</b>	<b>\$3,252,006</b>	<b>(\$1,504,516)</b>	

## FY 20 Fourth Quarter Operating Budget to Actual Comparison

For HUD Funded Programs

	(12 Months) Budget	(12 Months) Actual	Variance
<b>Public Housing Rental</b>			
Revenue	\$0	\$850,548	\$850,548
Expenses	\$0	\$632,251	(\$632,251)
<b>Net Income</b>	<b>\$0</b>	<b>\$218,297</b>	<b>\$218,297</b>
<b>Housing Choice Voucher Program</b>			
HAP revenue	\$96,842,268	\$102,208,159	\$5,365,891
HAP payments	\$96,572,255	\$99,213,734	\$2,641,479
<b>Net HAP</b>	<b>\$270,013</b>	<b>\$2,994,425</b>	<b>\$2,724,412</b>
<b>Restrict to HAP Reserves</b>	<b>(\$270,013)</b>		
Admin.fees & other inc.	\$8,264,485	\$8,457,680	\$193,195
Admin. Expense	\$8,264,485	\$7,567,298	\$697,187
<b>Net Administrative</b>	<b>\$0</b>	<b>\$890,382</b>	<b>\$890,382</b>
<b>Net Income</b>	<b>\$0</b>	<b>\$3,884,807</b>	<b>\$3,614,794</b>

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

	(12 Months) Net Cash Flow		Variance		(12 Months) Net Cash Flow	
	Budget	Income	Expense	Actual	Variance	
Elizabeth House .....	\$0	\$850,068	(\$616,397)	\$233,671	\$233,671	
Emory Grove .....	\$0	\$480	(\$15,854)	(\$15,374)	(\$15,374)	
<b>TOTAL ALL PROPERTIES</b>	<b>\$0</b>	<b>\$850,548</b>	<b>(\$632,251)</b>	<b>\$218,297</b>	<b>\$218,297</b>	

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

	(12 Months) Budget	(12 Months) Actual	Variance
<b>General Fund</b>			
880 Bonifant .....	\$200,000	\$140,259	\$59,741
East Deer Park .....	\$325,000	\$141,503	\$183,497
Kensington Office .....	\$375,000	\$177,433	\$197,567
Information Technology .....	\$802,560	\$990,913	(\$188,353)
<b>Subtotal</b>	<b>\$1,702,560</b>	<b>\$1,450,108</b>	<b>\$252,452</b>
<b>Opportunity Housing</b>			
Alexander House .....	\$123,556	\$28,377	\$95,179
Avondale Apartments .....	\$22,920	\$41,726	(\$18,806)
The Barclay .....	\$46,716	\$73,456	(\$26,740)
Barclay Affordable .....	\$46,200	\$14,534	\$31,666
Brookside Glen (The Glen) .....	\$86,700	\$140,888	(\$54,188)
Camp Hill Square .....	\$27,100	\$63,113	(\$36,013)
CDBG Units .....	\$5,875	\$2,052	\$3,823
Chelsea Towers .....	\$29,040	\$10,754	\$18,286
Cider Mill Apartments .....	\$605,100	\$437,524	\$167,576
Dale Drive .....	\$5,220	\$4,605	\$615
Diamond Square .....	\$388,540	\$17,972	\$370,568
Fairfax Court .....	\$57,025	\$116,120	(\$59,095)
Georgian Court Affordable .....	\$29,750	\$19,116	\$10,634
Glenmont Crossing .....	\$138,821	\$67,932	\$70,889
Glenmont Westerly .....	\$220,199	\$76,523	\$143,676
Holiday Park Interim RAD .....	\$26,550	\$18,443	\$8,107
Jubilee Hermitage .....	\$250	\$2,083	(\$1,833)
Jubilee Woodedge .....	\$365	\$0	\$365
Ken Gar .....	\$6,000	\$9,109	(\$3,109)
Magruder's Discovery .....	\$108,244	\$81,134	\$27,110
Manchester Manor .....	\$176,874	\$294,181	(\$117,307)
Manor at Cloppers Mill .....	\$78,823	\$68,991	\$9,832
Manor at Colesville .....	\$327,231	\$211,097	\$116,134
Manor at Fair Hill Farm .....	\$59,471	\$214,912	(\$155,441)
McHome .....	\$38,075	\$30,487	\$7,588
McKendree .....	\$23,250	\$4,796	\$18,454
MetroPointe .....	\$485,418	\$266,435	\$218,983
The Metropolitan .....	\$796,831	\$174,947	\$621,884
Metropolitan Affordable .....	\$40,868	\$68,864	(\$27,996)
Montgomery Arms .....	\$75,620	\$107,172	(\$31,552)
MHLP VII .....	\$41,350	\$21,475	\$19,875
MHLP VIII .....	\$73,600	\$33,808	\$39,792
MHLP IX - Pond Ridge .....	\$30,500	\$44,093	(\$13,593)
MHLP IX - Scattered Sites .....	\$91,400	\$75,767	\$15,633
MHLP X .....	\$125,350	\$90,023	\$35,327
MPDU 2007 Phase II .....	\$8,850	\$34	\$8,816
64 MPDUs .....	\$37,350	\$22,718	\$14,632
TPM - 59 MPDUs .....	\$21,700	\$75,981	(\$54,281)
Oaks at Four Corners .....	\$322,513	\$205,433	\$117,080
NCI Units .....	\$18,675	\$11,209	\$7,466
NSP Units .....	\$13,725	\$666	\$13,059
Paddington Square .....	\$98,824	\$177,556	(\$78,732)
Paint Branch .....	\$9,900	\$6,417	\$3,483
Parkway Woods .....	\$30,116	\$6,988	\$23,128
TPP LLC Pomander Court .....	\$13,500	\$5,706	\$7,794
Pooks Hill High-Rise .....	\$553,000	\$78,939	\$474,061
Pooks Hill Mid-Rise .....	\$52,600	\$19,810	\$32,790
Sandy Spring Meadow .....	\$12,000	\$33,250	(\$21,250)
Scattered Site One Dev. Corp. ....	\$108,925	\$188,511	(\$79,586)
Scattered Site Two Dev. Corp. ....	\$63,500	\$35,047	\$28,453
Seneca Ridge .....	\$22,419	\$60,888	(\$38,469)
Shady Grove Apts .....	\$186,945	\$105,138	\$81,807
Sligo Development Corp. ....	\$34,000	\$8,237	\$25,763
Southbridge .....	\$25,337	\$18,247	\$7,090
State Rental Combined .....	\$165,000	\$213,400	(\$48,400)
Stewartown Affordable .....	\$22,608	\$8,553	\$14,055
Strathmore Court .....	\$231,106	\$191,546	\$39,560
Strathmore Court Affordable .....	\$43,409	\$21,735	\$21,674
Towne Centre Place .....	\$12,004	\$26,218	(\$14,214)
TPP LLC Timberlawn .....	\$121,864	\$109,073	\$12,791
VPC One Dev. Corp. ....	\$78,300	\$207,053	(\$128,753)
VPC Two Dev. Corp. ....	\$65,750	\$203,627	(\$137,877)
Washington Square .....	\$10,500	\$61,616	(\$51,116)
Westwood Tower .....	\$648,700	\$142,519	\$506,181
The Willows .....	\$215,210	\$126,380	\$88,830
<b>Subtotal</b>	<b>\$7,687,162</b>	<b>\$5,305,004</b>	<b>\$2,382,158</b>
<b>TOTAL</b>	<b>\$9,389,722</b>	<b>\$6,755,112</b>	<b>\$2,634,610</b>

