Revised: June 8, 2021

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

# EXPANDED AGENDA

**June 9, 2021**

**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**

Livestream: https://youtu.be/tOTatO8czCk

| | | | Res # |
|---|---|---|---|
| 4:00 p.m.<br><br>6 | **I. INFORMATION EXCHANGE**<br>A. Community Forum<br>B. Report of the Executive Director<br>C. Commissioner Exchange | | |
| 4:30 p.m.<br>Page 11<br>36<br>39<br><br><br>41 | **II. APPROVAL OF MINUTES**<br>A. Approval of Minutes of May 5, 2021<br>B. Approval of Minutes of May 11, 2021 Special Session<br>C. Approval of Minutes of May 26, 2021 Special Session<br>D. Approval of Minutes of May 26, 2021 Closed Special Session<br>E. Approval of Minutes of June 2, 2021 Special Session | | |
| Page 44 | **III. CLOSED AND SPECIAL SESSION RATIFICATIONS**<br>A. **Ratification of Action Taken in Special Session on May 11, 2021**: Holly Hall (Disposition of Land; Acquisition – Ground Lease): Approval of the Sale of Holly Hall to Duffie Companies, Inc., and Authorization for the Executive Director to Execute Ground Lease with Duffie Companies, Inc. of HOC's Holly Hall Property (Post Sale) | | 21-49R (pg 45) |
| Page 48 | **IV. CONSENT**<br>A. Approval to Appoint Commissioners to the Board of Directors of Various Development Corporations | | 21-50 (pg 49) |
| | **RECESS** | | |
| 4:35 p.m. | **A. Development Corporation Annual Meetings and Approval of FY 22 Budget** | | |
| Page 54<br><br>4:40 p.m.<br>Page 63<br><br>4:45 p.m.<br>Page 72<br><br>4:50 p.m.<br>Page 81<br><br>4:55 p.m.<br>Page 90<br><br>5:00 p.m.<br>Page 99 | 1. Alexander House Development Corporation – Annual Meeting and Approval of FY 22 Budget<br><br>2. Barclay Apartments Development Corporation – Annual Meeting and Approval of FY 22 Budget<br><br>3. Brookside Glen Apartments Development Corporation – Annual Meeting and Approval of FY 22 Budget<br><br>4. Diamond Square Development Corporation – Annual Meeting and Approval of FY 22 Budget<br><br>5. Glenmont Crossing Development Corporation – Annual Meeting and Approval of FY 22 Budget<br><br>6. Glenmont Westerly Development Corporation – Annual Meeting and Approval of FY 22 Budget | | $21\text{-}002_{AH}$ (pg 59)<br><br><br>$21\text{-}001_{BC}$ (pg 68)<br><br><br>$21\text{-}002_{BG}$ (pg. 77)<br><br><br>$21\text{-}002_{DS}$ (pg 86)<br><br><br>$21\text{-}002_{GC}$ (pg 95)<br><br><br>$21\text{-}002_{GW}$ (pg 104) |

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| 5:05 p.m.<br>Page 108 | 7. Magruder's Discovery Development Corporation – Annual Meeting and Approval of FY 22 Budget | | 21-001MD (pg 113) |
| 5:10 p.m.<br>Page 117 | 8. The Metropolitan Development Corporation – Annual Meeting and Approval of FY 22 Budget | | 21-002ME (pg 122) |
| 5:15 p.m.<br>Page 126 | 9. Montgomery Arms Development Corporation – Annual Meeting and Approval of FY 22 Budget | | 21-001MA (pg 131) |
| 5:20 p.m.<br>Page 135 | 10. Paddington Square Development Corporation – Annual Meeting and Approval of FY 22 Budget | | 21-002PS (pg 140) |
| 5:25 p.m.<br>Page 144 | 11. Pooks Hill Development Corporation – Annual Meeting and Approval of FY 22 Budget | | 21-001PH (pg 149) |
| 5:30 p.m.<br>Page 152 | 12. RAD 6 Development Corporation – Annual Meeting and Approval of FY 22 Budget | | 21-001RAD6 (pg 163) |
| 5:35 p.m.<br>Page 167 | 13. Scattered Site One Development Corporation – Annual Meeting and Approval of FY 22 Budget | | 21-001SS1 (pg 172) |
| 5:40 p.m.<br>Page 176 | 14. Scattered Site Two Development Corporation – Annual Meeting and Approval of FY 22 Budget | | 21-001SS2 (pg 181) |
| 5:45 p.m.<br>Page 185 | 15. Sligo Hills Development Corporation – Annual Meeting and Approval of FY 22 Budget | | 21-001SH (pg 190) |
| 5:50 p.m.<br>Page 194 | 16. TPM Development Corporation – Annual Meeting and Approval of FY 22 Budget | | 21-001TPM (pg 199) |
| 5:55 p.m.<br>Page 203 | 17. VPC One Corporation – Annual Meeting and Approval of FY 22 Budget | | 21-001VPC1 (pg 208) |
| 6:00 p.m.<br>Page 212 | 18. VPC Two Corporation – Annual Meeting and Approval of FY 22 Budget | | 21-001VPC2 (pg 217) |
| 6:05 p.m.<br>Page 221 | 19. Wheaton Metro Development Corporation – Annual Meeting and Approval of FY 22 Budget | | 21-002WM (pg 226) |
| 6:10 p.m.<br>Page 230<br>237 | 20. The Oaks at Four Corners Development Corporation<br>a) Annual Meeting and Approval of FY 22 Budget<br>b) Authorization to Renew the Property Management Contracts at The Oaks at Four Corners | | 21-001OC (pg 235)<br>21-002OC (pg 240) |
| | **RESUME HOC MONTHLY MEETING** | | |
| 6:15 p.m. | **V. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION** | | |
| Page 244<br>6:25 p.m.<br>Page 259 | **A. Budget, Finance and Audit Committee – Com. Nelson, Chair**<br>1. **Fiscal Year 2021 Third Quarter Budget to Actual Statements**: Acceptance of Third Quarter Fiscal Year 2021 Budget to Actual Statements<br>2. **Uncollectable Tenant Accounts Receivable**: Authorization to Write-Off Uncollectable Tenant Accounts Receivable (January 1,2021 – March 31, 2021) | | 21-51 (pg 252)<br>21-52 (pg 264) |

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|---|---|---|---|
| 6:35 p.m.<br>Page 265 | 3. **Calendar Year 2020 Audits**: Acceptance of Calendar Year 2020 Low Income Tax Credit Partnership and Limited Liability Company Audits | | 21-53 (pg 268) |
| 6:45 p.m.<br>Page 270 | 4. **Extend the Use of the PNC Bank Line of Credit and the Real Estate Line of Credit to Finance Commission Approved Actions**: Extend the use of the PNC Bank Line of Credit and the Real Estate Line of Credit to Finance Commission Approved Actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Brooke Park Apartments, Ambassador Apartments, Avondale Apartments and Year 15 LIHTC Properties | | 21-54 (pg 275) |
| 7:05 p.m.<br>Page 276 | 5. **Fenton Silver Spring – Property Management Contract**: Authorization to Renew the Property Management Contract at Fenton Silver Spring | | 21-55 (pg 279) |
| 7:15 p.m.<br>Page 280 | 6. **Adoption of the Fiscal Year 2022 Budget** | | 21-56[A] (pg 307)<br>21-56[B] (pg 308) |
| 7:35 p.m. | **B. Development and Finance Committee – *Com. Simon, Chair*** | | |
| 311 | 1. **Georgian Court**: Approval to Select Hamel Builders as General Contractor for the Renovation of Georgian Court Apartments; Approval to Freeze Leasing to Facilitate Renovation; Approval of Request for Additional Predevelopment Funds; Approval to Draw on the PNC Bank, N.A. Line of Credit Fund Costs Related to the Georgian Court Apartments Transaction; and, Ratification of the Formation of Ownership Entities | | 21-57[A] (pg 328)<br>21-57[B] (pg 330) |
| 7:45 p.m.<br>332 | 2. **Shady Grove**: Approval to Select Hamel Builders as General Contractor for the Renovation of Shady Grove Apartments; Approval to Freeze Leasing to Facilitate Renovation; Approval of Request for Additional Predevelopment Funds; Approval to Draw on the PNC Bank, N.A. Line of Credit Fund Costs Related to the Shady Grove Apartments Transaction; and, Ratification of the Formation of Ownership Entities | | 21-58[A] (pg 349)<br>21-58[B] (pg 351) |
| 7:55 p.m.<br>Page 353 | 3. **Strathmore Court**: Authorization to Transfer Units from HOC to Strathmore Court Associates Limited Partnership; Authorization for Strathmore Court Associates Limited Partnership to Accept the Transfer of Units; and, Authorization for Strathmore Court Associates Limited Partnership to Complete the Federal Housing Administration (FHA) Risk Share Refinance | | 21-59 (pg 357) |
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| 8:15 p.m. | **CLOSING STATEMENT** | | Page 360 |
| 8:25 p.m. | **ADJOURN** | | |
| 8:30 p.m. | **CLOSED SESSION** | | |

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| | A closed session will be called to order pursuant to Sections 3-305(b)(3) and 3-305(b)(13) of the General Provisions Article of the Annotated Code of Maryland | | |
| | **ADJOURN** | | |
| | | | |

NOTES:

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

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

# Information Exchange

**Report of the Executive Director**
Stacy L. Spann
June 9, 2021

***HOC COVID-19 Vaccine/Testing Efforts***

HOC continues its efforts to make vaccines available to customers through various partnerships. Our continued partnership with Holy Cross Health has enabled us to conduct vaccination events at various senior properties:

| HOC Vaccine Clinic Location | Vaccine Clinic Partner | Total Number Inoculated (1st Dose) | Total Number Inoculated (2nd Dose) |
|---|---|---|---|
| **Arcola Tower*** | Holy Cross Health | 108 | N/A |
| **Bauer Park*** | Holy Cross Health | 108 | N/A |
| **Oaks at Four Corners*** | Holy Cross Health | 100 | N/A |
| **Elizabeth House** | Holy Cross Health | 104 | 104 |
| **Forest Oaks** | Holy Cross Health | 67 | 67 |
| **Tanglewood** | Holy Cross Health | 36 | 36 |
| **Waverly** | Holy Cross Health | 55 | 55 |
| **Total YTD** | | **578** | **262** |

* *Only one dose required*

Early vaccine events at senior properties helped us address a vulnerable population that often lacks adequate, reliable transportation. Moving forward, we will be able to set our sights on other customer populations that could benefit from more support and information on health and wellness initiatives. To that end, a vaccine clinic has been scheduled for Cider Mill Apartments in Gaithersburg on June 9, 2021, where the Pfizer vaccine will be available to residents age 12 and older.

Recently, we had the opportunity to work with the county and FEMA to vaccinate our customers at Paddington Square:

| HOC Vaccine Clinic Location | Vaccine Clinic Partner | Total Number Inoculated (1st Dose) | Total Number Inoculated (2nd Dose) |
|---|---|---|---|
| **Paddington Square** | FEMA/County | 30 | 11 |

We are continuing our efforts to provide COVID-19 testing to our customers, particularly at a moment where some are still hesitant to get vaccinated. Here is a summary of our recent testing efforts:

| HOC Testing sites | Testing Partner | Total Number Tested |
|---|---|---|
| **Georgian Court** | NCCF/AAHP | 66 |
| **East Deer Park** | NCCF/AAHP | 66 |
| **Paddington Square** | NCCF/AAHP | 72 |
| **Seneca Ridge** | NCCF/AAHP | 30 |
| **Washington Square** | NCCF/AAHP | 26 |
| **Tanglewood** | NCCF/AAHP | 18 |
| **Magruder's Discovery** | NCCF/AAHP | 38 |
| **Total YTD** | | **316** |

***Family Self-Sufficiency (FSS) Program Activities***

On May 11, 2021, FSS and the Resident Services (RS) Division conducted a virtual health and wellness workshop, focusing on maintaining a healthy mindset throughout the pandemic. Twenty-three (23) FSS participants attended the workshop, which focused on "manifesting a strong and healthy mindset." An FSS graduate homeowner shared her journey from being a Housing Choice Voucher recipient, to owning her own home. She shared she achieved this by changing her mindset as she has navigated life's many challenges. Five lucky winners were selected for our gift card raffle, Mother's Day basket, and a one-hour life coach session.

In partnership with HOC, the Emmanuel Brinklow Seventh Day Adventist Church conducted a virtual Financial Literacy workshop for HOC customers on May 18, 2021. Thirty-three (33) customers (FSS participants) attended the session, "Homeownership: The Lenders Perspective." The presenter provided information on the pre-approval process and highlighted the steps participants should take prior to meeting with a loan officer. Participants left with tools to prepare them to begin their homeownership journey, including a formula to determine individual debt-to-income ratio.

Finally, HOC staff conducted an FSS Program presentation to the Interfaith Works Case Management Team on May 26, 2021. The team will continue to promote, recruit and, refer suitable Project-Based Voucher (PBV) families to participate in the FSS program.

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

*Service Coordination*

The Service Coordination Unit, of the RS Division, continues to provide services to customers by completing customer needs assessments, and providing resources and referrals via telephone and virtual platforms.

In May, Up-County Resident Counselors continued to administer the “Fundamentals of Housing” workshop series. Other highlights include staffing a COVID-19 vaccination clinic at Forest Oak Towers; conducting outreach to customers to assess the need for rental assistance; assisting with food distributions; facilitating afterschool programs for youth; attending tenant association meetings; continuing the Chromebook loaner program at Forest Oak Towers; and assisting with COVID-19 testing events at Washington Square and Seneca Ridge.

Down-County Resident Counselor May highlights include staffing COVID-19 vaccination events held at Waverly House and Tanglewood; working with customers with rent delinquencies to create re-payment plans with Property Management; and partnering with Up-County Resident Counselors to facilitate the “Fundamentals of Housing” workshop series.

*Programming*

Resident Services staff continued to provide food resources, and other supports, with the help of Manna Food Center, Emmanuel Brinklow Seventh Day Adventist Church, Montgomery County Senior Nutrition Lunch Program, and the Capital Area Food Bank’s Senior Brown Bag and My Groceries To-Go programs. This month, staff served approximately 800 residents. Staff also hosted a Snack Pack Distribution to 365 youth through the Maryland Emergency Food Program.

Resident Services staff continued to host monthly activities and workshops and engaged HOC customers with the help of third-party service providers. The University of Maryland Nursing Students reached out by phone to a diverse group of residents at Arcola Towers, Elizabeth House, Forest Oak Towers, Town Center, and Waverly House. Bilingual nursing students were paired with residents who spoke Russian, Korean, Spanish, and Mandarin. Other students were able to use other resources to engage residents, including flyers on advance directives, myths about the COVID-19 vaccine and post-vaccine expectations, and following CDC guidelines. The student nurses were instrumental in helping residents make informed decisions about receiving the vaccine administered at Arcola Towers and other senior properties.

A new virtual exercise program was facilitated at Forest Oak Towers. Ten customers participated in the program. The customers utilize the computer/smartphone coaching workshop to gain the skills required to successfully participate virtually in scheduled programs. Resident Services also has one ongoing after school virtual youth program that provides a three-day a week virtual experience for elementary-aged youth (12 participants), primarily in the Town Center Place-Olney HUB.

*HOC Academy*

HOC Academy Adult Education and Workforce Development (AEWD) and ALSTNTEC, LLC continued to prepare for the Small Business Strategy Course (SBSC) to be offered in July 2021. HOC Academy provided tuition assistance to customers pursuing degrees and certificates, as well as continued to prepare for the middle school summer programs through STEAM Forward Academy. These programs include one week of Young Science Explorers Camp with Learning Undefeated, one week of video engineering, and one week of Artists and Social Change with Carpe Diem Arts. Recruitment efforts for HOC's College Success Program via STEAM Forward continued in May.

*Financial Literacy*

The Financial Literacy Coach continued to work with HOC and waitlist customers on creating a financial foundation. During the month of May, seven workshops were held covering topics that included removal of negative and inaccurate information on credit reports, negotiating with creditors, and understanding your credit report and score. Additionally, the Financial Literacy Coach continued to provide one-on-one coaching as well.

*Supportive Housing*

The Supportive Housing Program continued to provide support to program 230 participants. Program staff continued to call clients weekly and deliver gift cards to assist with food and other essentials to those in need. The team has continued to enroll new clients into the program, house new clients and respond to critical needs for clients as they arise.

*Fatherhood Initiative Program*

The Fatherhood Initiative Program began enrolling participants in the program, under the new grant. During the month of May 2021, 42 participants were enrolled and received services. Additionally, Fatherhood and other agency staff met with representatives from the U.S. Department of Health and Human Services to begin an enhanced financial review.

***HOC Maintenance Efforts***

This May, Maintenance staff increased focus on addressing longstanding routine work orders, which were previously not being assigned due to COVID-19 protocols. This month, most of the emergencies were related to air conditioning and heavy rain-related issues.

As in prior months, the Maintenance Division continued to place major effort to renovate vacant units. This month, twenty-nine units were made ready and accepted by Property Management. Many of these units have already been leased. This will be an ongoing effort, as the Maintenance Division and the Property Management Division are working hand-in-hand to significantly increase occupancy throughout HOC's portfolio.

Also, during this month, Maintenance and Real Estate Divisions continued to inspect newly renovated units at Bauer Park and also at Brook Park. Construction is ongoing at both sites. At Bauer Park, our customers are moving back to units in phases as the units are completed and accepted. At Brook Park, the unit and common area renovations are complete. Our customers will return to this site after all site work is complete.

# Minutes

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

**Minutes**
May 5, 2021

21-05

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Wednesday, May 5, 2021, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:02 p.m. Those in attendance were:

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

**Absent**
Linda Croom

**Also Attending**

Stacy Spann, Executive Director
Aisha Memon, General Counsel
Zachary Marks
Eamon Lorincz
Christina Autin
Jay Berkowitz
Lynn Hayes
Terri Fowler
Jennifer Arrington
Nathan Bovelle
Ian Hawkins
Jay Shepherd

Kayrine Brown, Deputy Executive Director
Cornelia Kent
Fred Swan
Patrick Mattingly
Renee Harris
Darcel Cox
Nicolas Deandreis
Emma Fiorentino
Marcus Ervin
Paulette Dudley
Claire Kim

**COMMISSION SUPPORT**
Patrice Birdsong, Spec. Asst. to the Commission

Chair Priest opened the meeting welcoming all to the monthly meeting. There was a roll call of Commissioners participating.

I. **Information Exchange**

**Community Forum**

- Rian Admain – Addressed the Board regarding the Bethesda African American Cemetery.
- Ilhan Cagei – Muslim Voices Coalition, addressed the Board regarding the Bethesda African American Cemetery.
- Molly Hauck – Addressed the Board regarding request for public information and having to pay a fee.
- Marsha Coleman-Adebayo – Continues to address the Board regarding HOC conveying Moses African-American Cemetery to Macedonia Church

**Executive Director's Report**

- Nothing additional to add to the written report.

**Commissioner Exchange**

Vice Chair Kelleher congratulated Executive Director Spann and staff on COVID-19 vaccination clinics for residents. Vice Chair Kelleher also informed the Board of new development.

Chair Pro Tem Nelson responded to comment during Community Forum indicating that there was no discussion on ending the term of the Executive Director.

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

A. **Approval of Minutes of April 7, 2021**

B. **Approval of Minutes of April 7, 2021 Closed Session**

C. **Approval of Minutes of April 20, 2021 Special Session**

III. **CLOSED AND SPECIAL SESSION RATIFICATION**

A. **Bradley Boulevard:** Approval to Complete the Acquisition of the Bradley Boulevard Portfolio and Approval of the Finance Plan for the Acquisition

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, Merkowitz, and Simon. Commissioner Croom was necessarily absent and did not participate in the vote.

**RESOLUTION: 21-42ᴬR** **RE: Approval to Complete the Acquisition of the Bradley Boulevard Portfolio and Approval of the Finance Plan for the Acquisition**

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

**WHEREAS,** HOC has reached terms at which to buy existing rental housing ("Bradley Boulevard Properties") located at 4740, 4730, 4701, 4705, and 4709 Bradley Blvd; 6900, 6904 and 6908 Strathmore Street; 4750 and 4757 Chevy Chase Drive; and 4800, 4804 and 4808 Wellington Drive – all in Chevy Chase, Maryland 20815;

**WHEREAS,** the 401 units of the Bradley Boulevard Properties are unrestricted rental units that currently serve a significant number of households earning below 80% of the Area Median Income within the Washington-Metropolitan Statistical Area ("AMI");

**WHEREAS,** acquiring the Bradley Boulevard Properties supports HOC's mission by preserving the availability of affordable housing in Montgomery County;

**WHEREAS,** upon its acquisition of the Bradley Boulevard Properties, HOC will record a covenant on the property restricting 30% of units to 80% of AMI and an additional 20% of units to 50% AMI;

**WHEREAS,** in December 2020, the Commission made a $1,880,000 earnest money deposit, which is applicable to the purchase price and was funded from HOC's Opportunity Housing Development Fund ("OHDF");

**WHEREAS,** staff has completed its review of the property and has found no adverse conditions that would prevent completing the acquisition;

**WHEREAS,** HOC received financing proposals from several banks to fund the acquisition of Bradley Boulevard Properties and EagleBank submitted the most favorable proposal for a three-year $81,200,000 loan;

**WHEREAS**, staff proposes to fund the remaining approximately $16,990,000 required to complete the acquisition with draws of $1,000,000 from HOC's Opportunity Housing Reserve Fund ("OHRF"), $2,320,000 from the MPDU/Property Acquisition Fund ("MPDU/PAF"), and up to $14 million from the PNC N.A. Real Estate Line of Credit ("RELOC") (the "Remaining Acquisition Funds");

**WHEREAS**, staff proposes to keep the $1,880,000 earnest money deposit draw from OHDF and the $2,320,000 draw from the MPDU/PAF outstanding for 90 days after closing, at which time both balances will be repaid to OHDF and MPDU/PAF from OHRF;

**WHEREAS**, staff will request a $10 million HIF acquisition loan from the County DHCA and, if approved, this loan will partially repay the acquisition draw from RELOC;

**WHEREAS**, Bradley Boulevard Properties are currently managed by Aldon Management Corporation ("Aldon Management"), and staff proposes to retain Aldon Management as the initial management company for Bradley Boulevard Properties for a management fee of 3.5% of effective gross income and a one (1) year term commencing at closing, with two options to extend the term for one (1) year each subject to mutual agreement;

**WHEREAS,** at an open Special Session duly called and held on April 20, 2021, with a quorum participating, the Commission duly adopted Resolution 21-42A, with Commissioners Priest, Kelleher, Nelson, Merkowitz, and Simon voting in approval, and Commissioners Byrd and Croom being necessarily absent and not participating in the vote;

**WHEREAS**, by adopting Resolution 21-42A, the Commission approved the following actions:

1. On behalf of itself and on behalf of HOC MM Bradley Crossing, LLC, as its sole member, and Bradley Crossing, LLC, as the sole member of its sole member, the Commission authorized the Executive Director to complete the acquisition of the Bradley Boulevard Properties.

2. On behalf of itself and on behalf of HOC MM Bradley Crossing, LLC, as its sole member, and Bradley Crossing, LLC, as the sole member of its sole member, approved acceptance of a $81,200,000 loan from EagleBank to fund the acquisition of Bradley Boulevard Properties, with the expectation that the EagleBank loan would be refinanced using the proceeds of tax-exempt bonds to be issued by the Commission to fund a mortgage that would be insured under the FHA Risk Share program.

3. Authorized the use of the $1,880,000 earnest money deposit to fund HOC's equity contribution toward the acquisition of the Bradley Boulevard Properties, and authorized an extension of the term of the OHDF draw to 90 days after closing, with the expectation that at the expiration of the 90-day term, the draw will be repaid from OHRF.

4. Authorized a draw of $1,000,000 from the OHRF to be used to fund HOC's equity contribution toward the acquisition of the Bradley Boulevard Properties.

5. Authorized a draw of $2,320,000 from the MPDU/PAF to be used to fund HOC's equity contribution toward the acquisition of the Bradley Boulevard Properties, with the expectation that the draw will remain outstanding for 90 days after closing and will be repaid from OHRF at the expiration of this term.

6. Authorized a draw on the RELOC not to exceed $14,000,000 to complete the funding of the acquisition of Bradley Boulevard Properties, with the expectation that the draw will be partially repaid with the proceeds of the requested $10,000,000 County HIF loan, if approved.

7. On behalf of itself and on behalf of HOC MM Bradley Crossing, LLC, as its sole member, and Bradley Crossing, LLC, as the sole member of its sole member, accepting the Remaining Acquisition Funds.

8. On behalf of itself and on behalf of HOC MM Bradley Crossing, LLC, as its sole member, and Bradley Crossing, LLC, as the sole member of its sole member, approved the selection of Aldon Management as the initial management company for Bradley Boulevard Properties.

9. Authorized the repayment of a loan of up to $210,000 that was extended from the OHRF for due diligence and pursuit activities related to the acquisition of the Bradley Boulevard Properties.

10. On behalf of itself and on behalf of HOC MM Bradley Crossing, LLC, as its sole member, and Bradley Crossing, LLC, as the sole member of its sole member, authorized the Executive Director of HOC, or his authorized designee, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction and actions contemplated herein.

**WHEREAS**, consistent with the Commission's Second Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in a regular open meeting with a quorum participating, the action undertaken by the Commissioners in adopting Resolution 21-42A and any actions taken since April 20, 2021 to effectuate the actions contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 21-42A and any subsequent actions taken in relation thereto are hereby ratified and affirmed.

B. **Bradley Boulevard:** Approval to Draw up to $14,000,000 on the PNC Bank, N.A. Real Estate Line of Credit to Acquire Bradley Boulevard

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, Merkowitz, and Simon. Commissioner Croom was necessarily absent and did not participate in the vote.

**RESOLUTION: 21-42$^{B}$R** **RE: Approval to Draw up to $14,000,000 on the PNC Bank, N.A. Real Estate Line of Credit to Acquire Bradley Boulevard Properties**

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

**WHEREAS,** HOC has reached terms at which to buy existing rental housing ("Bradley Boulevard Properties") located at 4740, 4730, 4701, 4705, and 4709 Bradley Blvd; 6900, 6904 and 6908 Strathmore Street; 4750 and 4757 Chevy Chase Drive; and 4800, 4804 and 4808 Wellington Drive – all in Chevy Chase, Maryland 20815;

**WHEREAS**, HOC intends to finance the acquisition with a $81,200,000 loan from EagleBank and a $5,200,000 equity contribution from HOC resources;

**WHEREAS**, HOC wishes to complete the acquisition funding with a tax-exempt PNC Bank N.A. Real Estate Line of Credit ("RELOC") draw of up to $14,000,000;

**WHEREAS,** at an open Special Session duly called and held on April 20, 2021, with a quorum participating, the Commission duly adopted Resolution 21-42B, with Commissioners Priest, Kelleher, Nelson, Merkowitz, and Simon voting in approval, and Commissioners Byrd and Croom being necessarily absent and not participating in the vote;

**WHEREAS**, by adopting Resolution 21-42B, the Commission authorized a tax-exempt draw on the RELOC in an amount not to exceed $14,000,000 for the acquisition of Bradley Boulevard Properties for a term of 48 months.

**WHEREAS**, consistent with the Commission's Second Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in a regular open meeting with a quorum participating, the action undertaken by the Commissioners in adopting Resolution 21-42B and any actions taken since April 20, 2021 to effectuate the actions contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 21-42B and any subsequent actions taken in relation thereto are hereby ratified and affirmed.

IV. **CONSENT**

A. **Approval to Unseal Resolution 18-93AS, Resolution 18-94AS[1] and Resolution 18-94AS[2]**

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, Merkowitz, and Simon. Commissioner Croom was necessarily absent and did not participate in the vote.

**RESOLUTION NO.: 21-43** **RE: Approval to Unseal Resolution 18-94AS[1] and Resolution 18-94AS[2]**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and is subject to the Open Meetings Act ("OMA");

**WHEREAS,** the OMA provides that the minutes of a closed session shall be sealed and may not be open to the public unless, upon a request by the public, a majority of the members of a public body vote in favor of unsealing the minutes;

**WHEREAS**, on March 30, 2021, HOC received a request that the Commission consider unsealing the resolutions passed at the November 7, 2018 closed meeting (i.e., Resolutions 18-93AS, 18-94AS[1], and 18-94AS[2]) (the "Resolutions"); and

**WHEREAS**, staff reviewed the Resolutions and recommends to the Commission that they be unsealed with redactions to maintain the confidentiality of certain financial information provided by a financial partner.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolutions 18-93AS, 18-94AS[1] and 18-94AS[2], as redacted, be unsealed.

B. **Single Family Mortgage Purchase Program:** Approval of New Participating Lenders for the Single Family Mortgage Purchase Program

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, Merkowitz, and Simon. Commissioner Croom was necessarily absent and did not participate in the vote.

**RESOLUTION NO.: 21-44** **RE: Approval of New Participating Lenders for the Single Family Mortgage Purchase Program**

**WHEREAS,** the Housing Opportunities Commission of Montgomery County (the "Commission") approves lenders to participate in the Single Family Mortgage Purchase Program ("MPP"); and

**WHEREAS,** such participation is continuous and for multiple programs; and

**WHEREAS,** the Commission has approved an ongoing process for adding new lenders to the MPP; and

**WHEREAS**, Ameris Bank Mortgage, First Heritage Mortgage, LLC and Severn Savings Bank have applied for participation in the MPP; and

**WHEREAS**, Ameris Bank Mortgage, First Heritage Mortgage, LLC and Severn Savings Bank have satisfied the required criteria for admittance to the MPP.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Ameris Bank Mortgage, First Heritage Mortgage, LLC and Severn Savings Bank are approved for participation in the MPP, effective immediately.

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

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

1. **Single Family Bond Issuance:** Approval of Structure, Cost of Issuance Budget, and Adoption of a Series Resolution for 2021 Series A and 2021 Series B Single Family Mortgage Revenue Bonds for the Purpose of Issuing New Deb and Refunding Single Family Mortgage Revenue Bonds

Kayrine Brown, Deputy Executive Director, and Jennifer Arrington, Acting Director of Mortgage Finance, were the presenters.

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

**RESOLUTION: 2021-45** **Re: Approval of Structure, Cost of Issuance Budget and Adoption of Series Resolution for Mortgage Revenue Bonds in Two or More Series or**

**Subseries for the Purpose of Financing New Mortgage Loans and Refunding Prior Bonds of the Commission**

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

**WHEREAS,** the Housing Opportunities Commission of Montgomery County has issued various series of Single Family Mortgage Revenue Bonds under the Single Family Bond Resolution originally adopted on March 28, 1979, as amended (the "Bond Resolution"), a portion of which are currently outstanding; and

**WHEREAS,** the Bond Resolution authorizes the Commission to issue its bonds from time to time pursuant to one or more series resolutions in order to obtain funds to carry out its Single Family Mortgage Purchase Program (the "Single Family Program"); and

**WHEREAS,** the Commission desires to reduce its debt service expense in the Single Family Program and to produce low mortgage rates and new mortgage loans for Montgomery County, Maryland first time homebuyers; and

**WHEREAS,** financial market conditions are favorable for refinancing outstanding bond debt and for making mortgage loans to first time homebuyers; and

**WHEREAS,** the Commission has determined to carry out the Single Family Program by issuing its 2021 Single Family Mortgage Revenue Bonds as tax-exempt and/or taxable, fixed rate and/or variable rate obligations, in two or more series beginning with 2021 Series A and 2021 Series B, and with each subsequent series, if any, to follow in alphabetical order (collectively, the "2021 Bonds") in a total aggregate principal amount not to exceed $50,000,000; and

**WHEREAS**, in connection with any variable rate 2021 Bonds in an amount not to exceed $20,000,000 (the "2021 Variable Rate Bonds") and to mitigate the economic impact on the Commission of potential rises in interest rates, the Commission may purchase an interest rate hedge in the form of a swap agreement (the "Interest Rate Hedge"); and

**WHEREAS,** in connection with the proposed issuance of the 2021 Bonds, the Commission has reviewed the recommended structure and the cost of issuance budget and has been provided with initial drafts of the series resolution(s) to be adopted prior to the issuance of the 2021 Bonds (individually and collectively, the "Series Resolution"), and the initial draft of the preliminary official statement to be provided to prospective purchasers of the 2021 Bonds (the "POS," and following the sale of the 2021 Bonds and the appropriate revisions reflecting the final pricing and terms of the 2021 Bonds, the "Official Statement");

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

**1. The 2021 Bonds**. The 2021 Bonds are authorized to be issued in a principal amount not to exceed $50,000,000 (i) to make, purchase or finance newly originated Mortgage Loans (as defined in the

Bond Resolution), (ii) to refund and redeem certain bonds outstanding under the Bond Resolution (the "Prior Bonds"), and (iii) if necessary, to fund certain required reserves.

**2. Approval of the Series Resolution and the Structure of the 2021 Bonds**. The 2021 Bonds are to be issued pursuant to the terms of the Bond Resolution and pursuant to the terms of the Series Resolution, which have been provided to the Commission. The Commission hereby approves the current provisions of the Series Resolution and the structure of and the security for the 2021 Bonds set forth therein and in the POS. The Executive Director is hereby authorized to approve the final provisions of the Series Resolution, the POS and the Official Statement prior to the issuance of the 2021 Bonds.

**3. Approval of an Interest Rate Hedge for the 2021 Variable Rate Bonds**. The Commission hereby authorizes and approves one or more Interest Rate Hedges to be entered into with a qualified counterparty to mitigate against a rise in interest rates, with any scheduled or termination payment owed by the Commission being from the Commission's legally available general funds, subject to agreements now or hereafter made with holders of the Commission's notes and bonds, pledging particular revenues, assets or moneys for the payment thereof, and subject to agreements with governmental agencies or other parties providing funds to the Commission and restricting the uses to which such funds may be applied. The Executive Director is hereby authorized to approve the provisions of the Interest Rate Hedge.

**4. Commission Documents**. The Chair, the Vice-Chair, the Chair Pro Tem and the Executive Director of the Commission are hereby authorized and directed to execute and deliver the Series Resolution, the Official Statement, any Interest Rate Hedge and any such other documents and agreements to be prepared in connection with the issuance of the 2021 Bonds (collectively, the "Commission Documents") in such forms as shall be prepared and approved by the Chair, the Vice Chair, the Chair Pro Tem or the Executive Director, their execution and delivery of the Commission Documents being conclusive evidence of such approval and of the approval of the Commission and the Secretary of the Commission, or any other Authorized Representative (defined below), is hereby authorized and directed to affix the seal of the Commission to the Commission Documents and to attest the same.

**5. Authorizing Ongoing Determinations under Commission Documents**. The Executive Director is hereby authorized, without further authority from the Board of Commissioners, to perform any act, to execute any documents, and to make any ongoing determinations as may be required to be made on behalf of the Commission from time to time, including, but not limited to, the determination of other terms to be in effect with respect to the 2021 Bonds as shall be set forth in the Commission Documents.

**6. Other Action**. The Chair or Vice Chair or Chair Pro Tem and the Executive

Director of the Commission or a person designated by the Executive Director to act on his behalf (the "Authorized Representative") are hereby authorized and directed to undertake any other actions necessary (i) for the issuance and sale of the 2021 Bonds, (ii) for the financing of new Mortgage Loans under the Single Family Program, (iii) for the refunding and redemption or repayment of the Prior Bonds, (iv) for the performance of any and all actions required or contemplated under the Bond Resolution, the Series Resolution, the POS, the Official Statement and any other financing documents relating to the issuance of the 2021 Bonds, and (v) for the entire period during which the 2021 Bonds are outstanding following the issuance thereof.

***7.*** **Approval of Cost of Issuance**. The Commission approves the cost of issuance budget in an amount up to $660,000 to be incurred by the Commission in connection with the issuance of the 2021 Bonds.

***8.*** **Appointment of Financial Advisor and Bond Counsel**. Caine Mitter & Associates Incorporated is hereby appointed as Financial Advisor, and Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the issuance of the 2021 Bonds.

***9.*** **Action Approved and Confirmed**. All acts and doings of the officers of the Commission which are in conformity with the purposes and intent of this resolution and in the furtherance of the issuance and sale of the 2021 Bonds, the financing of newly originated Mortgage Loans approved hereby, the refunding and redemption of the Prior Bonds, the funding of reserves, and the execution, delivery and performance of the Commission Documents authorized hereby are in all respects approved and confirmed.

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

***11.*** **Effective Date**. This resolution shall take effect immediately.

2. **Housing Production Fund:** Approval of a Master Resolution Providing for the Creation of a Revolving Housing Production Fund to Provide Construction Bridge Financing for Multifamily Housing in Montgomery County; Approval to Enter into a Funding Agreement with Montgomery County Maryland to Provide Funding for the Revolving Housing Production Fund; Approval of the Program Parameters of the Housing Production Fund; and Approval of Structure and Cost of Issuance Budget of, and Adoption of Series Resolution for the Issuance of Limited Obligation Bonds (Revolving Housing Production Fund)

Kayrine Brown, Deputy Executive Director, and Zachary Marks, Chief Financial Officer, were the presenters.

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

**RESOLUTION: 2021-46**

**Re: Approval of a Revolving Housing Production Fund Program; Authorizing Resolution for a New Master Resolution to Implement the Revolving Housing Production Fund Program; Approval of Structure, Cost of Issuance Budget, and Adoption of Series Resolution for the Issuance of Limited Obligation Bonds, Series 2021 to Provide Funding for the Revolving Housing Production Fund**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (the "Commission") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and the Memorandum of Understanding effective June 29, 2018 between the Commission and Montgomery County, Maryland (collectively, the "Act"), and is authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes, which include, without limitation, the construction, financing and operation of housing developments for persons of eligible income; and

**WHEREAS**, to meet the goals of the County for increased housing and increased availability of affordable housing, the County has determined that new creative and dynamic tools are needed including new tools for financing the production of new mixed-income housing developments including housing units affordable to households earning less than 50% of area median income;

**WHEREAS**, the County and the Commission have determined that it is in the public interest to establish a revolving housing production fund to be used for construction bridge financing for residential rental projects (the "Program") which will be funded with the proceeds of notes, bonds, certificates or other evidences of indebtedness of the Commission and to finance such Program through the issuance by the Commission of its limited obligation bonds (the "Bonds"); and

**WHEREAS**, the Commission has determined to issue, sell and deliver its Housing Opportunities Commission of Montgomery County Limited Obligation Bonds (Revolving Housing Production Fund) in one or more series in an aggregate principal amount of not to exceed $50,000,000 (the "Series Bonds") pursuant to and in accordance with the terms of the Commission's Master Resolution dated as of July 1, 2021 (the "Master Resolution") for the purpose of obtaining moneys to provide construction bridge financing for residential rental developments in the Commission's pipeline (the "Series Purposes"); and

**WHEREAS**, the County and the Commission propose to enter into a Funding Agreement dated as of July 1, 2021 (the "Funding Agreement"), pursuant to which (i) the Commission agrees to establish and maintain the Program in accordance with the terms, conditions and guidelines set forth in the Funding Agreement, and (ii) the County has agreed to provide amounts sufficient to repay principal of and interest on the Bonds, including the Series Bonds, subject to annual appropriation as provided in the Master Resolution and in the Funding Agreement; and

**WHEREAS**, to secure its payment obligations under the Bonds, the Commission will pledge and grant to the Holders (as defined herein) a first priority security interest in the payments under the Funding Agreement and a first priority security interest in the contract rights of the Commission contained in the Funding Agreement (other than its Reserved Rights as defined in the Master Resolution); and

**WHEREAS,** the Series Bonds will be issued pursuant to one or more series resolutions (collectively, the "Series Resolution" and together with the Master Resolution, the "Resolution"), drafts of which have been provided to the Commission, and the Series Bonds will be marketed to potential holders of the Bonds pursuant to a Preliminary Official Statement (the "Preliminary Official Statement," and following the sale of the Series Bonds and the appropriate revisions reflecting the final pricing and terms of the Series Bonds, the "Official Statement"); and

**WHEREAS,** the Bonds and the interest and any premium thereon shall be limited obligations of the Commission and shall be secured by and payable from the Trust Estate pledged and assigned to the Trustee by the Commission under the Resolution;

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

1. **Approval of the Program; Approval of the Funding Agreement**. The Commission hereby authorizes and approves the Program. The Commission hereby approves the Funding Agreement, to be finalized consistent with the draft herein, which has been provided to the Commission, and the use thereof for purposes of carrying out the Program. The Executive Director is hereby authorized to approve the final provisions of the Funding Agreement.

2. **Approval of the Master Resolution**. The Commission hereby approves the Master Resolution, to be finalized consistent with the draft herein, which has been provided to the Commission, and the use thereof for purposes of carrying out the Program. The Executive Director is hereby authorized to approve the final provisions of the Master Resolution.

3. **The Series Bonds; Approval of the Series Resolutions and the Structure of the Series Bonds**. The Commission hereby authorizes the issuance of the Series Bonds in an aggregate principal amount not to exceed $50,000,000 to finance the Series Purposes. The Series Bonds shall be issued pursuant to the terms of the Master Resolution and pursuant to the terms of the Series Resolution, to be finalized consistent with the draft herein, which has been provided to the Commission. The Commission hereby approves the current provisions of the Series Resolution and the structure of and the security for the Series Bonds set forth therein. The Executive Director is hereby authorized to approve the final provisions of the Series Resolution, the Preliminary Official Statement and the Official Statement prior to the issuance of the Series Bonds.

4. **Commission Documents**. The Chair, the Vice-Chair, the Chair Pro Tem and the Executive Director of the Commission are hereby authorized and directed to execute and deliver the Funding Agreement, the Master Resolution, the Series Resolution, the Official Statement and any such other documents and agreements to be prepared in connection with the execution and delivery of the Master Resolution and the issuance of the Series Bonds (the "Commission Documents") in such forms as shall be prepared and approved by the Chair, the Vice Chair, the Chair Pro Tem or the Executive Director, the execution and delivery of the Commission Documents being conclusive evidence of such approval and of the approval of the Commission. The Secretary of the Commission, or any other Authorized Representative (defined below), is hereby authorized and directed to affix the seal of the Commission to the Commission Documents and to attest the same.