# **AUTHORIZATION TO WRITE OFF UNCOLLECTIBLE TENANT ACCOUNTS RECEIVABLE (APRIL 1, 2020 – JUNE 30, 2020)**

**October 7, 2020**

- HOC's current policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days. In addition, HOC periodically proposes the write-off of uncollected former resident balances.
- The proposed write-off of uncollectible tenant accounts receivable balances from former tenants for the period covered April 1, 2020 to June 30, 2020 totaled \$34,196. This quarter write off includes \$16,940 from Opportunity Housing properties, \$1,853 from the Supportive Housing and \$15,403 from the RAD program. Past tenants at MPDU I/64 and Washington Square accounted for the majority of the write-offs. The write offs were mainly due to tenants who skipped, voluntarily left their units, passed away, purchased a home, had a job transfer, or left to live in a nursing home.
- The next anticipated write-off of former tenants' uncollectible accounts receivable balance will be for the period covered July 1, 2020 to September 30, 2020, and will be performed in the second quarter of FY'21.

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

**TO:** Housing Opportunities Commission

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

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

**RE:** Authorization to Write-off Uncollectible Tenant Accounts Receivable  
(April 1, 2020 – June 30, 2020)

**DATE:** October 7, 2020

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**BACKGROUND:**

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

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

The last approved write-off on May 19, 2020 was for \$106,513, which covered the three-month period from January 1, 2020, through March 31, 2020.

The proposed write-off of former tenant accounts receivable balances for the fourth quarter April 1, 2020 through June 30, 2020, is \$34,196. The total write-offs for FY2020 were \$252,265. The fourth quarter write-off totaling \$34,196 is primarily due to the Opportunity Housing properties MPDU I/64; TPP LLC – Pomander and the RAD 6 properties, specifically Washington Square. Supportive Housing also contribute to the write offs. The primary reasons for the write-offs include tenants who skipped, voluntarily left their units, passed away, purchased a home, had a job transfer, or left to live in a nursing home.

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

Property Type	Current	Prior			Fiscal Year 2020	Fiscal Year 2019
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	04/01/20 - 06/30/20	01/01/20 - 03/31/20	03/31/20 - 06/30/20	03/31/20 - 06/30/20	07/01/19 - 06/30/20	07/01/18 - 06/30/19
Public Housing	\$ -	\$ -	\$ -	0.00%	\$ -	\$ 3,095
Opportunity Housing	16,940	99,656	(82,716)	-83.00%	205,809	532,696
Supportive Housing	1,853	-	1,853	0.00%	5,330	39,255
RAD Properties	15,403	6,850	8,553	124.86%	37,011	98,750
Rental Asst Sec8 Repays	-	7	(7)	-100.00%	4,115	-
	<b>\$ 34,196</b>	<b>\$ 106,513</b>	<b>\$ (72,317)</b>	<b>-67.89%</b>	<b>\$ 252,265</b>	<b>\$ 673,796</b>

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

	Current	Prior			Fiscal Year 2020	Fiscal Year 2019
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	04/01/20 - 06/30/20	01/01/20 - 03/31/20	03/31/20 - 06/30/20	03/31/20 - 06/30/20	07/01/19 - 06/30/20	07/01/18 - 06/30/19
<b>Opportunity Housing (OH) Fund</b>						
Avondale	\$ -	\$ -	\$ -	0.00%	\$ -	\$ 13,454
Bauer Park	-	35	(35)	-100.00%	35	-
Chelsea Towers	-	2,934	(2,934)	-100.00%	2,934	315
Holiday Park	-	-	-	0.00%	-	3,775
McHome	60	-	60	0.00%	60	-
MHLP I/64	15,449	-	15,449	0.00%	15,597	22,929
MHLP IX - MPDU	-	-	-	0.00%	7,392	5,818
MHLP IX - Pondridge	-	-	-	0.00%	2,435	244
MHLP VII	-	3,659	(3,659)	-100.00%	7,063	-
MHLP VIII	-	-	-	0.00%	110	-
MHLP X	107	1,676	(1,569)	-93.62%	5,549	-
NCF-1 - 13671 Harvest Glen Way	-	-	-	0.00%	9,104	-
Paintbranch	-	3,191	(3,191)	-100.00%	3,191	-
Scattered Site One Dev Corp	-	-	-	0.00%	2,868	35,003
State Rental Partnership	178	4,899	(4,721)	-96.37%	5,486	18,276
Town Center Apts	123	-	123	0.00%	123	318
TPM Dev Corp - MPDU II (59)	-	-	-	0.00%	10,680	640
TPP LLC - Pomander	834	-	834	0.00%	834	1,798
VPC One Corp	189	3,448	(3,259)	-94.52%	45,381	215,114
VPC Two Corp	-	79,815	(79,815)	-100.00%	86,967	215,012
<b>Total OH Fund</b>	<b>\$ 16,940</b>	<b>\$ 99,656</b>	<b>\$ (82,717)</b>	<b>-83.00%</b>	<b>\$ 205,809</b>	<b>\$ 532,696</b>

Within the Opportunity Housing portfolio, the \$16,940 write-off amount is largely due to MPDU I/64, which accounted for about 91% of the total. Other properties such as McHome, MHLP X, State Rental Partnership, Town Center Apartments, TPP LLC – Pomander and VPC One) and the RAD 6 properties, specifically Washington Square, accounted for the remaining 9%. The write-offs were mainly due to tenants who skipped, purchased homes, voluntarily vacated their units, had a job transfer or left to live in a nursing home.