5. **Authorizing Ongoing Determinations under Commission Documents**. The Executive Director is hereby authorized, without further authority from the Board of Commissioners, to perform any act, to execute any documents, and to make any ongoing determinations as may be required to be made on behalf of the Commission from time to time, including, but not limited to, the determination of other terms to be in effect with respect to the Series Bonds as shall be set forth in the Commission Documents.

6. **Other Action**. The Chair or Vice Chair or Chair Pro Tem and the Executive Director of the Commission or a person designated by the Executive Director to act on his behalf (an "Authorized Representative") are hereby authorized and directed to undertake any other actions necessary (i) for the issuance and sale of the Series Bonds, (ii) for the performance of any and all actions required or contemplated under the Funding Agreement, the Master Resolution, the Series Resolution, the Official Statement and any other financing documents relating to the issuance of the Series Bonds, and (iii) for the entire period during which the Series Bonds are outstanding following the issuance thereof.

7. **Approval of Cost of Issuance**. The Commission approves the cost of issuance budget currently estimated to be $660,000 to be incurred by the Commission in connection with the issuance of the Series Bonds. The Executive Director is hereby authorized to confirm and approve the final cost of issuance budget. The Commission hereby authorizes the payment of costs of issuance from proceeds of the Series Bonds.

8. **Appointment of Underwriters, Financial Advisor and Bond Counsel; Appointment of Trustee**. The Series Bonds shall be sold to PNC Capital Markets, LLC and Wells Fargo Bank, National Associations underwriters (together, the "Underwriters"), pursuant to purchase contract between the Commission and the Underwriters, as shall be approved by the Executive Director. Caine Mitter & Associates Incorporated is hereby appointed as Financial Advisor, and Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the issuance of the Series Bonds. The Executive Director is hereby authorized to appoint a Trustee for the Bonds as necessary to effectuate the transactions contemplated by the Resolution.

9. **Action Approved and Confirmed**. All acts and doings of the officers of the Commission which are in conformity with the purposes and intent of this resolution and in the furtherance of the issuance and sale of the Series Bonds and the execution, delivery and performance of the Commission Documents authorized hereby are in all respects approved and confirmed.

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

11. **Effective Date**. This resolution shall take effect immediately.

3. **Sandy Spring Missing Middle:** Approval of Third Phase of Predevelopment Funding and Concept Plan Application Preparation for Submittal to Planning Commission

Zachary Marks, Chief Financial Officer, and Jay Shepherd, Senior 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, Merkowitz, and Simon. Commissioner Croom was necessarily absent and did not participate in the vote.

**RESOLUTION NO: 21-47** **RE: Approval of Third Phase of Predevelopment Funding and Concept Plan Application Preparation for Submittal to Planning Commission at Sandy Spring Meadow**

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

**WHEREAS**, “Missing Middle” housing is a range of multi-unit or clustered housing types—compatible in scale with detached single-family homes—that help meet the growing demand for walkable urban living; and

**WHEREAS**, on January 14, 2015, the Commission approved the purchase of a single family house and lot located at 617 Olney Sandy Spring Road (“617 O-SS”), immediately adjacent to Sandy Spring Meadow Apartments, a property that is owned by an HOC affiliate; and

**WHEREAS**, the acquisition of 617 O-SS with HOC’s ownership interest in Sandy Spring Meadow Apartments, created a larger property aggregation that staff believes is a strong candidate for a Missing Middle development (the “Missing Middle Pilot Program” or “M2P2”); and

**WHEREAS**, On March 4, 2020, the Commission approved $75,000 in feasibility funding from the Opportunity Housing Reserve Fund to explore a joint venture between the Maryland-National Capital Park and Planning Commission and HOC on M2P2; and

**WHEREAS**, On July 1, 2020, the Commission approved a second tranche of $330,000 in feasibility funding from the Opportunity Housing Reserve Fund to continue predevelopment activities on M2P2; and

**WHEREAS**, staff have prepared and are ready to submit a Concept Plan Application for M2P2 as an infill development on 3.27 +/- acres within the Sandy Spring Meadows community, which is immediately adjacent to the Sandy Spring Village Center, as a Demonstration/Pilot Project to implement Missing Middle Housing, will proceed under the R-60 MPDU Optional Method project; and

**WHEREAS**, to continue predevelopment activities for the M2P2, staff requires a third tranche of funding in the amount of $425,000; and

**WHEREAS**, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures for the redevelopment of M2P2 in an amount not to exceed $25,000,000, *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 M2P2 is placed in service (but in no event more than 3 years after the date of the original expenditure of such moneys); and

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

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby authorizes the Executive Director to submit the Concept Plan Application for the Missing Middle Pilot Program and expend up to $425,000 to continue predevelopment activities at M2P2, to be funded by a draw on the Opportunity Housing Reserve Fund and reimbursed at closing of the construction financing for M2P2.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that it presently intends and reasonably expects to finance costs related to the predevelopment and other expenditures of M2P2 located in Sandy Spring, Montgomery County, with moneys currently contained in its OHRF and any other funds of the Commission so designated for use by the Commission.

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

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that it presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed $25,000,000 will be applied to reimburse the Commission for its expenditures in connection with M2P2.

**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 transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto.

B. **Legislative and Regulatory Committee – Com. Kelleher, Chair**
   1. **Project Based Vouchers:** Authorization to Issue 100 Project-Based Vouchers in Response to Request for Proposal (RFP) #2232

Lynn Hayes, Director of Housing Resources, was the presenter.

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, Merkowitz, and Simon. Commissioner Croom was necessarily absent and did not participate in the vote.

**RESOLUTION NO.: 21-48** **RE: Authorization to award 100 Project Based Vouchers in response to RFP #2232**

**WHEREAS**, Project-Based Vouchers ("PBVs") are a component of the Housing Choice Voucher Program that provide rental subsidies for low income families;

**WHEREAS**, the Housing Opportunities Commission of Montgomery County ("HOC") can allocate up to 20% of its Housing Choice Vouchers as PBVs;

**WHEREAS**, staff issued Request for Proposals #2232 ("RFP") to award 100 PBVs to developers in Montgomery County and received and scored nine proposals;

**WHEREAS**, of the nine proposals, seven met the minimum qualifications for an award; and

**WHEREAS**, staff recommends awarding the 100 PBVs as indicated on the attached Exhibit A, and authorizing the Executive Director to execute the corresponding Housing Assistance Payments ("HAP") Contracts.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County approves the award of 100 PBVs as indicated in the attached Exhibit A.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director, or his designee, to execute the corresponding HAP Contracts for the awarded PBVs.

**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, including the execution of any necessary documentation.

Based upon this report and there being no further business to come before this session of the Commission, the Commission adjourned the open session at 5:36 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

**Attachments:**
1 – Redacted Resolution 18-93AS
2 – Redacted Resolution 18-94AS[1]
3 – Redacted Resolution 18-94AS[2]
4 – Exhibit A:  Revised Administrative Plan/Housing Choice Voucher Program

**RESOLUTION NO.: 18-93AS**

**RE: Approval of the Final Development Plan and Budget for Elizabeth House III, Authorization for the Executive Director to Award and Execute the General Contractor Contract for the Construction of Elizabeth House III and the South County Regional Recreation Aquatic Center ("SCRRAC") and Amendments to Condominium, Master Lease and Easement Documents**

**WHEREAS**, Elizabeth House III is a planned mixed-use residential building with mixed-income housing and public amenities (collectively, the "Development") that is one part of a larger planned mixed-use development known as Elizabeth Square; and

**WHEREAS**, the fee interest in the Development is owned by Acorn Storage No. 1, LLC a subsidiary of Lee Development Group ("Acorn") and subject to a condominium regime (the "Condominium") that established three separate condominium units: (1) a unit comprised of the market rate apartments (the "Market Rate Condo"), (2) a unit comprised of the affordable apartments (the "LIHTC Condo"), and (3) a unit comprised of the South County Regional Recreation and Aquatic Center, a public recreational facility totaling 120,000 square feet (the "Aquatic Center"), which will be operated by Montgomery County Department of Recreation and approximately 7,411 square feet of ground floor retail intended to be leased to Holy Cross Hospital for a senior resource center and primary care facility and parking (the "Aquatic Center Condo"); and

**WHEREAS**, Acorn has leased (1) the Market Rate Condo to Elizabeth House III LLC (the "Market Rate Owner"), which is wholly owned by the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), (2) the LIHTC Condo to Elizabeth House III Limited Partnership (the "LIHTC Owner"), which is currently wholly owned by HOC (with the intent that a tax credit investor will ultimately be admitted as a limited partner), and (3) the Aquatic Center Condo to EH III Recreational Center LLC, which is wholly owned by HOC (the "Aquatic Center Owner") (collectively, the "Master Leases"); and

**WHEREAS**, the original development plan included 120 affordable apartments owned by the LIHTC Owner and 147 market rate apartments owned by the Market Rate Owner; and

**WHEREAS**, on August 9, 2017 the Commission, acting for itself and for and on behalf of the LIHTC Owner, approved the selection of R4 Capital as the Low Income Housing Tax Credit Syndicator for the affordable portion of the Development and authorized the Executive Director to negotiate and enter into a Limited Partnership Agreement with R4 Capital; and

**WHEREAS**, HOC and the LIHTC Owner expect to receive a Letter of Reservation of Federal Low Income Housing Tax Credits from the Maryland Department of Housing and Community Development which will enable the LIHTC Owner to raise approximately $28.0 million in equity to pay part of its acquisition and development costs; and

**WHEREAS**, changes to the Low Income Housing Tax Credit ("LIHTC") program now permit owners to meet affordability requirements through the income averaging of units with higher and lower income limitations, which will allow the Development to serve a broader range of income levels while generating additional tax credit equity; and

**WHEREAS**, the Market Rate Owner, the LIHTC Owner and the Aquatic Center Owner (collectively, the "Owners") wish to (i) work with Acorn to amend the Condominium to provide that the LIHTC Condo will now be comprised of all 267 units apartments and parking and will be owned by the LIHTC Owner, the Market Rate Condo will be eliminated and the Aquatic Center Condo will remain unchanged, (ii) amend a related Reciprocal Easement Agreement to adjust rights and responsibilities among the Owners accordingly and (iii) upon completion of the foregoing, to dissolve the Market Rate Owner; and

**WHEREAS**, the Owners also wish to work with Acorn to amend the Master Leases to reflect the revisions to the Condominium structure and to extend the initial terms from 75 years to 99 years in order to secure additional real property tax exemptions from the State of Maryland; and

**WHEREAS**, additionally, as part of the redesign to incorporate the Aquatic Center into the Elizabeth Square Development, a portion of the land currently owned by Alexander House Development Corporation ("AHDC") will be used to construct the 11-lane competition pool and gymnasium with high school sized basketball court (the "AHDC Aquatic Center Land"); and

**WHEREAS**, upon the approval of the AHDC board, the condominium document and plat for the land parcel currently owned by AHDC will be modified to remove the AHDC Aquatic Center Land from the existing plat and AHDC will transfer the fee simple to the AHDC Aquatic Center Land to the Aquatic Center Owner; and

**WHEREAS**, on October 4, 2017, the Commission approved the selection of Whiting-Turner as General Contractor for the construction of the Development, based on a Guaranteed Maximum Price; and

**WHEREAS**, at the request of the Montgomery County Department of General Services ("DGS"), the Commission elected to re-open the procurement of the general contractor based on a Stipulated Sum contract; and

**WHEREAS**, staff reached out to the contractors qualified to during the previous Request for Qualification ("RFQ") and requested a hard bid budget format, which prompted Whiting-Turner to withdraw from consideration by choosing not to provide an updated pricing in a hard bid budget format, but Costello Construction and Clark Construction did provide hard bid budgets; and

**WHEREAS**, in connection with the foregoing, staff has prepared development plan and budget for the Development that have been provided to the Commission for review; and

**WHEREAS**, the development plan and budget requires a total Developer's Equity of $23,862,057and funding sources identified to fund the equity requirement is $20,451,083. The shortfall of $3,410,974 will be funded as a loan from the OHRF.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and as general partner for and on behalf of each of the Owners, that it hereby:

1. Approval of the final development plan and budget of Elizabeth House III in the amount

up to \$117,650,000;

2. Approval of a permanent loan of approximately \$3,410,974 loan from HOC to the LIHTC Owner from the OHRF with the final amount to be determined at the closing of the construction financing;

3. Approval to amend the Master Leases with Acorn Storage No. 1, LLC to change the condominium ownership structure to account for the revised residential unit mix and to modify the initial lease terms from 75 years to 99 years;

4. Approval to amend the Reciprocal Easement Agreement to be executed by the three condominium ownership structures for EH III;

5. Approval for the Aquatic Center Owner to receive the AHDC Aquatic Center Land upon approval of the AHDC board and removal of such land from the existing condominium structure encumbering such land;

6. Approval to amend the limited partnership agreement for the LIHTC Owner to admit a tax credit investor as a 99.99% limited partner (with a general partner wholly owned by HOC retaining a 0.01% equity stake and control over day-to-day operations of the LIHTC Owner), which will finance the construction of the development using equity from the syndication of LIHTC;

7. Authorization for the Executive Director to sign the general contractor contract with Costello Construction for an amount not to exceed \$125 million for the construction of Elizabeth House III and the South County Regional Recreational and Aquatic Center;

8. Authorization for the Executive Director to execute all documents to effect the approvals granted herein, all documents necessary to effect the approvals by Montgomery County government departments.

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

The foregoing Resolution was approved upon a motion by Commissioner Byrd and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, Croom, Byrd, Priest, and Kelleher.

**I HEREBY CERTIFY** that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of each of Elizabeth House III LLC, Elizabeth House III Limited Partnership, and EH III Recreational Center LLC at an Administrative Session meeting of the Commission on November 7, 2018.

Patrice M. Birdsong
Special Assistant to the Commission

**RESOLUTION NO.: 18-94AS[1]**

**RE: Approval to Accept Assignment of Purchase Contract for Acquisition of the Vertical Bridge Site; Approval to Acquire the Vertical Bridge Site by Drawing up to 10.2 million on the PNC Bank, N.A. Line of Credit ("$60 million LOC"); and Approval of a Predevelopment Loan from the Opportunity Housing Reserve Fund**

**WHEREAS**, the Commission, a public body corporate and politic duly created, organized and existing under the laws of the state of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (the "Act"), to carry out and effectuate the purpose of providing affordable housing; and

**WHEREAS**, to effect its corporate purpose, the Commission routinely acquires land and buildings in Montgomery County for the development or preservation of multifamily housing developments that serves eligible households; and

**WHEREAS**, Vertical Bridge CC FM, LLC ("Vertical Bridge"), owns real property in aggregate of approximately ten acres at 8800 Brookville Road, Silver Spring ("Property"); and

**WHEREAS**, the Property is nearby to a Washington Suburban Sanitary Commission ("WSSC") Maintenance Depot located at 2501 Lyttonsville Road, Silver Spring of approximately 10 acres ("WSSC Depot"); and

**WHEREAS,** the Commission is seeking to redevelop the WSSC Depot as a new, mixed-income rental and for-sale community that will expand affordable housing in Lyttonsville; and

**WHEREAS,** the Commission and WSSC have negotiated a letter of intent ("LOI") outlining the business terms upon which WSSC would sell the WSSC Depot to the Commission and relocate WSSC's current operations at the WSSC Depot to another suitable site; and

**WHEREAS,** among those certain terms contained in the LOI is the provision by the Commission to WSSC a suitable site for the relocation of WSSC's current operations at the WSSC Depot; and

**WHEREAS,** WSSC has indicated to the Commission that the Property is such a suitable site for the relocation of WSSC's current operations; and

**WHEREAS,** the Commission and Vertical Bridge have agreed to a $10.75MM purchase price ("Purchase Price") for the Property, of which $750,000 is due only if WSSC relocates its current operations at the WSSC Depot to the Property, the value of which has been confirmed by a licensed appraiser reflecting the approved zoning for the site; and

**WHEREAS**, on January 4, 2018 ("Effective Date"), EYA, LLC gained control of the Property via purchase contract ("Purchase Contract") at the Purchase Price; and

**WHEREAS**, EYA, LLC made a $50,000 earnest money deposit ("Deposit") on the Effective Date of the purchase contract for the Property; committed to broker compensation of 3% of the total purchase price of the Property; and subsequently incurred approximately $400,090 in feasibility and due diligence costs; and

**WHEREAS**, the Commission is satisfied with the evaluation of the Property and wishes to move forward with the acquisition of the Property, which must occur by November 30, 2018.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery authorizes the assignment of the Purchase Contract to the Commission from EYA, LLC; and

**BE IT FURTHER RESOLVED** the Housing Opportunities Commission of Montgomery County approves the reimbursement of EYA, LLC up to $700,090 for broker compensation, due diligence, and the initial earnest money deposit; and

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes a draw up to $10,850,000 from the $60MM PNC Bank, N.A. Line of Credit to fund the acquisition of the Property, costs related to the acquisition of the Property, reimbursement of costs incurred by the Commission related to feasibility study of and due diligence for the Property, and reimbursement of costs in the amount of $700,090 incurred by EYA, LLC related to feasibility study of and due diligence for the Property; and

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

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

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an Administrative Session meeting of the Commission conducted on November 7, 2018.

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

**RESOLUTION NO.: 18-94AS[2]**

**RE: Authorization to Draw up to $10.85MM from $60MM PNC Bank, N.A. Line of Credit to Complete the Acquisition of Vertical Bridge Site**

**WHEREAS,** the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC"), a public body corporate and politic duly created, organized and existing under the laws of the state of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (the "Act"), to carry out and effectuate the purpose of providing affordable housing; and

**WHEREAS,** to effect its corporate purpose, the Commission routinely acquires land and buildings in Montgomery County for the development or preservation of multifamily housing developments that serves eligible households; and

**WHEREAS,** Vertical Bridge CC FM, LLC ("Vertical Bridge"), owns real property in aggregate of approximately ten acres at 8800 Brookville Road, Silver Spring ("Property"); and

**WHEREAS,** the Commission and Vertical Bridge have agreed to a $10.75MM purchase price ("Purchase Price") for the Property, the value of which has been confirmed by a licensed appraiser reflecting the approved zoning for the site; and

**WHEREAS,** on January 4, 2018, EYA, LLC gained control of the Property via a purchase contract ("Purchase Contract") at the Purchase Price; and

**WHEREAS,** the Purchase Contract provides EYA, LLC the right to assign the Purchase Contract to HOC; and

**WHEREAS,** the Commission is satisfied with the evaluation of the Property and wishes to take assignment of the Purchase Contract and move forward with the acquisition of the Property; and

**WHEREAS,** the Commission wishes to draw up to $10,850,000 from the $60MM PNC Bank, N.A. Line of Credit ("PNC LOC") to fund the acquisition of the Property, costs related to the acquisition of the Property, reimbursement of costs incurred by the Commission related to feasibility study of and due diligence for the Property, and reimbursement of costs incurred by EYA, LLC related to feasibility study of and due diligence for the Property, which shall be outstanding for no more than 36 months from the date of the draw; and

**WHEREAS,** the Commission may make draws under the PNC LOC at a taxable rate equivalent to [redacted] or at a tax-exempt rate equivalent to [redacted]

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery accepts the assignment of the Purchase Contract from EYA, LLC.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes a taxable draw up to $10,850,000 on the PNC LOC at an interest rate [redacted]

[redacted] or a tax-exempt draw on the PNC LOC at an interest rate [redacted] to fund the acquisition of the Property, costs related to the acquisition of the Property, reimbursement of costs incurred by the Commission related to the feasibility study and due diligence for the Property, and reimbursement of costs incurred by EYA, LLC related to the feasibility study and due diligence for the Property.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission Montgomery County authorizes that the funds drawn on the PNC LOC shall be outstanding for no longer than 36 months from the date drawn.

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

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

**I HEREBY CERTIFY** that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an Administrative Session of the Commission on November 7, 2018.

HOUSING OPPORTUNITIES COMMISSION MONTGOMERY COUNTY MARYLAND CORPORATE SEAL 1939

Patrice M. Birdsong
Special Assistant to the Commission

## EXHIBIT A

| Developer and Property | Vouchers Awarded | Property Type | Property Address |
|---|---|---|---|
| **TM & Green Street (Sligo Apartments)** | 8 | Family Property; New construction | 715 Sligo Ave, Silver Spring |
| **Enterprise Community Development (Park Montgomery West)** | 28[1] | Family Property; New construction & Rehabilitation | 8860 Piney Branch Rd, Silver Spring |
| **MHP (Hillwood Manor)** | 3 | Family Property; Rehabilitation | 1100 Linden Ave, Takoma Park |
| **KB Companies (Willow Manor at Fairland)** | 28 | Senior Property; Existing Project | 13605 Robey Rd, Silver Spring |
| **Housing Unlimited (Scattered Sites)** | 15 | SRO; Disabled Singles | Scattered Sites |
| **KCG Development (Sandy Spring Village)** | 8 | Senior Property; New Construction | 17810 Meeting House Rd, Sandy Spring |
| **Kirby Development (Willow Manor at Cabin Branch)** | 10 | Senior Property; New Construction | Cabin Branch Ave, Clarksburg |
| ***Total*** | ***100*** | | |

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

**Special Session Minutes**

**May 11, 2021**

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Tuesday, May 11, 2021, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 12:03 p.m. Those in attendance were:

**Via Online/Teleconference**
Roy Priest, Chair
Frances Kelleher, Vice Chair
Richard Y. Nelson, Chair Pro Tem
Jeffrey Merkowitz

**Absent**
Pamela Byrd
Linda Croom
Jackie Simon

**Also Attending via Online/Teleconference**

Stacy Spann, Executive Director
Aisha Memon, General Counsel
Christina Autin
Kristyn Greco

Kayrine Brown, Deputy Executive Dire
Eamon Lorinz, Deputy General Counsel
Zachary Marks
Nicolas Deandreis

Commission Support
Patrice Birdsong, Spec. Asst. to Commission

Chair Priest opened the meeting welcoming all to the Special Session of the Housing Opportunities Commission, and roll call of participating Commissioners.

I. **ITEM REQUIRING DELIBERTION and/or ACTION**

A. **Holly Hall (Disposition of Land; Acquisition – Ground Lease)**: Approval of the Sale of Holly Hall to Duffie Companies, Inc., and Authorization for the Executive Director to Execute Ground Lease with Duffie Companies, Inc. of HOC's Holly Hall Property (Post Sale)

Kayrine Brown, Deputy Executive Director, and Zachary Marks, Chief Real Estate Officer, were the presenters. Ms. Brown opened the meeting by summarizing the staff recommendation to authorize the Executive Director to execute a purchase and sale agreement with the Duffie Companies for the sale of

Holly Hall and to execute a ground lease post sale. Ms. Brown introduced Zachary Marks, Chief Real Estate Officer, who provided an overview in regards to a change to the structure of the existing partnership.

There was discussion among staff and Commissioners regarding the term of the agreements and ground lease.

A motion was made by Vice Chair Kelleher and seconded by Commissioner Merkowitz. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, and Merkowitz. Commissioners Byrd, Croom, and Simon were necessarily absent and did not participate in the vote.

**RESOLUTION NO.: 21-49** **RE: Approval to Sell Holly Hall Apartments Property to Hillandale Pad II, LLC and Authorization to Enter into a Ground Lease with Hillandale Pad II, LLC**

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

**WHEREAS**, HOC is the sole member of HOC at Hillandale Gateway, LLC ("HOC's JV Member"), which is a member of Hillandale Gateway, LLC, the entity that will redevelop the Holly Hall site; and

**WHEREAS**, the Holly Hall property was approved for an increase in development density via a Sectional Map Amendment, which presents a unique opportunity for HOC to expand its housing presence in the East County, which has seen decades of disinvestment in housing; and

**WHEREAS**, the Duffie Companies and HOC formed a venture to redevelop Holly Hall where HOC contributes Holly Hall and the Duffie Companies contributes cash, both purchasing respective ownership interests in Hillandale Gateway, LLC; and

**WHEREAS**, on November 4, 2020, the Commission approved and funded the demolition of Holly Hall, which includes pre-demolition work, the demolition contract, and contingency; and

**WHEREAS**, on February 18, 2021, the Holly Hall site received site plan approval from the Montgomery County Planning Board for 463 units in two buildings –a 155-unit senior building and a 308-unit multifamily building ("Hillandale Gateway"); and

**WHEREAS**, on December 4, 2020, the Duffie Companies submitted to HOC an unsolicited offer to commit an increased amount of capital to the transaction by acquiring the Holly Hall property and leasing it back to Hillandale Gateway, LLC ("Sale-leaseback"); and

**WHEREAS**, the proposed terms of the ground lease component of the Sale-leaseback include a term of ninety-nine years with an option for HOC to purchase the land beginning 18 months prior to the end of the ninety-nine year term and a guaranty by HOC of payment and performance, which guaranty will terminate upon receipt of certificates of occupancy for the improvements and will have a liability cap of ten years of rent payment (the "Guaranty"); and

**WHEREAS**, the proposed terms of the property acquisition component of the Sale-leaseback include a purchase price of $5,950,000, which is the value of the land as already established per the existing operating agreement for Hillandale Gateway, LLC between HOC and the Duffie Companies; and

**WHEREAS**, the Duffie Companies has formed Hillandale Pad II, LLC to take ownership of Holly Hall; and

**WHEREAS**, the Sale-leaseback structure will afford HOC greater ownership of Hillandale Gateway as well as increased flexibility in financing Hillandale Gateway.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it authorizes the Executive Director to execute a purchase and sale agreement in the amount of $5,950,000 for the sale of the Holly Hall property to Hillandale Pad II and approves the sale of Holly Hall to Hillandale Pad II expected to occur on or about May 31, 2021.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that it authorizes the Executive Director to execute a (i) ground lease of the Holly Hall property that begins at the sale of Holly Hall, for which rent is deferred until the start of construction, at annual rent of 4% of sales price for the first five years of the lease, and at annual rent of 6% of sales price thereafter and (ii) the Guaranty; and otherwise substantially on the terms and conditions identified to the Commission and acceptable to the Executive Director and as advised by counsel.

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

There being no further business to come before this special session of the Commission, the meeting adjourned at 12:47 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

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

**Special Session Minutes**

**May 26, 2021**

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Wednesday, May 26, 2021, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 3:03 p.m. Those in attendance were:

**Via Online/Teleconference**

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

**Also Attending via Online/Teleconference**

Aisha Memon, General Counsel

**Commission Support**

Patrice Birdsong, Spec. Asst. to the Commission

Chair Priest opened the meeting welcoming all to the Special Session of the Housing Opportunities Commission. The sole item on the agenda was to conduct a vote to meet in closed session pursuant to Section 3-305(b)(1) of the General Provisions Article of the Annotated Code of Maryland. The meeting was closed and the closing statement dated May 26, 2021 was adopted on a motion made by Chair Priest, seconded by Chair Pro Tem Nelson, with Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon voting in approval.

There being no further business to come before this session of the Commission, the open session adjourned at 3:06 p.m. and reconvened in closed session at approximately 3:15 p.m.

In compliance with Sections 3-306(c)(2) and 3-104, General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed session held on May 26, 2021 at approximately 3:15 p.m. via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. A portion of the meeting was closed under the authority of Section 3-305(b)(1) to discuss the employment of HOC's Executive Director. The other portion of the meeting was closed to perform an administrative function.

The meeting was closed and the closing statement dated May 26, 2021 was adopted on a motion made by Chair Priest, seconded by Chair Pro Tem Nelson, with Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon 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, and Jackie Simon.

In the portion of the meeting that was closed under the authority of Section 3-305(b)(1), the Commission discussed the below topic and took the following action:

1. **Topic**: the employment of HOC's Executive Director (pursuant to Section 3-305(b)(1)).

    a. **Action Taken**: With a quorum present, the Commission accepted the resignation of the Executive Director and authorized the Chair to have the appropriate agreements drafted.

In the portion of the meeting that was closed to perform an administrative function, the Commission discussed the process of filling the vacancy of the Executive Director position, which included approving the Officers of the Board to serve as a Search Committee, and authorizing the committee to prepare an RFP to solicit a search firm to conduct a search for a new Executive Director.

The closed session was adjourned at 4:05 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

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

**Special Session Minutes**

**June 2, 2021**

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Wednesday, June 2, 2021, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:05 p.m. Those in attendance were:

**Via Online/Teleconference**
Roy Priest, Chair
Frances Kelleher, Vice Chair
Richard Y. Nelson, Chair Pro Tem
Pamela Byrd
Jeffrey Merkowitz
Jackie Simon

**Absent**
Linda Croom

**Also Attending via Online/Teleconference**

Stacy Spann, Executive Director
Aisha Memon, General Counsel
Christina Autin
Cornelia Kent
Lynn Hayes

Kayrine Brown, Deputy Executive Director
Darcel Cox
Timothy Goetzinger
Nathan Bovelle
Nicolas Deandreis

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

Chair Priest opened the meeting welcoming all to the Special Session of the Housing Opportunities Commission, and roll call of participating Commissioners.

I. **ITEMS REQUIRING DELIBERTION and/or ACTION**

**A. Consider the Actions Taken at the May 26, 2021 Special Session Regarding Committees**

With a quorum present Chair Priest informed that during a special closed session held on May 26, 2021, the Commission discussed the employment of the Executive Director. There was also discussion to approve forming a Search Committee, and authorizing the Committee to prepare an RFP. After additional consideration, Chair Priest reported that he has concluded that it would be beneficial if the entire Commission participated in the various stages of the search process.

Chair Priest presented a motion to consider rescinding the creation of the Search Committee including any appointments thereto, and any authorization so given. The motion was made by Chair Pro Tem Nelson and seconded by Vice Chair Kelleher. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Merkowitz, and Simon. Commissioner Croom was necessarily absent and did not participate in the vote.

There was no further business to discuss, the meeting adjourned at 4:07 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

# Closed and Special Session Ratifications

**RATIFICATION OF ACTION TAKEN IN OPEN SPECIAL SESSION ON MAY 11, 2021:**

**APPROVAL OF SALE OF HOLLY HALL TO DUFFIE COMPANIES, INC. AND AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO EXECUTE GROUND LEASE WITH DUFFIE COMPANIES, INC. OF HOC'S HOLLY HALL PROPERTY (POST SALE)**

**JUNE 9, 2021**

- At an open Special Session held on May 11, 2021, the Commission adopted Resolution 21-49 in which the Commission approved executing a purchase and sale agreement for the sale of Holly Hall Apartments and authorized the Executive Director to execute a ground lease for Holly Hall (post sale).

- Consistent with the Commission's Second Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in a regular open meeting with a quorum participating, the action taken at the May 11, 2021 open Special Session. Additionally, the Commission wishes to ratify any action taken since the Special Session with respect to the approved action.

**RESOLUTION: 21-49R** **RE: Approval to Sell Holly Hall Apartments to Hillandale Pad II, LLC and Authorization to Enter into a Ground Lease with Hillandale Pad II, LLC**

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

**WHEREAS**, HOC is the sole member of HOC at Hillandale Gateway, LLC ("HOC's JV Member"), which is a member of Hillandale Gateway, LLC, the entity that will redevelop the Holly Hall site; and

**WHEREAS**, the Holly Hall property was approved for an increase in development density via a Sectional Map Amendment, which presents a unique opportunity for HOC to expand its housing presence in the East County, which has seen decades of disinvestment in housing; and

**WHEREAS**, the Duffie Companies and HOC formed a venture to redevelop Holly Hall where HOC contributes Holly Hall and the Duffie Companies contributes cash, both purchasing respective ownership interests in Hillandale Gateway, LLC; and

**WHEREAS**, on November 4, 2020, the Commission approved and funded the demolition of Holly Hall, which includes pre-demolition work, the demolition contract, and contingency; and

**WHEREAS**, on February 18, 2021, the Holly Hall site received site plan approval from the Montgomery County Planning Board for 463 units in two buildings –a 155-unit senior building and a 308-unit multifamily building ("Hillandale Gateway"); and

**WHEREAS**, on December 4, 2020, the Duffie Companies submitted to HOC an unsolicited offer to commit an increased amount of capital to the transaction by acquiring the Holly Hall property and leasing it back to Hillandale Gateway, LLC ("Sale-leaseback"); and

**WHEREAS**, the proposed terms of the ground lease component of the Sale-leaseback include a term of ninety-nine years with an option for HOC to purchase the land beginning 18 months prior to the end of the ninety-nine year term and a guaranty by HOC of payment and performance, which guaranty will terminate upon receipt of certificates of occupancy for the improvements and will have a liability cap of ten years of rent payment (the "Guaranty"); and

**WHEREAS**, the proposed terms of the property acquisition component of the Sale-leaseback include a purchase price of $5,950,000, which is the value of the land as already established per the existing operating agreement for Hillandale Gateway, LLC between HOC and the Duffie Companies; and

**WHEREAS**, the Duffie Companies has formed Hillandale Pad II, LLC ("Hillandale Pad II") to take ownership of Holly Hall; and

**WHEREAS**, the Sale-leaseback structure will afford HOC greater ownership of Hillandale Gateway as well as increased flexibility in financing Hillandale Gateway.

**WHEREAS,** at an open Special Session duly called and held on May 11, 2021, with a quorum participating, the Commission duly adopted Resolution 21-49, with Commissioners Priest, Kelleher, Nelson, Merkowitz voting in approval, and Commissioners Simon, Byrd, and Croom being necessarily absent and not participating in the vote;

**WHEREAS**, by adopting Resolution 21-49, the Commission authorized the Executive Director to execute a purchase and sale agreement in the amount of $5,950,000 for the sale of Holly Hall to Hillandale Pad II and approved the sale of Holly Hall to Hillandale Pad II, which was expected to occur on or about May 31, 2021;

**WHEREAS**, by adopting Resolution 21-49, the Commission, on behalf of itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, authorized the Executive Director to execute a (1) ground lease of Holly Hall that begins at the sale of Holly Hall, for which rent is deferred until the start of construction, at annual rent of 4% of sale price for the first five years of the lease, and at annual rent of 6% of sale price thereafter, and (2) the Guaranty, and otherwise substantially on the terms and conditions identified to the Commission and acceptable to the Executive Director and as advised by counsel; and

**WHEREAS**, consistent with the Commission's Second Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in a regular open meeting with a quorum participating, the action undertaken by the Commissioners in adopting Resolution 21-49 and any actions taken since May 11, 2021 to effectuate the actions contemplated therein.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that Resolution 21-49 and any subsequent actions taken in relation thereto are hereby ratified and affirmed.

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 9, 2021.

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Patrice M. Birdsong
Special Assistant to the Commission

# Consent

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

# JUNE 9, 2021

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

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

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

**RESOLUTION No.: 21-50** **RE: Approval to Appoint Commissioners to the Board of Directors of Various Development Corporations**

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

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

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

**WHEREAS**, when an Appointee is no longer an HOC Commissioner (through death, resignation, or otherwise), such Appointee shall be automatically removed from the Board of Directors of the Corporations; and

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

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

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County that when an Appointee is no longer an HOC Commissioner (through death, resignation, or otherwise), such Appointee shall be automatically removed from the Board of Directors of the Corporations, and in the event a successor Commissioner is appointed to HOC, such Commissioner shall automatically be appointed to the Board of Directors of the Corporations.

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

**I HEREBY CERTIFY** that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 9, 2021.

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

# Recess

# Development Corporation Annual Meetings

# Alexander House Development Corporation

# Alexander House Development Corporation

# Annual Meeting and Adoption of FY 2022 Operating & Capital Budgets

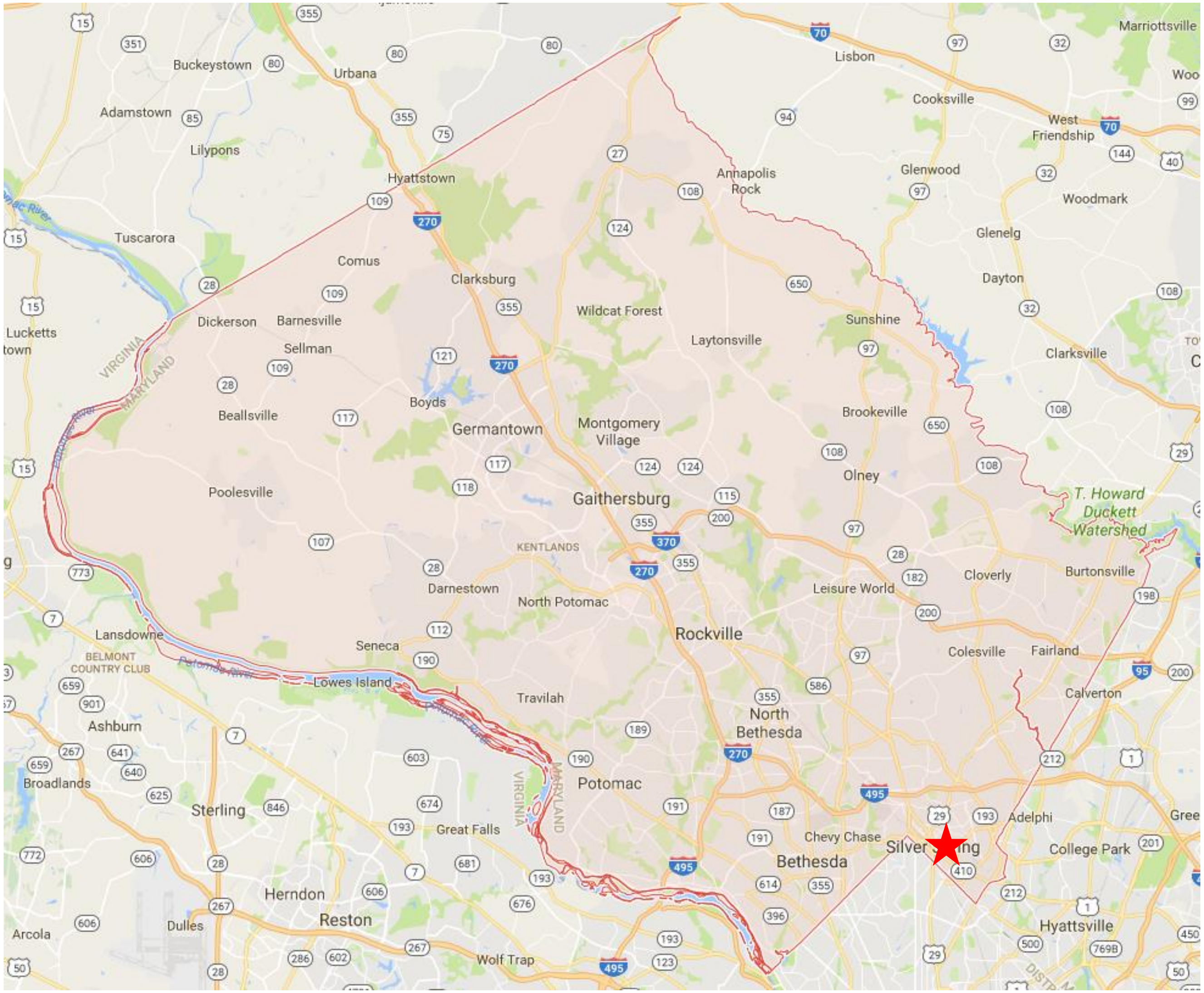

**Stacy L. Spann, Executive Director**

**Property Management**
**Real Estate Development**
**Mortgage Finance**
**Finance**




**June 9, 2021**

# Alexander House Development Corporation




## Property Snapshot:

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

# Alexander House Development Corporation – FY 2022 Overview

## Background

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

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

| Unit Mix | Market | Affordable | Total |
|---|---|---|---|
| Studio | 25 | 7 | 32 |
| 1BR | 86 | 75 | 161 |
| 2BR | 72 | 40 | 112 |
| **Total Units** | **183** | **122** | **305** |

The Regulatory Agreement restricts 122 units at or below 60% AMI. The property also includes three commercial spaces.

# Alexander House Development Corporation – FY 2022 Update

## Property Management

- Average occupancy in 2020 (83%) increased relative to average occupancy in 2019 (73%) as the property worked to re-stabilized post renovation. However, demand for units weakened during the COVID-19 pandemic, resulting in increased turnover and higher concessions. The property also faced strong competition from the market and struggled through the impact of the major construction project at Elizabeth House Square. Occupancy stabilized in March 2021 as pandemic pressures eased and as a result of aggressive retention and marketing efforts by the management company.

| Annual Turnover CY 2020 | Avg. Occupancy CY 2020 | Current Occupancy |
|---|---|---|
| 49% | 83% | 95% |

## Maintenance

- The largest volume of work order tickets in CY 2020 was for plumbing and HVAC repairs. Work orders decreased from 558 in CY 2019.
- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Total Work Orders CY 2020 | Average Days to Close |
|---|---|
| 496 | 9 |

## Capital Improvements

- A replacement reserve was established for unit turnover and other needed replacements. Reserve was used in 2020 primarily for flooring and garage door replacements.

## Redevelopment/Refinancing

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

# Alexander House Development Corporation – FY 2022 Budget Summary

## Alexander House Development Corporation

FY 2022 Operating and Capital Budgets

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$3,724,777** | **$4,059,668** | **$3,417,347** | **$1,970,266** | **$1,860,148** |
| **Expenses:** | | | | | |
| Operating - Admin | $330,547 | $366,015 | $309,494 | $357,328 | $250,175 |
| Operating - Fees | $114,897 | $144,451 | $119,898 | $147,500 | $150,142 |
| Tenant & Protective Services | $136,932 | $128,852 | $113,997 | $123,765 | $86,214 |
| Bad Debt | $150,000 | $104,234 | $18,587 | $50,368 | $42,913 |
| Taxes, Insurance & Utilities | $320,348 | $291,403 | $258,535 | $248,844 | $381,044 |
| Maintenance | $363,424 | $358,156 | $369,498 | $365,757 | $410,079 |
| **Subtotal - Operating Expenses** | **$1,416,148** | **$1,393,111** | **$1,190,009** | **$1,293,562** | **$1,320,567** |
| **Net Operating Income (NOI)** | **$2,308,629** | **$2,666,557** | **$2,227,338** | **$676,704** | **$539,581** |
| Debt Service | $2,375,793 | $2,375,791 | $1,547,547 | $0 | $0 |
| Replacement Reserves | $67,296 | $65,976 | $42,700 | $0 | $0 |
| Asset Management Fees | $195,800 | $195,800 | $195,920 | $206,900 | $197,040 |
| **Development Corporation Fees** | $0 | $28,990 | $265,000 | $469,804 | $342,541 |
| **Excess Cash Flow Restricted** | $0 | $0 | $176,171 | $0 | $0 |
| ***Subtotal - Expenses Below NOI*** | **$2,638,889** | **$2,666,557** | **$2,227,338** | **$676,704** | **$539,581** |
| **NET INCOME** | **($330,260)** | **$0** | **$0** | **$0** | **$0** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Computer Equipment | $0 | $0 | $0 | $869 | $0 |
| Plumbing Supplies | $0 | $0 | $0 | $348 | $0 |
| Health and Safety Materials | $0 | $0 | $0 | $0 | $4,216 |
| Locks, Keys | $0 | $0 | $0 | $0 | $29 |
| Doors | $0 | $4,400 | $12,889 | $540 | ($3,926) |
| Flooring and Carpeting | $9,996 | $0 | $3,284 | $0 | $0 |
| Plumbing Equipment | $0 | $0 | $300 | $53,511 | $18,712 |
| HVAC Equipment | $0 | $0 | $0 | $0 | $2,572 |
| Appliance Equipment | $1,200 | $4,470 | $192 | $518 | $1,322 |
| Tools | $0 | $0 | $0 | $0 | $1,231 |
| Plumbing Contracts | $20,000 | $20,000 | $450 | $10,268 | $350 |
| Windows/Glass Contracts | $0 | $0 | $1,399 | $0 | $0 |
| Flooring/Carpet Contracts | $0 | $7,700 | $1,464 | $0 | $1,057 |
| Elevator Contracts | $0 | $0 | $0 | $0 | $1,787 |
| Asphalt/Concrete Contracts | $5,000 | $5,000 | $0 | $0 | $0 |
| Miscellaneous Contracts | $0 | $0 | $8,399 | $0 | $809 |
| **Total Capital Budget** | **$36,196** | **$41,570** | **$28,377** | **$66,054** | **$28,159** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Property cash flow is budgeted at ($330,260). The projected shortfall will be funded from unrestricted cash flow in the Opportunity Housing portfolio.
- Capital is budgeted at $36,196.
- The operating budget will bear debt service in the amount of $2,375,793 in FY 2022.
- DSCR is 0.94.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for Alexander House Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for Alexander House Development Corporation by the Board of Directors.

**RESOLUTION NO.: 21-002$_{AH}$** **RE: Alexander House Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2021;

**WHEREAS,** the Corporation has reviewed and desires to approve the FY'22 Operating and Capital Budgets for the Property; and

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Alexander House Development Corporation at a meeting conducted on June 9, 2021.

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

# Adjourn

# Barclay Apartments Development Corporation

# BARCLAY APARTMENTS DEVELOPMENT CORPORATION

## ANNUAL MEETING AND ADOPTION OF FY 2022 OPERATING & CAPITAL BUDGETS

Stacy L. Spann, Executive Director

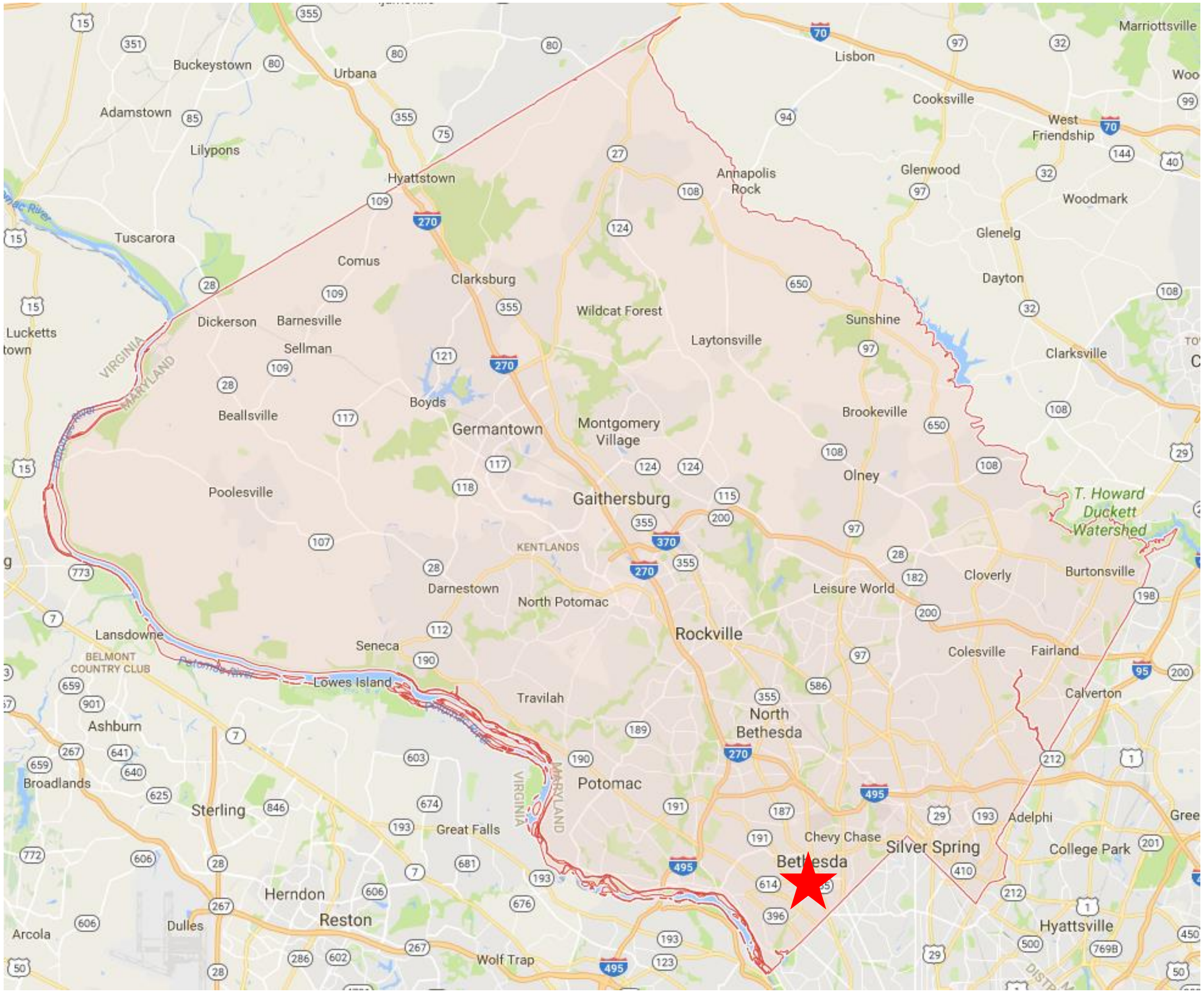
Property Management
Real Estate Development
Mortgage Finance
Finance

Housing Opportunities Commission
OF MONTGOMERY COUNTY



June 9, 2021

# Barclay Development Corporation




## Property Snapshot:

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

# Barclay Development Corporation – FY 2022 Overview

## Background

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

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

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

The regulatory agreement restricts 25 units at or below 30% AMI and 56 units at or below 55% AMI.

# Barclay Development Corporation – FY 2022 Update

## Property Management

- Average occupancy declined from 94% in 2019 to 89% in 2020 as residents moved out of Bethesda in favor of lower cost submarkets such as Gaithersburg and Germantown. Concessions increased as management worked to stabilize occupancy.

| Annual Turnover CY 2020 | Avg. Occupancy CY 2020 | Current Occupancy |
|---|---|---|
| 24% | 89% | 91% |

## Maintenance

- The largest volume of work tickets was for plumbing, appliance, and HVAC repairs.
- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Total Work Orders CY 2020 | Average Days to Close |
|---|---|
| 209 | 10 |

## Capital Improvements

- The capital budget includes funding for unit turnover activity including flooring and appliances. Other replacement activity in 2020 included exterior doors and HVAC replacements.

## Redevelopment/Refinancing

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

# Barclay Development Corporation – FY 2022 Budget Summary

## Barclay Development Corporation

FY 2022 Operating and Capital Budgets

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$1,238,794** | **$1,282,534** | **$1,230,796** | **$1,265,152** | **$1,294,894** |
| **Expenses:** | | | | | |
| Operating - Admin | $96,939 | $85,485 | $144,102 | $76,487 | $85,351 |
| Operating - Fees | $51,347 | $50,654 | $48,562 | $54,578 | $44,378 |
| Bad Debt | $78,000 | $201,741 | $62,232 | $10,848 | $14,688 |
| Tenant & Protective Services | $0 | $10,860 | $20,307 | $4,491 | $11,077 |
| Taxes, Insurance & Utilities | $153,132 | $131,671 | $94,110 | $116,157 | $126,122 |
| Maintenance | $177,823 | $127,148 | $159,274 | $122,377 | $139,917 |
| **Subtotal - Operating Expenses** | **$557,241** | **$607,559** | **$528,587** | **$384,940** | **$421,533** |
| **Net Operating Income (NOI)** | **$681,553** | **$674,975** | **$702,209** | **$880,212** | **$873,361** |
| Debt Service | $672,569 | $674,190 | $675,740 | $677,223 | $678,652 |
| Replacement Reserves | $22,800 | $22,800 | $22,800 | $22,800 | $22,800 |
| Asset Management Fees | $81,310 | $81,310 | $81,370 | $85,930 | $81,830 |
| **Development Corporation Fees** | $0 | $0 | $0 | $94,259 | $18,763 |
| **Excess Cash Flow Restricted** | $0 | $0 | $0 | $0 | $71,316 |
| ***Subtotal - Expenses Below NOI*** | **$776,679** | **$778,300** | **$779,910** | **$880,212** | **$873,361** |
| **NET INCOME** | **($95,126)** | **($103,325)** | **($77,701)** | **$0** | **$0** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Kitchen and Bath Supplies | $0 | $6,000 | $1,882 | $3,185 | $1,621 |
| Plumbing Supplies | $0 | $0 | $1,618 | $1,082 | $0 |
| Grounds/Landscaping Sup.-Cap. | $2,760 | $0 | $2,759 | $0 | $3,741 |
| Windows and Glass | $5,000 | $0 | $0 | $0 | $0 |
| Doors | $0 | $15,000 | $0 | $0 | $0 |
| Flooring and Carpeting | $10,472 | $0 | $8,538 | $1,286 | $38,701 |
| Paint and Wallcoverings | $0 | $0 | $0 | $0 | $910 |
| Miscellaneous Supplies | $0 | $3,000 | $17,741 | $0 | $0 |
| Electrical Equipment | $0 | $0 | $4,715 | $0 | $0 |
| Plumbing Equipment | $25,000 | $0 | $0 | $21,616 | $677 |
| HVAC Equipment | $6,000 | $10,000 | $0 | $18,338 | $729 |
| Appliance Equipment | $8,995 | $6,000 | $8,915 | $1,197 | $4,148 |
| Tools | $0 | $0 | $0 | $20 | $0 |
| Miscellaneous Equipment | $0 | $0 | $0 | $0 | $328 |
| Plumbing Contracts | $55,296 | $0 | $0 | $0 | $0 |
| Windows/Glass Contracts | $0 | $0 | $6,927 | $0 | $0 |
| Flooring/Carpet Contracts | $18,900 | $18,900 | $845 | $11,951 | $0 |
| Elevator Contracts | $0 | $0 | $1,370 | $0 | $0 |
| Asphalt/Concrete Contracts | $0 | $5,000 | $0 | $0 | $0 |
| Security System | $0 | $20,000 | $18,145 | $0 | $0 |
| **Total Capital Budget** | **$132,423** | **$83,900** | **$73,455** | **$58,675** | **$50,855** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at ($95,126). The projected shortfall will be funded from unrestricted cash flow in the Opportunity Housing portfolio.
- Capital is budgeted at $132,423.
- DSCR is 0.98.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for Barclay Apartments Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for Barclay Apartments Development Corporation by the Board of Directors.

**RESOLUTION NO.: 21-001BC**

**RE: Barclay Apartments Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2021;

**WHEREAS,** the Corporation has reviewed and desires to approve the FY'22 Operating and Capital Budgets for the Property; and

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Barclay Apartments Development Corporation at a meeting conducted on June 9, 2021.

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

# Adjourn

# Brookside Glen Apartments Development Corporation

# Brookside Glen Limited Partnership

# Annual Meeting and Adoption of FY 2022 Operating & Capital Budgets

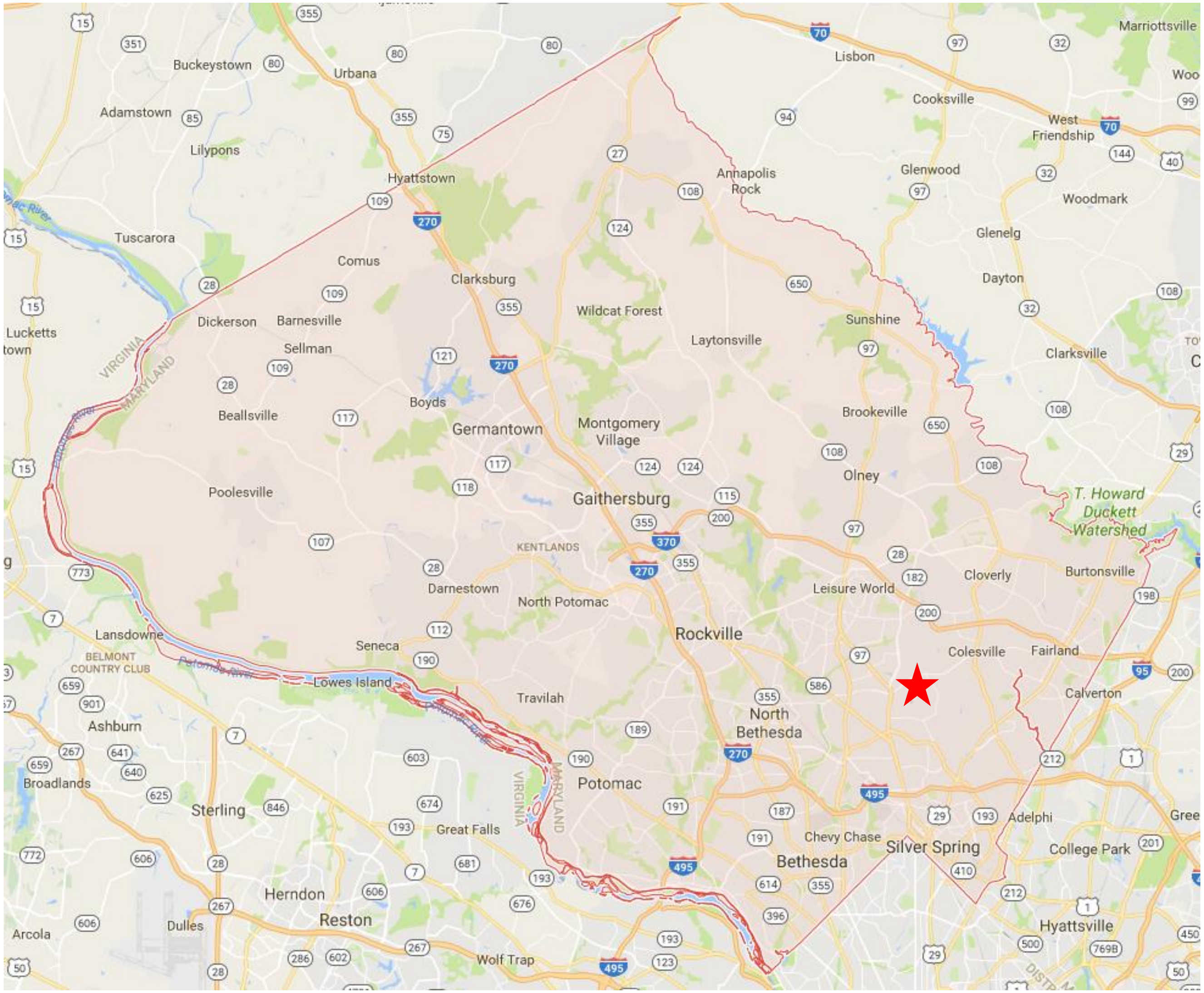
**Stacy L. Spann, Executive Director**

**Property Management**
**Real Estate Development**
**Mortgage Finance**
**Finance**



**June 9, 2021**

# Brookside Glen Limited Partnership




Property Snapshot:

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



Housing Opportunities Commission OF MONTGOMERY COUNTY

# Brookside Glen Limited Partnership – FY 2022 Overview

## Background

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

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

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

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

# Brookside Glen Limited Partnership – FY 2022 Update

## Property Management

- Occupancy remained stable in 2020 and turnover declined from 20% in 2019 to 13% in 2020 as fewer residents moved out during the COVID-19 pandemic.

| Turnover CY 2020 | Avg. Occupancy CY 2020 | Current Occupancy |
|---|---|---|
| 13% | 96% | 98% |

## Maintenance

- The largest volume of work tickets during the past year was for electrical and appliance repairs. Edgewood did not complete all work orders during 2020 and non-emergency work orders were deferred until 2021.

- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Work Orders CY 2020 | Average Days to Close |
|---|---|
| 77 | 3 |

## Capital Improvements

- The property maintains a capital reserve for needed replacements. During 2020, the reserve was primarily used to make flooring, plumbing and appliance replacements.

## Redevelopment/Refinancing

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

# Brookside Glen Limited Partnership – FY 2022 Budget Summary

## Brookside Glen Development Corporation

**FY 2022 Operating and Capital Budgets**

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$1,543,230** | **$1,591,814** | **$1,517,102** | **$1,563,987** | **$1,564,551** |
| **Expenses:** | | | | | |
| Operating - Admin | $179,087 | $192,226 | $179,857 | $196,517 | $152,362 |
| Operating - Fees | $57,496 | $57,468 | $54,747 | $62,908 | $57,605 |
| Bad Debt | $42,000 | $65,091 | $22,434 | $50,982 | $7,916 |
| Tenant & Protective Services | $2,004 | $13,968 | $6,251 | $12,566 | $11,250 |
| Taxes, Insurance & Utilities | $193,550 | $153,006 | $149,726 | $145,719 | $156,896 |
| Maintenance | $225,481 | $251,005 | $191,373 | $207,290 | $314,799 |
| **Subtotal - Operating Expenses** | **$699,618** | **$732,764** | **$604,388** | **$675,982** | **$700,828** |
| **Net Operating Income (NOI)** | **$843,612** | **$859,050** | **$912,714** | **$888,005** | **$863,723** |
| Debt Service | $495,213 | $496,464 | $491,521 | $498,803 | $499,887 |
| Operating Reserves | $16,248 | $16,248 | $16,250 | $16,250 | $16,250 |
| Replacement Reserves | $56,148 | $107,484 | $102,360 | $97,488 | $95,112 |
| Asset Management Fees | $96,290 | $96,290 | $96,350 | $101,750 | $96,910 |
| **Excess Cash Flow Restricted** | $179,713 | $142,564 | $206,233 | $173,714 | $155,564 |
| ***Subtotal - Expenses Below NOI*** | **$843,612** | **$859,050** | **$912,714** | **$888,005** | **$863,723** |
| **NET INCOME** | **$0** | **$0** | **$0** | **$0** | **$0** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Grounds/Landscaping Sup.-Cap. | $0 | $0 | $83 | $0 | $0 |
| Windows and Glass | $0 | $0 | $1,662 | $0 | $0 |
| Doors | $0 | $0 | $2,700 | $0 | $0 |
| Flooring and Carpeting | $0 | $0 | $24,216 | $0 | $0 |
| Plumbing Equipment | $28,360 | $7,200 | $73,992 | $4,427 | $0 |
| HVAC Equipment | $0 | $0 | $0 | $216 | $0 |
| Appliance Equipment | $23,626 | $15,000 | $38,235 | $13,451 | $6,956 |
| Tools | $0 | $0 | $0 | $839 | $1,107 |
| Plumbing Contracts | $0 | $0 | $0 | $2,213 | $15,522 |
| Windows/Glass Contracts | $0 | $0 | $0 | $0 | $10,457 |
| Flooring/Carpet Contracts | $36,766 | $34,800 | $0 | $18,441 | $18,255 |
| Asphalt/Concrete Contracts | $0 | $0 | $0 | $0 | $27,256 |
| **Total Capital Budget** | **$88,752** | **$57,000** | **$140,888** | **$39,587** | **$79,553** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $179,713 and will be restricted to the property.
- Capital is budgeted at $88,752.
- DSCR is 1.59.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for Brookside Glen Limited Partnership were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for Brookside Glen Limited Partnership by the Board of Directors.



Housing Opportunities Commission
OF MONTGOMERY COUNTY

**RESOLUTION NO.: 21-002BG** **RE: Brookside Glen Apartments Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2021;

**WHEREAS,** the Corporation has reviewed and desires to approve the FY'22 Operating and Capital Budgets for the Property; and

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Brookside Glen Apartments Development Corporation at a meeting conducted on June 9, 2021.

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

# Adjourn

# Diamond Square Development Corporation

# Diamond Square Limited partnership

# Annual Meeting and Adoption of FY 2022 Operating & Capital Budgets

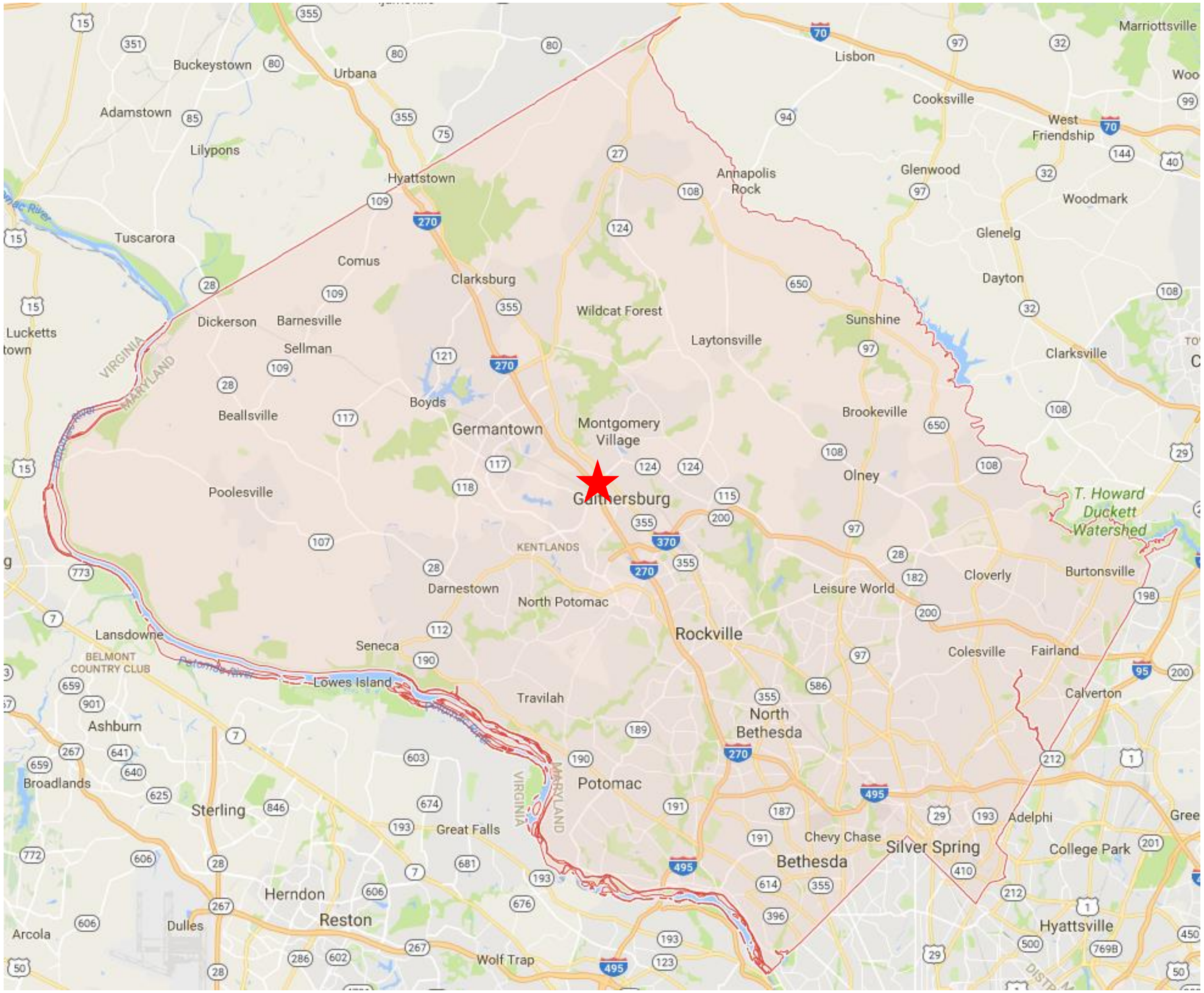
Stacy L. Spann, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance



June 9, 2021

# Diamond Square Limited Partnership




## Property Snapshot

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



Housing Opportunities Commission OF MONTGOMERY COUNTY

# Diamond Square Limited Partnership – FY 2022 Overview

## Background

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

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

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

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

80 Bureau Dr, Gaithersburg, 20878
Manager : Residential One

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

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

# Diamond Square Limited Partnership – FY 2022 Update

## Property Management

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

| Turnover Rate | Avg. Occupancy CY 2020 | Current Occupancy |
|---|---|---|
| 18% | 99.13% | 97.58% |

## Maintenance

- The majority of service requests in CY 2020 were for plumbing (16%), HVAC (13%), electrical (67%) and unit make ready (11%).
- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Total Work Orders CY 2020 | Average Days to Close |
|---|---|
| 459 | 2 |

## Capital Improvements

- The Capital Budget includes upgrades to the elevators, replacement of carpet, HVAC and appliances in units on turnover. The current Capital budget included the replacement of pipes and risers. This work has been completed.

## Redevelopment/Refinancing

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

# Diamond Square Limited Partnership – FY 2022 Budget Summary

## Diamond Square Development Corporation

**FY 2022 Operating and Capital Budgets**

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$1,337,400** | **$1,364,176** | **$1,342,727** | **$1,296,624** | **$1,270,490** |
| **Expenses:** | | | | | |
| Operating - Admin | $162,252 | $215,978 | $162,836 | $255,217 | $200,094 |
| Operating - Fees | $71,400 | $66,870 | $73,043 | $73,655 | $66,601 |
| Bad Debt | $30,000 | $49,367 | $4,442 | $4,043 | $2,493 |
| Tenant & Protective Services | $8,538 | $11,844 | $179,131 | $9,491 | $46,197 |
| Taxes, Insurance & Utilities | $220,222 | $197,275 | $194,861 | $201,653 | $183,658 |
| Maintenance | $229,386 | $236,164 | $221,135 | $240,243 | $228,598 |
| **Subtotal - Operating Expenses** | **$721,798** | **$777,498** | **$835,448** | **$784,302** | **$727,641** |
| **Net Operating Income (NOI)** | **$615,602** | **$586,678** | **$507,279** | **$512,322** | **$542,849** |
| Debt Service | $116,991 | $117,313 | $117,569 | $117,905 | $118,184 |
| Operating Reserves | $19,920 | $19,920 | $19,920 | $19,920 | $19,920 |
| Replacement Reserves | $121,158 | $116,494 | $112,020 | $107,364 | $103,568 |
| Asset Management Fees | $26,030 | $25,270 | $24,530 | $23,820 | $23,130 |
| **Excess Cash Flow Restricted** | $331,503 | $307,681 | $233,240 | $243,313 | $278,047 |
| ***Subtotal - Expenses Below NOI*** | **$615,602** | **$586,678** | **$507,279** | **$512,322** | **$542,849** |
| **NET INCOME** | **$0** | **$0** | **$0** | **$0** | **$0** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Computer Equipment | $1,500 | $1,440 | $0 | $973 | $1,965 |
| Grounds/Landscaping Sup.-Cap. | $0 | $0 | $0 | $4,990 | $0 |
| Doors | $2,400 | $2,400 | $0 | $0 | $4,205 |
| Miscellaneous Supplies | $3,996 | $0 | $0 | $2,771 | $3,778 |
| Plumbing Equipment | $0 | $0 | $514 | $0 | $0 |
| HVAC Equipment | $14,424 | $14,000 | $0 | $15,658 | $6,690 |
| Appliance Equipment | $23,796 | $23,100 | $0 | $7,692 | $4,146 |
| Tools | $0 | $0 | $0 | $1,947 | $0 |
| Miscellaneous Equipment | $0 | $0 | $0 | $0 | $3,275 |
| Electrical Contracts | $0 | $0 | $319 | $0 | $0 |
| Plumbing Contracts | $4,124 | $0 | $12,009 | $0 | $0 |
| Cleaning/Janitorial Contracts-Cap. | $0 | $0 | $140 | $0 | $0 |
| HVAC Contracts | $0 | $0 | $0 | $5,880 | $0 |
| Flooring/Carpet Contracts | $22,500 | $21,840 | $0 | $22,450 | $13,527 |
| Elevator Contracts | $283,248 | $275,000 | $0 | $0 | $0 |
| Fencing Contracts | $0 | $0 | $4,990 | $0 | $0 |
| Asphalt/Concrete Contracts | $4,536 | $4,400 | $0 | $0 | $3,990 |
| Miscellaneous Contracts | $0 | $0 | $0 | $15,380 | $1,250 |
| **Total Capital Budget** | **$360,524** | **$342,180** | **$17,972** | **$77,741** | **$42,826** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $331,503 and will be restricted to the property.
- Capital is budgeted at $360,524.
- DSCR is 4.23.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for Diamond Square Limited Partnership were presented to the HOC Budget, Finance and Audit Committee on May 25, 2021. Board action is requested at the June 9, 2021 meeting. The Governing Board approved the FY 2022 budget on May 13, 2021.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for Diamond Square Limited Partnership by the Board of Directors.

**RESOLUTION NO.: 21-002DS** **RE: Diamond Square Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2020;

**WHEREAS,** the Corporation has reviewed and desires to approve the FY'22 Operating and Capital Budgets for the Property; and

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Diamond Square Development Corporation at a meeting conducted on June 9, 2021.

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

# Adjourn

# Glenmont Crossing Development Corporation

# Glenmont Crossing Development Corporation

## Annual Meeting and Adoption of FY 2022 Operating & Capital Budgets

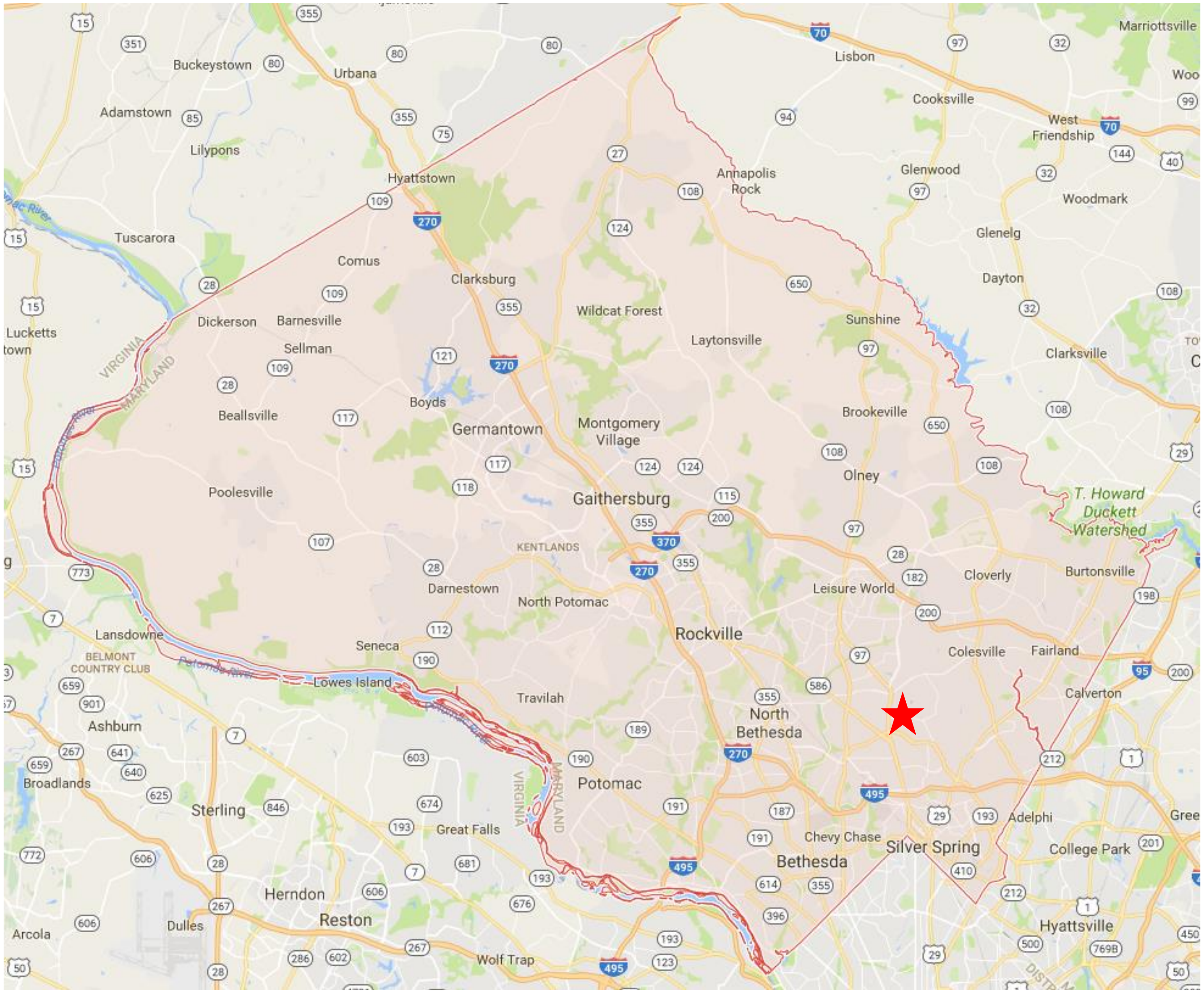
Stacy L. Spann, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance



June 9, 2021

# Glenmont Crossing Development Corporation




## Property Snapshot:

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

# Glenmont Crossing Development Corporation – FY 2022 Overview

## Background

- **October 3, 2012 -** Commission authorized the formation of two single purpose entities, Glenmont Crossing Development Corporation and Glenmont Westerly Development Corporation, to acquire a 199-unit property in the Glenmont area of Silver Spring consisting of two parcels, one with 97 townhome units (Glenmont Crossing) and the second parcel containing 102 garden units (Glenmont Westerly) using the County's Right of First Refusal Ordinance for the purpose of preservation by acquisition.

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

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

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

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

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

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

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

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

# Glenmont Crossing Development Corporation – FY 2022 Update

## Property Management

- Glenmont Crossing consistently maintains occupancy of 98% or greater. Turnover decreased from 28% in 2019 to 16% in 2020.

| Turnover CY 2020 | Avg. Occupancy CY 2020 | Current Occupancy |
|---|---|---|
| 16% | 98% | 99% |

## Maintenance

- The largest volume of work order tickets was related to electrical, appliances and plumbing repairs.
- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Work Orders CY 2020 | Average Days to Close |
|---|---|
| 371 | 15 |

## Capital Improvements

- Capital costs consist primarily of appliance and flooring replacements at turnover or as needed.

## Redevelopment/Refinancing

- Refinancing of Glenmont Crossing was completed in 2019.

# Glenmont Crossing Development Corporation – FY 2022 Budget Summary

## Glenmont Crossing Development Corporation

**FY 2022 Operating and Capital Budgets**

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$1,869,707** | **$2,000,814** | **$1,887,294** | **$2,135,452** | **$2,030,273** |
| **Expenses:** | | | | | |
| Operating - Admin | $151,359 | $178,687 | $138,995 | $163,068 | $146,271 |
| Operating - Fees | $62,551 | $62,222 | $60,066 | $69,750 | $72,647 |
| Bad Debt | $30,000 | $70,054 | $27,168 | $11,790 | $32,228 |
| Tenant & Protective Services | $2,000 | $5,998 | $45,801 | $4,342 | $4,295 |
| Taxes, Insurance & Utilities | $146,510 | $132,664 | $158,735 | $275,853 | $269,479 |
| Maintenance | $240,449 | $329,614 | $138,668 | $331,900 | $397,555 |
| **Subtotal - Operating Expenses** | **$632,869** | **$779,239** | **$569,433** | **$856,703** | **$922,475** |
| **Net Operating Income (NOI)** | **$1,236,838** | **$1,221,575** | **$1,317,861** | **$1,278,749** | **$1,107,798** |
| Debt Service | $675,962 | $675,962 | $652,592 | $828,913 | $828,913 |
| Replacement Reserves | $58,200 | $58,200 | $58,200 | $58,200 | $58,200 |
| Asset Management Fees | $103,780 | $103,780 | $103,850 | $109,670 | $104,450 |
| **Development Corporation Fees** | $270,607 | $255,344 | $146,850 | $31,275 | $0 |
| **Excess Cash Flow Restricted** | $128,289 | $128,289 | $356,369 | $250,691 | $116,235 |
| ***Subtotal - Expenses Below NOI*** | **$1,236,838** | **$1,221,575** | **$1,317,861** | **$1,278,749** | **$1,107,798** |
| **NET INCOME** | **$0** | **$0** | **$0** | **$0** | **$0** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Kitchen and Bath Supplies | $3,000 | $5,004 | $0 | $2,532 | $2,299 |
| Grounds/Landscaping Sup.-Cap. | $0 | $29,000 | $83 | $0 | $0 |
| Windows and Glass | $0 | $0 | $1,069 | $0 | $0 |
| Doors | $13,896 | $0 | $0 | $1,150 | $0 |
| Roofing Materials | $0 | $126,000 | $0 | $0 | $0 |
| Flooring and Carpeting | $28,176 | $0 | $29,046 | $0 | $0 |
| Miscellaneous Supplies | $0 | $0 | $0 | $0 | $333 |
| Plumbing Equipment | $0 | $227,000 | $0 | $0 | $0 |
| HVAC Equipment | $0 | $0 | $4,974 | $0 | $742 |
| Appliance Equipment | $33,140 | $24,996 | $32,760 | $24,094 | $21,465 |
| Plumbing Contracts | $0 | $0 | $0 | $10,968 | $1,697 |
| Roofing/Gutter Contracts | $0 | $0 | $0 | $14,000 | $0 |
| HVAC Contracts | $12,000 | $2,500 | $0 | $1,989 | $2,284 |
| Flooring/Carpet Contracts | $24,996 | $45,000 | $0 | $45,185 | $43,844 |
| Paint/Wallcovering Int. Cont. | $0 | $24,000 | $0 | $0 | $0 |
| Asphalt/Concrete Contracts | $253,637 | $2,000 | $0 | $1,472 | $2,770 |
| **Total Capital Budget** | **$368,845** | **$485,500** | **$67,932** | **$101,390** | **$75,434** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased 1.4%, but upon turnover will be increased to the prevailing "market rate".
- Property cash flow is budgeted at $398,896, of which $128,289 is restricted.
- Capital is budgeted at $368,845.
- DSCR is 1.74.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for Glenmont Crossing Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for Glenmont Crossing Development Corporation by the Board of Directors.

**RESOLUTION NO.: 21-002GC** **RE: Glenmont Crossing Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2021;

**WHEREAS,** the Corporation has reviewed and desires to approve the FY'22 Operating and Capital Budgets for the Property; and

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Glenmont Crossing Development Corporation at a meeting conducted on June 9, 2021.