	Current	Prior			Fiscal Year 2020	Fiscal Year 2019
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	04/01/20 - 06/30/20	01/01/20 - 03/31/20	03/31/20 - 06/30/20	03/31/20 - 06/30/20	07/01/19 - 06/30/20	07/01/18 - 06/30/19
<b>Supportive Housing</b>						
McKinney X - HUD	\$ 1,476	\$ -	\$ 1,476	0.00%	\$ 4,953	\$ 36,020
McKinney XII - HUD	-	-	-	0.00%	-	3,235
McKinney XIV - HUD	377	-	377	0.00%	377	-
<b>Total Supportive Housing</b>	<b>\$ 1,853</b>	<b>\$ -</b>	<b>\$ 1,853</b>	<b>0.00%</b>	<b>\$ 5,330</b>	<b>\$ 39,255</b>



Within the Supportive Housing Program, the \$1,853 write –off amounts were due to two tenants who were deceased.

	Current	Prior			Fiscal Year 2020	Fiscal Year 2019
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	04/01/20 - 06/30/20	01/01/20 - 03/31/20	03/31/20 - 06/30/20	03/31/20 - 06/30/20	07/01/19 - 06/30/20	07/01/18 - 06/30/19
<b>RAD Properties</b>						
Arcola Towers LP	\$ -	\$ 2,315	\$ (2,315)	-100.00%	\$ 2,315	\$ 274
Holly Hall RAD	-	274	(274)	-100.00%	331	-
RAD 6 - Sandy Spring	-	-	-	0.00%	-	12,099
RAD 6 - Ken Gar	-	-	-	0.00%	-	10,000
RAD 6 - Seneca Ridge	-	486	(486)	-100.00%	9,722	49,415
RAD 6 - Washington Square	15,403	2,976	12,427	417.57%	21,637	24,826
Waverly House LP	-	799	(799)	-100.00%	3,006	2,136
<b>Total RAD Properties</b>	<b>\$ 15,403</b>	<b>\$ 6,850</b>	<b>\$ 8,553</b>	<b>124.86%</b>	<b>\$ 37,011</b>	<b>\$ 98,750</b>

Within the RAD properties, the \$15,403 write-off amounts were due to tenants who had a job transfer, left for more space or vacated without notice.

	Current	Prior			Fiscal Year 2020	Fiscal Year 2019
	Write-offs	Write-offs	\$ Change	% Change	Year-to-Date	Year-to-Date
	04/01/20 - 06/30/20	01/01/20 - 03/31/20	03/31/20 - 06/30/20	03/31/20 - 06/30/20	07/01/19 - 06/30/20	07/01/18 - 06/30/19
<b>Rental Asst Sec8 Repays</b>						
Rental Asst Sec8 Repays	\$ -	\$ 7	\$ (7)	-100.00%	\$ 4,115	\$ -
<b>Total Rental Asst Sec8 Repays</b>	<b>\$ -</b>	<b>\$ 7</b>	<b>\$ (7)</b>	<b>-100.00%</b>	<b>\$ 4,115</b>	<b>\$ -</b>

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

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

The next anticipated write-off will be for the first quarter of FY'21, covering July 1, 2020, through September 30, 2020. Upon approval, the write-offs will be processed through Yardi's write-off function with the tenant detail placed into the uncollectible accounts receivable database.

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**ISSUES FOR CONSIDERATION:**

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

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**BUDGET IMPACT:**

The recommended write-off of the tenant accounts receivable balances does not affect the net income or cash flow of the individual properties or the Agency as a whole. The write-off expense was recorded when the initial allowance was established because of the receivable balance being 90 days past due. The recommended write-off is to adjust the balance sheet and remove the aged receivable balances.

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**TIME FRAME:**

The Budget, Finance and Audit Committee informally reviewed the write-off of uncollectible tenant accounts receivable at the September 22, 2020 meeting. Formal Action is requested at the October 7, 2020 Commission meeting.

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**STAFF RECOMMENDATION:**

Staff recommends to the full Commission the authorization to write-off the uncollectible tenant accounts receivable balance of \$34,196.

**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 April 1, 2020 – June 30, 2020 is \$34,196, consisting of \$16,940 from Opportunity Housing properties, \$1,853 from Supportive Housing, and \$15,403 from RAD Properties.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or his designee, without further action on its part, to take any and all actions necessary and proper to write off \$34,196 in uncollectible accounts receivable related to (i) tenant balances that are delinquent for more than ninety (90) days, and (ii) former tenant balances, including the execution of any and all documents related thereto.

**I HEREBY CERTIFY** that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on Wednesday, October 7, 2020.

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Patrice M. Birdsong  
Special Assistant to the Commission

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**ACCEPTANCE OF CALENDAR YEAR 2019 (CY'19)  
900 THAYER LIMITED PARTNERSHIP AND  
HOC AT THE UPTON II LLC AUDITS  
October 7, 2020**

- The Finance Division was responsible for the successful completion of the 900 Thayer LP and the HOC at the Upton II LLC Property Audits for CY'19.
- A standard unqualified audit opinion was received for both the Property Audits from the respective independent certified public accounting firms who performed the audits.
- There were no management letter comments for either audit.

**MEMORANDUM**

**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 CY2019 Audits for 900 Thayer Limited Partnership and HOC at the Upton II LLC

**DATE:** October 7, 2020

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**BACKGROUND:**

The Commission (“HOC”) is the managing general partner for the 900 Thayer Limited Partnership and HOC at the Upton II LLC. The CY2019 annual audits have been finalized with both properties receiving a standard unqualified audit opinion from the independent certified public accounting firm who performed the audits. There were no management letter comments for either audit.

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to accept the CY2019 audits for 900 Thayer Limited Partnership and HOC at the Upton II LLC?

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**BUDGET IMPACT:**

There is no budget impact related to acceptance of the CY2019 audits of 900 Thayer Limited Partnership and HOC at the Upton II LLC.