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

# Adjourn

# Glenmont Westerly Development Corporation

# Glenmont Westerly Development Corporation

## Annual Meeting and Adoption of FY 2022 Operating & Capital Budgets

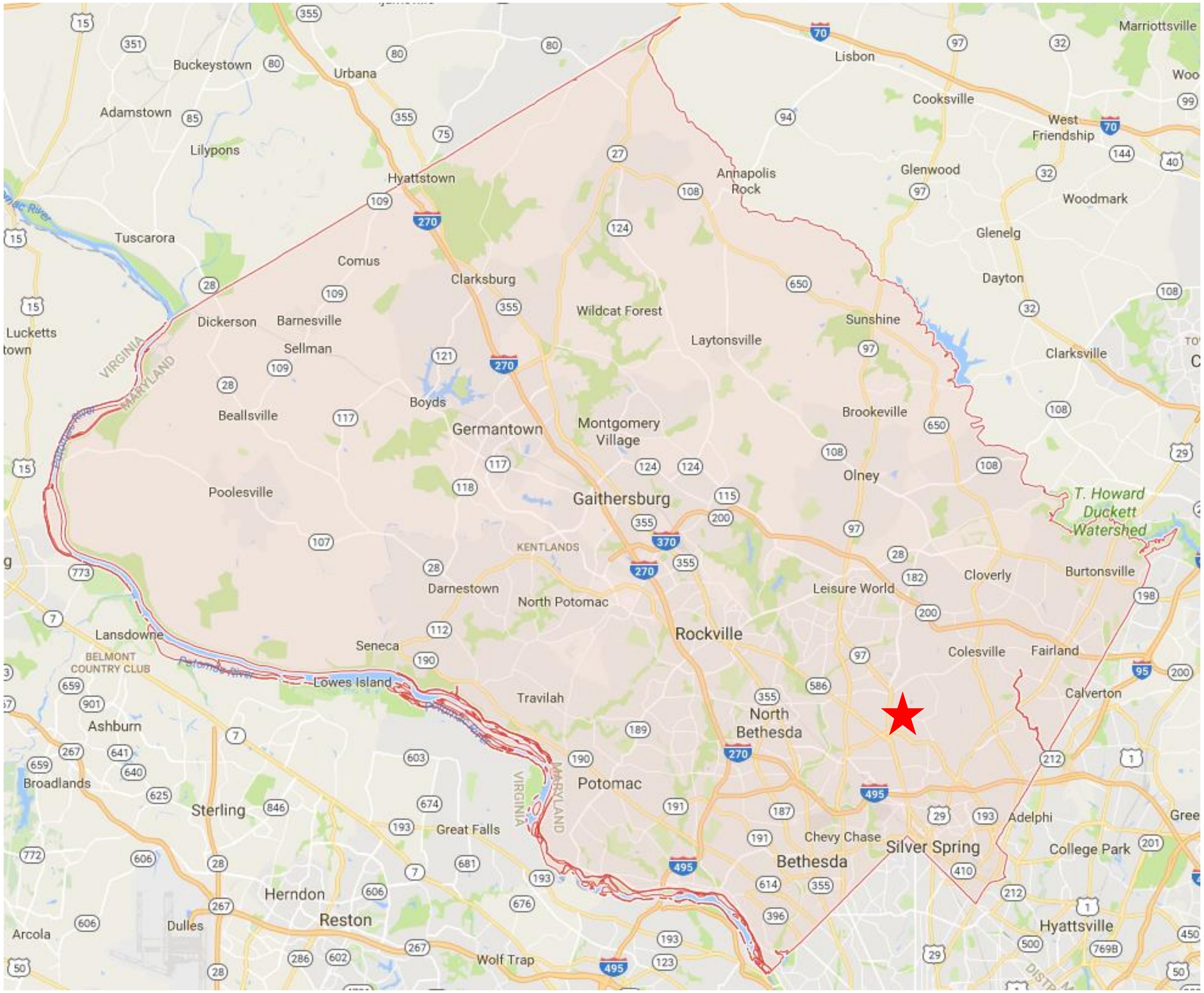
**Stacy L. Spann, Executive Director**

**Property Management**
**Real Estate Development**
**Mortgage Finance**
**Finance**



**June 9, 2021**

# Glenmont Westerly Development Corporation




## Property Snapshot:

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

# Glenmont Westerly Development Corporation – FY 2022 Overview

## Background

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

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

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

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

# Glenmont Westerly Development Corporation – FY 2022 Update

## Property Management

- Glenmont Westerly's average occupancy declined slightly from 98% in 2019 to 97% in 2020. Turnover declined from 37% in 2019 to 20% in 2020.

| Turnover CY 2020 | Avg. Occupancy CY 2020 | Current Occupancy |
|---|---|---|
| 20% | 97% | 97% |

## Maintenance

- The largest volume of work order tickets in 2020 was related to appliances, plumbing, and electrical repairs.
- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Work Orders CY 2020 | Average Days to Close |
|---|---|
| 272 | 9 |

## Capital Improvements

- Primary capital costs in 2020 included flooring, appliance and HVAC replacements.

## Redevelopment/Refinancing

- Refinancing of Glenmont Westerly was completed in 2019.

# Glenmont Westerly Development Corporation – FY 2022 Budget Summary

## Glenmont Westerly Development Corporation

FY 2022 Operating and Capital Budgets

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$1,628,857** | **$1,764,967** | **$1,667,275** | **$1,852,631** | **$1,723,813** |
| **Expenses:** | | | | | |
| Operating - Admin | $174,319 | $189,934 | $171,293 | $173,232 | $154,006 |
| Operating - Fees | $65,285 | $65,041 | $60,426 | $68,491 | $63,498 |
| Bad Debt | $36,996 | $41,121 | $22,142 | $772 | $9,859 |
| Tenant & Protective Services | $2,000 | $6,905 | $52,423 | $5,656 | $6,229 |
| Taxes, Insurance & Utilities | $130,501 | $118,753 | $88,058 | $196,297 | $181,343 |
| Maintenance | $248,886 | $316,023 | $156,850 | $255,088 | $322,462 |
| **Subtotal - Operating Expenses** | **$657,987** | **$737,777** | **$551,192** | **$699,536** | **$737,397** |
| **Net Operating Income (NOI)** | **$970,870** | **$1,027,190** | **$1,116,083** | **$1,153,095** | **$986,416** |
| Debt Service | $671,171 | $671,171 | $553,222 | $538,833 | $538,813 |
| Replacement Reserves | $61,200 | $61,200 | $61,200 | $61,200 | $61,200 |
| Asset Management Fees | $109,130 | $109,130 | $109,200 | $115,320 | $109,830 |
| **Development Corporation Fees** | $0 | $21,439 | $186,398 | $136,957 | $61,439 |
| **Excess Cash Flow Restricted** | $129,369 | $164,250 | $206,063 | $300,785 | $215,134 |
| ***Subtotal - Expenses Below NOI*** | **$970,870** | **$1,027,190** | **$1,116,083** | **$1,153,095** | **$986,416** |
| **NET INCOME** | **$0** | **$0** | **$0** | **$0** | **$0** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Kitchen and Bath Supplies | $3,000 | $0 | $605 | $0 | $1,584 |
| Grounds/Landscaping Sup.-Cap. | $0 | $4,200 | $83 | $0 | $0 |
| Windows and Glass | $500 | $0 | $901 | $0 | $0 |
| Flooring and Carpeting | $27,000 | $0 | $26,866 | $0 | $0 |
| Miscellaneous Supplies | $0 | $0 | $0 | $0 | $349 |
| Plumbing Equipment | $0 | $140,000 | $0 | $0 | $0 |
| HVAC Equipment | $19,965 | $0 | $7,350 | $0 | $742 |
| Appliance Equipment | $19,438 | $0 | $40,718 | $16,326 | $12,648 |
| Plumbing Contracts | $0 | $0 | $0 | $0 | $3,394 |
| Roofing/Gutter Contracts | $5,832 | $64,000 | $0 | $0 | $0 |
| HVAC Contracts | $0 | $0 | $0 | $433 | $0 |
| Flooring/Carpet Contracts | $0 | $0 | $0 | $16,023 | $22,235 |
| Paint/Wallcovering Int. Cont. | $0 | $4,200 | $0 | $0 | $0 |
| Paint/Wallcovering Ext. Cont | $6,480 | $23,000 | $0 | $0 | $0 |
| Asphalt/Concrete Contracts | $68,709 | $0 | $0 | $3,650 | $0 |
| **Total Capital Budget** | **$150,924** | **$235,400** | **$76,523** | **$36,432** | **$40,952** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $129,369 and will be restricted to the property.
- Capital is budgeted at $150,924.
- DSCR is 1.36.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for Glenmont Westerly Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for Glenmont Westerly Development Corporation by the Board of Directors.

**RESOLUTION NO.: 21-002GW** **RE: Glenmont Westerly Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2021;

**WHEREAS,** the Corporation has reviewed and desires to approve the FY'22 Operating and Capital Budgets for the Property; and

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Glenmont Westerly Development Corporation at a meeting conducted on June 9, 2021.

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

# Adjourn

# Magruder's Discovery Development Corporation

# MAGRUDER'S DISCOVERY DEVELOPMENT CORPORATION

## ANNUAL MEETING AND ADOPTION OF FY 2022 OPERATING & CAPITAL BUDGETS

Housing Opportunities Commission
OF MONTGOMERY COUNTY

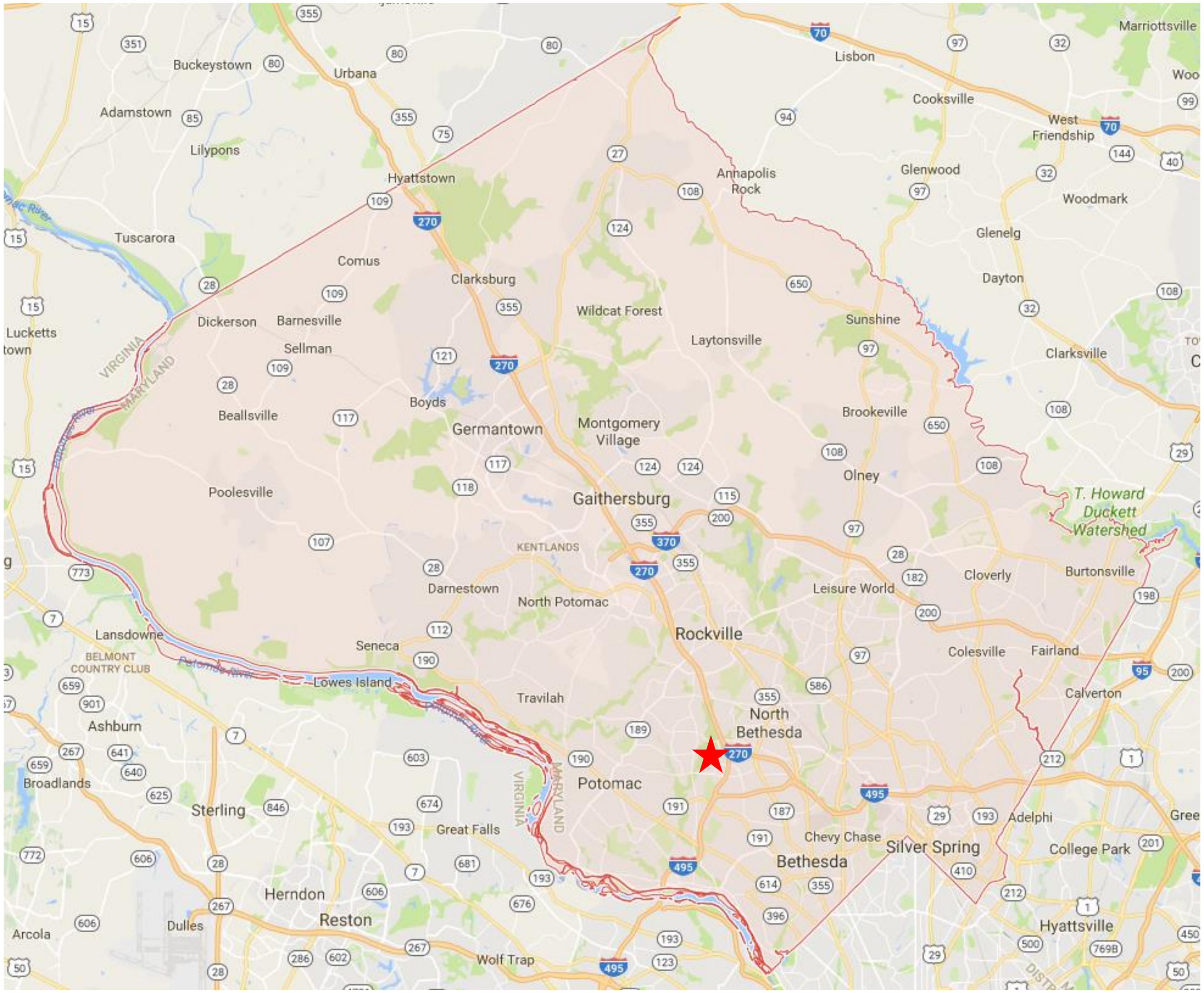
**Stacy L. Spann, Executive Director**

**Property Management**
**Real Estate Development**
**Mortgage Finance**
**Finance**



**June 9, 2021**

# Magruder's Discovery Development Corporation




Property Snapshot:

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

# Magruder's Discovery Development Corporation – FY 2022 Overview

## Background

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

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

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

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

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

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

# Magruder's Discovery Development Corporation – FY 2022 Update

## Property Management

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

| Turnover Rate | Avg. Occupancy CY2020 | Current Occupancy |
|---|---|---|
| 5% | 98.42% | 99% |

## Maintenance

- The largest volume of work tickets was for plumbing (29%) followed by appliance repairs (15%), and Electrical repairs (12%).
- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Total Work Orders CY 2020 | Average Days to Close |
|---|---|
| 581 | 12 |

## Capital Improvements

Budget for FY 2022 includes replacement of underground pipes, flooring, Carpet, appliances and HVAC replacement.

## Redevelopment/Refinancing

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

# Magruder's Discovery Development Corporation – FY 2022 Budget Summary

## Magruders Development Corporation

FY 2022 Operating and Capital Budgets

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | $2,679,518 | $2,493,574 | $2,429,068 | $2,317,809 | $2,433,766 |
| **Expenses:** | | | | | |
| Operating - Admin | $122,110 | $117,271 | $114,122 | $128,034 | $130,962 |
| Operating - Fees | $69,449 | $62,828 | $52,925 | $114,981 | $123,805 |
| Bad Debt | $1,500 | ($15,062) | $0 | $72,283 | ($200) |
| Tenant & Protective Services | $0 | $41,500 | $41,316 | $39,040 | $38,403 |
| Taxes, Insurance & Utilities | $185,214 | $159,416 | $166,308 | $124,619 | $143,339 |
| Maintenance | $277,732 | $261,732 | $266,516 | $260,615 | $258,833 |
| **Subtotal - Operating Expenses** | $656,005 | $627,685 | $641,187 | $739,572 | $695,142 |
| **Net Operating Income (NOI)** | $2,023,513 | $1,865,889 | $1,787,881 | $1,578,237 | $1,738,624 |
| Debt Service | $923,658 | $924,882 | $926,113 | $927,100 | $928,108 |
| Replacement Reserves | $42,876 | $41,832 | $40,812 | $39,816 | $38,843 |
| Asset Management Fees | $90,050 | $90,050 | $90,050 | $0 | $0 |
| **Development Corporation Fees** | $966,929 | $809,125 | $721,858 | $611,321 | $771,673 |
| **Excess Cash Flow Restricted** | $0 | $0 | $9,048 | $0 | $0 |
| ***Subtotal - Expenses Below NOI*** | $2,023,513 | $1,865,889 | $1,787,881 | $1,578,237 | $1,738,624 |
| **NET INCOME** | $0 | $0 | $0 | $0 | $0 |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Kitchen and Bath Supplies | $2,760 | $1,000 | $854 | $0 | $0 |
| Electrical Supplies | $0 | $0 | $1,078 | $63 | $42 |
| Appliance Supplies | $0 | $0 | $1,136 | $23 | $644 |
| Plumbing Supplies | $0 | $0 | $463 | $317 | $19 |
| Doors | $1,000 | $1,000 | $0 | $0 | $0 |
| Hardware Supplies | $0 | $0 | $0 | $92 | $0 |
| HVAC Supplies | $0 | $0 | $2,775 | $0 | $0 |
| Flooring and Carpeting | $0 | $0 | $3,296 | $0 | $0 |
| Paint and Wallcoverings | $0 | $0 | $2,810 | $1,425 | $0 |
| Miscellaneous Supplies | $0 | $0 | $176 | $143 | $0 |
| Plumbing Equipment | $810 | $0 | $425 | $0 | $0 |
| HVAC Equipment | $3,450 | $3,470 | $470 | $3,477 | $0 |
| Appliance Equipment | $6,245 | $7,800 | $11,080 | $14,850 | $5,375 |
| Electrical Contracts | $0 | $0 | $254 | $0 | $0 |
| Appliance Contracts | $0 | $6,000 | $0 | $0 | $0 |
| Plumbing Contracts | $22,992 | $0 | $0 | $350 | $8,073 |
| Cleaning/Janitorial Contracts-Cap. | $0 | $0 | $2,000 | $0 | $0 |
| Grounds/Landscaping Contr-Cap. | $1,000 | $4,800 | $200 | $4,835 | $8,800 |
| Windows/Glass Contracts | $0 | $0 | $1,120 | $0 | $0 |
| Roofing/Gutter Contracts | $6,000 | $10,000 | $6,365 | $19,095 | $6,076 |
| HVAC Contracts | $9,600 | $0 | $0 | $0 | $0 |
| Flooring/Carpet Contracts | $6,290 | $15,960 | $10,901 | $28,712 | $18,395 |
| Paint/Wallcovering Int. Cont. | $6,000 | $12,600 | $10,661 | $13,065 | $20,940 |
| Paint/Wallcovering Ext. Cont | $3,000 | $6,000 | $19,940 | $0 | $0 |
| Fencing Contracts | $0 | $0 | $0 | $3,738 | $0 |
| Asphalt/Concrete Contracts | $0 | $0 | $5,130 | $0 | $0 |
| Miscellaneous Contracts | $0 | $0 | $0 | $950 | $875 |
| **Total Capital Budget** | $69,147 | $68,630 | $81,134 | $91,135 | $69,239 |

## Issues for Consideration

- Rent increases are issued per an approved OCAF of 2.5%; the County Executive's voluntary rent guideline is 1.4%.
- Property cash flow is budgeted at $966,929.
- Capital is budgeted at $69,147.
- DSCR is 2.14.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for Magruder's Discovery Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for Magruder's Discovery Development Corporation by the Board of Directors.

**RESOLUTION NO.: 21-001MD** | **RE: Magruder's Discovery Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2021;

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

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Magruder's Discovery Development Corporation at a meeting conducted on June 9, 2021.

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

# Adjourn

# The Metropolitan Development Corporation

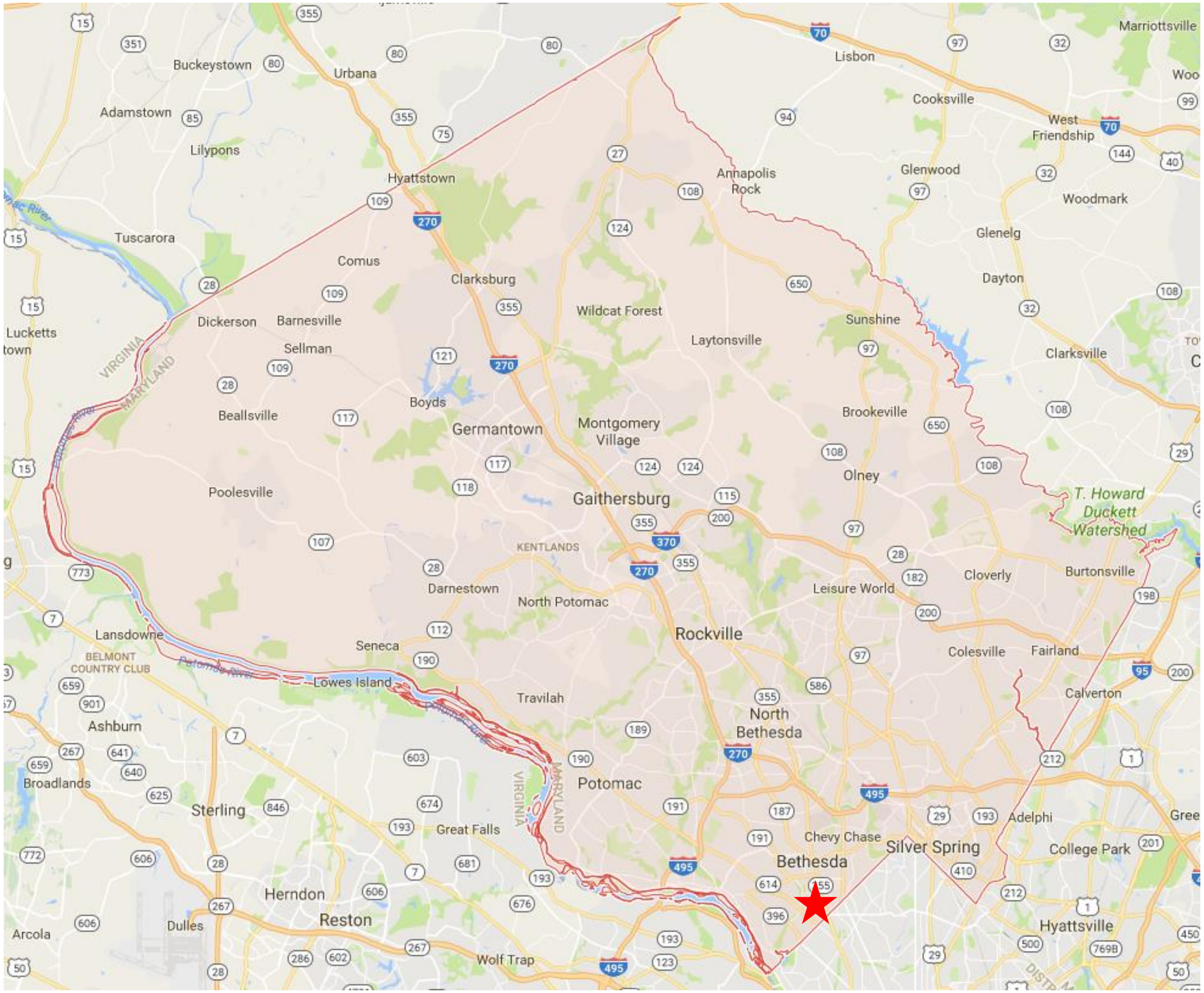
# Metropolitan Development Corporation

## Annual Meeting and Adoption of FY 2022 Operating & Capital Budgets

**Stacy L. Spann, Executive Director**

**Property Management**
**Real Estate Development**
**Mortgage Finance**
**Finance**
**June 9, 2021**

# Metropolitan Development Corporation




## Property Snapshot:

- Located in Downtown Bethesda.
- Luxury High-Rise community.
- Constructed in 1998.
- Renovations of market units completed 2012. A renovation of the entire property is expected to begin in FY 2022.
- Amenities include a Club Room, Fitness Center, Business Center, Garage Parking, Onsite Storage, 24-hour Concierge and Rooftop Swimming Pool.

# Metropolitan Development Corporation – FY 2022 Overview

## Background

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

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

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

  - The Metropolitan consists of 308 units distributed as follows:

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

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

- In November 2019, the Metropolitan tax credit units were purchased by HOC and are now included in Opportunity Housing.

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

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

The regulatory agreement restricts 43 units at or below 30% AMI, 30 units at or below 40% AMI, and 19 units at or below 50% AMI. The property also includes 6 commercial spaces.

# Metropolitan Development Corporation – FY 2022 Update

## Property Management

- Occupancy remains stable despite weaker demand for high-rise, dense downtown locations during the COVID-19 pandemic. Using Yieldstar's dynamic pricing system helped keep occupancy above 90%, however net rents were 4% below budget.

| Annual Turnover CY 2020 | Avg. Occupancy CY 2020 | Current Occupancy |
|---|---|---|
| 50% | 93% | 92% |

## Maintenance

- The largest volume of work order tickets was related to appliances, lighting, and plumbing.
- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Total Work Orders CY 2020 | Average Days to Close |
|---|---|
| 1,594 | 2 |

## Capital Improvements

- Capital improvements were kept to a minimum due to the upcoming renovation. During 2020, capital costs included a loading dock replacement as well as flooring, plumbing, and HVAC replacements.

## Redevelopment/Refinancing

- A comprehensive renovation of all units and common areas is expected to begin by December 2021.

# Metropolitan Development Corporation – FY 2022 Budget Summary

## Metropolitan Development Corporation

**FY 2022 Operating and Capital Budgets**

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$6,633,310** | **$6,954,102** | **$6,471,644** | **$6,685,875** | **$6,758,975** |
| **Expenses:** | | | | | |
| Operating - Admin | $715,285 | $730,957 | $724,389 | $666,188 | $651,437 |
| Operating - Fees | $227,589 | $216,369 | $195,318 | $177,006 | $184,469 |
| Bad Debt | $9,996 | ($126,493) | $320 | ($27) | $98,418 |
| Tenant & Protective Services | $36,504 | $126,924 | $103,599 | $123,815 | $118,811 |
| Taxes, Insurance & Utilities | $483,809 | $538,444 | $490,133 | $456,639 | $532,629 |
| Maintenance | $583,153 | $602,434 | $543,802 | $616,239 | $539,828 |
| **Subtotal - Operating Expenses** | **$2,056,336** | **$2,088,635** | **$2,057,561** | **$2,039,860** | **$2,125,592** |
| **Net Operating Income (NOI)** | **$4,576,974** | **$4,865,467** | **$4,414,083** | **$4,646,015** | **$4,633,383** |
| Debt Service | $2,294,035 | $2,298,119 | $2,301,957 | $2,305,554 | $2,308,932 |
| Replacement Reserves | $97,200 | $97,200 | $97,200 | $194,400 | $97,200 |
| Asset Management Fees | $65,470 | $65,470 | $63,630 | $63,630 | $62,020 |
| Loan Management Fees | $53,628 | $49,788 | $49,793 | $0 | $0 |
| **Development Corporation Fees** | $1,336,457 | $1,439,304 | $842,289 | $933,095 | $940,808 |
| **Excess Cash Flow Restricted** | $225,357 | $372,244 | $715,651 | $1,149,336 | $1,224,423 |
| ***Subtotal - Expenses Below NOI*** | **$4,072,147** | **$4,322,125** | **$4,070,520** | **$4,646,015** | **$4,633,383** |
| **NET INCOME** | **$504,827** | **$543,342** | **$343,563** | **$0** | **$0** |

($643)

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Kitchen and Bath Supplies | $6,000 | $0 | $0 | $0 | $0 |
| Electrical Supplies | $0 | $0 | $0 | $11,389 | $0 |
| Doors | $0 | $0 | $0 | $2,921 | $918 |
| HVAC Equipment | $8,000 | $32,000 | $37,365 | $33,872 | $36,372 |
| Appliance Equipment | $12,000 | $36,000 | $21,467 | $8,904 | $12,968 |
| Miscellaneous Equipment | $0 | $0 | $12,576 | $0 | $0 |
| Electrical Contracts | $0 | $0 | $897 | $0 | $0 |
| Plumbing Contracts | $0 | $25,200 | $22,480 | $15,595 | $17,810 |
| Grounds/Landscaping Contr-Cap. | $0 | $0 | $3,048 | $2,325 | $0 |
| Roofing/Gutter Contracts | $0 | $0 | $6,637 | $3,700 | $0 |
| HVAC Contracts | $0 | $15,400 | $2,150 | $0 | $8,547 |
| Flooring/Carpet Contracts | $15,000 | $161,800 | $41,260 | $25,135 | $37,107 |
| Asphalt/Concrete Contracts | $0 | $7,300 | $0 | $5,236 | $2,142 |
| Miscellaneous Contracts | $0 | $15,274 | $25,935 | $53,945 | $47,021 |
| Security System | $0 | $162,060 | $1,134 | $3,990 | $0 |
| **Total Capital Budget** | **$41,000** | **$455,034** | **$174,949** | **$167,012** | **$162,885** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $2,066,641 of which $225,357 is restricted to pay Montgomery County pursuant to the Air Rights Lease Agreement and $504,827 will offset the anticipated operating losses of The Metropolitan Affordable property.
- Capital is budgeted at $41,000.
- DSCR is 1.91.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for Metropolitan Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for Metropolitan Development Corporation by the Board of Directors.

**RESOLUTION NO.: 21-002ME** | **RE: The Metropolitan Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2021;

**WHEREAS,** the Corporation has reviewed and desires to approve the FY'22 Operating and Capital Budgets for the Property; and

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of The Metropolitan Development Corporation at a meeting conducted on June 9, 2021.

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

# Adjourn

# Montgomery Arms Development Corporation

# Montgomery Arms Development Corporation

## Annual Meeting and Adoption of FY 2022

## Operating & Capital Budgets

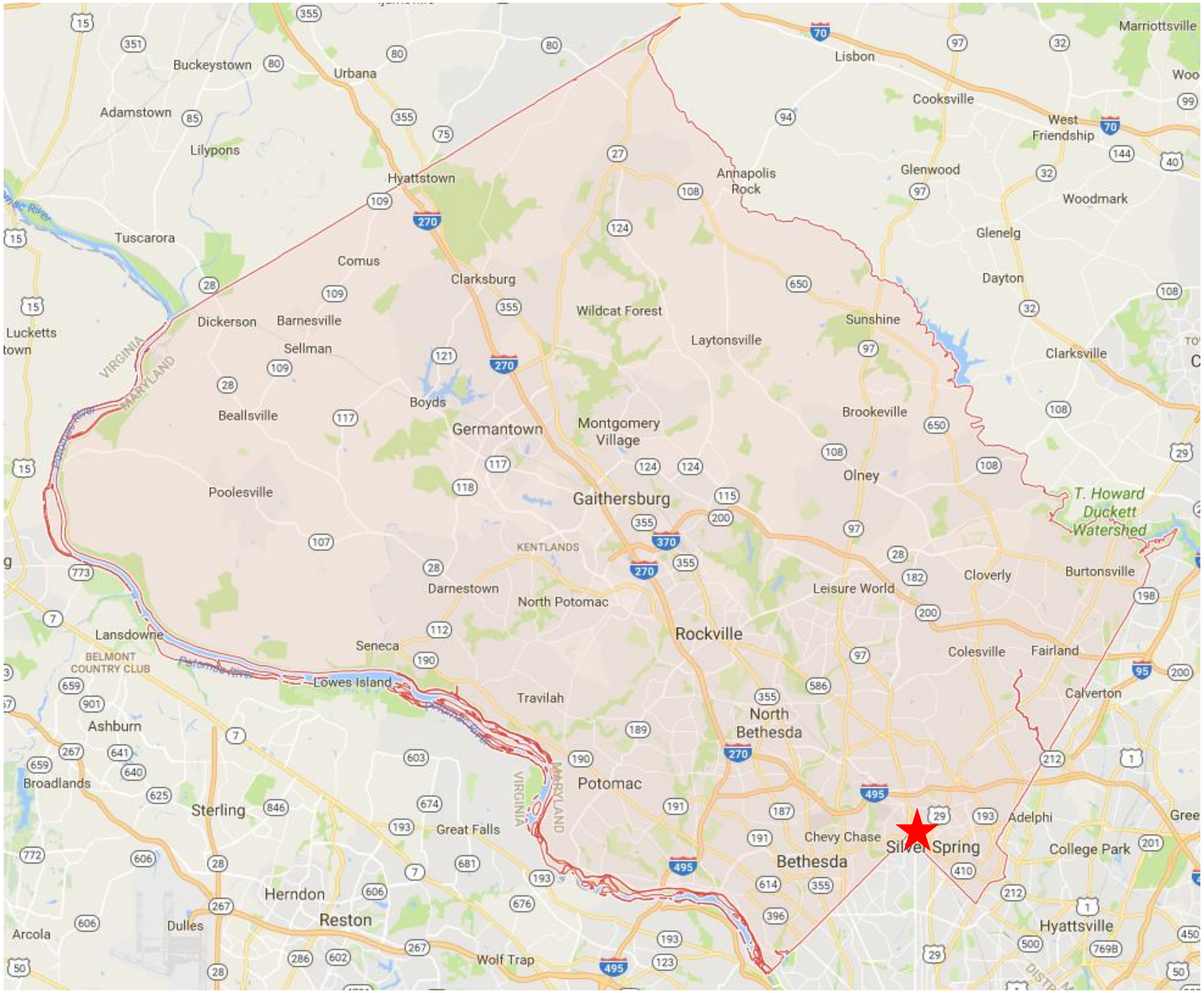
**Stacy L. Spann, Executive Director**

**Property Management**
**Real Estate Development**
**Mortgage Finance**
**Finance**



**June 9, 2021**

# Montgomery Arms Development Corporation




## Property Snapshot:

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

# Montgomery Arms Development Corporation – FY 2022 Overview

## Background

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

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

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

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

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

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

# Montgomery Arms Development Corporation– FY 2022 Update

## Property Management

- The property maintained 95.96% occupancy for CY2020 in a competitive market in downtown Silver Spring. Due to the COVID pandemic the property has seen an increase in turnover in 2021. However the property with renewed leasing efforts has maintained the occupancy close to 96% percent.
- The property scored a 99A on its most recent REAC inspection on April 24, 2019.

| Turnover | Avg. Occupancy CY 2020 | Current Occupancy |
|---|---|---|
| 16% | 95.96 | 95.38% |

## Maintenance

- Inspection and make ready (35%), plumbing (23%), electrical and lighting (9%); general maintenance – hardware, drywall, flooring, etc. and appliances (20%).
- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Total Work Orders CY 2020 | Average Days to Close |
|---|---|
| 717 | 5 |

## Capital Improvements

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

## Redevelopment/ Refinancing

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

# Montgomery Arms Development Corporation – FY 2022 Budget Summary

## Montgomery Arms Development Corporation

**FY 2022 Operating and Capital Budgets**

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$1,975,820** | **$2,002,252** | **$1,922,207** | **$1,906,749** | **$1,908,929** |
| **Expenses:** | | | | | |
| Operating - Admin | $241,727 | $230,932 | $225,139 | $198,874 | $207,958 |
| Operating - Fees | $85,332 | $78,753 | $80,084 | $78,971 | $78,031 |
| Bad Debt | $5,900 | ($19,019) | $4,740 | $665 | $7,025 |
| Tenant & Protective Services | $3,580 | $8,316 | $2,261 | $9,085 | $800 |
| Taxes, Insurance & Utilities | $167,321 | $159,834 | $149,099 | $132,907 | $132,279 |
| Maintenance | $238,063 | $257,678 | $244,889 | $298,196 | $211,117 |
| **Subtotal - Operating Expenses** | **$741,923** | **$716,494** | **$706,212** | **$718,698** | **$637,210** |
| **Net Operating Income (NOI)** | **$1,233,897** | **$1,285,758** | **$1,215,995** | **$1,188,051** | **$1,271,719** |
| Debt Service | $682,230 | $683,958 | $685,601 | $687,174 | $694,707 |
| Replacement Reserves | $46,200 | $46,200 | $46,200 | $46,200 | $46,200 |
| Asset Management Fees | $138,020 | $138,020 | $138,110 | $145,850 | $138,900 |
| **Development Corporation Fees** | $367,447 | $417,580 | $330,370 | $308,827 | $386,135 |
| **Excess Cash Flow Restricted** | $0 | $0 | $15,714 | $0 | $5,777 |
| ***Subtotal - Expenses Below NOI*** | **$1,233,897** | **$1,285,758** | **$1,215,995** | **$1,188,051** | **$1,271,719** |
| **NET INCOME** | **$0** | **$0** | **$0** | **$0** | **$0** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Kitchen and Bath Supplies | $2,912 | $3,570 | $2,530 | $6,185 | $8,299 |
| Electrical Supplies | $0 | $0 | $0 | $826 | $0 |
| Grounds/Landscaping Sup.-Cap. | $0 | $5,976 | $0 | $5,850 | $2,980 |
| Doors | $2,895 | $1,600 | $7,810 | $1,408 | $775 |
| Flooring and Carpeting | $31,200 | $36,904 | $40,880 | $36,013 | $19,684 |
| Plumbing Equipment | $4,000 | $0 | $0 | $22,315 | $4,358 |
| HVAC Equipment | $12,360 | $23,256 | $19,727 | $16,621 | $18,002 |
| Appliance Equipment | $17,150 | $17,460 | $19,930 | $18,178 | $1,011 |
| Miscellaneous Equipment | $1,000 | $1,460 | $2,221 | $9,477 | $8,750 |
| Grounds/Landscaping Contr-Cap. | $4,500 | $0 | $0 | $0 | $0 |
| Windows/Glass Contracts | $0 | $0 | $0 | $2,504 | $0 |
| Asphalt/Concrete Contracts | $8,000 | $18,500 | $0 | $23,460 | $3,480 |
| Miscellaneous Contracts | $0 | $5,000 | $14,075 | $17,611 | $43,901 |
| **Total Capital Budget** | **$84,017** | **$113,726** | **$107,173** | **$160,448** | **$111,240** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased 1.4%, but upon turnover will be increased to the prevailing "market rate".
- Property cash flow is budgeted at $367,447.
- Capital is budgeted at $84,017.
- DSCR is 1.74.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for Montgomery Arms Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for Montgomery Arms Development Corporation by the Board of Directors.

**RESOLUTION NO.: 21-001MA** **RE: Montgomery Arms Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2021;

**WHEREAS,** the Corporation has reviewed and desires to approve the FY'22 Operating and Capital Budgets for the Property; and

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Montgomery Arms Development Corporation at a meeting conducted on June 9, 2021.

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

# Adjourn

# Paddington Square Development Corporation

# PADDINGTON SQUARE DEVELOPMENT CORPORATION

## ANNUAL MEETING AND ADOPTION OF FY 2022 OPERATING & CAPITAL BUDGETS

Housing Opportunities Commission
OF MONTGOMERY COUNTY

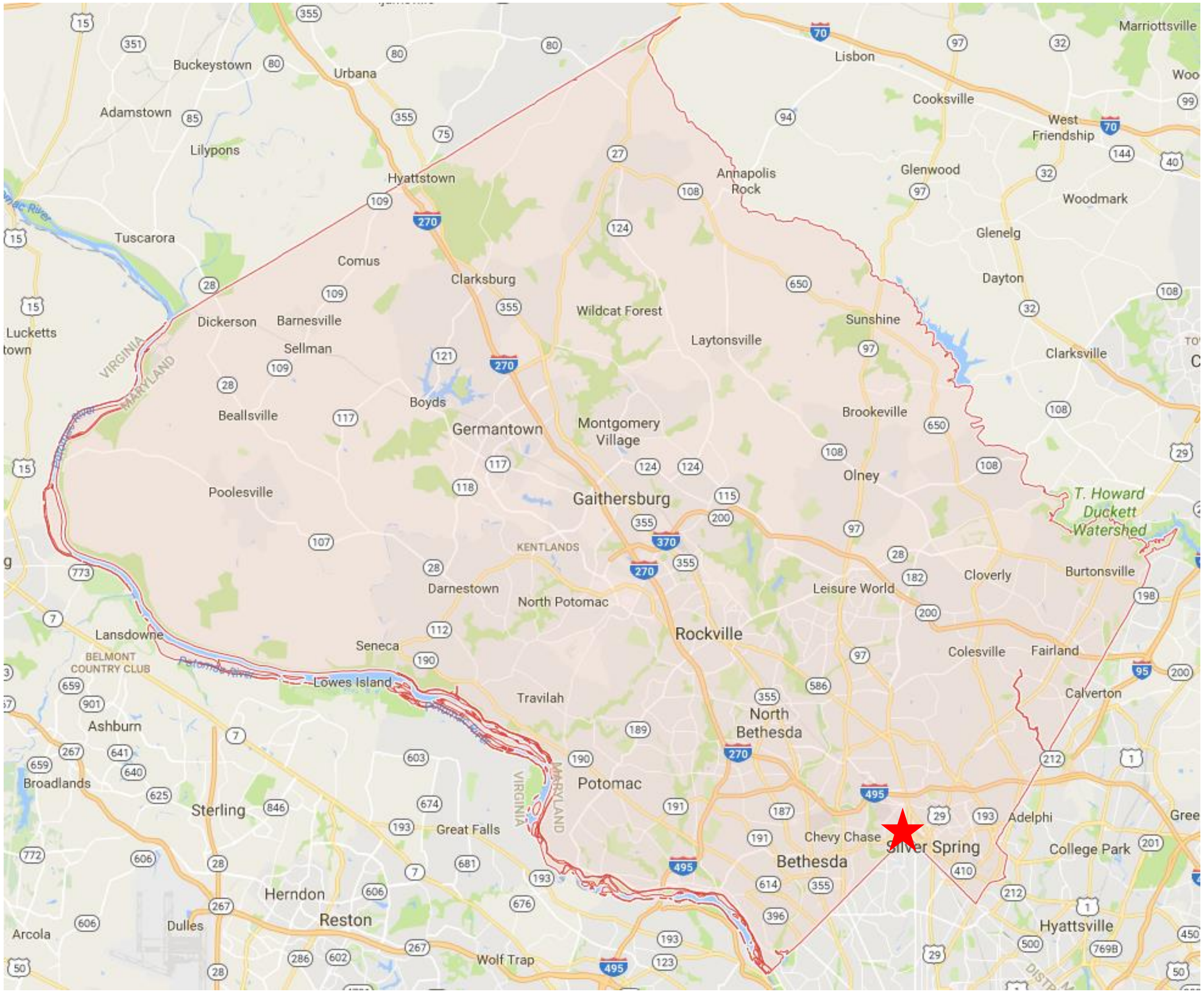
**Stacy L. Spann, Executive Director**

**Property Management**
**Real Estate Development**
**Mortgage Finance**
**Finance**



**June 9, 2021**

# Paddington Square Development Corporation




Property Snapshot:

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

# Paddington Square Development Corporation – FY 2022 Overview

## Background

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

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

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

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

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


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

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

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

# Paddington Square Development Corporation – FY 2022 Update

## Property Management

- With its close proximity to downtown Silver Spring and the benefit of residents with long-term tenancy, current occupancy is at 93%. Due to COVID-19 pandemic the property has seen an increase in turnover. However the property with renewed leasing efforts has maintained he occupancy close to 95% percent.
- The property scored a 94B on its most recent REAC Inspection on January 9, 2020.

| Turnover Rate | Avg. Occupancy FY 2020 | Current Occupancy |
|---|---|---|
| 16% | 97% | 95% |

## Maintenance

- The largest volume of work tickets was for plumbing (25%), followed by appliances (13%), electrical (21%)
- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Total Work Order CY 2020 | Average Days to Close |
|---|---|
| 1,023 | 4 |

## Capital Improvements

- Budget for FY'22 includes replacements done at unit turnover as needed; which include appliances, carpet/flooring, cabinets and countertops. Also budgeted is the replacement of HVAC units and pipes.
- The Commission has approved the installation of solar panels on several roofs at Paddington Square as part of a Community Solar effort. The solar lease was entered into and executed on October 28,2020. The solar project will provide solar energy to 10 PBV units at Paddington and 19 for the surrounding neighborhood. The panels have not been installed at this time.

## Redevelopment/Refinancing

- Discussions have started regarding refinancing for Paddington Square. The refinance of the mortgage is aimed at taking advantage of today's low rate environment and lowering the cost of funds for the property, thereby improving cash flow

# Paddington Square Development Corporation – FY 2022 Budget Summary

## Paddington Square Development Corporation

**FY 2022 Operating and Capital Budgets**

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$2,967,390** | **$3,069,707** | **$2,994,646** | **$2,932,599** | **$2,927,005** |
| **Expenses:** | | | | | |
| Operating - Admin | $258,612 | $249,600 | $243,158 | $267,611 | $231,893 |
| Operating - Fees | $103,971 | $96,851 | $94,134 | $98,314 | $97,418 |
| Bad Debt | $62,500 | $146,751 | $15,777 | $35,740 | $22,855 |
| Tenant & Protective Services | $5,700 | $48,764 | $46,919 | $45,072 | $28,072 |
| Taxes, Insurance & Utilities | $289,360 | $269,473 | $283,573 | $251,954 | $221,000 |
| Maintenance | $500,586 | $563,121 | $584,874 | $539,423 | $465,464 |
| **Subtotal - Operating Expenses** | **$1,220,729** | **$1,374,560** | **$1,268,435** | **$1,238,114** | **$1,066,702** |
| **Net Operating Income (NOI)** | **$1,746,661** | **$1,695,147** | **$1,726,211** | **$1,694,485** | **$1,860,303** |
| Debt Service | $939,058 | $1,127,631 | $1,130,561 | $1,132,326 | $1,133,662 |
| Replacement Reserves | $57,750 | $57,744 | $57,750 | $57,750 | $57,750 |
| Asset Management Fees | $104,470 | $104,470 | $104,470 | $104,470 | $104,970 |
| **Development Corporation Fees** | $645,383 | $405,302 | $426,443 | $392,252 | $429,178 |
| **Excess Cash Flow Restricted** | $0 | $0 | $6,987 | $7,687 | $134,743 |
| ***Subtotal - Expenses Below NOI*** | **$1,746,661** | **$1,695,147** | **$1,726,211** | **$1,694,485** | **$1,860,303** |
| **NET INCOME** | **$0** | **$0** | **$0** | **$0** | **$0** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Kitchen and Bath Supplies | $12,000 | $10,032 | $8,178 | $9,289 | $15,454 |
| Electrical Supplies | $0 | $0 | $3,282 | $0 | $0 |
| Appliance Supplies | $17,976 | $14,748 | $16,156 | $13,365 | $0 |
| Plumbing Supplies | $0 | $0 | $0 | $0 | $436 |
| Grounds/Landscaping Sup.-Cap. | $4,000 | $4,000 | $36,075 | $1,800 | $0 |
| Doors | $4,500 | $4,500 | $3,594 | $4,501 | $1,056 |
| Roofing Materials | $0 | $3,600 | $735 | $3,460 | $0 |
| Flooring and Carpeting | $11,880 | $0 | $1,053 | $10,309 | $0 |
| Miscellaneous Supplies | $14,000 | $12,000 | $4,964 | $12,056 | $9,757 |
| Plumbing Equipment | $4,000 | $16,200 | $0 | $0 | $0 |
| Appliance Equipment | $0 | $0 | $0 | $0 | $3,071 |
| Plumbing Contracts | $5,400 | $0 | $43,000 | $15,922 | $18,900 |
| Grounds/Landscaping Contr-Cap. | $0 | $0 | $0 | $0 | $945 |
| Windows/Glass Contracts | $0 | $0 | $0 | $0 | $545 |
| HVAC Contracts | $9,600 | $7,800 | $12,900 | $3,250 | $0 |
| Flooring/Carpet Contracts | $18,000 | $36,000 | $31,220 | $34,113 | $37,681 |
| Fencing Contracts | $0 | $0 | $14,900 | $0 | $3,487 |
| Swimming Pool Contracts | $0 | $0 | $0 | $0 | $5,339 |
| Asphalt/Concrete Contracts | $0 | $0 | $0 | $14,283 | $9,823 |
| Miscellaneous Contracts | $0 | $0 | $1,500 | $0 | $0 |
| **Total Capital Budget** | **$101,356** | **$108,880** | **$177,557** | **$122,348** | **$106,494** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $645,383.
- Capital is budgeted at $101,356.
- DSCR is 1.80.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for Paddington Square Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for Paddington Square Development Corporation by the Board of Directors.

**RESOLUTION NO.: 21-002PS** **RE: Paddington Square Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2021;

**WHEREAS,** the Corporation has reviewed and desires to approve the FY'22 Operating and Capital Budgets for the Property; and

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Paddington Square Development Corporation at a meeting conducted on June 9, 2021.

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

# Adjourn

# Pooks Hill Development Corporation

# Pooks Hill Development Corporation

## Annual Meeting and Adoption of FY 2022 Operating & Capital Budgets

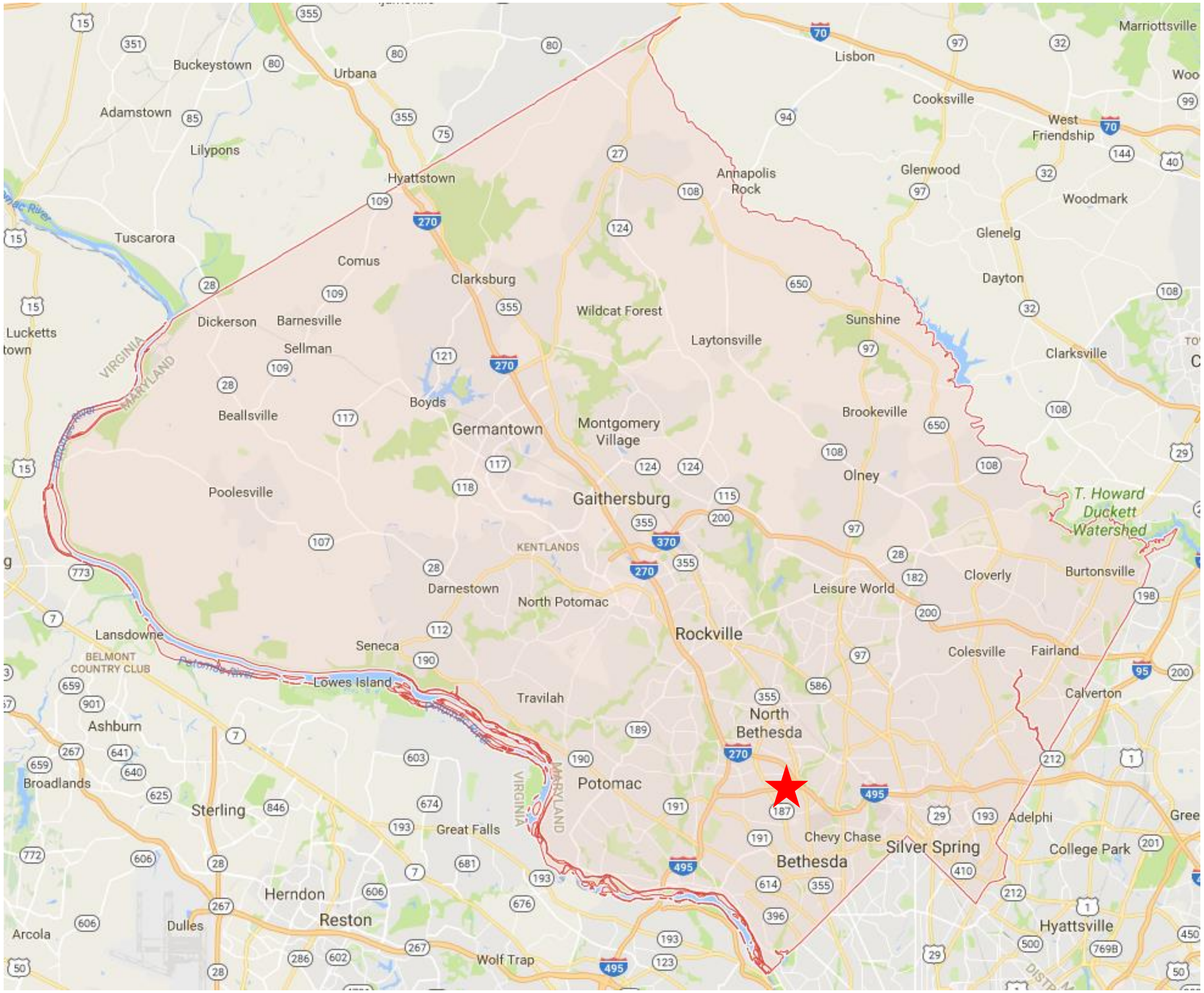
Stacy L. Spann, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance



June 9, 2021

# Pooks Hill Development Corporation




## Property Snapshot:

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

# Pooks Hill Development Corporation – FY 2022 Overview

## Background

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

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

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

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


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

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

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

# Pooks Hill Development Corporation – FY 2022 Update

## Property Management

- Pooks Hill Tower's occupancy declined in 2020 due to weaker demand during COVID-19 as applicants and residents sought larger townhome units in less expensive submarkets. Concessions increased to stabilize occupancy and compete with neighboring properties.

| Turnover Rate CY 2020 | Avg. Occupancy CY 2020 | Current Occupancy |
|---|---|---|
| 38% | 96% | 93% |

## Maintenance

- The largest volume of work tickets was for electrical and plumbing repairs.
- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Total Work Orders CY 2020 | Average Days to Close |
|---|---|
| 893 | 5 |

## Capital Improvements

- Capital replacements are completed at unit turnover or as needed. During 2020, the reserve was primarily used for flooring, asphalt, and stormwater system replacements.

## Redevelopment/Refinancing

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

# Pooks Hill Development Corporation – FY 2022 Budget Summary

## Pooks Hill High-rise Development Corporation

**FY 2022 Operating and Capital Budgets**

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$2,871,695** | **$2,983,450** | **$2,953,549** | **$2,903,352** | **$2,835,491** |
| **Expenses:** | | | | | |
| Operating - Admin | $260,720 | $262,034 | $271,176 | $253,039 | $241,143 |
| Operating - Fees | $121,922 | $123,442 | $122,335 | $123,146 | $120,732 |
| Bad Debt | $6,996 | $3,242 | $16,874 | $39,988 | $6,528 |
| Tenant & Protective Services | $0 | $13,604 | $22,339 | $3,462 | $11,712 |
| Taxes, Insurance & Utilities | $234,151 | $221,770 | $209,907 | $193,039 | $191,197 |
| Maintenance | $329,194 | $322,928 | $288,253 | $313,468 | $376,099 |
| **Subtotal - Operating Expenses** | **$952,983** | **$947,020** | **$930,884** | **$926,142** | **$947,411** |
| **Net Operating Income (NOI)** | **$1,918,712** | **$2,036,430** | **$2,022,665** | **$1,977,210** | **$1,888,080** |
| Debt Service | $1,019,795 | $1,022,162 | $1,024,452 | $1,026,668 | $1,028,814 |
| Replacement Reserves | $176,640 | $171,492 | $161,533 | $161,533 | $161,533 |
| Asset Management Fees | $202,210 | $202,210 | $202,340 | $213,680 | $203,510 |
| Loan Management Fees | $45,504 | $45,504 | $45,500 | $45,500 | $45,500 |
| **Development Corporation Fees** | $474,563 | $595,062 | $573,168 | $529,829 | $448,723 |
| **Excess Cash Flow Restricted** | $0 | $0 | $15,672 | $0 | $0 |
| ***Subtotal - Expenses Below NOI*** | **$1,918,712** | **$2,036,430** | **$2,022,665** | **$1,977,210** | **$1,888,080** |
| **NET INCOME** | **$0** | **$0** | **$0** | **$0** | **$0** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Kitchen and Bath Supplies | $3,200 | $3,200 | $8,695 | $0 | $0 |
| Windows and Glass | $0 | $0 | $7 | $0 | $0 |
| Doors | $0 | $0 | $1,650 | $114 | $0 |
| Flooring and Carpeting | $0 | $15,000 | $16,034 | $35,263 | $20,563 |
| Plumbing Equipment | $25,000 | $13,000 | $6,425 | $15,862 | $32,012 |
| HVAC Equipment | $6,500 | $6,000 | $8,798 | $13,297 | $5,791 |
| Appliance Equipment | $5,004 | $0 | $1,427 | $1,059 | $5,026 |
| Miscellaneous Equipment | $1,500 | $0 | $0 | $3,773 | $951 |
| Windows/Glass Contracts | $0 | $0 | $0 | $114 | $0 |
| Flooring/Carpet Contracts | $0 | $65,000 | $0 | $0 | $0 |
| Paint/Wallcovering Int. Cont. | $0 | $55,000 | $0 | $0 | $0 |
| Asphalt/Concrete Contracts | $5,000 | $0 | $23,529 | $3,500 | $37,828 |
| Miscellaneous Contracts | $10,000 | $0 | $12,372 | $5,874 | $820 |
| Security System | $0 | $40,000 | $0 | $0 | $0 |
| **Total Capital Budget** | **$56,204** | **$197,200** | **$78,937** | **$78,856** | **$102,991** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased 1.4%, but upon turnover will be increased to the prevailing "market rate".
- Property cash flow is budgeted at $474,563.
- Capital is budgeted at $56,204.
- DSCR is 1.64.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for Pooks Hill Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for Pooks Hill Development Corporation by the Board of Directors.

**RESOLUTION NO.: 21-001PH** | **RE: Pooks Hill Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2021;

**WHEREAS,** the Corporation has reviewed and desires to approve the FY'22 Operating and Capital Budgets for the Property; and

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Pooks Hill Development Corporation at a meeting conducted on June 9, 2021.

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

# Adjourn

# RAD 6 Development Corporation

## Annual Meeting and Adoption of FY 2022 Operating & Capital Budgets

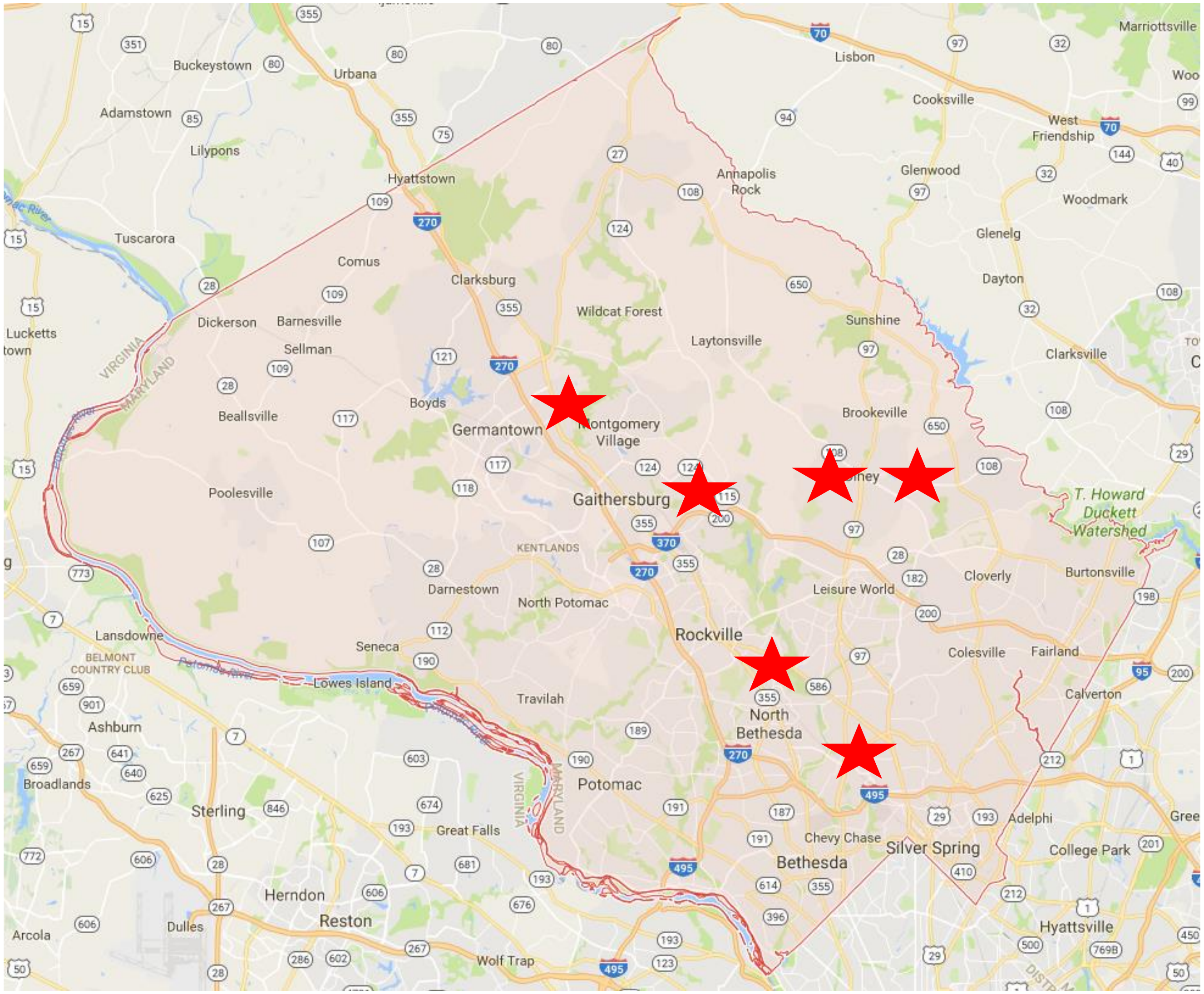
Stacy L. Spann, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance



June 9, 2021

# RAD 6 Development Corporation




## Property Snapshot:

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

# RAD 6 Development Corporation – FY 2022 Overview

## Background

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

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

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

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

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

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

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

# RAD 6 Development Corporation – FY 2022 Overview

## Property Management

- RAD 6 occupancy remained stable in 2020 due to relatively low rents and larger unit sizes which provided more space to self-quarantine during the COVID-19 pandemic.
- Turnover increased at Sandy Spring Meadow due to internal transfers to other RAD 6 units to accommodate over- and under-housed tenants.

| Property | Annual Turnover CY 2020 | Avg. Occupancy CY 2020 | Current Occupancy |
|---|---|---|---|
| Washington Square | 26% | 90% | 94% |
| Seneca Ridge | 20% | 97% | 99% |
| Ken Gar | 5% | 99% | 100% |
| Parkway Woods | 0% | 98% | 100% |
| Towne Centre Place | 17% | 97% | 98% |
| Sandy Spring Meadow | 19% | 98% | 96% |
| **Average** | **18%** | **96%** | **97%** |

## Maintenance

- The largest volume of work order tickets was for appliance and plumbing. Some work orders remain open as HOC Maintenance did not complete medium and low priority work orders during the COVID-19 pandemic.
- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Property | Annual Work Orders CY 2020 | Avg. Days to Close |
|---|---|---|
| Washington Square | 780 | 16 |
| Seneca Ridge | 532 | 16 |
| Ken Gar | 126 | 19 |
| Parkway Woods | 165 | 4 |
| Towne Centre Place | 272 | 23 |
| Sandy Spring Meadows | 345 | 23 |
| **Total** | **2,220** | **17** |

## Capital Improvements

- The replacement reserve was primarily used for flooring, appliance, and landscaping replacements in 2020.

## Redevelopment/Refinancing

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

# RAD 6 Development Corporation – FY 2022 Budget Summary – Consolidated

## RAD 6 Development Corporation

**FY 2022 Operating and Capital Budgets**

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$3,749,018** | **$3,813,237** | **$3,548,380** | **$3,613,436** | **$3,231,134** |
| **Expenses:** | | | | | |
| Operating - Admin | $367,667 | $347,687 | $414,679 | $268,209 | $276,106 |
| Operating - Fees | $110,964 | $124,301 | $108,616 | $386,659 | $381,554 |
| Bad Debt | $180,000 | $298,998 | $26,368 | $23,817 | $219,226 |
| Tenant & Protective Services | $3,148 | $67,596 | $58,324 | $66,203 | $69,146 |
| Taxes, Insurance & Utilities | $522,824 | $478,370 | $476,975 | $400,826 | $380,428 |
| Maintenance | $970,733 | $914,529 | $885,559 | $793,417 | $671,050 |
| **Subtotal - Operating Expenses** | **$2,155,336** | **$2,231,481** | **$1,970,521** | **$1,939,131** | **$1,997,510** |
| **Net Operating Income (NOI)** | **$1,593,682** | **$1,581,756** | **$1,577,859** | **$1,674,305** | **$1,233,624** |
| Debt Service | $1,502,745 | $1,505,226 | $1,507,918 | $1,509,879 | $1,512,203 |
| Replacement Reserves | $146,352 | $138,912 | $130,925 | $130,927 | $127,119 |
| Asset Management Fees | $260,550 | $260,550 | $254,900 | $0 | $0 |
| **Development Corporation Fees** | ($315,965) | ($322,932) | $0 | $0 | $0 |
| **Excess Cash Flow Restricted** | $0 | $0 | $0 | $33,499 | $0 |
| ***Subtotal - Expenses Below NOI*** | **$1,593,682** | **$1,581,756** | **$1,893,743** | **$1,674,305** | **$1,639,322** |
| **NET INCOME** | **$0** | **$0** | **($315,884)** | **$0** | **($405,698)** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Kitchen and Bath Supplies | $6,000 | $325 | $2,792 | ($190) | $551 |
| Electrical Supplies | $0 | $0 | $3,750 | $209 | $21 |
| Appliance Supplies | $0 | $0 | $101 | $11 | $103 |
| Plumbing Supplies | $240 | $230 | $1,392 | $429 | $396 |
| Cleaning/Janitorial Supplies | $0 | $0 | $84 | $0 | $0 |
| Locks, Keys | $2,360 | $0 | $1,029 | $0 | $0 |
| Windows and Glass | $3,600 | $0 | $860 | $390 | $890 |
| Doors | $2,400 | $0 | $204 | $706 | $0 |
| Hardware Supplies | $0 | $0 | $1,117 | $113 | $29 |
| HVAC Supplies | $11,004 | $5,150 | $661 | $206 | $0 |
| Flooring and Carpeting | $28,553 | $5,730 | $33,876 | $2,308 | $0 |
| Paint and Wallcoverings | $4,000 | $0 | $0 | $0 | $0 |
| Miscellaneous Supplies | $0 | $0 | $811 | $125 | $421 |
| Plumbing Equipment | $1,592 | $1,546 | $785 | $0 | $0 |
| HVAC Equipment | $6,644 | $4,120 | $17 | $2,935 | $1,572 |
| Appliance Equipment | $16,208 | $11,919 | $50,685 | $25,091 | $15,792 |
| Miscellaneous Equipment | $0 | $4,000 | $312 | $0 | $0 |
| Electrical Contracts | $14,400 | $0 | $2,266 | $575 | $1,765 |
| Plumbing Contracts | $5,430 | $1,545 | $1,987 | $13,000 | $3,675 |
| Cleaning/Janitorial Contracts-Cap. | $10,000 | $0 | $1,203 | $0 | $0 |
| Grounds/Landscaping Contr-Cap. | $0 | $10,000 | $34,100 | $0 | $11,900 |
| Windows/Glass Contracts | $0 | $0 | $1,050 | $0 | $0 |
| Roofing/Gutter Contracts | $4,800 | $0 | $3,707 | $700 | $0 |
| HVAC Contracts | $16,800 | $0 | $1,901 | $0 | $0 |
| Flooring/Carpet Contracts | $33,712 | $39,380 | $40,700 | $42,653 | $35,084 |
| Paint/Wallcovering Int. Cont. | $4,800 | $0 | $615 | $219,305 | $1,280 |
| Snow Removal Contracts | $0 | $0 | $0 | $0 | $3,276 |
| Fencing Contracts | $3,000 | $20,000 | $0 | $0 | $0 |
| Asphalt/Concrete Contracts | $4,800 | $13,000 | $0 | $650 | $3,775 |
| Miscellaneous Contracts | $0 | $0 | $12,067 | $0 | $0 |
| Security System | $0 | $35,000 | $0 | $0 | $0 |
| **Total Capital Budget** | **$180,343** | **$151,945** | **$198,072** | **$309,216** | **$80,530** |

## Issues for Consideration

- The consolidated property cash flow is budgeted at ($315,965). The projected shortfall will be funded from unrestricted cash flow in the Opportunity Housing portfolio.
- Capital is budgeted at $180,343.
- DSCR is 0.96.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

# RAD 6 Development Corporation – FY 2022 Budget Summary – Ken Gar

## RAD 6: Ken Gar

**FY 2022 Operating and Capital Budgets**

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$201,365** | **$258,426** | **$261,252** | **$264,983** | **$247,507** |
| **Expenses:** | | | | | |
| Operating - Admin | $6,948 | $11,950 | $14,684 | $10,824 | $10,948 |
| Operating - Fees | $20,265 | $9,639 | $8,554 | $28,308 | $27,584 |
| Bad Debt | $30,000 | ($3,386) | $11,397 | $9,942 | $11,318 |
| Tenant & Protective Services | $0 | $6,410 | $6,330 | $6,292 | $8,003 |
| Taxes, Insurance & Utilities | $19,527 | $18,130 | $12,223 | $12,518 | $15,932 |
| Maintenance | $44,554 | $42,645 | $54,436 | $46,859 | $47,195 |
| **Subtotal - Operating Expenses** | **$121,294** | **$85,388** | **$107,624** | **$114,743** | **$120,980** |
| **Net Operating Income (NOI)** | **$80,071** | **$173,038** | **$153,628** | **$150,240** | **$126,527** |
| Debt Service | $102,853 | $103,026 | $103,190 | $103,243 | $103,501 |
| Replacement Reserves | $10,380 | $9,852 | $9,282 | $9,288 | $9,012 |
| Asset Management Fees | $18,470 | $18,470 | $18,070 | $0 | $0 |
| **Development Corporation Fees** | ($51,632) | $41,690 | $0 | $0 | $0 |
| **Excess Cash Flow Restricted** | $0 | $0 | $0 | $37,709 | $0 |
| ***Subtotal - Expenses Below NOI*** | **$80,071** | **$173,038** | **$130,542** | **$150,240** | **$112,513** |
| **NET INCOME** | **$0** | **$0** | **$23,086** | **$0** | **$14,014** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Plumbing Supplies | $0 | $0 | $0 | $0 | $17 |
| Flooring and Carpeting | $375 | $0 | $0 | $0 | $0 |
| Paint and Wallcoverings | $4,000 | $0 | $0 | $0 | $0 |
| HVAC Equipment | $0 | $0 | $0 | $1,736 | $0 |
| Appliance Equipment | $1,200 | $1,500 | $2,808 | $1,314 | $1,750 |
| Electrical Contracts | $0 | $0 | $0 | $0 | $1,765 |
| HVAC Contracts | $7,200 | $0 | $0 | $0 | $0 |
| Flooring/Carpet Contracts | $2,496 | $5,000 | $4,801 | $0 | $0 |
| Snow Removal Contracts | $0 | $0 | $0 | $0 | $3,276 |
| Miscellaneous Contracts | $0 | $0 | $1,500 | $0 | $0 |
| **Total Capital Budget** | **$15,271** | **$6,500** | **$9,109** | **$3,050** | **$6,808** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at ($51,632).
- Capital is budgeted at $15,271.
- DSCR is 0.68.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

# RAD 6 Development Corporation – FY 2022 Budget Summary – Parkway Woods

## RAD 6: Parkway Woods

**FY 2022 Operating and Capital Budgets**

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$309,564** | **$322,072** | **$308,449** | **$319,433** | **$292,629** |
| **Expenses:** | | | | | |
| Operating - Admin | $11,122 | $31,483 | $14,173 | $32,994 | $26,325 |
| Operating - Fees | $22,250 | $11,259 | $9,837 | $27,012 | $26,587 |
| Bad Debt | $9,996 | ($3,502) | $11,715 | $6,118 | $4,988 |
| Tenant & Protective Services | $0 | $7,440 | $5,081 | $6,677 | $4,239 |
| Taxes, Insurance & Utilities | $29,068 | $26,079 | $25,820 | $18,849 | $17,871 |
| Maintenance | $74,011 | $67,556 | $61,259 | $69,649 | $66,329 |
| **Subtotal - Operating Expenses** | **$146,447** | **$140,315** | **$127,885** | **$161,299** | **$146,339** |
| **Net Operating Income (NOI)** | **$163,117** | **$181,757** | **$180,564** | **$158,134** | **$146,290** |
| Debt Service | $116,321 | $116,518 | $116,733 | $116,882 | $117,054 |
| Replacement Reserves | $13,104 | $12,444 | $11,725 | $11,724 | $11,384 |
| Asset Management Fees | $23,330 | $23,330 | $22,830 | $0 | $0 |
| **Development Corporation Fees** | $10,362 | $29,465 | $0 | $0 | $0 |
| **Excess Cash Flow Restricted** | $0 | $0 | $0 | $29,528 | $0 |
| ***Subtotal - Expenses Below NOI*** | **$163,117** | **$181,757** | **$151,288** | **$158,134** | **$128,438** |
| **NET INCOME** | **$0** | **$0** | **$29,276** | **$0** | **$17,852** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Appliance Supplies | $0 | $0 | $8 | $0 | $0 |
| Plumbing Supplies | $0 | $0 | $0 | $0 | $179 |
| Plumbing Equipment | $0 | $0 | $785 | $0 | $0 |
| Appliance Equipment | $2,100 | $2,040 | $809 | $2,896 | $0 |
| Electrical Contracts | $4,800 | $0 | $0 | $0 | $0 |
| Plumbing Contracts | $0 | $0 | $485 | $0 | $0 |
| Cleaning/Janitorial Contracts-Cap. | $10,000 | $0 | $0 | $0 | $0 |
| HVAC Contracts | $3,600 | $0 | $1,901 | $0 | $0 |
| Flooring/Carpet Contracts | $2,816 | $3,000 | $0 | $2,244 | $0 |
| Paint/Wallcovering Int. Cont. | $0 | $0 | $0 | $220,160 | $0 |
| Fencing Contracts | $3,000 | $20,000 | $0 | $0 | $0 |
| Miscellaneous Contracts | $0 | $0 | $3,000 | $0 | $0 |
| Security System | $0 | $20,000 | $0 | $0 | $0 |
| **Total Capital Budget** | **$26,316** | **$45,040** | **$6,988** | **$225,300** | **$179** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $10,362.
- Capital is budgeted at $26,316.
- DSCR is 1.29.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

# RAD 6 Development Corporation – FY 2022 Budget Summary – Sandy Spring Meadow

## RAD 6: Sandy Spring Meadow

FY 2022 Operating and Capital Budgets

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$671,333** | **$686,681** | **$663,335** | **$676,636** | **$607,291** |
| **Expenses:** | | | | | |
| Operating - Admin | $69,141 | $72,587 | $66,257 | $41,594 | $44,298 |
| Operating - Fees | $33,804 | $25,908 | $23,056 | $81,871 | $79,403 |
| Bad Debt | $30,000 | $42,534 | $7,078 | ($6,527) | $33,947 |
| Tenant & Protective Services | $0 | $11,980 | $9,606 | $11,632 | $11,523 |
| Taxes, Insurance & Utilities | $54,304 | $50,707 | $32,810 | $38,183 | $40,705 |
| Maintenance | $167,095 | $170,705 | $142,275 | $144,262 | $124,216 |
| **Subtotal - Operating Expenses** | **$354,344** | **$374,421** | **$281,082** | **$311,015** | **$334,092** |
| **Net Operating Income (NOI)** | **$316,989** | **$312,260** | **$382,253** | **$365,621** | **$273,199** |
| Debt Service | $260,063 | $260,495 | $260,915 | $261,314 | $261,699 |
| Replacement Reserves | $30,036 | $28,512 | $26,870 | $26,868 | $26,088 |
| Asset Management Fees | $53,470 | $53,470 | $52,310 | $0 | $0 |
| **Development Corporation Fees** | ($26,580) | ($30,217) | $0 | $0 | $0 |
| **Excess Cash Flow Restricted** | $0 | $0 | $0 | $77,439 | $0 |
| ***Subtotal - Expenses Below NOI*** | **$316,989** | **$312,260** | **$340,095** | **$365,621** | **$287,787** |
| **NET INCOME** | **$0** | **$0** | **$42,158** | **$0** | **($14,588)** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Electrical Supplies | $0 | $0 | $16 | $209 | $21 |
| Appliance Supplies | $0 | $0 | $37 | $0 | $0 |
| Plumbing Supplies | $0 | $0 | $8 | $26 | $17 |
| Windows and Glass | $0 | $0 | $0 | $30 | $0 |
| Hardware Supplies | $0 | $0 | $2 | $113 | $0 |
| Flooring and Carpeting | $3,182 | $3,090 | $3,035 | $0 | $0 |
| Miscellaneous Supplies | $0 | $0 | $0 | $125 | $421 |
| Plumbing Equipment | $1,592 | $1,546 | $0 | $0 | $0 |
| HVAC Equipment | $0 | $0 | $0 | $19 | $0 |
| Appliance Equipment | $2,388 | $2,319 | $7,308 | $3,265 | $1,377 |
| Miscellaneous Equipment | $0 | $0 | $312 | $0 | $0 |
| Plumbing Contracts | $1,590 | $1,545 | $0 | $1,200 | $1,300 |
| Grounds/Landscaping Contr-Cap. | $0 | $0 | $12,400 | $0 | $0 |
| Roofing/Gutter Contracts | $0 | $0 | $3,147 | $0 | $0 |
| Flooring/Carpet Contracts | $6,600 | $3,000 | $5,487 | $0 | $1,393 |
| Paint/Wallcovering Int. Cont. | $0 | $0 | $0 | $0 | $425 |
| Asphalt/Concrete Contracts | $0 | $10,000 | $0 | $0 | $0 |
| Miscellaneous Contracts | $0 | $0 | $1,500 | $0 | $0 |
| **Total Capital Budget** | **$15,352** | **$21,500** | **$33,252** | **$4,987** | **$4,954** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at ($26,580).
- Capital is budgeted at $15,352.
- DSCR is 1.10.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

# RAD 6 Development Corporation – FY 2022 Budget Summary – Town Centre Place

## RAD 6: Towne Centre Place

FY 2022 Operating and Capital Budgets

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$545,879** | **$562,929** | **$537,023** | **$570,113** | **$542,502** |
| **Expenses:** | | | | | |
| Operating - Admin | $66,181 | $63,988 | $68,367 | $42,145 | $45,676 |
| Operating - Fees | $31,240 | $22,196 | $19,659 | $72,088 | $70,963 |
| Bad Debt | $20,004 | $42,698 | ($34,482) | ($7,588) | $23,762 |
| Tenant & Protective Services | $0 | $11,176 | $7,129 | $11,133 | $10,774 |
| Taxes, Insurance & Utilities | $56,184 | $46,132 | $41,660 | $37,774 | $27,375 |
| Maintenance | $168,311 | $162,749 | $142,704 | $152,069 | $109,531 |
| **Subtotal - Operating Expenses** | **$341,920** | **$348,939** | **$245,037** | **$307,621** | **$288,081** |
| **Net Operating Income (NOI)** | **$203,959** | **$213,990** | **$291,986** | **$262,492** | **$254,421** |
| Debt Service | $174,363 | $174,622 | $174,936 | $175,205 | $175,461 |
| Replacement Reserves | $26,760 | $25,392 | $23,939 | $23,940 | $23,242 |
| Asset Management Fees | $47,640 | $47,640 | $46,600 | $0 | $0 |
| **Development Corporation Fees** | ($44,804) | ($33,664) | $0 | $0 | $0 |
| **Excess Cash Flow Restricted** | $0 | $0 | $0 | $63,347 | $0 |
| ***Subtotal - Expenses Below NOI*** | **$203,959** | **$213,990** | **$245,475** | **$262,492** | **$198,703** |
| **NET INCOME** | **$0** | **$0** | **$46,511** | **$0** | **$55,718** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Plumbing Supplies | $0 | $0 | $0 | $0 | $90 |
| Flooring and Carpeting | $0 | $0 | $783 | $0 | $0 |
| HVAC Equipment | $4,244 | $4,120 | $0 | $0 | $0 |
| Appliance Equipment | $2,120 | $2,060 | $3,843 | $1,173 | $2,723 |
| Plumbing Contracts | $0 | $0 | $750 | $1,800 | $1,800 |
| Grounds/Landscaping Contr-Cap. | $0 | $0 | $12,200 | $0 | $0 |
| Windows/Glass Contracts | $0 | $0 | $235 | $0 | $0 |
| Flooring/Carpet Contracts | $4,800 | $2,880 | $6,558 | $0 | $4,711 |
| Asphalt/Concrete Contracts | $4,800 | $3,000 | $0 | $0 | $3,775 |
| Miscellaneous Contracts | $0 | $0 | $1,850 | $0 | $0 |
| Security System | $0 | $15,000 | $0 | $0 | $0 |
| **Total Capital Budget** | **$15,964** | **$27,060** | **$26,219** | **$2,973** | **$13,099** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at ($44,804).
- Capital is budgeted at $15,964.
- DSCR is 1.02.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

# RAD 6 Development Corporation – FY 2022 Budget Summary – Seneca Ridge

## RAD 6: Seneca Ridge

**FY 2022 Operating and Capital Budgets**

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | $1,158,021 | $1,148,943 | $1,014,076 | $1,038,799 | $814,458 |
| **Expenses:** | | | | | |
| Operating - Admin | $89,837 | $102,471 | $134,460 | $71,561 | $67,999 |
| Operating - Fees | $38,813 | $30,777 | $27,447 | $103,413 | $102,908 |
| Bad Debt | $30,000 | $109,410 | $4,529 | $40,646 | $35,719 |
| Tenant & Protective Services | $1,500 | $19,690 | $19,516 | $17,237 | $17,835 |
| Taxes, Insurance & Utilities | $259,701 | $249,236 | $270,268 | $209,098 | $206,976 |
| Maintenance | $286,604 | $270,163 | $251,543 | $216,555 | $177,355 |
| **Subtotal - Operating Expenses** | $706,455 | $781,747 | $707,763 | $658,510 | $608,792 |
| **Net Operating Income (NOI)** | $451,566 | $367,196 | $306,313 | $380,289 | $205,666 |
| Debt Service | $514,631 | $515,492 | $516,449 | $517,110 | $517,869 |
| Replacement Reserves | $38,772 | $36,792 | $34,682 | $34,680 | $33,677 |
| Asset Management Fees | $69,030 | $69,030 | $67,530 | $0 | $0 |
| **Development Corporation Fees** | ($170,867) | ($254,118) | $0 | $0 | $0 |
| **Excess Cash Flow Restricted** | $0 | $0 | $0 | ($171,501) | $0 |
| ***Subtotal - Expenses Below NOI*** | $451,566 | $367,196 | $618,661 | $380,289 | $551,546 |
| **NET INCOME** | $0 | $0 | ($312,348) | $0 | ($345,880) |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Kitchen and Bath Supplies | $2,400 | $325 | $325 | ($190) | $436 |
| Electrical Supplies | $0 | $0 | $2,315 | $0 | $0 |
| Appliance Supplies | $0 | $0 | $0 | ($7) | $103 |
| Plumbing Supplies | $0 | $230 | $136 | $231 | $53 |
| Cleaning/Janitorial Supplies | $0 | $0 | $44 | $0 | $0 |
| Locks, Keys | $360 | $0 | $772 | $0 | $0 |
| Windows and Glass | $3,600 | $0 | $487 | $360 | $890 |
| Doors | $2,400 | $0 | $0 | $87 | $0 |
| Hardware Supplies | $0 | $0 | $54 | $0 | $29 |
| HVAC Supplies | $5,004 | $5,150 | $661 | $206 | $0 |
| Flooring and Carpeting | $0 | $2,640 | $21,680 | $1,100 | $0 |
| Miscellaneous Supplies | $0 | $0 | $165 | $0 | $0 |
| HVAC Equipment | $2,400 | $0 | $3 | $1,180 | $0 |
| Appliance Equipment | $3,600 | $0 | $12,453 | $10,018 | $5,872 |
| Plumbing Contracts | $3,840 | $0 | $752 | $10,000 | $575 |
| Cleaning/Janitorial Contracts-Cap. | $0 | $0 | $1,203 | $0 | $0 |
| Grounds/Landscaping Contr-Cap. | $0 | $10,000 | $9,500 | $0 | $11,900 |
| Windows/Glass Contracts | $0 | $0 | $265 | $0 | $0 |
| Roofing/Gutter Contracts | $4,800 | $0 | $560 | $700 | $0 |
| HVAC Contracts | $6,000 | $0 | $0 | $0 | $0 |
| Flooring/Carpet Contracts | $12,000 | $15,000 | $6,180 | $30,642 | $22,813 |
| Paint/Wallcovering Int. Cont. | $4,800 | $0 | $615 | ($855) | $855 |
| Asphalt/Concrete Contracts | $0 | $0 | $0 | $650 | $0 |
| Miscellaneous Contracts | $0 | $0 | $2,717 | $0 | $0 |
| **Total Capital Budget** | $51,204 | $33,345 | $60,887 | $54,122 | $43,526 |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at ($170,867).
- Capital is budgeted at $51,204.
- DSCR is 0.80.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

# RAD 6 Development Corporation – FY 2022 Budget Summary – Washington Square

## RAD 6: Washington Square

FY 2022 Operating and Capital Budgets

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$862,856** | **$834,186** | **$764,245** | **$743,472** | **$726,747** |
| **Expenses:** | | | | | |
| Operating - Admin | $57,938 | $65,208 | $116,738 | $69,091 | $80,860 |
| Operating - Fees | $31,092 | $24,522 | $20,063 | $73,967 | $74,109 |
| Bad Debt | $60,000 | $111,244 | $26,131 | ($18,774) | $109,492 |
| Tenant & Protective Services | $1,648 | $10,900 | $10,662 | $13,232 | $16,772 |
| Taxes, Insurance & Utilities | $104,040 | $88,086 | $94,194 | $84,404 | $71,569 |
| Maintenance | $230,158 | $200,711 | $233,342 | $164,023 | $146,424 |
| **Subtotal - Operating Expenses** | **$484,876** | **$500,671** | **$501,130** | **$385,943** | **$499,226** |
| **Net Operating Income (NOI)** | **$377,980** | **$333,515** | **$263,115** | **$357,529** | **$227,521** |
| Debt Service | $334,514 | $335,073 | $335,695 | $336,125 | $336,619 |
| Replacement Reserves | $27,300 | $25,920 | $24,427 | $24,427 | $23,716 |
| Asset Management Fees | $48,610 | $48,610 | $47,560 | $0 | $0 |
| **Development Corporation Fees** | ($32,444) | ($76,088) | $0 | $0 | $0 |
| **Excess Cash Flow Restricted** | $0 | $0 | $0 | ($3,023) | $0 |
| ***Subtotal - Expenses Below NOI*** | **$377,980** | **$333,515** | **$407,682** | **$357,529** | **$360,335** |
| **NET INCOME** | **$0** | **$0** | **($144,567)** | **$0** | **($132,814)** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Kitchen and Bath Supplies | $3,600 | $0 | $2,467 | $0 | $115 |
| Electrical Supplies | $0 | $0 | $1,419 | $0 | $0 |
| Appliance Supplies | $0 | $0 | $56 | $18 | $0 |
| Plumbing Supplies | $240 | $0 | $1,248 | $172 | $40 |
| Cleaning/Janitorial Supplies | $0 | $0 | $40 | $0 | $0 |
| Locks, Keys | $2,000 | $0 | $257 | $0 | $0 |
| Windows and Glass | $0 | $0 | $373 | $0 | $0 |
| Doors | $0 | $0 | $204 | $619 | $0 |
| Hardware Supplies | $0 | $0 | $1,061 | $0 | $0 |
| HVAC Supplies | $6,000 | $0 | $0 | $0 | $0 |
| Flooring and Carpeting | $24,996 | $0 | $8,378 | $1,208 | $0 |
| Miscellaneous Supplies | $0 | $0 | $646 | $0 | $0 |
| HVAC Equipment | $0 | $0 | $14 | $0 | $1,572 |
| Appliance Equipment | $4,800 | $4,000 | $23,464 | $6,425 | $4,070 |
| Miscellaneous Equipment | $0 | $4,000 | $0 | $0 | $0 |
| Electrical Contracts | $9,600 | $0 | $2,266 | $575 | $0 |
| Windows/Glass Contracts | $0 | $0 | $550 | $0 | $0 |
| Flooring/Carpet Contracts | $5,000 | $10,500 | $17,674 | $9,767 | $6,167 |
| Miscellaneous Contracts | $0 | $0 | $1,500 | $0 | $0 |
| **Total Capital Budget** | **$56,236** | **$18,500** | **$61,617** | **$18,784** | **$11,964** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at ($32,444).
- Capital is budgeted at $56,236.
- DSCR is 1.05.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

**RESOLUTION NO.: 21-001RD6** **RE: RAD 6 Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2021;

**WHEREAS,** the Corporation has reviewed and desires to approve the FY'22 Operating and Capital Budgets for the Property; and

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Rad 6 Development Corporation at a meeting conducted on June 9, 2021.