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**TIME FRAME:**

The Budget, Finance and Audit Committee reviewed the request to accept the CY 2019 audits of 900 Thayer Limited Partnership and HOC at the Upton II LLC at the September 22, 2020 meeting and supports staff’s recommendation to the Commission. Formal action is requested at the October 7, 2020 Commission meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff requests that the Commission accept the CY 2019 audits of 900 Thayer Limited Partnership and HOC at the Upton II LLC.

**RESOLUTION No.: 20-69**

**RE: Acceptance of CY 2019 Audits of  
900 Thayer Limited Partnership  
and HOC at the Upton II LLC**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“Commission”), or its wholly-owned or controlled affiliate, is the managing member in 900 Thayer Limited Partnership and HOC at the Upton II LLC;

**WHEREAS**, the calendar year annual audits for 900 Thayer Limited Partnership and HOC at the Upton II LLC have been completed; and

**WHEREAS**, a standard unqualified audit opinion was received from the respective independent certified public accounting firms who performed the audits for 900 Thayer Limited Partnership and HOC at the Upton II LLC.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County accepts the CY 2019 audits for 900 Thayer Limited Partnership and HOC at the Upton II LLC.

**I HEREBY CERTIFY** that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on Wednesday, October 7, 2020.

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Patrice Birdsong  
Special Assistant to the Commission

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# APPROVAL TO RENEW PROPERTY MANAGEMENT CONTRACTS FOR METROPOLITAN OF BETHESDA LP, STRATHMORE COURT, AND STRATHMORE COURT ASSOCIATES LP

**October 7, 2020**

- The Property Management Contract for Metropolitan of Bethesda LP is expiring **October 31, 2020**. The contract provides for a one-year renewal period through **October 31, 2021**.
- The Property Management Contracts for Strathmore Court and Strathmore Court Associates LP are expiring **October 31, 2020**. The contract provides for a one-year renewal period through **October 31, 2021**.
- Per the Commission's procurement policy, the Commission must approve all property management contract renewals.
- Staff requests that the contracts for Metropolitan of Bethesda LP, Strathmore Court, and Strathmore Court Associates LP be renewed through October 31, 2021 with Bozzuto Management Company.
- The Metropolitan received a score of **97a** on its most recent REAC inspection. Strathmore Court is not subject to REAC inspections.
- Metropolitan of Bethesda LP is currently 99% occupied. The property includes 92 affordable units between 25% and 50% AMI.
- Strathmore Court is currently 92% occupied and Strathmore Court Associates LP is currently 98% occupied. The property includes 51 affordable units between 30% and 50% AMI and 151 unrestricted units.

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

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

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

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

**RE:** Approval to Renew Property Management Contracts for Metropolitan of Bethesda LP, Strathmore Court, and Strathmore Court Associates LP

**DATE:** October 7, 2020

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**BACKGROUND:**

The Metropolitan is a 308-unit multi-family property located in downtown Bethesda. Amenities include a rooftop swimming pool, community room, business center, exercise room, and garage parking. The project includes 92 affordable units and 216 market-rate units. The property also includes six commercial spaces, all of which are leased.

Strathmore Court is a 202-unit multi-family property located in North Bethesda. Amenities include an outdoor swimming pool, basketball court, children's playground, community room, business center, exercise room, and free underground parking. The project includes 51 affordable units and 151 market-rate units.

Staff wishes to renew property management contracts for The Metropolitan and Strathmore Court through October 31, 2021 with Bozzuto Management Company. Both projects are well-maintained and have stable occupancy. Metropolitan of Bethesda LP is 99% occupied. Strathmore Court is 94% occupied (affordable units are 98% occupied and market rate units are 92% occupied).

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



Property	Units	Current Vendor	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Start Date/End Date	Contract Terms (Remaining Renewals)
Metropolitan LP	92	Bozzuto	\$25,279	10/31/2020	11/1/2020-10/31/2021	None
Strathmore Court	202	Bozzuto	\$160,800	10/31/2020	11/1/2020-10/31/2021	None

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to authorize the Executive Director to execute a one-year renewal of the property management services contracts with Bozzuto Management Company for The Metropolitan and Strathmore Court?

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**BUDGET IMPACT:**

The renewal of the property management contracts for The Metropolitan and Strathmore Court will not have a budget impact as the costs associated with the services are included in the property budgets. Additionally, the contracts will be performance-based so fees will be lower if revenue declines below budgeted expectations or if the property receives less than an 80 on a REAC inspection.

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**TIME FRAME:**

At the September 22, 2020 meeting, the Budget, Finance, and Audit Committee informally reviewed staff's recommendation to renew the property management contracts for The Metropolitan and Strathmore Court for one year. For formal Commission action at the October 7, 2020 meeting.

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**STAFF RECOMMENDATION:**

Staff requests that the Commission approve the property management contract renewals with Bozzuto Management Company for The Metropolitan and Strathmore Court through October 31, 2021.

**RESOLUTION NO.: 20-70**

**RE: Approval to Renew Property Management Contracts for The Metropolitan and Strathmore for One Year**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC”) is the general partner of The Metropolitan of Bethesda Limited Partnership (“Metropolitan LP”), and Metropolitan LP owns 92 units at the development known as The Metropolitan located in Bethesda, Maryland (the “Metropolitan”);

**WHEREAS**, HOC is the general partner of Strathmore Court Associates Limited Partnership (“Strathmore LP”), and Strathmore LP owns 51 units and HOC owns 151 units at the development known as Strathmore Court located in Bethesda, Maryland (“Strathmore,” together with the Metropolitan, the “Properties”); and

**WHEREAS**, staff desires to renew the current property management contracts at the Properties for one (1) year with Bozzuto Management Company.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of The Metropolitan of Bethesda Limited Partnership, as its general partner, that the Executive Director is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Metropolitan with Bozzuto Management Company.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Strathmore Court Associates Limited Partnership, as its general partner, that the Executive Director is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Strathmore with Bozzuto Management Company.

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

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on October 7, 2020.

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

# **APPROVAL TO RENEW THE PROPERTY MANAGEMENT CONTRACT AT SPRING GARDENS**

**October 7, 2020**

- The Property Management Contract with Spring Garden One Associates Limited Partnership (“Spring Garden”) is expiring November 30, 2020. The contract provides for additional three-one year renewals.
- Staff requests that the contract for Spring Garden be renewed for one (1) year with Edgewood/Vantage Management.