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

# Adjourn

# Scattered Site One Development Corporation

# Scattered Site One Development Corporation

## Annual Meeting and Adoption of FY 2022 Operating & Capital Budgets

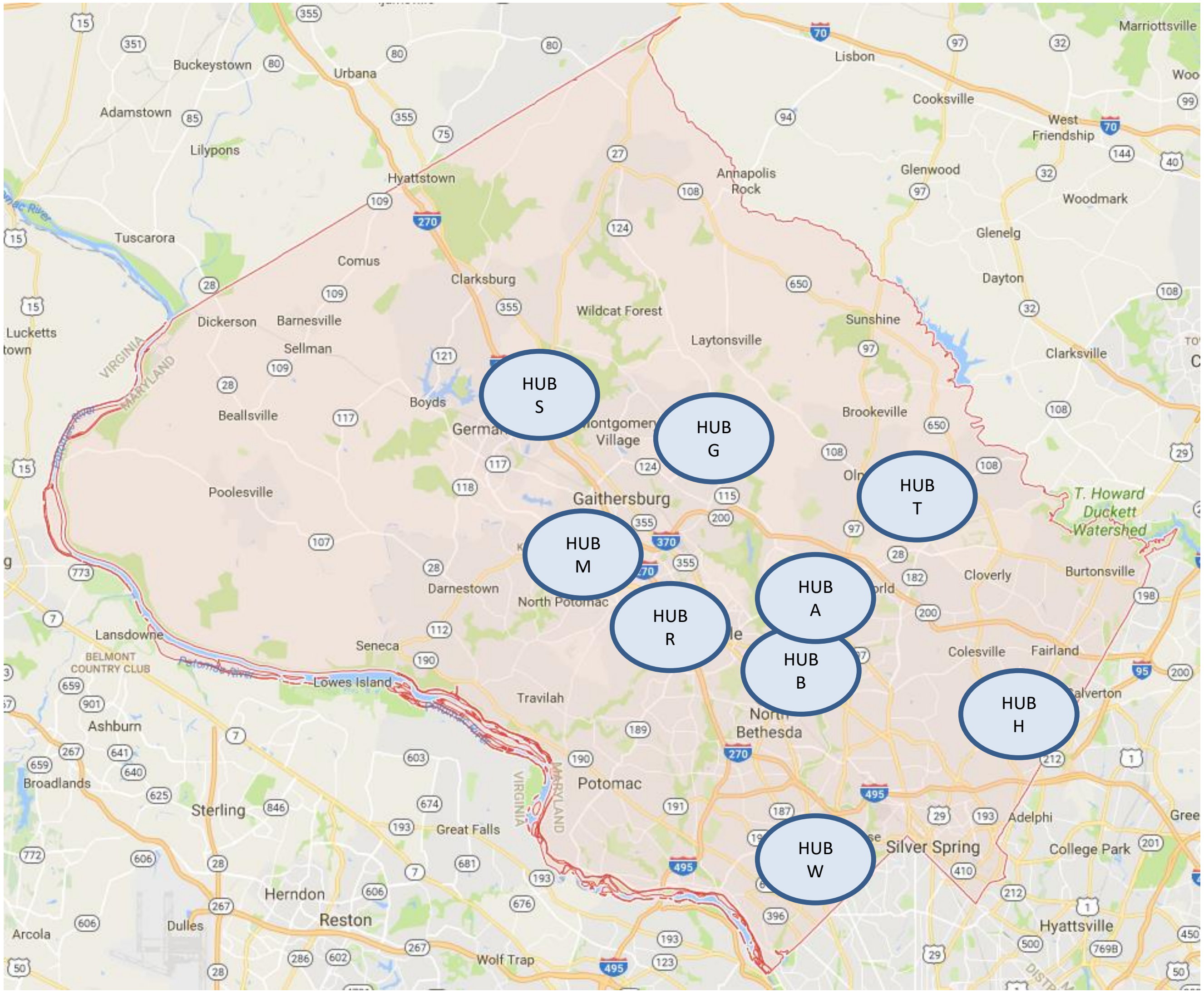
Stacy L. Spann, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance



June 9, 2021

# Scattered Site One Development Corporation




## Property Snapshot:

- 190 units scattered across nine HUBs throughout Montgomery County.
- Scattered site units that include condominiums, townhomes and single family homes, ranging from one to four bedrooms. Amenities are specific to the unit and the community.
- The age of the properties in Scattered Site One Development Corporation range from 1987 to 2012. A revised renovation plan will be brought forward for Commission once COVID protocols are lifted and we are able to conduct unit inspections.

# Scattered Site One Development Corporation – FY 2022 Overview

## Background

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

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

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

# Scattered Site One Development Corporation – FY 2022 Overview

## Property Management

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

| Turnover | Avg. Occupancy CY 2020 | Current Occupancy |
|---|---|---|
| 7.3% | 91% | 90% |

## Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (31%), plumbing (12%) and appliances (13%).
- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Total Work Orders CY 2020 | Average Days to Close |
|---|---|
| 1,896 | 25 |

## Capital Improvements

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

## Redevelopment/Refinancing

- A renovation plan for this entity will be created once COVID protocols are lifted.

# Scattered Site One Development Corporation – FY 2022 Budget Summary

## Scattered Site One Development Corporation

FY 2022 Operating and Capital Budgets

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$2,586,004** | **$2,810,928** | **$2,634,787** | **$2,474,673** | **$2,406,164** |
| **Expenses:** | | | | | |
| Operating - Admin | $172,614 | $161,366 | $127,261 | $148,790 | $148,478 |
| Operating - Fees | $780,220 | $749,162 | $755,394 | $761,048 | $736,916 |
| Bad Debt | $141,324 | $547,476 | $46,754 | $23,870 | $31,970 |
| Tenant & Protective Services | $0 | $52,402 | $51,119 | $52,450 | $59,338 |
| Taxes, Insurance & Utilities | $93,057 | $92,448 | $82,348 | $84,043 | $85,663 |
| Maintenance | $451,527 | $387,440 | $482,853 | $460,379 | $483,319 |
| **Subtotal - Operating Expenses** | **$1,638,742** | **$1,990,294** | **$1,545,729** | **$1,530,580** | **$1,545,684** |
| **Net Operating Income (NOI)** | **$947,262** | **$820,634** | **$1,089,058** | **$944,093** | **$860,480** |
| Debt Service | $560,798 | $561,752 | $563,201 | $564,081 | $565,110 |
| Replacement Reserves | $114,000 | $114,000 | $114,000 | $114,000 | $114,000 |
| Loan Management Fees | $23,004 | $23,000 | $23,000 | $23,000 | $23,000 |
| **Development Corporation Fees** | $249,460 | $121,882 | $313,350 | $243,012 | $158,370 |
| **Excess Cash Flow Restricted** | $0 | $0 | $75,507 | $0 | $0 |
| ***Subtotal - Expenses Below NOI*** | **$947,262** | **$820,634** | **$1,089,058** | **$944,093** | **$860,480** |
| **NET INCOME** | **$0** | **$0** | **$0** | **$0** | **$0** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Kitchen and Bath Supplies | $20,000 | $0 | $18,297 | $8,619 | $15,330 |
| Electrical Supplies | $2,000 | $0 | $1,576 | $767 | $1,534 |
| Appliance Supplies | $0 | $0 | $377 | $255 | $295 |
| Plumbing Supplies | $2,500 | $0 | $1,783 | $3,610 | $3,950 |
| Cleaning/Janitorial Supplies | $0 | $0 | $195 | $0 | $42 |
| Locks, Keys | $0 | $0 | $143 | $0 | $0 |
| Windows and Glass | $12,000 | $0 | $16,019 | $875 | $4,079 |
| Doors | $1,500 | $0 | $2,640 | $2,043 | $791 |
| Roofing Materials | $0 | $0 | $3,191 | $0 | $450 |
| Hardware Supplies | $0 | $0 | $962 | $282 | $857 |
| HVAC Supplies | $8,000 | $0 | $202 | $25 | $0 |
| Flooring and Carpeting | $6,000 | $0 | $9,923 | $1,589 | $17,028 |
| Paint and Wallcoverings | $2,500 | $0 | $0 | $0 | $0 |
| Miscellaneous Supplies | $1,500 | $0 | $803 | $2,332 | $383 |
| Plumbing Equipment | $250 | $0 | $675 | $7,174 | $0 |
| HVAC Equipment | $0 | $0 | $31,165 | $21,351 | $14,221 |
| Appliance Equipment | $0 | $6,000 | $12,559 | $23,567 | $19,929 |
| Electrical Contracts | $0 | $0 | $1,000 | $0 | $0 |
| Appliance Contracts | $0 | $0 | $1,646 | $0 | $0 |
| Plumbing Contracts | $14,400 | $0 | $22,662 | $4,770 | $11,362 |
| Cleaning/Janitorial Contracts-Cap. | $1,500 | $0 | $0 | $754 | $0 |
| Grounds/Landscaping Contr-Cap. | $7,000 | $0 | $900 | $1,200 | $0 |
| Windows/Glass Contracts | $15,000 | $0 | $17,535 | $9,200 | $0 |
| Roofing/Gutter Contracts | $30,000 | $27,000 | $23,461 | $27,961 | $6,801 |
| HVAC Contracts | $60,000 | $0 | $4,246 | $4,380 | $1,393 |
| Flooring/Carpet Contracts | $20,000 | $30,000 | $14,360 | $77,936 | $30,268 |
| Paint/Wallcovering Int. Cont. | $7,000 | $0 | $0 | $1,400 | $7,836 |
| Paint/Wallcovering Ext. Cont | $0 | $0 | $0 | $0 | $725 |
| Exterminating Contracts | $0 | $0 | $192 | $0 | $0 |
| Fencing Contracts | $0 | $0 | $0 | $600 | $0 |
| Asphalt/Concrete Contracts | $0 | $0 | $2,000 | $0 | $0 |
| Miscellaneous Contracts | $0 | $0 | $0 | $4,450 | $160 |
| **Total Capital Budget** | **$211,150** | **$63,000** | **$188,512** | **$205,140** | **$137,434** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $249,460.
- Capital is budgeted at $211,150.
- DSCR is 1.43.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for Scattered Site One Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for Scattered Site One Development Corporation by the Board of Directors.

**RESOLUTION NO.: 21-001$_{SS1}$** **RE: Scattered Site One Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2021;

**WHEREAS,** the Corporation has reviewed and desires to approve the FY'22 Operating and Capital Budgets for the Property; and

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Scattered Site One Development Corporation at a meeting conducted on June 9, 2021.

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

# Adjourn

# Scattered Site Two Development Corporation

# Scattered Site Two Development Corporation

## Annual Meeting and Adoption of FY 2022

## Operating & Capital Budgets

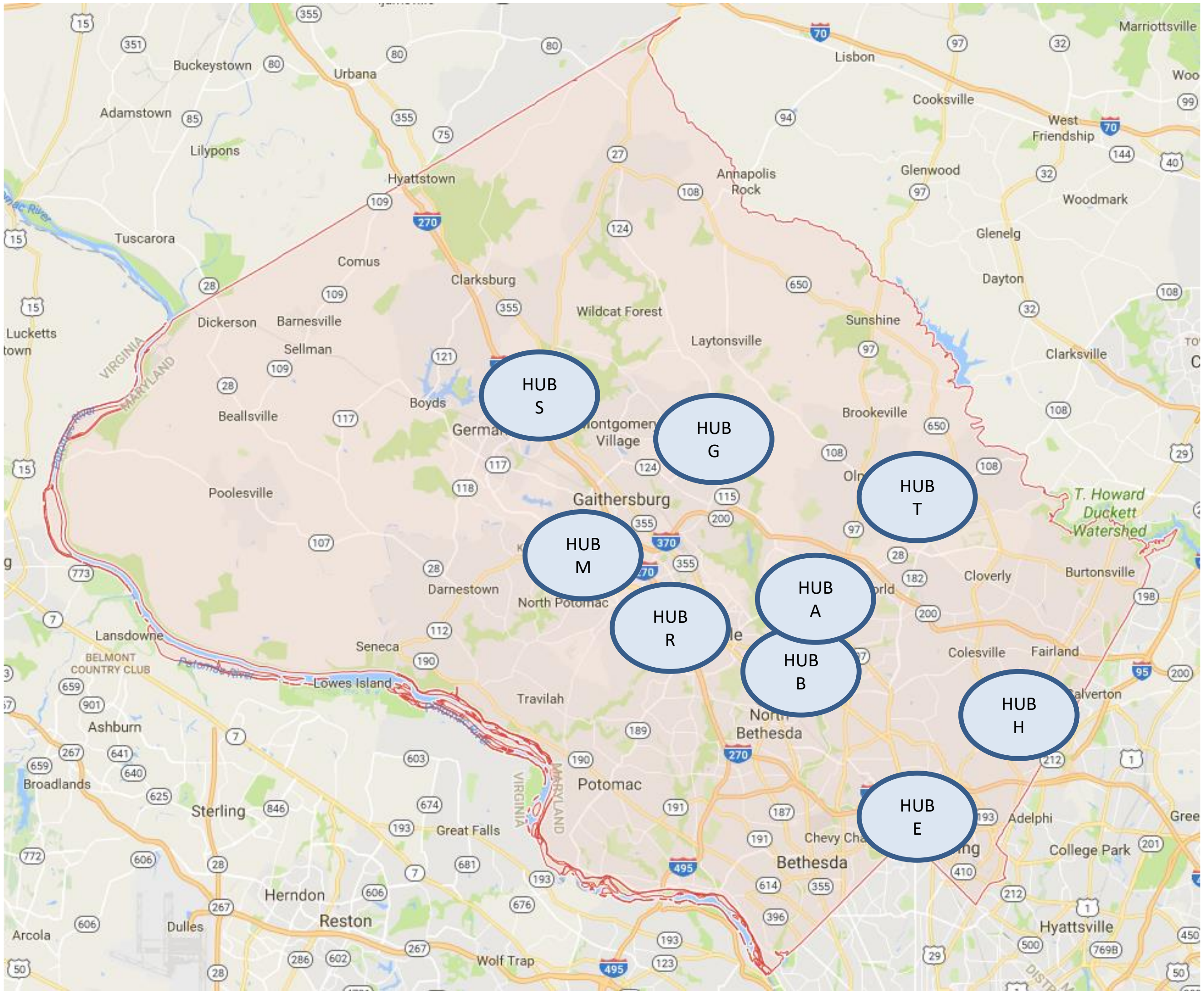

**Stacy L. Spann, Executive Director**

**Property Management**
**Real Estate Development**
**Mortgage Finance**
**Finance**




**June 9, 2021**

# Scattered Site Two Development Corporation




## Property Snapshot:

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

# Scattered Site Two Development Corporation – FY 2022 Overview

## Background

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

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

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

# Scattered Site Two Development Corporation – FY 2022 Overview

## Property Management

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

| Turnover | Avg. Occupancy CY 2020 | Current Occupancy |
|---|---|---|
| 9.2% | 89% | 91% |

## Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (3%), appliances (21%) and plumbing (21%).

- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Total Work Orders CY 2020 | Average Days to Close |
|---|---|
| 423 | 27 |

## Capital Improvements

- Capital replacements for appliance, flooring, and HVAC are done at turnover and as needed.

- Significant capital expense has been undertaken to update aging appliances and systems in these units.

## Redevelopment/Refinancing

- A renovation plan for this entity will be created once COVID protocols are lifted and be presented to the Commission as funding permits

# Scattered Site Two Development Corporation – FY 2022 Budget Summary

## Scattered Site Two Development Corporation

**FY 2022 Operating and Capital Budgets**

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$748,590** | **$805,181** | **$793,743** | **$790,036** | **$710,352** |
| **Expenses:** | | | | | |
| Operating - Admin | $48,505 | $45,894 | $41,362 | $44,821 | $39,951 |
| Operating - Fees | $231,608 | $227,440 | $220,835 | $221,626 | $212,810 |
| Bad Debt | $45,324 | $121,808 | ($2,392) | $3,015 | $4,493 |
| Tenant & Protective Services | $0 | $16,343 | $16,058 | $15,255 | $16,106 |
| Taxes, Insurance & Utilities | $24,605 | $24,180 | $19,175 | $19,993 | $21,773 |
| Maintenance | $125,681 | $104,655 | $113,423 | $113,444 | $124,602 |
| **Subtotal - Operating Expenses** | **$475,723** | **$540,320** | **$408,461** | **$418,154** | **$419,735** |
| **Net Operating Income (NOI)** | **$272,867** | **$264,861** | **$385,282** | **$371,882** | **$290,617** |
| Debt Service | $268,954 | $268,822 | $270,658 | $271,994 | $271,181 |
| Replacement Reserves | $74,400 | $74,400 | $74,400 | $74,400 | $74,400 |
| **Excess Cash Flow Restricted** | $0 | $0 | $40,224 | $25,488 | $0 |
| ***Subtotal - Expenses Below NOI*** | **$343,354** | **$343,222** | **$385,282** | **$371,882** | **$345,581** |
| **NET INCOME** | **($70,487)** | **($78,361)** | **$0** | **$0** | **($54,964)** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Kitchen and Bath Supplies | $4,000 | $504 | $8 | $0 | $6,854 |
| Electrical Supplies | $0 | $0 | $821 | $226 | $63 |
| Appliance Supplies | $0 | $0 | $145 | $8 | $224 |
| Plumbing Supplies | $500 | $0 | $221 | $433 | $1,671 |
| Grounds/Landscaping Sup.-Cap. | $0 | $0 | $140 | $0 | $0 |
| Windows and Glass | $1,500 | $0 | $0 | $0 | $0 |
| Doors | $500 | $0 | $0 | $0 | $3,091 |
| Hardware Supplies | $0 | $0 | $49 | $0 | $92 |
| Flooring and Carpeting | $700 | $0 | $1,387 | $1,250 | $0 |
| Paint and Wallcoverings | $300 | $0 | $0 | $0 | $0 |
| Miscellaneous Supplies | $0 | $0 | $0 | $0 | $143 |
| Plumbing Equipment | $0 | $0 | $0 | $1,487 | $640 |
| HVAC Equipment | $3,500 | $0 | $0 | $3,652 | $6,808 |
| Appliance Equipment | $3,500 | $5,004 | $6,336 | $5,138 | $6,480 |
| Electrical Contracts | $0 | $0 | $648 | $0 | $1,165 |
| Plumbing Contracts | $8,000 | $0 | $1,506 | $1,615 | $1,225 |
| Windows/Glass Contracts | $0 | $2,496 | $0 | $0 | $0 |
| Roofing/Gutter Contracts | $7,000 | $8,000 | $12,223 | $4,716 | $4,974 |
| HVAC Contracts | $10,000 | $9,200 | $0 | $0 | $0 |
| Flooring/Carpet Contracts | $5,000 | $15,000 | $8,655 | $5,595 | $12,130 |
| Paint/Wallcovering Int. Cont. | $2,500 | $0 | $2,125 | $0 | $0 |
| Exterminating Contracts | $0 | $0 | $782 | $0 | $0 |
| Miscellaneous Contracts | $0 | $0 | $0 | $0 | $200 |
| **Total Capital Budget** | **$47,000** | **$40,204** | **$35,046** | **$24,120** | **$45,760** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at ($70,487).
- Capital is budgeted at $47,000.
- DSCR is 0.74.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for Scattered Site Two Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for Scattered Site Two Development Corporation by the Board of Directors.

**RESOLUTION NO.: 21-001$_{SS2}$** **RE: Scattered Site Two Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2021;

**WHEREAS,** the Corporation has reviewed and desires to approve the FY'22 Operating and Capital Budgets for the Property; and

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Scattered Site Two Development Corporation at a meeting conducted on June 9, 2021.

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

# Adjourn

# Sligo Development Corporation

# Sligo Hills Development Corporation

## Annual Meeting and Adoption of FY 2022 Operating & Capital Budgets

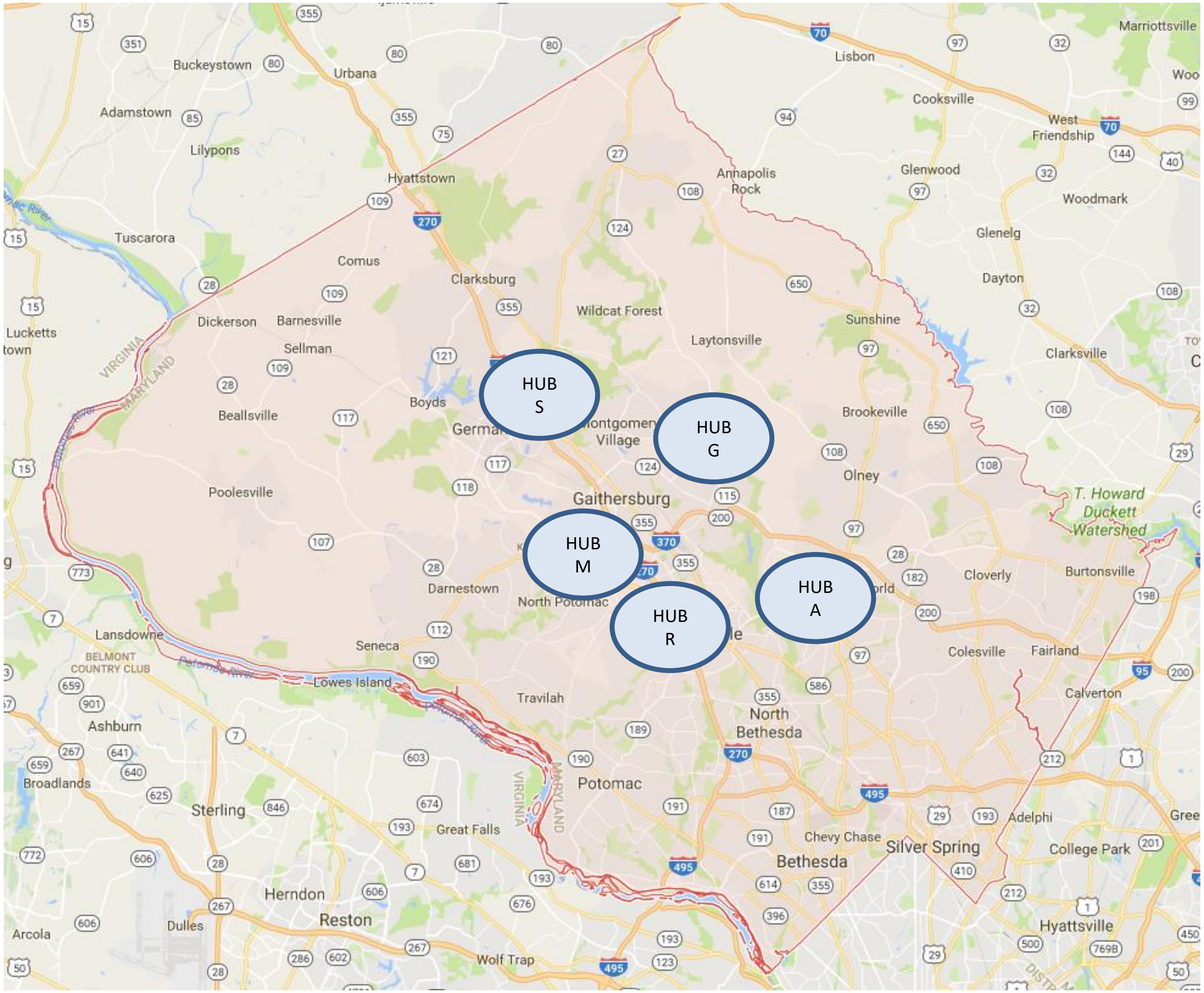
**Stacy L. Spann, Executive Director**

**Property Management**
**Real Estate Development**
**Mortgage Finance**
**Finance**



**June 9, 2021**

# Sligo Hills Development Corporation




## Property Snapshot:

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

# Sligo Hills Development Corporation – FY 2022 Overview

## Background

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

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

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

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

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

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

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

# Sligo Hills Development Corporation – FY 2022 Overview

## Property Management

- Vacant units are being actively marketed to families on HOC's Housing Path waiting list. Occupancy has been stable for 2020 and the first half of 2021. Team reports weekly on progress with leasing.

| Turnover Rate | Avg. Occupancy CY 2020 | Current Occupancy |
|---|---|---|
| 13% | 78% | 78% |

## Maintenance

- The largest volume of work tickets was for appliances (19%), and plumbing (9%).
- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Total Work Orders CY 2020 | Average Days to Close |
|---|---|
| 151 | 19 |

## Capital Improvements

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

## Redevelopment/Refinancing

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

# Sligo Hills Development Corporation – FY 2022 Budget Summary

## Sligo Hills Development Corporation

FY 2022 Operating and Capital Budgets

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | $245,464 | $294,651 | $271,229 | $243,385 | $231,501 |
| **Expenses:** | | | | | |
| Operating - Admin | $19,140 | $19,492 | $16,411 | $18,382 | $17,369 |
| Operating - Fees | $139,298 | $130,800 | $131,418 | $131,442 | $122,540 |
| Bad Debt | $18,324 | $18,515 | $883 | ($45) | $3,214 |
| Tenant & Protective Services | $0 | $6,581 | $6,546 | $6,281 | $7,176 |
| Taxes, Insurance & Utilities | $9,725 | $10,105 | $7,327 | $8,379 | $7,924 |
| Maintenance | $54,267 | $51,583 | $46,707 | $47,259 | $51,686 |
| **Subtotal - Operating Expenses** | $240,754 | $237,076 | $209,292 | $211,698 | $209,909 |
| **Net Operating Income (NOI)** | $4,710 | $57,575 | $61,937 | $31,687 | $21,592 |
| Replacement Reserves | $9,200 | $9,200 | $9,192 | $9,192 | $9,192 |
| **Development Corporation Fees** | $0 | $48,375 | $38,389 | $22,495 | $12,400 |
| **Excess Cash Flow Restricted** | $0 | $0 | $14,356 | $0 | $0 |
| ***Subtotal - Expenses Below NOI*** | $9,200 | $57,575 | $61,937 | $31,687 | $21,592 |
| **NET INCOME** | ($4,490) | $0 | $0 | $0 | $0 |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Kitchen and Bath Supplies | $4,000 | $0 | $650 | $0 | $2,127 |
| Electrical Supplies | $300 | $0 | $0 | $29 | $0 |
| Appliance Supplies | $500 | $1,500 | $0 | $68 | $8 |
| Plumbing Supplies | $200 | $996 | $0 | $103 | $289 |
| Locks, Keys | $200 | $0 | $0 | $0 | $0 |
| Windows and Glass | $1,000 | $0 | $0 | $0 | $0 |
| Doors | $500 | $0 | $0 | $0 | $0 |
| Hardware Supplies | $0 | $0 | $0 | $2 | $0 |
| HVAC Supplies | $750 | $0 | $0 | $0 | $0 |
| Flooring and Carpeting | $0 | $1,500 | $1,747 | $0 | $0 |
| HVAC Equipment | $3,600 | $7,000 | $0 | $0 | $0 |
| Appliance Equipment | $3,000 | $0 | $475 | $3,872 | $2,232 |
| Appliance Contracts | $0 | $1,500 | $0 | $793 | $250 |
| Plumbing Contracts | $1,500 | $0 | $0 | $0 | $400 |
| Cleaning/Janitorial Contracts-Cap. | $0 | $0 | $640 | $0 | $0 |
| Windows/Glass Contracts | $1,500 | $0 | $0 | $0 | $0 |
| Roofing/Gutter Contracts | $5,000 | $996 | $0 | $0 | $0 |
| HVAC Contracts | $750 | $0 | $0 | $0 | $5,674 |
| Flooring/Carpet Contracts | $750 | $9,000 | $350 | $7,075 | $3,471 |
| Paint/Wallcovering Int. Cont. | $0 | $0 | $1,550 | $600 | $0 |
| Paint/Wallcovering Ext. Cont | $0 | $0 | $2,825 | $0 | $0 |
| Miscellaneous Contracts | $0 | $0 | $0 | $850 | $500 |
| **Total Capital Budget** | $23,550 | $22,492 | $8,237 | $13,392 | $14,951 |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%. .
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at ($4,490). The projected shortfall will be funded from unrestricted cash flow in the Opportunity Housing portfolio.
- Capital is budgeted at $23,550.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for Sligo Hills Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for Sligo Hills Development Corporation by the Board of Directors.

**RESOLUTION NO.: 21-001SH** **RE: Sligo Hills Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2021;

**WHEREAS,** the Corporation has reviewed and desires to approve the FY'22 Operating and Capital Budgets for the Property; and

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Sligo Hills Development Corporation at a meeting conducted on June 9, 2021.

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

# Adjourn

# TPM Development Corporation Meeting

# TPM Development Corporation

## Annual Meeting and Adoption of FY 2022
## Operating & Capital Budgets

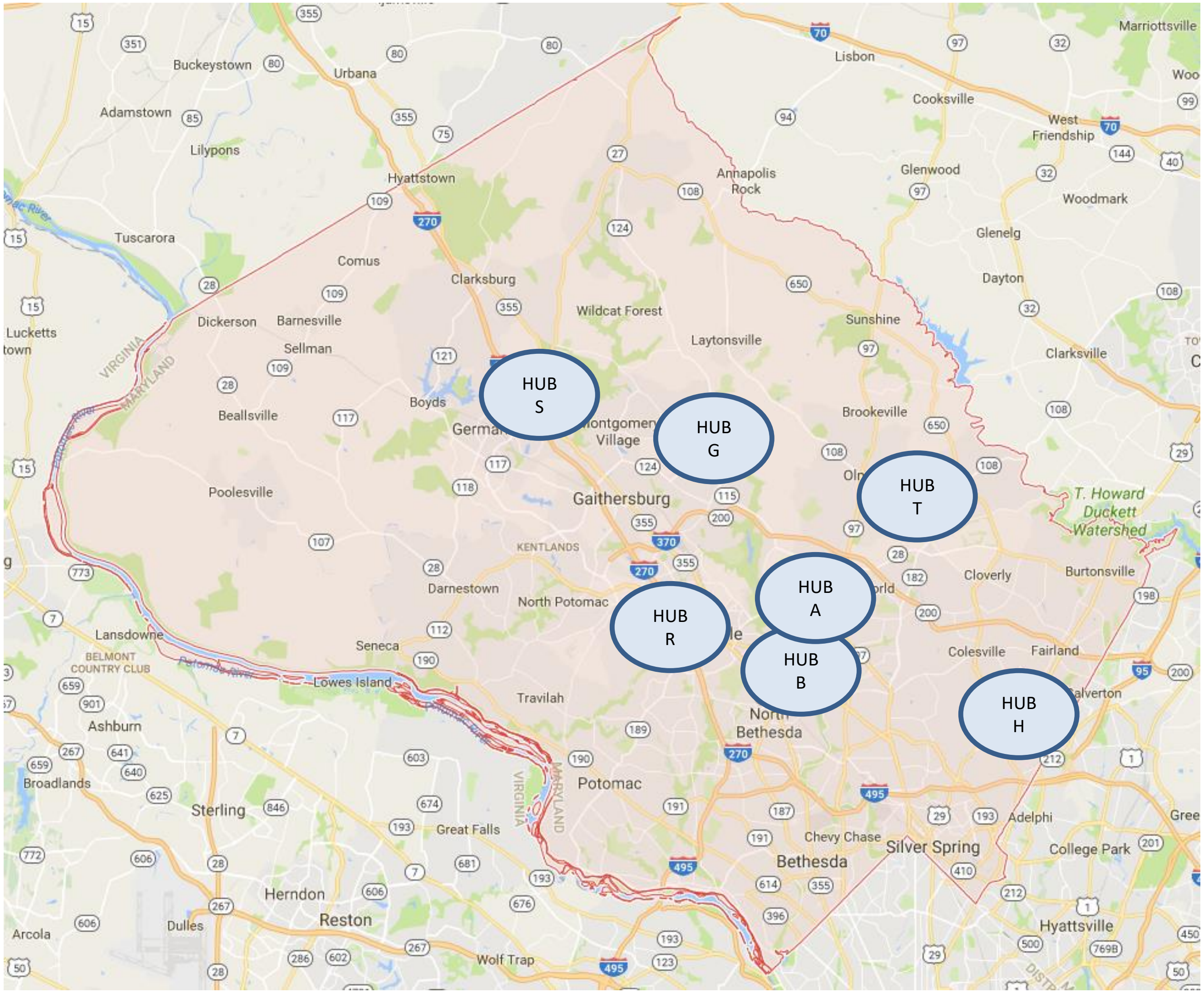
Stacy L. Spann, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance



June 9, 2021

# TPM Development Corporation




**Property & Submarket Snapshot:**

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

# TPM Development Corporation – FY 2022 Overview

## Background

- **1998** - Commission authorized and approved the creation of a wholly- controlled corporate instrumentality known as TPM Development Corporation (the "Corporation").

- **1999** - Board approved the purchase of Timberlawn Crescent, Pomander Court, and MPDU II from the Housing Opportunities Commission.

- **2015** - HOC drew funds from its PNC $90 million Real Estate Line of Credit to repay the outstanding FHA first mortgage as part of the interim refinancing plan approved by the Commission on May 6, 2015. Staff expects to present a recommendation to the Board which will retire all existing interim debt for all three properties.

- **2016** - The Board approved an amended renovation plan for Timberlawn Crescent to include additional exterior work and clubhouse renovations.

- **2017** – Renovations were completed at Pomander Court and Timberlawn Crescent. Both properties were refinanced and sold to the newly formed Timberlawn Pomander Properties, LLC. The only properties remaining in the Development Corporation are the 59 scattered site units in MPDU II.

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

**MPDU II**

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

# TPM Development Corporation – FY 2022 Overview

## Property Management

- Occupancy dropped temporarily in CY20 due to COVID-19 impact. Remains stable at this entity. All lead sources come from the Housing path waiting list and staff reports weekly on leasing efforts.

| Turnover Rate | Avg. Occupancy CY 2020 | Current Occupancy |
|---|---|---|
| 10% | 88% | 92.% |

## Maintenance

- The largest volume of work tickets was for general maintenance – plumbing (27%), appliances (19%).

- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Property | Total Work Orders CY 2020 | Average Days to Close |
|---|---|---|
| MPDU II | 601 | 21 |

## Capital Improvements

- The current capital improvement plans at MPDU II are for HVAC replacements.

## Redevelopment/Refinancing

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

# TPM Development Corporation – FY 2022 Budget Summary Consolidated

## TPM Dev Corp-MPDU II/59

**FY 2022 Operating and Capital Budgets**

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | $844,990 | $907,755 | $896,115 | $854,216 | $865,673 |
| **Expenses:** | | | | | |
| Operating - Admin | $51,606 | $45,675 | $45,776 | $48,435 | $47,649 |
| Operating - Fees | $192,864 | $186,290 | $189,752 | $188,205 | $162,684 |
| Bad Debt | $37,300 | $163,944 | $20,925 | $11,300 | $0 |
| Tenant & Protective Services | $0 | $17,027 | $16,131 | $17,090 | $18,841 |
| Taxes, Insurance & Utilities | $33,013 | $34,898 | $25,589 | $25,596 | $22,578 |
| Maintenance | $154,789 | $142,177 | $139,139 | $150,172 | $113,948 |
| **Subtotal - Operating Expenses** | $469,572 | $590,011 | $437,312 | $440,798 | $365,700 |
| **Net Operating Income (NOI)** | $375,418 | $317,744 | $458,803 | $413,418 | $499,973 |
| Debt Service | $0 | $0 | $0 | $0 | $6,971 |
| Debt Service Reserves | $0 | $0 | $0 | $0 | $35,733 |
| Replacement Reserves | $17,700 | $17,700 | $17,700 | $17,700 | $17,700 |
| **Development Corporation Fees** | $357,718 | $300,044 | $425,118 | $395,718 | $377,938 |
| **Excess Cash Flow Restricted** | $0 | $0 | $15,985 | $0 | $61,631 |
| ***Subtotal - Expenses Below NOI*** | $375,418 | $317,744 | $458,803 | $413,418 | $499,973 |
| **NET INCOME** | $0 | $0 | $0 | $0 | $0 |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Kitchen and Bath Supplies | $8,000 | $0 | $3,597 | $3,679 | $6,895 |
| Electrical Supplies | $0 | $0 | $0 | $21 | $899 |
| Appliance Supplies | $0 | $0 | $4,350 | $94 | $23 |
| Plumbing Supplies | $3,000 | $0 | $7,093 | $1,187 | $1,117 |
| Locks, Keys | $400 | $0 | $0 | $0 | $0 |
| Windows and Glass | $0 | $0 | $4,500 | $0 | $4,022 |
| Doors | $500 | $0 | $975 | $1,300 | $197 |
| Hardware Supplies | $0 | $0 | $0 | $112 | $307 |
| HVAC Supplies | $3,500 | $0 | $1,754 | $0 | $1,655 |
| Flooring and Carpeting | $1,500 | $0 | $5,310 | $0 | $0 |
| Paint and Wallcoverings | $0 | $0 | $0 | $1,070 | $0 |
| Miscellaneous Supplies | $0 | $0 | $0 | $838 | $45 |
| HVAC Equipment | $6,000 | $0 | $5,591 | $0 | $3,430 |
| Appliance Equipment | $6,600 | $8,800 | $6,087 | $11,309 | $5,902 |
| Electrical Contracts | $3,000 | $0 | $0 | $0 | $0 |
| Plumbing Contracts | $0 | $0 | $7,830 | $1,125 | $800 |
| Grounds/Landscaping Contr-Cap. | $0 | $0 | $2,000 | $0 | $0 |
| Windows/Glass Contracts | $10,000 | $0 | $0 | $2,775 | $600 |
| Roofing/Gutter Contracts | $18,000 | $26,724 | $15,903 | $24,413 | $3,566 |
| HVAC Contracts | $10,170 | $4,500 | $6,453 | $3,922 | $0 |
| Flooring/Carpet Contracts | $12,000 | $22,000 | $2,598 | $23,857 | $12,027 |
| Paint/Wallcovering Int. Cont. | $0 | $0 | $1,720 | $0 | $2,050 |
| Paint/Wallcovering Ext. Cont | $0 | $0 | $220 | $0 | $0 |
| Miscellaneous Contracts | $0 | $0 | $0 | $3,340 | $0 |
| **Total Capital Budget** | $82,670 | $62,024 | $75,981 | $79,042 | $43,535 |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $357,718.
- Capital is budgeted at $82,670

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for TPM Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for TPM Development Corporation by the Board of Directors.

**RESOLUTION NO.: 21-001$_{TPM}$** **RE: TPM Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2021;

**WHEREAS,** the Corporation has reviewed and desires to approve the FY'22 Operating and Capital Budgets for the Property; and

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of TPM Development Corporation at a meeting conducted on June 9, 2021.