**MEMORANDUM**

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

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

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

**RE:** Approval to Renew the Property Management Contract at Spring Garden One Associates Limited Partnership

**DATE:** October 7, 2020

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**BACKGROUND:**

Spring Garden One Associates LP (“Spring Garden”) is an 82 unit garden style apartment community of 25 market rate and 57 affordable LIHTC units at 55% of the median income. Spring Garden is located in downtown Silver Spring within walking distance of the Silver Spring Metro. The property management contract for Spring Garden is expiring on November 30, 2019. The property received a score of 98A for its most recent REAC inspection. The property has maintained an average occupancy of 98.5% over the last 2 years.

Staff wishes to renew the property management contract for Spring Garden for one (1) year with Edgewood/Vantage Management.

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

Property	Units	Current Vendor	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Start Date/End Date	Contract Terms (Remaining Renewals)
Spring Gardens	82	EMC/Vantage Management	\$41,328	11/30/2020	12/1/2020 to 11/30/2021	1-1 One Year Renewals Remaining

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to authorize the Executive Director to execute a One Year Renewal of the property management services contract with Edgewood/Vantage Management for property management services at Spring Garden?

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**BUDGET IMPACT:**

The renewal of the property management contract for Spring Garden for one year will not have a budget impact as the costs associated with the services were factored into the CY2021 property budget. Additionally, the renewal will be performance-based so the management fee would be lower if revenue declined below budgeted expectations. In addition to occupancy, performance criteria will include REAC scoring.

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**TIME FRAME:**

At the September 22, 2020 meeting, the Budget, Finance, and Audit Committee informally reviewed staff's recommendation to renew the property management contract for Spring Garden for one year. For formal Commission action at the October 7, 2020 meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff requests that the Commission approve the property management contract renewal with Edgewood/Vantage Management for one (1) year at Spring Garden.

**RESOLUTION NO.: 20-71**

**RE: Approval to Renew Property Management Contract for Spring Garden One Associates Limited Partnership.**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC”) is the general partner of Spring Garden One Associates Limited Partnership (“Spring Garden LP”), and Spring Garden LP owns the development known as Spring Garden located in Silver Spring, Maryland (“Spring Garden”); and

**WHEREAS**, staff desires to renew the current property management contract at Spring Garden for one (1) year with Edgewood/Vantage Management.

**NOW, THEREFORE, BE IT 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 and directed to execute a one (1) year renewal of the property management contact at Spring Garden.

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

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Housing Oppourtunities Commission of Montgomery County at an open meeting conducted on October 7, 2020.

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

## **AUTHORIZATION TO SUBMIT THE COUNTY FY'22 MARC (Maximum Agency Request Ceiling)**

**October 7, 2020**

- Staff has been informed that the submission deadline for the FY'22 MARC (Maximum Agency Request Ceiling) to the County Office of Management and Budget (OMB) is October 30, 2020.
- The Agency will be required to submit a County MARC for FY'22 not to exceed \$6,824,693. The MARC is based on the FY'21 approved MARC of \$6,824,693 and does not include the estimate for projected FY'22 increases to compensation, health and retirement benefits.

**MEMORANDUM**

**TO:** Housing Opportunities Commission

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

**FROM:** Finance: Cornelia Kent Ext. 9754  
Terri Fowler Ext. 9507

**RE:** Submission of the County FY'22 MARC (Maximum Agency Request Ceiling)

**DATE:** October 7, 2020

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**BACKGROUND:**

The County FY'22 MARC submission is due to the County Office of Management and Budget (OMB) on October 30, 2020.

The official County FY'22 MARC Kick-off was scheduled for September 23, 2020; however, it has been postponed to a later date. The Agency will be required to submit a MARC for FY'22 not to exceed \$6,824,693. The MARC is based on the original FY'21 approved MARC of \$6,824,693 and does not include the estimate for projected FY'22 increases to compensation, health and retirement benefits of \$182,950 that was provided to OMB in July 2020. This item will be reviewed and potentially added at a later date.

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to authorize the submission of the FY'22 County MARC of \$6,824,693?

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**BUDGET IMPACT:**

The County Operating Grant is the primary funding source for the Agency's Resident Services Division. The County Operating Grant also funds a large part of the Housing Resources Division.

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**TIME FRAME:**

For formal Commission action at the October 7, 2020 meeting. Once approved by the Commission, the County FY'22 MARC will be submitted to the County.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff requests that the Commission authorize the submission of the proposed County FY'22 MARC of \$6,824,693.



**RESOLUTION NO. 20-72**

**RE: Authorization to Submit the County FY'22  
Maximum Agency Request Ceiling (MARC)**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC”) wishes to submit a request for County funds for FY’22; and

**WHEREAS**, the County has instructed HOC to submit a Maximum Agency Request Ceiling (“MARC”) for FY’ 22 in an amount not to exceed \$6,824,693, which is based on the FY’21 approved MARC of \$6,824,693 which does not include the estimate for projected FY’22 increases to compensation, health and retirement benefits.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby approves submitting a MARC to the County for FY’22 in the amount of \$6,824,693.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on October 7, 2020.

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Patrice Birdsong  
Special Assistant to the Commission

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# Development and Finance Committee

# **APPROVAL TO INCREASE THE INCOME LIMITS FOR THE SINGLE FAMILY MORTGAGE PURCHASE PROGRAM**

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## **SINGLE FAMILY MORTGAGE FINANCE**



**STACY L. SPANN, EXECUTIVE DIRECTOR**

**KAYRINE V. BROWN  
JENNIFER HINES ARRINGTON  
PAULETTE DUDLEY**

**October 7, 2020**

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# Executive Summary

The Single Family Mortgage Purchase Program (“MPP” or the “Program”) was established in 1979 to provide low cost mortgages to first-time home buyers. Since its inception, the MPP has produced over 11,000 mortgages to first-time home buyers in Montgomery County. It has traditionally issued Mortgage Revenue Bonds (“MRB”) from the 1979 Indenture and Housing Revenue Bonds (“HRB”) from the 2009 Indenture to fund its program, and continues to do so; however, upon the collapse of the financial and housing markets in 2010, the MPP added Mortgage Backed Securities (“MBS”) to raise capital to fund its loan program. In 2019, in order to solve for volume cap constraints, the Commission approved a new General Trust Indenture to facilitate the issuance of Program Revenue Bonds (“PRB”) or governmental bonds that provides the Commission flexibility in funding its housing finance programs, including the MPP.

The MPP follows IRS regulations, which guides the maximum sales price and income limits for the Program. With new revenue procedures that set forth the average area purchase price and the new 2020 Area Median Incomes (“AMI”) published in April 2020, staff recommends recalculating and approving new and increased income limits for the Program. Staff does not recommend increasing the maximum sales price (\$653,833) at this time for the Program.

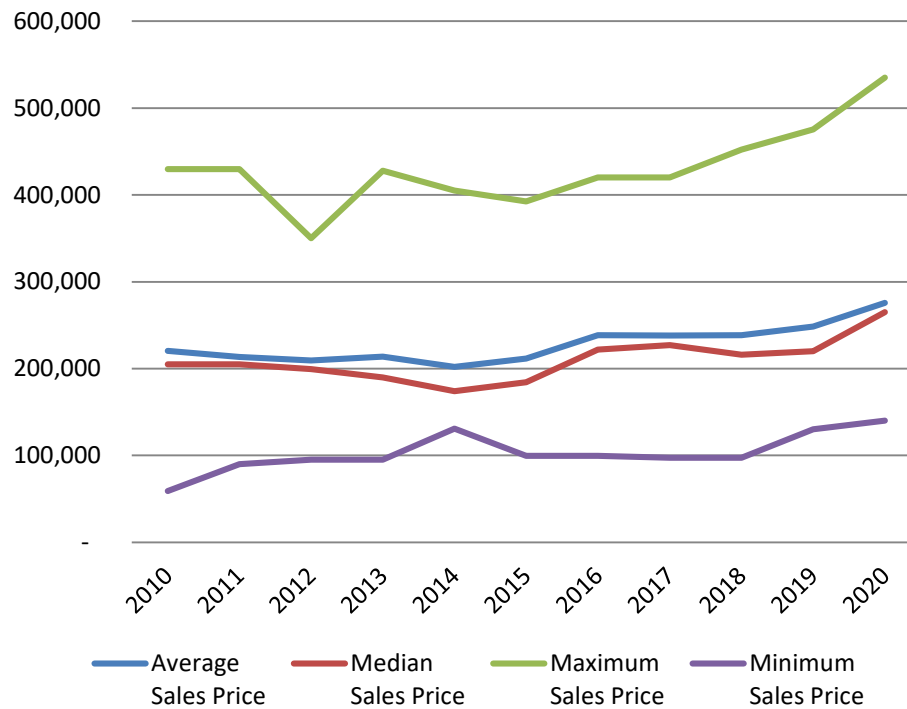
As the 2020 AMI has increased by 3.87%, staff recommends increasing the Mortgage Purchase Program’s maximum income limit to \$105,840 for one person, \$151,200 for two-persons, and \$176,400 for three or more persons.

Increasing the income limits will not exclude households of low- and moderate-incomes from accessing the Program, but will continue our reach of millennials and multigenerational households. Assuming a home buyer meets the Program’s qualifying criteria, a one-person household could qualify for a mortgage to purchase a home selling for approximately \$526,000, which is within the proposed sales price limit.

# Maximum Sales Price Limit: Actual Annual Program Data

The MPP follows IRS regulations, which guides the maximum sales price and income limits. The data used for setting these limits in Montgomery County are derived from the Washington, DC-MD-VA Metropolitan Statistical Area (MSA), a high cost area, comprised of 25 jurisdictions surrounding Washington, DC. While the average area purchase price increased for 2020, which would permit the Program raising its sales price limit to \$679,847, staff does not recommend doing so at this time. The current sales price limit for the Program, approved by the Commission on December 11, 2019, is \$653,833.

Below are the Program's actual annual maximum, average, median and minimum sales price for ratified contracts within the Program since 2010.

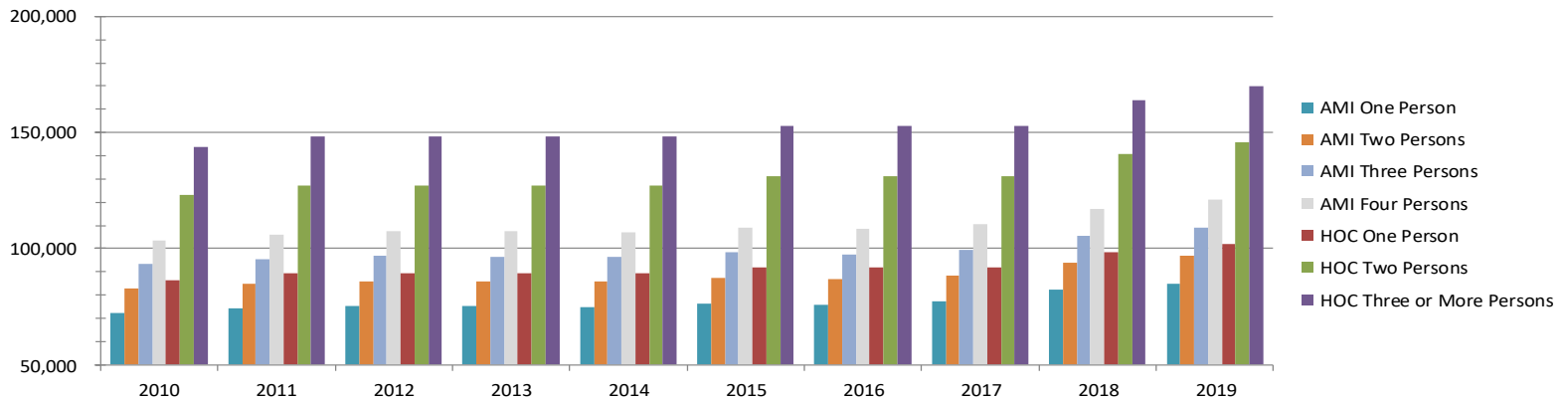


ACTUAL ANNUAL MPP SALES PRICE DATA				
Fiscal Year	Maximum Sales Price	Average Sales Price	Median Sales Price	Minimum Sales Price
2010	429,600	220,439	205,000	59,000
2011	429,619	213,264	205,000	89,900
2012	350,000	209,251	199,500	95,000
2013	428,000	213,735	190,000	95,163
2014	405,000	201,826	174,163	130,883
2015	392,500	211,666	184,467	99,637
2016	420,000	238,598	222,000	99,637
2017	420,000	238,106	227,000	97,500
2018	452,000	238,475	216,000	97,422
2019	475,500	248,600	219,950	130,000
2020	535,000	275,766	265,000	140,000

# Maximum Income Limits: Annual Program Data

The Commission last established the income limits for the MPP on December 11, 2019. Given the increases in the AMI over the last four (4) years, staff proposes increasing income limits for first-time home buyers participating in the Program. Below are the historical AMIs and the MPP's maximum income limits based upon household size between 2010 and 2019.