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

# Adjourn

# VPC One Development Corporation Meeting

# VPC One Development Corporation

## Annual Meeting and Adoption of FY 2022 Operating & Capital Budgets

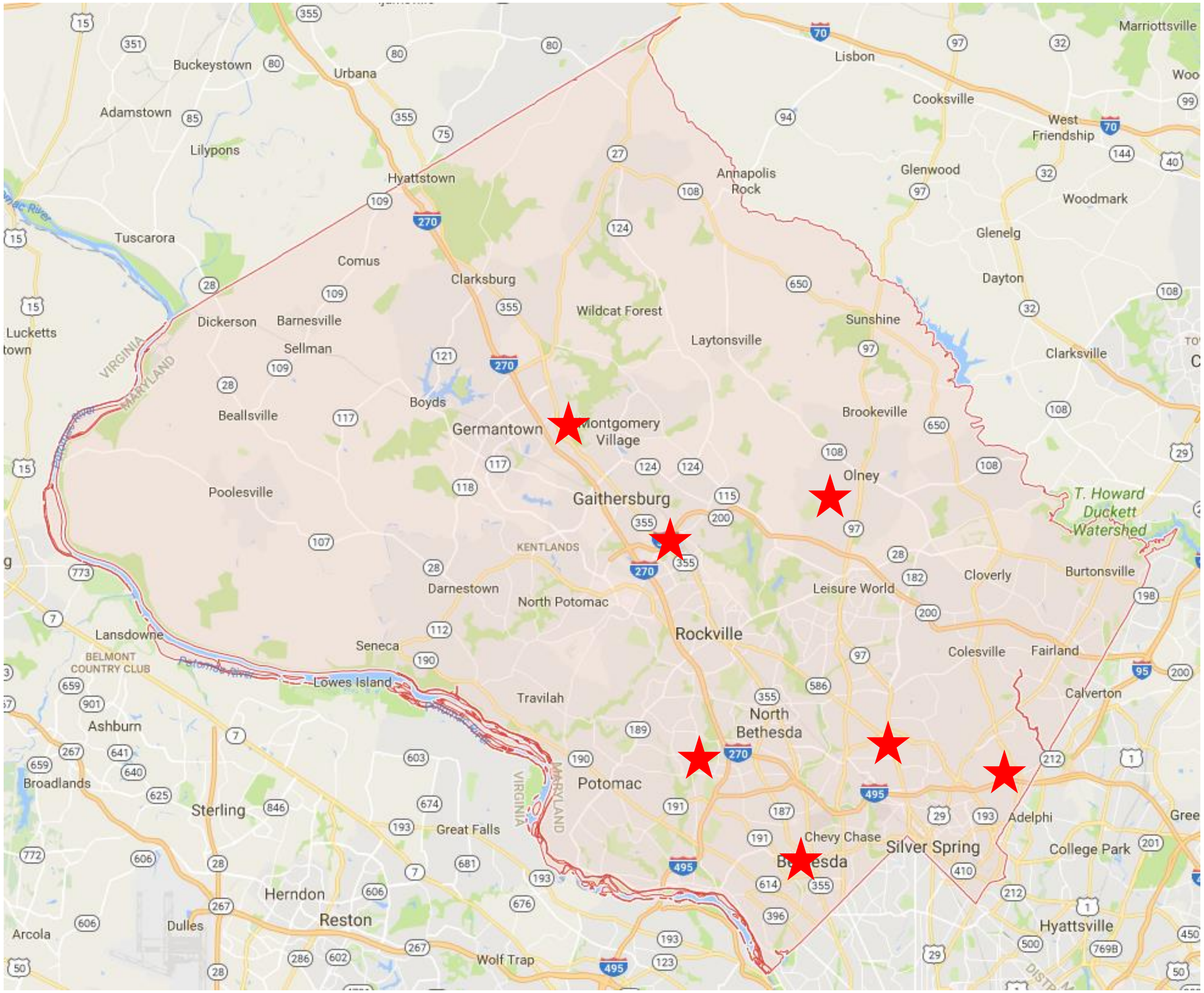
Stacy L. Spann, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance



June 9, 2021

# VPC One Development Corporation




## Property Snapshot:

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

# VPC One Development Corporation – FY 2022 Overview

## Background

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

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

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

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

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

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

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

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

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

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

# VPC One Development Corporation – FY 2022 Overview

## Property Management

- Occupancy increased by 6% in CY20 and remains stable. The two top sources for applicants continue to be Housing Path, HVC voucher holders and PBV participants.

| FY18 Turnover | Avg. Occupancy CY 2020 | Current Occupancy |
|---|---|---|
| 5.6% | 96% | 96% |

## Maintenance

- The largest volume of work tickets was for general maintenance – Plumbing (19%), (Appliance (16%), HVAC (8%) and Electrical (7%)
- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Total Work Orders CY 2020 | Average Days to Close |
|---|---|
| 2,611 | 21 |

## Capital Improvements

- Capital replacements for appliance and flooring are done at turnover and as needed.

## Redevelopment/Refinancing

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

# VPC One Development Corporation – FY 2022 Budget Summary

## VPC One Development Corporation
FY 2022 Operating and Capital Budgets

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$6,679,591** | **$6,850,675** | **$6,679,641** | **$6,307,688** | **$6,316,811** |
| **Expenses:** | | | | | |
| Operating - Admin | $266,142 | $270,834 | $154,862 | $314,163 | $359,416 |
| Operating - Fees | $1,740,400 | $1,704,596 | $1,710,658 | $1,609,501 | $1,557,292 |
| Bad Debt | $331,992 | $863,126 | $116,005 | $265,299 | $102,850 |
| Tenant & Protective Services | $0 | $117,417 | $114,481 | $118,082 | $130,239 |
| Taxes, Insurance & Utilities | $252,899 | $248,673 | $214,034 | $238,816 | $207,800 |
| Maintenance | $769,743 | $781,914 | $853,320 | $903,897 | $826,005 |
| **Subtotal - Operating Expenses** | **$3,361,176** | **$3,986,560** | **$3,163,360** | **$3,449,758** | **$3,183,602** |
| **Net Operating Income (NOI)** | **$3,318,415** | **$2,864,115** | **$3,516,281** | **$2,857,930** | **$3,133,209** |
| Debt Service | $1,481,252 | $1,481,324 | $1,480,927 | $1,482,915 | $994,846 |
| Debt Service Reserves | $838,668 | $828,708 | $0 | $0 | $644,722 |
| Replacement Reserves | $188,724 | $119,700 | $119,700 | $117,900 | $119,700 |
| **Development Corporation Fees** | $809,771 | $434,383 | $1,617,890 | $1,257,115 | $1,367,693 |
| **Excess Cash Flow Restricted** | $0 | $0 | $297,764 | $0 | $6,248 |
| ***Subtotal - Expenses Below NOI*** | **$3,318,415** | **$2,864,115** | **$3,516,281** | **$2,857,930** | **$3,133,209** |
| **NET INCOME** | **$0** | **$0** | **$0** | **$0** | **$0** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Kitchen and Bath Supplies | $11,400 | $0 | $4,022 | $941 | $243 |
| Electrical Supplies | $0 | $0 | $6,221 | $96 | $29 |
| Appliance Supplies | $5,400 | $0 | $158 | $430 | $23 |
| Plumbing Supplies | $3,000 | $0 | $4,004 | $4,804 | $747 |
| Cleaning/Janitorial Supplies | $0 | $0 | $71 | $0 | $0 |
| Locks, Keys | $0 | $0 | $107 | $0 | $0 |
| Windows and Glass | $3,000 | $0 | $803 | $400 | $505 |
| Doors | $4,000 | $2,004 | $1,331 | $3,360 | $1,135 |
| Hardware Supplies | $0 | $0 | $2,273 | $69 | $8 |
| HVAC Supplies | $8,400 | $0 | $2,635 | $0 | $595 |
| Flooring and Carpeting | $2,000 | $0 | $11,095 | $4,218 | $0 |
| Paint and Wallcoverings | $0 | $0 | $1,795 | $0 | $0 |
| Miscellaneous Supplies | $0 | $0 | $354 | $336 | $0 |
| Plumbing Equipment | $0 | $0 | $915 | $0 | $0 |
| HVAC Equipment | $21,000 | $20,004 | $9,101 | $4,559 | $3,026 |
| Appliance Equipment | $30,000 | $20,000 | $46,133 | $35,148 | $8,346 |
| Electrical Contracts | $2,000 | $0 | $1,988 | $10,430 | $455 |
| Plumbing Contracts | $15,000 | $0 | $13,532 | $4,250 | $10,351 |
| Cleaning/Janitorial Contracts-Cap. | $1,200 | $0 | $0 | $0 | $0 |
| Grounds/Landscaping Contr-Cap. | $5,000 | $0 | $8,250 | $0 | $1,082 |
| Windows/Glass Contracts | $0 | $0 | $290 | $950 | $0 |
| Roofing/Gutter Contracts | $36,000 | $31,500 | $19,854 | $950 | $21,830 |
| HVAC Contracts | $30,000 | $10,000 | $13,056 | $0 | $0 |
| Flooring/Carpet Contracts | $24,000 | $20,004 | $42,974 | $18,474 | $19,670 |
| Paint/Wallcovering Int. Cont. | $6,000 | $0 | $12,101 | $1,100 | $1,950 |
| Paint/Wallcovering Ext. Cont | $3,000 | $0 | $450 | $3,250 | $0 |
| Fencing Contracts | $0 | $0 | $1,050 | $0 | $5,250 |
| Asphalt/Concrete Contracts | $0 | $0 | $2,411 | $0 | $30,430 |
| Miscellaneous Contracts | $0 | $0 | $78 | $500 | $2,085 |
| Security System | $0 | $0 | $0 | $968 | $0 |
| **Total Capital Budget** | **$210,400** | **$103,512** | **$207,052** | **$95,233** | **$107,760** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive’s voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at $809,771.
- Capital is budgeted at $210,400.
- DSCR is 2.11.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for VPC One Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for VPC One by the Board of Directors.

**RESOLUTION NO.: 21-001$_{VPC1}$** **RE: VPC One Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2021;

**WHEREAS,** the Corporation has reviewed and desires to approve the FY'22 Operating and Capital Budgets for the Property; and

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of VPC One Development Corporation at a meeting conducted on June 9, 2021.

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

# Adjourn

# VPC Two Corporation Meeting

# VPC Two Development Corporation

## Annual Meeting and Adoption of FY 2022 Operating & Capital Budgets

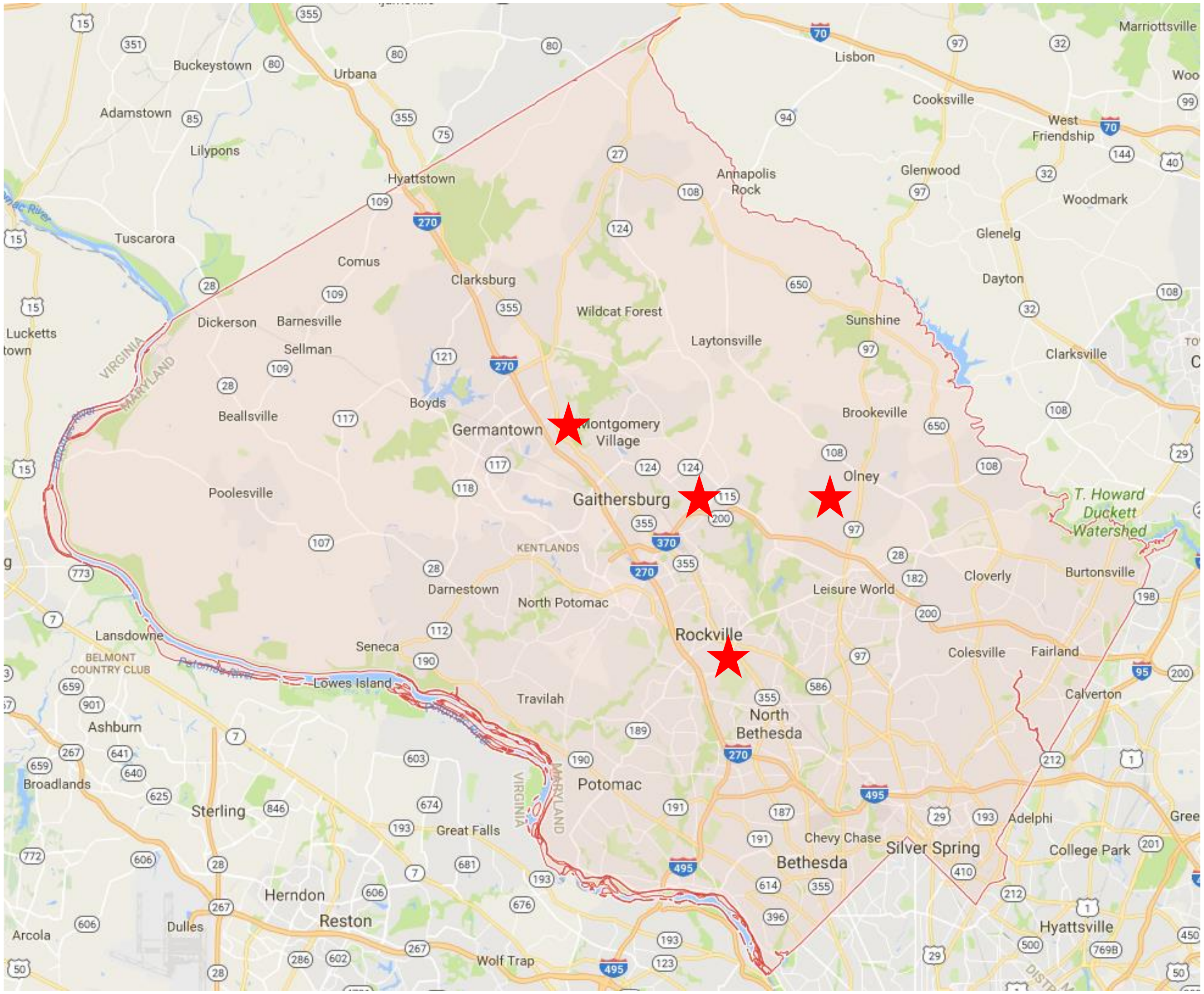
Stacy L. Spann, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance



June 9, 2021

# VPC Two Development Corporation




**Property Snapshot:**

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

# VPC Two Development Corporation – FY 2022 Overview

## Background

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

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

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

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

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

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

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

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

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

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

# VPC Two Development Corporation – FY 2022 Overview

## Property Management

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

| Turnover | Avg. Occupancy CY 2020 | Current Occupancy |
|---|---|---|
| 2% | 92% | 91% |

## Maintenance

- The largest volume of work tickets was for general maintenance – Plumbing (19%), Appliance (10%) , electrical (6%), HVAC (9%)
- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Total Work Orders CY 2020 | Average Days to Close |
|---|---|
| 2,375 | 22 |

## Capital Improvements

- Capital replacements for appliance and flooring are done at turnover and as needed.

## Redevelopment/Refinancing

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

# VPC Two Development Corporation – FY 2022 Budget Summary

## VPC Two Development Corporation
FY 2022 Operating and Capital Budgets

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$4,590,486** | **$4,688,026** | **$4,473,066** | **$4,403,184** | **$4,269,468** |
| **Expenses:** | | | | | |
| Operating - Admin | $249,622 | $257,323 | $172,406 | $215,809 | $267,174 |
| Operating - Fees | $996,752 | $992,460 | $1,004,813 | $979,560 | $954,328 |
| Bad Debt | $204,000 | $567,344 | $109,655 | $261,431 | $45,273 |
| Tenant & Protective Services | $0 | $63,058 | $59,148 | $66,367 | $74,177 |
| Taxes, Insurance & Utilities | $182,313 | $152,341 | $167,875 | $155,979 | $121,821 |
| Maintenance | $593,089 | $586,712 | $746,394 | $624,027 | $548,453 |
| **Subtotal - Operating Expenses** | **$2,225,776** | **$2,619,238** | **$2,260,291** | **$2,303,173** | **$2,011,226** |
| **Net Operating Income (NOI)** | **$2,364,710** | **$2,068,788** | **$2,212,775** | **$2,100,011** | **$2,258,242** |
| Debt Service | $1,053,956 | $1,053,888 | $1,053,894 | $1,052,298 | $562,058 |
| Debt Service Reserves | $570,228 | $580,188 | $0 | $0 | $705,593 |
| Replacement Reserves | $132,444 | $84,000 | $84,000 | $84,000 | $84,000 |
| **Development Corporation Fees** | $608,082 | $350,712 | $859,054 | $912,064 | $899,109 |
| **Excess Cash Flow Restricted** | $0 | $0 | $218,633 | $48,844 | $7,482 |
| ***Subtotal - Expenses Below NOI*** | **$2,364,710** | **$2,068,788** | **$2,215,581** | **$2,097,206** | **$2,258,242** |
| **NET INCOME** | **$0** | **$0** | **($2,806)** | **$2,805** | **$0** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Kitchen and Bath Supplies | $8,000 | $0 | $8,395 | $0 | $639 |
| Electrical Supplies | $2,000 | $0 | $805 | $143 | $0 |
| Appliance Supplies | $0 | $0 | $181 | $166 | $66 |
| Plumbing Supplies | $0 | $0 | $1,603 | $1,199 | $680 |
| Cleaning/Janitorial Supplies | $0 | $0 | $380 | $0 | $0 |
| Locks, Keys | $600 | $0 | $0 | $0 | $0 |
| Windows and Glass | $5,000 | $0 | $367 | $0 | $0 |
| Doors | $1,000 | $6,000 | $4,745 | $855 | $547 |
| Hardware Supplies | $2,000 | $0 | $326 | $1 | $0 |
| HVAC Supplies | $8,000 | $0 | $3,390 | $3,474 | $1,188 |
| Flooring and Carpeting | $15,000 | $0 | $20,121 | $522 | $0 |
| Paint and Wallcoverings | $0 | $0 | $0 | $0 | $45 |
| Miscellaneous Supplies | $0 | $0 | $436 | $189 | $0 |
| Plumbing Equipment | $0 | $0 | $875 | $0 | $420 |
| HVAC Equipment | $8,000 | $8,856 | $6,523 | $7,096 | $13,360 |
| Appliance Equipment | $50,000 | $4,500 | $49,472 | $18,357 | $13,983 |
| Electrical Contracts | $0 | $0 | $11,897 | $0 | $0 |
| Appliance Contracts | $0 | $0 | $306 | $0 | $0 |
| Plumbing Contracts | $20,000 | $0 | $14,750 | $13,424 | $11,200 |
| Grounds/Landscaping Contr-Cap. | $4,000 | $0 | $6,200 | $0 | $0 |
| Windows/Glass Contracts | $6,000 | $0 | $7,610 | $0 | $0 |
| Roofing/Gutter Contracts | $16,800 | $20,004 | $22,004 | $17,965 | $13,725 |
| HVAC Contracts | $18,000 | $17,500 | $3,742 | $0 | $8,732 |
| Flooring/Carpet Contracts | $15,000 | $15,000 | $22,615 | $24,020 | $11,986 |
| Paint/Wallcovering Int. Cont. | $0 | $0 | $5,703 | $0 | $0 |
| Paint/Wallcovering Ext. Cont | $0 | $0 | $5,457 | $0 | $0 |
| Fencing Contracts | $0 | $0 | $1,180 | $0 | $0 |
| Asphalt/Concrete Contracts | $12,000 | $0 | $4,545 | $0 | $0 |
| **Total Capital Budget** | **$191,400** | **$71,860** | **$203,628** | **$87,411** | **$76,571** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $608,082
- Capital is budgeted at $191,400.
- DSCR is 2.12.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for VPC Two Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for VPC Two Corporation by the Board of Directors.

**RESOLUTION NO.: 21-001$_{VPC2}$** **RE: VPC Two Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2021;

**WHEREAS,** the Corporation has reviewed and desires to approve the FY'22 Operating and Capital Budgets for the Property; and

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of VPC Two Development Corporation at a meeting conducted on June 9, 2021.

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

# Adjourn

# Wheaton Metro Development Corporation Meeting

# WHEATON METRO DEVELOPMENT CORPORATION

## ANNUAL MEETING AND ADOPTION OF FY 2022 OPERATING & CAPITAL BUDGETS

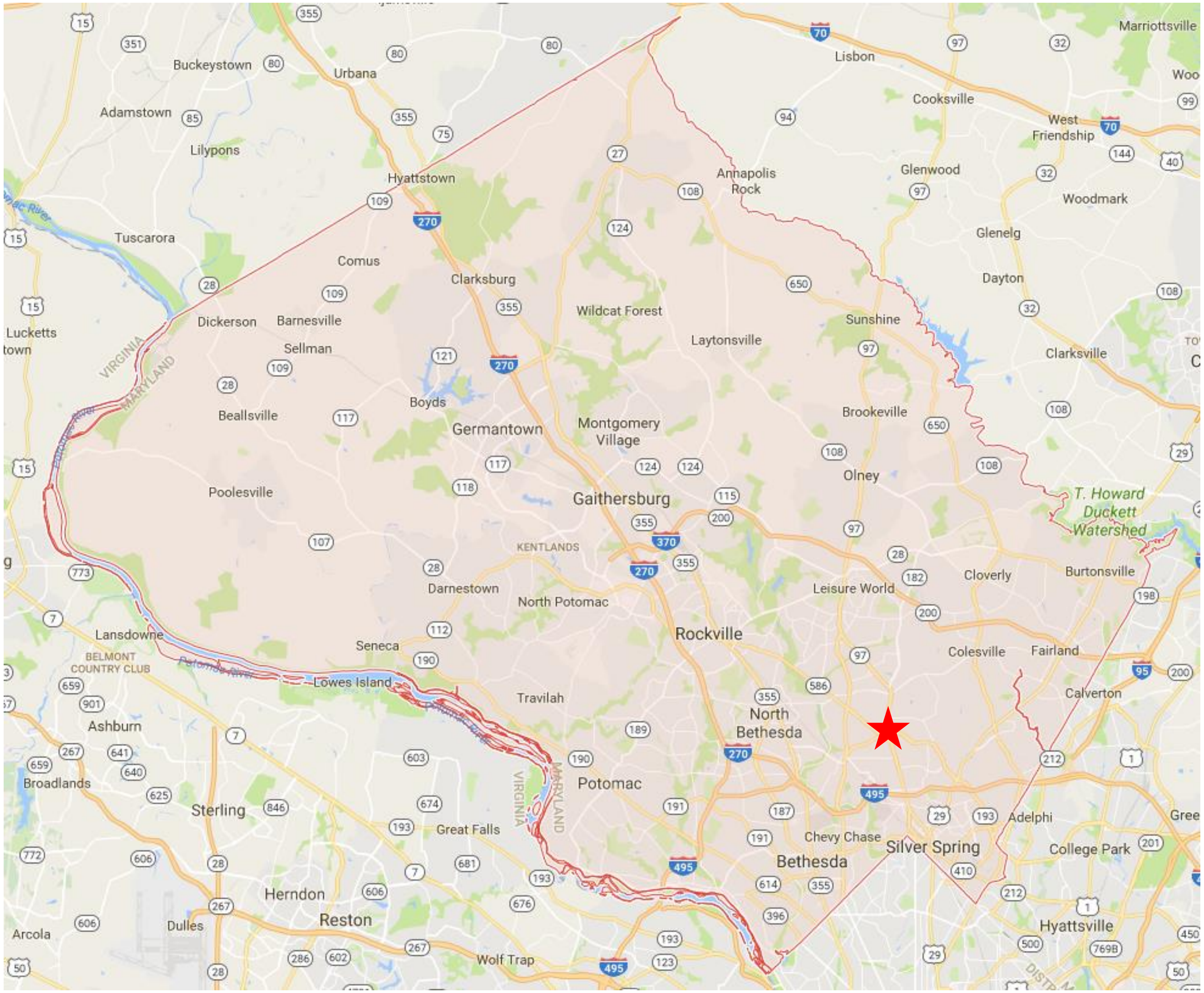
**Stacy L. Spann, Executive Director**

**Property Management**
**Real Estate Development**
**Mortgage Finance**
**Finance**



**June 9, 2021**

# Wheaton Metro Development Corporation




## Property Snapshot:

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

Housing Opportunities Commission OF MONTGOMERY COUNTY

# Wheaton Metro Development Corporation – FY 2022 Overview

## Background

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

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

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

The regulatory agreement restricts 53 units at or below 50% AMI, 18 of which are Project Based Section 8 units. The property also has two commercial spaces.

# Wheaton Metro Development Corporation – FY 2022 Update

## Property Management

- Occupancy remained stable in 2020 despite the COVID-19 pandemic. Net rents were within 1% of the budget as significant concessions were not needed to maintain occupancy.

| Turnover CY 2020 | Avg. Occupancy CY 2020 | Current Occupancy |
|---|---|---|
| 33% | 94% | 97% |

## Maintenance

- The largest volume of work order tickets for CY 2020 were related to plumbing, appliances, and lighting.

- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Total Work Orders CY 2020 | Average Days to Close |
|---|---|
| 509 | 10 |

## Capital Improvements

- The replacement of all four balcony tiers was completed in 2020. Other capital replacements completed in 2020 include flooring, loading dock door replacement, and computer upgrades.

## Redevelopment/Refinancing

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

# Wheaton Metro Development Corporation – FY 2022 Budget Summary

## Metropointe Development Corporation

**FY 2022 Operating and Capital Budgets**

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$2,594,306** | **$2,687,774** | **$2,595,067** | **$2,573,703** | **$2,536,855** |
| **Expenses:** | | | | | |
| Operating - Admin | $250,089 | $261,364 | $244,088 | $241,687 | $254,798 |
| Operating - Fees | $131,226 | $124,906 | $124,012 | $109,864 | $115,767 |
| Bad Debt | $15,000 | ($2,319) | $14,534 | $1,202 | $7,766 |
| Tenant & Protective Services | $34,786 | $32,758 | $28,058 | $25,204 | $34,938 |
| Taxes, Insurance & Utilities | $110,421 | $97,997 | $125,872 | $100,143 | $129,810 |
| Maintenance | $267,067 | $267,081 | $259,473 | $277,331 | $250,379 |
| **Subtotal - Operating Expenses** | **$808,589** | **$781,787** | **$796,037** | **$755,431** | **$793,458** |
| **Net Operating Income (NOI)** | **$1,785,717** | **$1,905,987** | **$1,799,030** | **$1,818,272** | **$1,743,397** |
| Debt Service | $1,941,458 | $1,944,067 | $1,946,561 | $1,948,946 | $1,951,226 |
| Replacement Reserves | $30,000 | $30,000 | $30,000 | $30,000 | $30,000 |
| Asset Management Fees | $8,680 | $8,680 | $8,680 | $8,680 | $8,680 |
| ***Subtotal - Expenses Below NOI*** | **$1,980,138** | **$1,982,747** | **$1,985,241** | **$1,987,626** | **$1,989,906** |
| **NET INCOME** | **($194,421)** | **($76,760)** | **($186,210)** | **($169,355)** | **($246,506)** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Kitchen and Bath Supplies | $0 | $0 | $0 | $0 | $478 |
| Doors | $14,637 | $0 | $5,682 | $0 | $0 |
| Paint and Wallcoverings | $0 | $108,045 | $0 | $0 | $0 |
| HVAC Equipment | $0 | $0 | $3,231 | $1,581 | $0 |
| Appliance Equipment | $6,000 | $7,500 | $2,645 | $2,382 | $392 |
| Miscellaneous Equipment | $0 | $0 | $9,297 | $13,819 | $2,230 |
| Electrical Contracts | $0 | $0 | $0 | $8,859 | $0 |
| Plumbing Contracts | $1,500 | $1,500 | $0 | $0 | $439 |
| Roofing/Gutter Contracts | $490,000 | $0 | $0 | $0 | $0 |
| HVAC Contracts | $0 | $93,533 | $0 | $0 | $0 |
| Flooring/Carpet Contracts | $18,000 | $18,045 | $33,684 | $21,060 | $33,986 |
| Asphalt/Concrete Contracts | $0 | $15,000 | $0 | $3,261 | $3,420 |
| Miscellaneous Contracts | $5,000 | $0 | $211,898 | $85,971 | $26,257 |
| Security System | $0 | $23,667 | $0 | $0 | $0 |
| **Total Capital Budget** | **$535,137** | **$267,290** | **$266,437** | **$136,933** | **$67,202** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- The property's ($194,421) operating deficit will be funded with a draw from the Agency's General Fund Operating Reserve.
- Capital is budgeted at $535,137.
- DSCR is 1.00.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for Wheaton Metro Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021. Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for Wheaton Metro Development Corporation by the Board of Directors.

**RESOLUTION NO.: 21-002WM** **RE: Wheaton Metro Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2021;

**WHEREAS,** the Corporation has reviewed and desires to approve the FY'22 Operating and Capital Budgets for the Property; and

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Wheaton Metro Development Corporation at a meeting conducted on June 9, 2021.

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

# Adjourn

# The Oaks at Four Corners Development Corporation

# Oaks at Four Corners Development Corporation

## Annual Meeting and Adoption of FY 2022 Operating & Capital Budgets

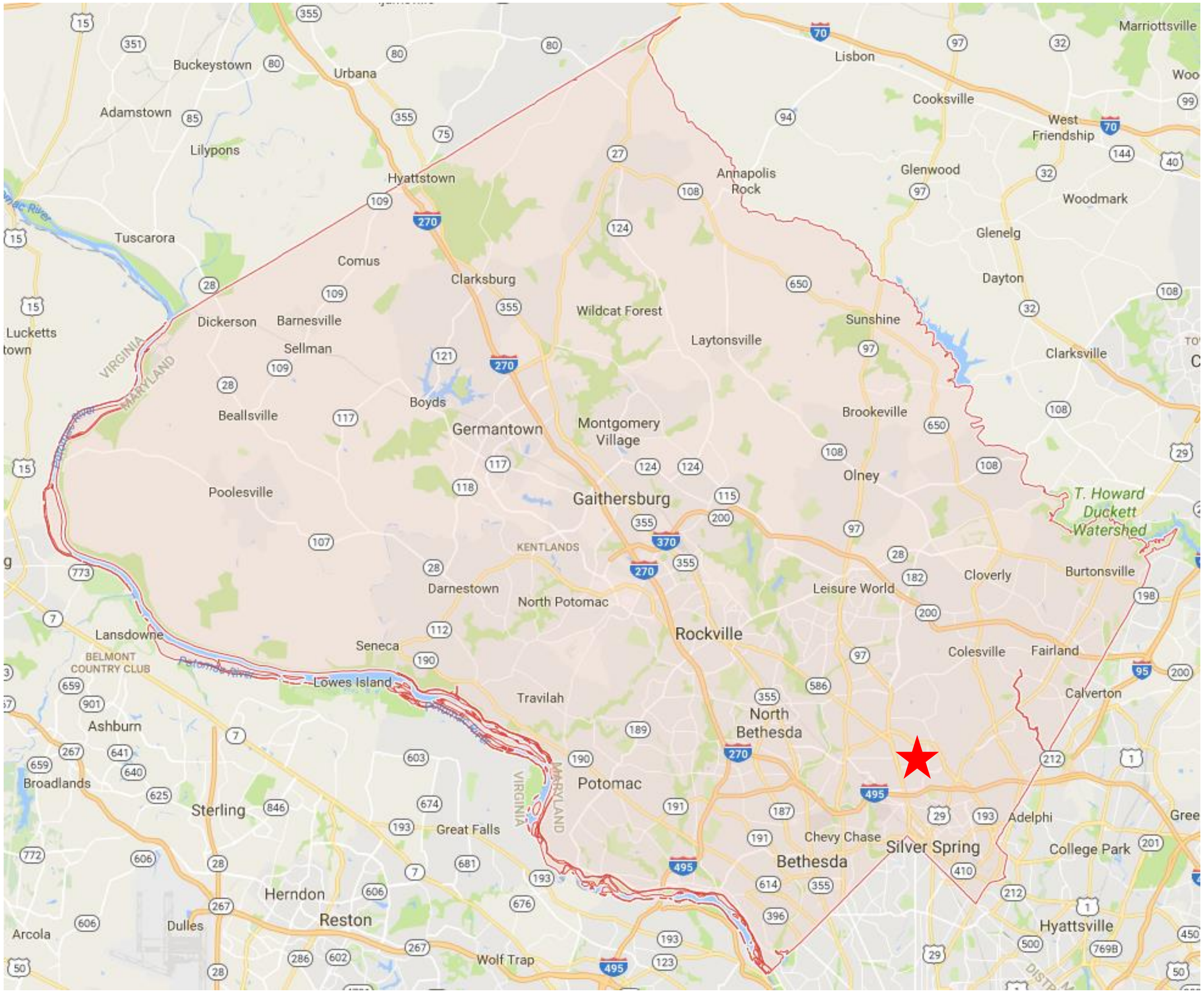
Stacy L. Spann, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance



June 9, 2021

# Oaks at Four Corners Development Corporation




Property Snapshot:

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

# Oaks at Four Corners Development Corporation – FY 2022 Overview

## Background

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

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

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

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

# Oaks at Four Corners Development Corporation – FY 2022 Update

## Property Management

- The property maintained a 98.75% occupancy rate in 2020 with a strong competitive market in Silver Spring. Leasing of the units at turnover can lag due to applicants not meeting income requirements. Property received a score of 99B on its most recent REAC inspection on November 18, 2019.

| Turnover | Avg. Occupancy CY 2020 | Current Occupancy |
|---|---|---|
| 16.6% | 98.75% | 98% |

## Maintenance

- Maintenance Tickets performed during the year were:
  - Preventive Maintenance (43%) Turnover Work (15%), Appliance Repairs (3%), Plumbing (10.28%), HVAC (11.22%).
- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders.

| Total Work Orders CY 2020 | Average Days to Close |
|---|---|
| 1,677 | 1-2 days |

## Capital Improvements

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

## Redevelopment/Refinancing

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

# Oaks at Four Corners Development Corporation – FY 2022 Budget Summary

## Oaks at Four Corners Development Corporation

**FY 2022 Operating and Capital Budgets**

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Total Revenue** | **$1,421,884** | **$1,427,157** | **$1,407,634** | **$1,372,175** | **$1,366,464** |
| **Expenses:** | | | | | |
| Operating - Admin | $272,148 | $249,914 | $196,536 | $188,730 | $203,690 |
| Operating - Fees | $67,100 | $71,300 | $71,637 | $70,343 | $70,167 |
| Bad Debt | $8,200 | ($20,688) | $4,151 | $4,304 | $536 |
| Tenant & Protective Services | $81,287 | $77,827 | $69,081 | $67,467 | $64,214 |
| Taxes, Insurance & Utilities | $141,837 | $124,198 | $121,134 | $113,358 | $107,377 |
| Ground Rent | $0 | $100 | $0 | $200 | $0 |
| Maintenance | $299,458 | $285,374 | $338,459 | $270,838 | $249,688 |
| **Subtotal - Operating Expenses** | **$870,030** | **$788,025** | **$800,998** | **$715,240** | **$695,672** |
| **Net Operating Income (NOI)** | **$551,854** | **$639,132** | **$606,636** | **$656,935** | **$670,792** |
| Debt Service | $280,025 | $280,922 | $281,942 | $282,813 | $283,629 |
| Replacement Reserves | $171,996 | $171,996 | $171,996 | $171,996 | $171,996 |
| Asset Management Fees | $128,390 | $128,390 | $129,405 | $135,670 | $129,210 |
| **Excess Cash Flow Restricted** | $0 | $57,824 | $23,293 | $66,456 | $85,957 |
| ***Subtotal - Expenses Below NOI*** | **$580,411** | **$639,132** | **$606,636** | **$656,935** | **$670,792** |
| **NET INCOME** | **($28,557)** | **$0** | **$0** | **$0** | **$0** |

| | FY 2022 Proposed Budget | FY 2021 Amended Budget | FY 2020 Actuals | FY 2019 Actuals | FY 2018 Actuals |
|---|---|---|---|---|---|
| **Capital Budget:** | | | | | |
| Kitchen and Bath Supplies | $9,888 | $6,400 | $14,842 | $6,610 | $3,344 |
| Electrical Supplies | $1,200 | $6,572 | $2,868 | $3,531 | $0 |
| Grounds/Landscaping Sup.-Cap. | $5,000 | $6,000 | $3,536 | $2,150 | $0 |
| Windows and Glass | $0 | $0 | $0 | $2,267 | $4,496 |
| Doors | $0 | $3,350 | $3,250 | $7,605 | $4,668 |
| Flooring and Carpeting | $12,787 | $24,600 | $28,820 | $18,089 | $11,196 |
| Plumbing Equipment | $3,600 | $3,600 | $6,910 | $4,787 | $1,133 |
| HVAC Equipment | $5,500 | $7,500 | $1,854 | $16,502 | $7,333 |
| Appliance Equipment | $7,385 | $6,390 | $5,852 | $3,960 | $4,907 |
| Miscellaneous Equipment | $9,800 | $4,200 | $0 | $7,920 | $8,173 |
| Windows/Glass Contracts | $7,350 | $4,700 | $17,435 | $8,159 | $1,454 |
| Roofing/Gutter Contracts | $5,000 | $8,000 | $0 | $40,390 | $13,000 |
| Paint/Wallcovering Int. Cont. | $0 | $0 | $31,783 | $0 | $0 |
| Elevator Contracts | $0 | $35,000 | $0 | $0 | $0 |
| Fencing Contracts | $7,800 | $3,500 | $6,890 | $0 | $0 |
| Asphalt/Concrete Contracts | $15,000 | $0 | $75,200 | $0 | $0 |
| Miscellaneous Contracts | $93,516 | $70,000 | $6,194 | $0 | $11,817 |
| **Total Capital Budget** | **$183,826** | **$189,812** | **$205,434** | **$121,970** | **$71,521** |

## Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2022; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- The property's $28,557 operating deficit will be funded with a draw from existing cash at the property.
- Capital is budgeted at $183,826.
- DSCR is 1.46.

## Time Frame

The FY 2022 Proposed Operating and Capital Budgets for Oaks at Four Corners Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 11, 2021, Board action is requested at the June 9, 2021 meeting.

## Budget Impact

The FY 2022 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

## Staff Recommendation and Board Action Needed

Adoption of the FY 2022 Operating and Capital Budgets for Oaks at Four Corners Development Corporation by the Board of Directors.

**RESOLUTION NO.: 21-001$_{OC}$** **RE: Oaks at Four Corners Development Corporation Annual Meeting: Election of Officers and Adoption of FY'22 Operating and Capital Budgets**

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

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

**WHEREAS,** the Corporation desires to elect the officers of the Commission as officers of the Corporation;

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

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

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

**WHEREAS,** the Corporation's FY'22 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 11, 2021;

**WHEREAS,** the Corporation has reviewed and desires to approve the FY'22 Operating and Capital Budgets for the Property; and

**WHEREAS**, the Corporation desires to authorize the Executive Director of HOC, or his duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

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

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'22 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC, or his duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

**I, HEREBY, CERTIFY** that the foregoing resolution was adopted by the Board of Directors of Oaks at Four Corners Development Corporation at a meeting conducted on June 9, 2021

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

**Oaks at Four Corners - Property Management Contract: Presentation of Approval to Renew the Property Management Contract at Oaks at Four Corners Development Corporation**

**June 9, 2021**

- The Property Management Contract with Oaks at Four Corners Development Corporation ("Oaks at Four Corners") is expiring July 31, 2021. The contract with Edgewood Management provide for additional two-one year renewals.

- Staff requests authorization to renew the contract for one year through July 2022.

# MEMORANDUM

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

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

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

**RE:** The Oaks at Four Corners – Property Management Contract: Presentation of Approval to Renew the Property Management Contract for Oaks at Four Corners Development Corporation

**DATE:** June 9, 2021

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**PURPOSE:**

Staff is requesting a one year renewal of the property management contract with Edgewood Management for Oaks at Four Corners, through July 2022.

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**BACKGROUND:**

This a mixed income property that serves seniors with 48 Units under the HIF Program and 72 market units, located in Silver Spring. The Oaks at Four Corners was built in 1986 and has not had any major renovations.

Staff wishes to renew the property management contract with Edgewood Management. The property is well maintained and the average occupancy has been 99% over the last two years. Oaks at Four Corners received a score of 99b for its most recent REAC inspection in 2019. With this high score, the property would only be subject to tri-annual inspections by REAC.

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. The contract renewal will reflect that the management fee will be based on performance.

| Property | Current Vendor | Current Vendor Start Date | Annual Renewal Contract Cost | Contract End Date | Proposed Renewal Period | Remaining Contract Renewals |
|---|---|---|---|---|---|---|
| Oaks at Four Corners | Edgewood | August 2019 | $57,600 | 7/31/2021 | 8/1/2021 to 7/31/2022 | One |

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**ISSUES FOR CONSIDERATION:**

Does the Board of Directors of Oaks at Four Corners Development Corporation wish to authorize the Executive Director to execute a One Year Renewal of the property management services contract with Edgewood Management for property management services at Oaks at Four Corners?

**BUDGET IMPACT:**

The renewal of the property management contract for Oaks at Four Corners for one year will not have a budget impact as the costs associated with the services were factored into the FY2022 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. The property has had no reduction in fees because of the occupancy levels or REAC score.

**TIME FRAME:**

For formal action at the June 9, 2021 meeting of the Board of Directors.

**STAFF RECOMMENDATION & ACTION NEEDED:**

Staff requests that the Board of Directors of Oaks at Four Corners Development Corporation approve the property management contract renewal with Edgewood Management for one year at Oaks at Four Corners through July 2022.

**RESOLUTION NO.: 21-002OC** **RE: Approval to Renew Property Management Contract for Oaks at Four Corners Development Corporation**

**WHEREAS,** Oaks at Four Corners Development Corporation owns the development known as Oaks at Four Corners 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 Management.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Oaks at Four Corners Development Corporation that the Executive Director of the Housing Opportunities Commission of Montgomery County 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 Oaks at Four Corners 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 Oaks at Four Corners Development Corporation at a meeting conducted on June 9, 2021.

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**Patrice M. Birdsong**
**Special Assistant to the Board of Directors of Oaks at Four Corners Development Corporation**

# Adjourn

# Committee Reports and Recommendations for Action

# Budget, Finance & Audit Committee

# FISCAL YEAR 2021 (FY'21) THIRD QUARTER BUDGET TO ACTUAL STATEMENTS: ACCEPTANCE OF THE THIRD QUARTER FY'21
# BUDGET TO ACTUAL STATEMENTS

**June 9, 2021**

- The Agency ended the quarter with a net cash flow surplus of $3,194,827, which resulted in a third quarter budget to actual positive variance of $1,228,503.