As of the fourth quarter of FY2020, the Program's average borrower is a household for two (2) persons with an annual income of \$82,708 or 85% of the 2019 AMI.



Year	AMI History				MPP Historical Maximum Income Limits		
	One Person	Two Persons	Three Persons	Four Persons	One Person	Two Persons	Three or More Persons
2010	72,450	82,800	93,150	103,500	86,268	123,240	143,780
2011	74,270	84,880	95,490	106,100	89,160	127,320	148,540
2012	75,250	86,000	96,750	107,500	89,160	127,320	148,540
2013	75,110	85,840	96,570	107,300	89,160	127,320	148,540
2014	74,900	85,600	96,300	107,000	89,160	127,320	148,540
2015	76,440	87,360	98,280	109,200	91,728	131,040	152,880
2016	75,810	86,640	97,470	108,300	91,728	131,040	152,880
2017	77,210	88,240	99,270	110,300	91,728	131,040	152,880
2018	82,040	93,760	105,480	117,200	98,448	140,640	164,080
2019	84,910	97,040	109,170	121,300	101,892	145,560	169,820

# Maximum Income Limits: 2020 Proposed Income Limits

MPP's income limits have traditionally been 100% of AMI for a household of one or two people and 115% of AMI for a household of three or more people, per IRS regulation. As of 2008, income limits for a high cost area may be set as high as 120% of the AMI for one to two person household, and 140% of the AMI for a household with three or more people.

The 2020 median income for a four-person household in the Washington, DC MSA increased from \$121,300 in 2019 to \$126,000 – a 3.87% increase.

When the Commission approved the use of the highest maximum incomes allowed in 2003, the Commission also opted to set a lower, separate income level for a single occupant household of 70% of the calculated income for two person household. Based on the 2020 AMI and adjusting for the high housing cost factor, below is a comparison of the current and proposed maximum income limits.

Household Size	Current Maximum Income Limits	Proposed Maximum Income Limits
One Person	\$101,892	<b>\$105,840</b>
Two Persons	\$145,560	<b>\$151,200</b>
Three or More Persons	\$169,820	<b>\$176,400</b>



# Maximum Income Limits: 2020 Proposed Income Limits

Assuming a home buyer meets the qualifying criteria of the MPP, a one person household could qualify for a home selling for approximately \$526,190 and a two or more person household could qualify for a home above our current maximum of \$653,883. Please see the below sample underwriting determining the maximum sales price allowed for a one person household:

One Person Household – Proposed Maximum Income		\$105,840
Monthly Income	/ 12	\$8,820
Monthly Housing Expense <sup>1</sup>	40%	\$3,528
Less: HOA Dues <sup>2</sup>		- \$120
Less: Hazard Insurance		- \$95
Less: PMI (% of Mortgage) <sup>3</sup>	1.09%	- \$464
Less: Real Estate Taxes <sup>4</sup>	0.93%	- \$408
Monthly Principal & Interest <sup>5</sup>	3.50%	\$2,292
Maximum Mortgage		\$510,400
Down Payment <sup>6</sup>	3.00%	\$15,790
<b>MAXIMUM SALES PRICE</b>		<b>\$526,190</b>
<u>Assumptions:</u>		
<sup>1</sup> Typical Housing Expense Ratio to allow for additional debt, as the Debt to Income Ratio must not exceed 45%.		
<sup>2</sup> Assumes average monthly HOA dues in Montgomery County for townhome unit; if condo, dues increase and purchasing power decreases.		
<sup>3</sup> Assumes 680-699 credit score. Income earners above 80% AMI pay standard rate.		
<sup>4</sup> Actual Montgomery County Real Estate Tax.		
<sup>5</sup> Assumes conventional financing with Down Payment Assistance.		
<sup>6</sup> Maximum Loan Amount for HOC's program is \$510,400		

# Considerations / Recommendation

## Issues for Consideration

Will the Commission approve staff's recommendation, which is supported by the Development and Finance Committee, to increase the Mortgage Purchase Program's maximum income limit to \$105,840 for one person, \$151,200 for two-persons, and \$176,400 for three or more persons?

## Time Frame

For formal action at the October 7, 2020 meeting of the Commission.

## Budget Impact

There is no adverse impact for the Agency's FY 2021 budget.

## Staff Recommendation

Staff recommends with the support of the Development and Finance Committee that the Commission approve increases the Mortgage Purchase Program's maximum income limit to \$105,840 for one person, \$151,200 for two-persons, and \$176,400 for three or more persons.

**RESOLUTION No.: 20-73**

**RE: Approval to Increase the Income Limits for the Single Family Mortgage Purchase Program**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (the “Commission”) has operated the Single Family Mortgage Purchase Program (“MPP” or the “Program”) since 1979; and

**WHEREAS**, on April 14, 2020, the U.S. Department of Housing and Urban Development published new national income limits; and

**WHEREAS**, the Commission approves income and sales price limits, which apply to the MPP, subject to rules and regulations governing Mortgage Revenue Bonds and Mortgage Backed Securities; and

**WHEREAS**, staff supports increasing the Program’s income limits.

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

The maximum income limits for the Single Family Mortgage Purchase Program shall increase as follows:

Household Size	Maximum Income
1	\$105,840
2	\$151,200
3+	\$176,400

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or his designee, without further action on its part, to take any and all other actions necessary and proper to carry out the revisions to the Single Family Mortgage Purchase Program contemplated herein, including but not limited to the execution of any and all documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on October 7, 2020.

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

# Adjourn

# Development Corporation Meetings

# The Metropolitan Development Corporation

# APPROVAL TO RENEW PROPERTY MANAGEMENT CONTRACT FOR METROPOLITAN DEVELOPMENT CORPORATION

**October 7, 2020**

- The Property Management Contract for Metropolitan Development Corporation is expiring **October 31, 2020**. The contract provides for a one-year renewal period through **October 31, 2021**.
- Staff requests that the contract for Metropolitan Development Corporation be renewed through October 31, 2021 with Bozzuto Management Company.
- The Metropolitan received a score of **97a** on its most recent REAC inspection. Metropolitan Development Corporation is currently 94% occupied and includes 216 unrestricted units.

**MEMORANDUM**

**TO:** Board of Directors of the Metropolitan Development Corporation

**VIA:** Stacy L. Spann, Executive Director of the Housing Opportunities Commission of Montgomery County

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

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

**DATE:** October 7, 2020

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**BACKGROUND:**

The Metropolitan is a 308-unit multi-family property located in downtown Bethesda. Amenities include a rooftop swimming pool, community room, business center, exercise room, and garage parking. The project includes 92 affordable units and 216 market-rate units. The property also includes six commercial spaces, all of which are leased.

Staff wishes to renew the property management contract for The Metropolitan through October 31, 2021 with Bozzuto Management Company. The property is well-maintained and has stable occupancy. The Metropolitan’s unrestricted units are 94% occupied and the property received a score of 97a on its most recent REAC inspection.

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

Property	Units	Current Vendor	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Start Date/End Date	Contract Terms (Remaining Renewals)
Metropolitan Development Corporation	216	Bozzuto	\$191,029	10/31/2020	11/1/2020-10/31/2021	None



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**ISSUES FOR CONSIDERATION:**

Does the Board of Directors of the Metropolitan Development Corporation wish to authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute a one-year renewal of the property management services contract with Bozzuto Management Company for The Metropolitan?

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**BUDGET IMPACT:**

The renewal of the property management contract for The Metropolitan will not have a budget impact as the cost associated with the services is included in the property budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations or if the property receives less than an 80 on a REAC inspection.

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**TIME FRAME:**

At the September 22, 2020 meeting, the Budget, Finance, and Audit Committee informally reviewed staff's recommendation to renew the property management contract for The Metropolitan for one year. For formal Metropolitan Development Corporation action at the October 7, 2020 meeting.

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**STAFF RECOMMENDATION:**

Staff requests that the Board of Directors of the Metropolitan Development Corporation approve the property management contract renewal with Bozzuto Management Company for The Metropolitan through October 31, 2021.

**RESOLUTION NO.: 20-005ME**

**RE: Approval to Renew Property Management Contract for The Metropolitan for One Year**

**WHEREAS,** The Metropolitan Development Corporation owns 216 units in the development known as The Metropolitan located in Bethesda, Maryland (the "Property"); and

**WHEREAS,** staff desires to renew the current property management contract at the Property for one (1) year with Bozzuto Management Company.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of The Metropolitan Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County, or his designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contact at the Property with Bozzuto Management Company.

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

**I HEREBY CERTIFY** that the foregoing resolution was adopted by The Metropolitan Development Corporation at a meeting conducted on October 7, 2020.

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**Patrice M. Birdsong**  
**Special Assistant to the Board of Directors**  
**of The Metropolitan Development**  
**Corporation**

# Montgomery Arms Development Corporation

## **MONTGOMERY ARMS DEVELOPMENT CORPORATION**

### **APPROVAL TO RENEW THE PROPERTY MANAGEMENT CONTRACT FOR MONTGOMERY ARMS DEVELOPMENT CORPORATION**

**October 7, 2020**

- The Property Management Contract with Montgomery Arms Development Corporation (“Montgomery Arms”) is expiring December 21, 2020. The contract provides for additional three-one year renewals.
- Staff requests that the contract for Montgomery Arms Apartments be renewed for one (1) year with Edgewood/Vantage Management.

**MEMORANDUM**

**TO:** Board of Directors of the Montgomery Arms Development Corporation

**VIA:** Stacy L. Spann, Executive Director of the Housing Opportunities Commission of Montgomery County

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

**RE:** Approval to Renew the Property Management Contract for Montgomery Arms Development Corporation

**DATE:** October 7, 2020

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**BACKGROUND:**

Montgomery Arms Development Corporation (“Montgomery Arms”) is 129-unit garden style community of 12 project-based units, 52 units @ 60% median income, 10 McKinney units and 55 market units. The property is located in the heart of downtown Silver Spring. The property management contract for Montgomery Arms is expiring on December 21, 2019. The property received a score of 99A for its most recent REAC inspection and has maintained an average occupancy of 97% over the last 2 years.

Staff wishes to renew the property management contract for Montgomery Arms for one (1) year with Edgewood/Vantage Management.

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

Property	Units	Current Vendor	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Start Date/End Date	Contract Terms (Remaining Renewals)
Montgomery Arms	129	EMC/Vantage Management	\$65,016	12/21/2020	12/22/2020 to 12/21/2021	No Renewals Remaining

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**ISSUES FOR CONSIDERATION:**

Does the Board of Directors of Montgomery Arms Development Corporation wish to authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute a one-year Renewal of the property management services contract with Edgewood/Vantage Management for property management services at Montgomery Arms?

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**BUDGET IMPACT:**

The renewal of the property management contract for Montgomery Arms for one year will not have a budget impact as the costs associated with the services were factored into the FY2021 property budget. Additionally, the renewal will be performance-based so the management fee would be lower if revenue declined below budgeted expectations. In addition to occupancy, performance criteria will include REAC scoring.

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**TIME FRAME:**

At the September 22, 2020 meeting, the Budget, Finance, and Audit Committee informally reviewed staff's recommendation to renew the property management contract for Montgomery Arms for one year. For formal Commission action at the October 7, 2020 meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff requests that the Board of Directors of Montgomery Arms Development Corporation approve the property management contract renewal with Edgewood/Vantage Management for one (1) year at Montgomery Arms.

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

**WHEREAS**, staff desires to renew the current property management contract at the Property for one (1) year with Edgewood/Vantage Management.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Montgomery Arms Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County is hereby authorized and directed to execute a one (1) year renewal of the property management contact at the Property.

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

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Montgomery Arms Development Corporation at a meeting conducted on October 7, 2020.

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Patrice M. Birdsong  
Special Assistant to the Board of Director  
Of Montgomery Arms Development Corporation

Adjourn



# Administrative Session