- The General Fund experienced a positive variance primarily as a result of savings in several expense categories that were partially offset by lower draws on the Opportunity Housing Reserve Fund (OHRF) and delays in the receipt of anticipated Commitment and Development Fee Income.

- At the end of the third quarter, several of the unrestricted properties in the Opportunity Housing Fund exceeded budget expectations as a result of savings in various expense categories largely offset by lower tenant income and higher vacancy.

- The Public Housing Program ended the quarter with a small amount of expenses at Emory Grove for utilities, communication costs and solid waste tax.

- The Housing Choice Voucher (HCV) Program experienced a higher administrative surplus through March 31, 2021 as a result of higher than anticipated administrative fee income coupled with a positive variance in administrative expenses due largely to the timing of contract expenses.

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

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

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

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

**RE:** Fiscal Year 2021 (FY'21) Third Quarter Budget to Actual Statements: Presentation of the FY'21 Third Quarter Budget to Actual Statements

**DATE:** June 9, 2021

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**OVERALL GOAL & OBJECTIVE:**
Acceptance of the Third Quarter FY'21 Budget to Actual Statements.

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**BACKGROUND:**
The Executive Director is presented the budget to actual statements to the Budget, Finance and Audit Committee for informal review. Recommendations will be presented to the full Commission for formal action.

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**ISSUES FOR CONSIDERATION:**
To assess the financial performance of the Agency for the third quarter of FY'21 against the budget for the same period.

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**BUDGET IMPACT:**
None for FY'21.

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**TIME FRAME:**
The Budget, Finance and Audit Committee informally reviewed the Third Quarter Budget to Actual Statements at the May 25, 2021 Committee meeting. For formal Commission action at the June 9, 2021 meeting.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**
Staff requests that the Commission formally accept the Third Quarter FY'21 Budget to Actual Statements.

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

This review of the Budget to Actual Statements for the Agency through the third quarter of FY'21 consists of an overall summary and additional detail on the Opportunity Housing properties, the Development Corporation properties, the Public Housing and Housing Choice Voucher (HCV) Programs and all Capital Improvements Budgets.

**HOC overall (see Attachment A)**

Please note the Agency's Audited Financial Statements are presented on the accrual basis which reflects non-cash items such as depreciation and the mark-to-market adjustment for investments.

The Commission approves the Operating Budget at the fund level based on a modified accrual basis which is similar to the presentation of budgets by governmental organizations. The purpose is to ensure that there is sufficient cash income and short-term receivables available to pay for current operating expenditures.

The Commission approves the revenue and expenses and unrestricted net cash flow from operations for each fund. Unrestricted net cash flow in each fund is what is available to the Commission to use for other purposes. The Budget to Actual Comparison Summary Statement (Attachment A) shows unrestricted net cash flow or deficit for each of the funds. Attachment A also highlights the FY'21 Third Quarter Capital Budget to Actual Comparison.

The Agency ended the quarter with a net cash flow surplus of $3,194,827. This surplus resulted in a third quarter budget to actual positive variance of $1,228,503 when compared to the anticipated third quarter net cash flow surplus of $1,966,324. The primary causes were higher cash flow in some of the unrestricted Opportunity Housing Properties as a result of property performance (see Opportunity Housing Fund) and savings in various expense categories in the General Fund (see General Fund).

The Bad Debt expense in the Opportunity Housing portfolio was $2.3M, an increase of 15% or $304k since the second quarter. The non-receipt of rents has been partially offset through savings in maintenance expenses in many of the properties totaling approximately $334k as well as the deferral of County Loan Payments of almost $691k due to COVID 19. Staff does not anticipate that the full savings in maintenance expenses will be realized at year end.

As discussed during the FY'21 Second Quarter Budget to Actual presentation, staff developed a reforecast of the anticipated impact on rent receipts and the corresponding impact to the Allowance for Bad Debt due to the continuation of the COVID-19 Pandemics impact on property performance. This reforecast was incorporated into the FY'21 Budget Amendment. While the bad debt allowance is not trending up at the anticipated pace, due to a recent uptick in rental receipts from tenants, it is also not decreasing resulting in a current receivable balance of approximately $5.5M. This is primarily due to the rental receipts being applied to reduce prior outstanding balances and the current month's rent increasing the outstanding balance by the same amount. It is too soon to know if the recent uptick in receipts will continue or if it is based on a temporary relief from either stimulus payments or tax refunds.

**<u>Explanations of major variances by fund</u>**
The **General Fund** consists of the basic overhead costs for the Agency. This fund ended the quarter with a deficit of $5,136,681, which resulted in a positive variance of $748,700 when compared to the projected deficit of $5,885,381.

As of March 31, 2021, income in the General Fund was $101,895 lower than budgeted and expenses were $850,595 lower than budgeted. The negative income variance was primarily the result of delays in the receipt of anticipated commitment and development fee income and lower draws from the Opportunity Housing Reserve Fund (OHRF) for Real Estate personnel and predevelopment costs that were partially offset by higher than anticipated income from properties utilizing the FHA Risk Sharing program, which is reflected as income in the General Fund with a corresponding expense to restrict the income to the FHA Risk Sharing Reserve. The positive expense variance was primarily the result of lapse in salary and benefits coupled with savings in professional services, computer software, utilities and tenant services expenses that were partially offset by overages in maintenance due to COVID 19 and insurance cost. A portion of these savings is the result of timing issues, staff does not anticipate the full savings to be realized at year end.

<u>The **Multifamily Bond Fund**</u> and <u>**Single Family Bond Fund**</u> are budgeted to balance each year. Income (the bond drawdowns that finance the administrative costs for these funds) is in line with the budget. The Multifamily and Single Family Bond Funds experienced positive expense variances of $91,622 and $49,378, respectively, as a result of salary and benefit lapse coupled with savings in professional services and fee expense.

**<u>The Opportunity Housing Fund</u>**
**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'21 Operating Budget. This group ended the quarter with cash flow of $5,381,363 or $566,958 less than projected.

- **Alexander House Dev Corp** ended the quarter with a negative cash flow variance of $685,902 as a result of lower gross rents coupled with higher concessions, vacancy loss and bad debt expense that were offset slightly by savings in administrative and security expenses. Cash flow at **The Barclay Dev Corp** was $118,908 lower than anticipated due to higher vacancies coupled with higher concessions. **Glenmont Crossing Dev Corp** experienced a negative cash flow variance of $19,937 as a result of lower tenant income and higher utility cost that was partially offset by savings in administrative and maintenance expenses. **Glenmont Westerly Dev Corp** experienced a positive cash flow variance of $59,697 as a result of lower maintenance and administrative costs that were offset by higher utility expense and lower gross rents. **The Metropolitan Dev Corp** ended the quarter with a negative cash flow variance of $255,128 as a result of lower tenant rents and slightly higher concessions and vacancy loss that were partially offset by savings in utility and maintenance costs. **Montgomery Arms Dev Corp** and **Pooks Hill High-Rise Dev Corp** experienced negative cash flow variances of $37,128 and $67,727, respectively, as a result of higher vacancy loss that was partially offset by savings in utility and maintenance costs. Montgomery Arms also experienced lower rents. Cash flow for **Paddington Square** was $102,414 lower than budget as a result of lower rents and higher vacancies coupled with overages in utility costs that were partially offset by savings in maintenance and bad debt expenses. **Scattered Site One Dev Corp** reported a positive cash flow variance of $104,346 primarily attributed to lower bad debt expense compared to the amended budget that was partially offset by overages in maintenance coupled with lower tenant income and higher vacancy loss. Cash flow at **Sligo Development Corp** was $10,921 lower than anticipated due to lower gross rents partially offset by savings in administrative, maintenance and bad debt expenses. **VPC One Dev Corps** and **VPC Two Dev Corps** experienced positive cash flow variances of $374,670 and $127,056, respectively, largely the result of lower bad debt expense compared to the amended budget coupled with savings in administrative and utility expenses. VPC One also experienced savings in maintenance expenses. The savings in expenses at VPC One were partially offset by higher concessions at the property. The savings in expenses at VPC Two were partially offset by lower gross rents and higher maintenance expenses.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'21 Operating Budget. Cash flow from this group of Development Corporation properties was $16,533 lower than budgeted for the quarter. **MetroPointe Dev Corp** reported a negative cash flow variance of $95,457 primarily attributed to lower tenant income and higher vacancy loss coupled with lower tenant fee income. Cash flow at the **Oaks at Four Corners Dev Corp** was $37,542 higher than anticipated due to savings in administrative, tenant services and maintenance costs partially offset by lower rents and slightly higher vacancy loss. The **RAD 6** properties experienced a positive cash flow variance of $41,382 collectively, as a result of higher tenant income offset by overages in various expense categories. Cash flow at **Ken Gar** was $37,966 lower than anticipated due to lower tenant rents and higher maintenance expenses. The planned deficit at **Seneca Ridge** was $72,190 lower than anticipated primarily due to higher gross rents and lower than anticipated vacancy loss. **Washington Square** reported a negative cash flow variance of $50,022, primarily attributed to higher bad debt, administrative, utility and maintenance expenses that were partially offset by lower vacancy.

**Attachment C** is a chart of the Opportunity Housing 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'21 Operating Budget. This group ended the quarter with cash flow of $2,950,145 or $1,046,761 more than projected.

- Cash flow at **MPDU I (64)** was $75,741 higher than anticipated due to lower bad debt expense partially offset by lower tenant rents and higher vacancy loss. **Barclay Affordable** experienced a positive cash flow variance of $123,050 as a result of lower bad debt, maintenance, and administrative costs coupled with higher tenant rents that were partially offset by unplanned concession and higher than anticipated utilities. **Camp Hill Square** reported a negative cash flow variance of $117,098 primarily attributed to higher security, maintenance and administrative costs that were partially offset by slightly higher gross rents offset by higher vacancies at the property. **Chelsea Towers** experienced a positive cash flow variance of $75,356 as a result of lower debt service expense, as a result of delaying payment on the County loan due to COVID 19 impact on Agency income, coupled with lower vacancy. Cash flow at **Fairfax Court** was $50,604 lower than anticipated due to higher maintenance, utility and administrative costs coupled with slightly lower gross rents and higher vacancy that were partially offset by lower bad debt expense. **Holiday Park** reported a negative cash flow variance of $61,794 primarily due to overages in maintenance costs coupled with unplanned vacancy loss and slightly lower rents. Cash flow at the three **Manor** properties was collectively $51,539 ($39,555 + $32,172 - $20,188) higher than anticipated due to saving related to the refinancing of loans on the properties that was partially offset by higher vacancies to support for the upcoming renovations. **McHome** experienced a positive cash flow variance of $44,870 as a result of savings in maintenance and bad debt expenses that were partially offset by higher vacancies. **Metropolitan Affordable** experienced a positive cash flow variance of $85,787 as a result of savings in tenant services, utility and tax expenses that were partially offset by higher vacancies. Cash flow for **MHLP VII** was $68,637 more than anticipated largely due to savings in administrative, maintenance, and bad debt expenses coupled with higher gross rents that were partially offset by higher vacancies. **MHLP X** experienced a positive cash flow variance $228,281 as a result of saving in administrative, utility, maintenance and bad debt expenses as well as lower debt service expense as a result of delaying payment on the County loans. **Pooks Hill Mid-Rise** experienced a negative cash flow variance of $25,030 as a result of lower gross rents and higher vacancies coupled with overages in utility costs that were partially offset by savings in maintenance cost and debt service payments. **Shady Grove Apt** experienced a positive cash flow variance of $378,028 as a result of higher tenant income due to the catchup on subsidy payments rates and lower vacancy coupled with savings in administrative and maintenance expenses and lower debt service payments offset by higher utility costs. Cash flow at **Stewartown Affordable** was $209,592 higher than anticipated due to saving in administrative, tenant services, maintenance and debt service expenses coupled with higher gross rents and lower vacancies offset by higher utility expense. **Strathmore Court** experienced a negative cash flow variance of $260,619 as a result of lower tenant income and higher concessions and vacancy loss coupled with higher administrative, security, and bad debt expenses that were partially offset by savings in tenant services. **TPP LLC Pomander Court** experienced a negative cash flow variance of $40,274 primarily as a result of lower gross rents coupled with higher utility and bad debt expense. Cash flow at **The Willows** was $219,351 more than anticipated due to savings in administrative, tenant services, maintenance and debt service expenses coupled with higher gross rents that were partially offset by higher vacancy loss.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'21 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 $819,190 more than budgeted. The demolition of **The Ambassador** was completed in April of 2020. The property experienced expenses of $10,079 mainly driven by costs associated with the transfer of the property to Wheaton Gateway 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. **Cider Mill** reported a positive cash flow variance of $344,421 primarily due to lower bad debt and the receipt of rental payments from ex-tenants coupled with lower vacancy loss countered by higher concessions and overages in utilities, maintenance and administrative costs. **Diamond Square** ended the quarter with a positive cash flow variance of $51,782 largely the result of savings throughout most expense categories that was partially offset by overages in maintenance expenses and slightly lower rental income. Cash flow at **Elizabeth House Interim RAD** was $567,765 higher than anticipated due to higher subsidy payments that included the receipt of vacant unit subsidies that were partially offset by overages throughout most expense categories. **Georgian Court Affordable** ended the quarter with a positive cash flow variance of $217,273 due to savings in most expense categories coupled with higher gross rents and lower vacancies. **Holly Hall Interim RAD**, which was vacated in November 2019 and therefore not budgeted, has continued to experience maintenance costs for the building as well as cost for securing the vacant building totaling $383,869. The property has now been fenced in so the security expense will not continue. Staff is determining the appropriate funding source for the continued expense. The **NCI units** and the **NSP units** experienced positive cash flow variances of $20,982 and $14,358, respectively, as a result of savings in most expense categories that were partially offset by higher vacancy loss is some of the units. **Southbridge** ended the quarter with a negative cash flow variance of $39,063 due to higher utility, maintenance and security costs coupled with higher vacancy. **State Rental Combined** reported a positive cash flow variance of $44,050 primarily attributed to lower bad debt and savings in administrative costs that was largely offset by higher utilities coupled with lower tenant income and higher concessions and vacancy loss.

**<u>The Public Fund</u> (Attachment D)**

- The FY'21 Budget was developed with no Public Housing property budgets. A small amount of expenses continued at **Emory Grove** for communication costs, utilities and solid waste tax.

- The Housing Choice Voucher Program (HCVP) ended the quarter with a surplus of $868,339. The surplus was comprised of Housing Assistance Payment (HAP) payments that exceeded HAP revenue by $601,446 offset by an administrative surplus of $1,469,785. The HAP shortfall was funded from the HCVP reserve (NRP), which includes funds received in prior years that were recognized but not used. The program ended the period with a positive administrative variance of $1,469,785 when compared to the projected surplus of $28,863 as a result of higher than anticipated administrative fee income coupled with a positive variance in administrative expenses due largely to salary and benefit lapse and the timing of contract expenses. The higher administrative fee income was the result of a higher proration factor of 80% compared to the budgeted proration factor of 79% and higher administrative fees received on incoming portables coupled with the Department of Housing and Urban Development (HUD) providing additional administrative fees in July and September 2020 as a result of the reconciliation of fees earned based on actual utilization from January 1 through June 30 2020.

**Tax Credit Partnerships**

The Tax Credit Partnerships have a calendar year end.

**The Capital Budget (Attachment E)**

Attachment E is a chart of the Capital Improvements Budget for FY'21. The chart is grouped in two sections – General Fund and Opportunity Housing properties. This report is being presented for information only. Most of the variances in the capital budgets reflect timing issues. Capital projects are long-term; therefore, it is very difficult to analyze each project on a quarterly basis. We will keep the Commission informed of any major issues or deviations from the planned Capital Improvements Budget.

**Barclay** overspent the capital budget by a small amount due to unanticipated HVAC replacements. **Brookside Glen** exceeded the capital budget due to appliance and plumbing equipment replacement. The **CDBG units** exceeded their capital budget due to unanticipated carpet replacement. **Cider Mill** overspent its capital budget due to unplanned parking lot repaving and concrete replacements. The **Day Care at 9845 Lost Knife** had an unanticipated property condition assessment capital expense. **Georgian Court Affordable** has exceeded its FY'21 capital budget mainly as a result of window replacements that will be funded by residual receipts held at the property. **Holiday Park** exceeded the capital budget due to work related to the hardwiring of smoke and carbon monoxide detectors that was required by County Inspectors. **Jubilee Hermitage** exceeded its capital budget due to grounds and landscaping work at the property that was not anticipated. **Manor at Fair Hill Farm** exceeded the capital budget due to additional plumbing and HVAC replacements. **McKendree** overspent its capital budget as a result of HVAC and asphalt work that was not anticipated. The **NCI Units** exceeded their capital budget due to unanticipated kitchen and bath work, flooring replacements and emergency HVAC repairs. **Scattered Site One Dev Corp** exceeded its capital budget due to work necessitated by unanticipated unit turnovers, some of which were the result of skips. **Shady Grove** exceeded the capital budget due to higher than anticipated plumbing contract cost. **Towne Center Place Dev Corp** overspent their capital budget due to unanticipated plumbing and flooring replacements. **VPC Two** nominally exceeded its capital budget for the year as a result of unanticipated appliance and flooring replacements as well as grounds work. **Washington Square** has exceeded its FY'21 capital budget as a result of delayed billing for supplies and materials coupled with unanticipated flooring replacements.

The majority of the properties have sufficient property reserves to cover the overages. Where this is not the case, staff is reviewing the obligations from the Opportunity Housing Property Reserve (OHPR) to ensure sufficient funds are available to cover the balance of the overages.

**Resolution No. 21-51** **Re: Acceptance of the Third Quarter FY'21 Budget to Actual Statements**

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

**WHEREAS**, the Commission reviewed the Third Quarter FY'21 Budget to Actual Statements during its June 9, 2021 meeting.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Third Quarter FY'21 Budget to Actual Statements.

**I HEREBY CERTIFY** that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 9, 2021.

Patrice Birdsong
Special Assistant to the Commission

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## FY 21 Third Quarter Operating Budget to Actual Comparison

| | Unrestricted Net Cash Flow (9 Months) Budget | (9 Months) Actual | Variance |
|---|---|---|---|
| **General Fund** | | | |
| General Fund | ($5,885,381) | ($5,136,681) | $748,700 |
| **Administration of Multifamily and Single Family Fund** | | | |
| Multifamily Fund | $91,392 | $183,014 | $91,622 |
| Draw from / (Restrict to) Multifamily Bond Fund | ($91,392) | ($183,014) | ($91,622) |
| Single Family Fund | $70,492 | $119,869 | $49,378 |
| Draw from / (Restrict to) Single Family Bond Fund | ($70,492) | ($119,869) | ($49,378) |
| **Opportunity Housing Fund** | | | |
| Opportunity Housing Properties | $1,903,384 | $2,950,145 | $1,046,761 |
| Development Corporation Property Income | $5,948,321 | $5,381,363 | ($566,958) |
| **OHRF** | | | |
| OHRF Balance | $2,818,041 | $2,095,720 | ($722,321) |
| Excess Cash Flow Restricted | ($2,818,041) | ($2,095,720) | $722,321 |
| Draw from existing funds | $0 | $0 | $0 |
| **Net -OHRF** | **$0** | **$0** | **$0** |
| **SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing** | **$1,966,324** | **$3,194,827** | **$1,228,503** |
| **Public Fund** | | | |
| Public Housing Rental (1) | $0 | $17,588 | $17,588 |
| Housing Choice Voucher Program HAP (2) | $1,811,327 | ($601,446) | ($2,412,773) |
| Housing Choice Voucher Program Admin (3) | $28,863 | $1,469,785 | $1,440,922 |
| **Total -Public Fund** | **$1,840,190** | **$885,927** | **($954,263)** |
| **Public Fund - Reserves** | | | |
| (1) Public Housing Rental - Draw from / Restrict to Program | $0 | ($17,588) | ($17,588) |
| (2) Draw from / Restrict to HCV Program Cash Reserves | ($1,811,327) | $601,446 | $2,412,773 |
| (3) Draw from / Restrict to HCV Program Excess Admin Fee | ($28,863) | ($1,469,785) | ($1,440,922) |
| **SUBTOTAL - Public Funds** | **$0** | **$0** | **$0** |
| **TOTAL - All Funds** | **$1,966,324** | **$3,194,827** | **$1,228,503** |

### FY 21 Third Quarter Operating Budget to Actual Comparison

| | Capital Expenses (12 Months) Budget | (9 Months) Actual | Variance |
|---|---|---|---|
| **General Fund** | | | |
| 880 Bonifant | $255,000 | $43,899 | $211,101 |
| East Deer Park | $195,000 | $54,269 | $140,731 |
| Kensington Office | $50,000 | $34,749 | $15,251 |
| Information Technology | $532,440 | $336,579 | $195,861 |
| **Opportunity Housing Fund** | $7,643,469 | $4,872,151 | $2,771,318 |
| **TOTAL - All Funds** | **$8,675,909** | **$5,341,647** | **$3,123,161** |

## FY 21 Third Quarter Operating Budget to Actual Comparison

**Development Corp Properties - Net Cash Flow**

| | (9 Months) Net Cash Flow Budget | Variance Income | Variance Expense | (9 Months) Net Cash Flow Actual | Variance |
|---|---|---|---|---|---|
| **Properties with unrestricted cash flow for FY21 operating budget** | | | | | |
| Alexander House Dev Corp ................... | $66,279 | ($597,713) | ($88,189) | ($619,623) | ($685,902) |
| The Barclay Dev Corp ............................ | ($59,663) | ($108,313) | ($10,596) | ($178,571) | ($118,908) |
| Glenmont Crossing Dev Corp ................ | $322,807 | ($102,183) | $82,246 | $302,870 | ($19,937) |
| Glenmont Westerly Dev Corp ............... | $172,292 | ($83,562) | $143,259 | $231,989 | $59,697 |
| Magruder's Discovery Dev Corp ........... | $545,081 | $28,844 | ($24,860) | $549,066 | $3,985 |
| The Metropolitan Dev Corp .................. | $1,771,125 | ($287,461) | $32,334 | $1,515,997 | ($255,128) |
| Montgomery Arms Dev Corp ................ | $351,865 | ($43,168) | $6,040 | $314,737 | ($37,128) |
| TPM - MPDU II (59) Dev Corp ............... | $222,069 | ($41,375) | $85,975 | $266,669 | $44,600 |
| Paddington Square Dev Corp ............... | $345,874 | ($93,437) | ($8,978) | $243,460 | ($102,414) |
| Pooks Hill High-Rise Dev Corp .............. | $501,307 | ($116,952) | $49,225 | $433,580 | ($67,727) |
| Scattered Site One Dev Corp ................ | $81,223 | ($149,633) | $253,979 | $185,569 | $104,346 |
| Scattered Site Two Dev Corp ................ | ($62,261) | ($44,533) | $61,286 | ($45,508) | $16,753 |
| Sligo MPDU III Dev Corp ....................... | $34,039 | ($22,901) | $11,980 | $23,118 | ($10,921) |
| VPC One Dev Corp ............................... | $946,036 | ($60,118) | $434,788 | $1,320,706 | $374,670 |
| VPC Two Dev Corp ................................ | $710,248 | ($124,158) | $251,214 | $837,304 | $127,056 |
| **Subtotal** | **$5,948,321** | **($1,846,663)** | **$1,279,703** | **$5,381,363** | **($566,958)** |
| **Properties with restricted cash flow (external and internal)** | | | | | |
| MetroPointe Dev Corp .......................... | ($68,495) | ($82,543) | ($12,914) | ($163,952) | ($95,457) |
| Oaks at Four Corners Dev Corp ............ | $73,872 | ($13,222) | $50,764 | $111,414 | $37,542 |
| **RAD 6 Dev Corp Total .........................** | **($376,559)** | **$96,039** | **($54,656)** | **($335,177)** | **$41,382** |
| Ken Gar Dev Corp ............................... | $36,018 | ($29,691) | ($8,274) | ($1,948) | ($37,966) |
| Parkway Woods Dev Corp .................... | $20,441 | ($11,219) | $36,854 | $46,075 | $25,634 |
| Sandy Spring Meadow Dev Corp ......... | ($13,733) | ($107) | $36,184 | $22,345 | $36,078 |
| Seneca Ridge Dev Corp ....................... | ($330,629) | $63,352 | $8,838 | ($258,439) | $72,190 |
| Towne Centre Place Dev Corp ............ | ($18,148) | $47,359 | ($51,891) | ($22,680) | ($4,532) |
| Washington Square Dev Corp ............. | ($70,508) | $26,345 | ($76,367) | ($120,530) | ($50,022) |
| **Subtotal** | **($371,182)** | **$274** | **($16,806)** | **($387,715)** | **($16,533)** |
| **TOTAL ALL PROPERTIES** | **$5,577,139** | **($1,846,389)** | **$1,262,897** | **$4,993,648** | **($583,491)** |

Attachment B

## FY 21 Third Quarter Operating Budget to Actual Comparison

**For Opportunity Housing Properties - Net Cash Flow**

| | (9 Months) Net Cash Flow Budget | Variance Income | Variance Expense | (9 Months) Net Cash Flow Actual | Variance |
|---|---|---|---|---|---|
| **Properties with unrestricted cash flow for FY21 operating budget** | | | | | |
| MPDU I (64) | ($75,593) | ($47,359) | $123,100 | $148 | $75,741 |
| Avondale Apartments | $128,665 | ($24,005) | $18,917 | $123,576 | ($5,089) |
| Barclay Affordable | ($10,383) | $11,991 | $111,058 | $112,667 | $123,050 |
| Brooke Park | $0 | $0 | ($671) | ($670) | ($670) |
| Camp Hill Square | $211,020 | $16,466 | ($133,564) | $93,922 | ($117,098) |
| Chelsea Towers | ($11,677) | $7,204 | $68,152 | $63,679 | $75,356 |
| Fairfax Court | $56,286 | ($22,208) | ($28,396) | $5,682 | ($50,604) |
| Holiday Park | $33,844 | ($9,546) | ($52,247) | ($27,950) | ($61,794) |
| Jubilee Falling Creek | ($1,682) | ($7,885) | $12,129 | $2,562 | $4,244 |
| Jubilee Hermitage | $1,256 | ($7,960) | ($11,038) | ($17,741) | ($18,997) |
| Jubilee Horizon Court | ($2,885) | $4,002 | $4,989 | $6,106 | $8,991 |
| Jubilee Woodedge | $3,299 | ($8,191) | $1,983 | ($2,909) | ($6,208) |
| Manchester Manor | $15,794 | ($30,335) | ($5,124) | ($19,665) | ($35,459) |
| The Manor at Cloppers Mill | $120,707 | ($30,521) | $70,076 | $160,262 | $39,555 |
| The Manor at Colesville | $96,638 | ($30,186) | $62,358 | $128,810 | $32,172 |
| The Manor at Fair Hill Farm | $122,807 | ($61,034) | $40,845 | $102,619 | ($20,188) |
| McHome | $36,494 | ($15,321) | $60,190 | $81,364 | $44,870 |
| McKendree | $19,122 | $1,226 | $19,369 | $39,717 | $20,595 |
| Metropolitan Affordable | ($410,979) | ($2,618) | $88,405 | ($325,192) | $85,787 |
| MHLP VII | $9,657 | ($1,430) | $70,068 | $78,294 | $68,637 |
| MHLP VIII | $46,780 | ($72,380) | $91,664 | $66,064 | $19,284 |
| MHLP IX Pond Ridge | ($58,138) | ($68,091) | $77,610 | ($48,619) | $9,519 |
| MHLP IX Scattered Sites | ($143,994) | ($139,752) | $136,059 | ($147,688) | ($3,694) |
| MHLP X | ($84,865) | ($9,004) | $237,285 | $143,416 | $228,281 |
| MPDU 2007 Phase II | $8,852 | $5,164 | $11,228 | $25,244 | $16,392 |
| Pooks Hill Mid-Rise | $205,078 | ($46,956) | $21,927 | $180,048 | ($25,030) |
| Shady Grove Apts | $208,025 | $304,305 | $73,723 | $586,053 | $378,028 |
| Stewartown Affordable | $43,193 | $76,857 | $132,734 | $252,785 | $209,592 |
| Strathmore Court | $734,700 | ($201,369) | ($59,250) | $474,081 | ($260,619) |
| Strathmore Court Affordable | ($380,475) | ($1,187) | $42 | ($381,620) | ($1,145) |
| TPP LLC Pomander Court | $116,538 | ($24,784) | ($15,490) | $76,264 | ($40,274) |
| TPP LLC Timberlawn | $451,705 | ($1,633) | $358 | $450,430 | ($1,275) |
| Westwood Tower | $494,282 | ($191,430) | $226,889 | $529,742 | $35,460 |
| The Willows | ($80,687) | $63,309 | $156,042 | $138,664 | $219,351 |
| **Subtotal** | **$1,903,384** | **($564,661)** | **$1,611,420** | **$2,950,145** | **$1,046,761** |
| **Properties with restricted cash flow (external and internal)** | | | | | |
| The Ambassador | $0 | $0 | ($10,079) | ($10,079) | ($10,079) |
| Brookside Glen (The Glen) | $138,101 | ($48,378) | $45,877 | $135,600 | ($2,501) |
| CDBG Units | $2,614 | ($7,202) | $2,991 | ($1,597) | ($4,211) |
| Cider Mill Apartments | ($530,791) | $117,086 | $227,335 | ($186,370) | $344,421 |
| Day Care at 9845 Lost Knife Road | ($16,753) | ($926) | $11,352 | ($6,327) | $10,426 |
| Dale Drive | $5,720 | ($83) | ($3,157) | $2,480 | ($3,240) |
| Diamond Square | $231,924 | ($4,893) | $56,675 | $283,706 | $51,782 |
| Elizabeth House Interim RAD | ($72,089) | $1,089,539 | ($521,774) | $495,676 | $567,765 |
| Georgian Court Affordable | $105,142 | $65,567 | $151,706 | $322,415 | $217,273 |
| Holly Hall Interim RAD | $0 | $4 | ($383,873) | ($383,869) | ($383,869) |
| NCI Units | $13,017 | ($7,550) | $28,532 | $33,999 | $20,982 |
| NSP Units | $5,705 | ($4,335) | $18,693 | $20,063 | $14,358 |
| Olney Sandy Spring Road | ($5,167) | $0 | ($1,053) | ($6,220) | ($1,053) |
| King Farm Village | $3,896 | ($219) | ($1,874) | $1,803 | ($2,093) |
| Paint Branch | $57,629 | ($250) | ($5,508) | $51,871 | ($5,758) |
| Southbridge | $55,828 | ($15,962) | ($23,102) | $16,765 | ($39,063) |
| State Rental Combined | ($99,635) | ($158,006) | $202,056 | ($55,585) | $44,050 |
| **Subtotal** | **($104,859)** | **$1,024,392** | **($205,203)** | **$714,331** | **$819,190** |
| **TOTAL ALL PROPERTIES** | **$1,798,525** | **$459,731** | **$1,406,217** | **$3,664,476** | **$1,865,951** |

Attachment C

# FY 21 Third Quarter Operating Budget to Actual Comparison
## For HUD Funded Programs

| | (9 Months) Budget | (9 Months) Actual | Variance |
|---|---|---|---|
| **Public Housing Rental** | | | |
| Revenue | $0 | $96 | $96 |
| Expenses | $0 | ($17,492) | $17,492 |
| **Net Income** | **$0** | **$17,588** | **$17,588** |
| | | | |
| **Housing Choice Voucher Program** | | | |
| HAP revenue | $75,033,338 | $78,701,406 | $3,668,068 |
| HAP payments | $73,222,011 | $79,302,852 | $6,080,841 |
| **Net HAP** | **$1,811,327** | **($601,446)** | **($2,412,773)** |
| | | | |
| Admin.fees & other inc. | $6,169,347 | $6,935,251 | $765,904 |
| Admin. Expense | $6,140,484 | $5,465,466 | $675,018 |
| **Net Administrative** | **$28,863** | **$1,469,785** | **$1,440,922** |
| | | | |
| **Net Income** | **$1,840,190** | **$868,339** | **($971,851)** |

Attachment D

# FY 21 Third Quarter Operating Budget to Actual Comparison

**For Public Housing Rental Programs - Net Cash Flow**

| | (9 Months) Net Cash Flow Budget | Variance Income | Variance Expense | (9 Months) Net Cash Flow Actual | Variance |
|---|---|---|---|---|---|
| Elizabeth House .......................................................... | $0 | $0 | $0 | $0 | $0 |
| Holly Hall .................................................................... | $0 | $0 | $0 | $0 | $0 |
| Emory Grove ................................................................ | $0 | $96 | $17,492 | $17,588 | $17,588 |
| **TOTAL ALL PROPERTIES** | **$0** | **$96** | **$17,492** | **$17,588** | **$17,588** |

Attachment D-1

## FY 21 Third Quarter Operating Budget to Actual Comparison
**For Capital Improvements**

| | (12 Months) Budget | (9 Months) Actual | Variance |
|---|---|---|---|
| **General Fund** | | | |
| 880 Bonifant | $255,000 | $43,899 | $211,101 |
| East Deer Park | $195,000 | $54,269 | $140,731 |
| Kensington Office | $50,000 | $34,749 | $15,251 |
| Information Technology | $532,440 | $336,579 | $195,861 |
| **Subtotal** | **$1,032,440** | **$469,496** | **$562,944** |
| **Opportunity Housing** | | | |
| Alexander House Dev Corp | $41,570 | $21,952 | $19,618 |
| Avondale Apartments | $27,900 | $1,643 | $26,257 |
| The Barclay Dev Corp | $83,900 | $87,416 | ($3,516) |
| Barclay Affordable | $71,640 | $27,446 | $44,194 |
| Brookside Glen (The Glen) | $57,000 | $70,961 | ($13,961) |
| Camp Hill Square | $54,400 | $29,113 | $25,287 |
| CDBG Units | $500 | $3,067 | ($2,567) |
| Chelsea Towers | $15,550 | $0 | $15,550 |
| Cider Mill Apartments | $794,092 | $1,557,031 | ($762,939) |
| Day Care at 9845 Lost Knife Road | $0 | $1,825 | ($1,825) |
| Dale Drive | $8,949 | $0 | $8,949 |
| Diamond Square | $398,180 | $56,000 | $342,180 |
| Elizabeth House Interim RAD | $10,100 | $611 | $9,489 |
| Fairfax Court | $56,800 | $32,749 | $24,051 |
| Georgian Court Affordable | $41,130 | $297,858 | ($256,728) |
| Glenmont Crossing Dev Corp | $485,500 | $70,406 | $415,094 |
| Glenmont Westerly Dev Corp | $235,400 | $36,531 | $198,869 |
| Holiday Park | $27,500 | $34,510 | ($7,010) |
| Jubilee Hermitage | $500 | $6,300 | ($5,800) |
| Jubilee Woodedge | $500 | $0 | $500 |
| Ken Gar Dev Corp | $6,500 | $5,025 | $1,475 |
| King Farm Village | $1,800 | $0 | $1,800 |
| Magruder's Discovery Dev Corp | $68,630 | $32,848 | $35,782 |
| Manchester Manor | $22,332 | $19,557 | $2,775 |
| Manor at Cloppers Mill | $66,017 | $57,215 | $8,802 |
| Manor at Colesville | $136,726 | $48,210 | $88,516 |
| Manor at Fair Hill Farm | $89,579 | $92,099 | ($2,520) |
| McHome | $100,000 | $14,582 | $85,418 |
| McKendree | $14,650 | $20,752 | ($6,102) |
| MetroPointe Dev Corp | $483,760 | $92,788 | $390,972 |
| The Metropolitan Dev Corp | $556,084 | $155,510 | $400,574 |
| Metropolitan Affordable | $269,893 | $78,355 | $191,538 |
| Montgomery Arms Dev Corp | $113,726 | $22,593 | $91,133 |
| MHLP VII | $22,000 | $14,492 | $7,508 |
| MHLP VIII | $44,500 | $43,935 | $565 |
| MHLP IX - Pond Ridge | $69,516 | $33,062 | $36,454 |
| MHLP IX - Scattered Sites | $41,000 | $43,372 | ($2,372) |
| MHLP X | $70,036 | $31,680 | $38,356 |
| MPDU 2007 Phase II | $4,000 | $475 | $3,525 |
| MPDU I (64) | $57,355 | $18,699 | $38,656 |
| TPM - MPDU II (59) Dev Corp | $62,024 | $51,075 | $10,949 |
| Oaks at Four Corners Dev Corp | $306,892 | $89,225 | $217,667 |
| NCI Units | $2,000 | $14,142 | ($12,142) |
| NSP Units | $2,000 | $116 | $1,884 |
| Paddington Square Dev Corp | $108,880 | $94,631 | $14,249 |
| Paint Branch | $5,900 | $0 | $5,900 |
| Parkway Woods Dev Corp | $45,040 | $8,994 | $36,046 |
| Pooks Hill High-Rise Dev Corp | $197,200 | $14,319 | $182,881 |
| Pooks Hill Mid-Rise | $66,100 | $8,583 | $57,517 |
| Sandy Spring Meadow Dev Corp | $21,500 | $16,794 | $4,706 |
| Scattered Site One Dev Corp | $63,000 | $186,604 | ($123,604) |
| Scattered Site Two Dev Corp | $40,204 | $27,446 | $12,758 |
| Seneca Ridge Dev Corp | $33,345 | $33,738 | ($393) |
| Shady Grove Apts | $107,105 | $175,719 | ($68,614) |
| Sligo MPDU III Dev Corp | $22,492 | $14,060 | $8,432 |
| Southbridge | $25,904 | $6,502 | $19,402 |
| State Rental Combined | $177,996 | $170,865 | $7,131 |
| Stewartown Affordable | $21,994 | $13,888 | $8,106 |
| Strathmore Court | $258,463 | $182,636 | $75,827 |
| Strathmore Court Affordable | $91,343 | $30,386 | $60,957 |
| Towne Centre Place Dev Corp | $27,060 | $35,318 | ($8,258) |
| TPP LLC Pomander Court | $16,796 | $0 | $16,796 |
| TPP LLC Timberlawn | $118,943 | $65,726 | $53,217 |
| VPC One Dev Corp | $103,512 | $103,278 | $234 |
| VPC Two Dev Corp | $71,860 | $111,474 | ($39,614) |
| Washington Square Dev Corp | $18,500 | $31,071 | ($12,571) |
| Westwood Tower | $744,580 | $183,989 | $560,591 |
| The Willows | $233,621 | $40,904 | $192,717 |
| **Subtotal** | **$7,643,469** | **$4,872,151** | **$2,771,318** |
| **TOTAL** | **$8,675,909** | **$5,341,647** | **$3,334,262** |

# UNCOLLECTIBLE TENANT ACCOUNTS RECEIVABLE: AUTHORIZATION TO WRITE-OFF TENANT ACCOUNTS RECEIVABLE
# (JANUARY 1, 2021 – MARCH 31, 2021)

**June 9, 2021**

- 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 for the Third quarter of FY'21 totals $67,720, an increase of $18,036 compared to the previous Quarter. This period's write off consists of $63,267 from the Opportunity Housing properties which were largely attributable to MHLP IX– Pond Ridge, Scattered Site One Development Corporation, State Rental Partnership, VPC One Corporation and VPC Two Corporation, $3,699 dollars from the Supportive Housing program, $336 from the former Public Housing tenants and $418 from the RAD properties. The primary reasons for the write-offs across the properties include tenants who skipped, voluntarily left their units, passed away, left due to a job transfer, transferred within program, purchased a home, needed more space, no longer qualified or abandoned the unit.

- The next anticipated write-off of former tenants' uncollectible accounts receivable balance will be for the period covered April 1, 2021 to June 30, 2021, and will be performed in the first quarter of FY'22.

**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: | Cornelia Kent | Division: | Finance | Ext. 9754 |
| | | Eugenia Pascual | | Finance | Ext. 9478 |
| | | Nilou Razeghi | | Finance | Ext. 9494 |
| | | Charnita Jackson | | Property Management | Ext. 9776 |
| **RE:** | Uncollectible Tenant Accounts Receivable: Write-Off Uncollectible Tenant Accounts Receivable (January 1, 2021 – March 31, 2021) | | | | |
| **DATE:** | June 9, 2021 | | | | |

**BACKGROUND:**

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

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

The last approved write-off on February 23, 2021 was for $49,684, which covered the three-month period from October 1, 2020, through December 31, 2020.

The proposed write-off of former tenant accounts receivable balances for the third quarter January 1, 2021 through March 31, 2021 is $67,720.

The $67,720 third quarter write-off is primarily attributable to former tenants within HOC's Opportunity Housing properties. The RAD 6 properties, Supportive Housing and Public Housing Programs also contributed small amounts to the write-offs from former tenants. The primary reasons for the write-offs across the properties include tenants who skipped, voluntarily left their units, passed away, left due to a job transfer, transferred within program, purchased a home, needed more space, no longer qualified or abandoned the unit.

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

| Property Type | Current Write-offs 01/01/21 - 03/31/21 | Prior Write-offs 10/01/20 - 12/31/20 | $ Change 12/31/20 - 03/31/31 | % Change 12/31/20 - 03/31/31 | Fiscal Year 2021 Year-to-Date 07/01/20 - 03/31/21 | Fiscal Year 2020 Year-to-Date 07/01/19 - 03/31/20 |
|---|---|---|---|---|---|---|
| Public Housing | $ 336 | $ - | $ 336 | 0.00% | $ 706 | $ - |
| Opportunity Housing | 63,267 | 45,974 | 17,293 | 37.61% | 149,844 | 188,870 |
| Supportive Housing | 3,699 | 640 | 3,059 | 477.97% | 25,164 | 3,477 |
| RAD Properties | 418 | 3,070 | (2,652) | -86.38% | 19,295 | 21,608 |
| Rental Asst Sec8 Repays | - | - | - | 0.00% | - | 4,115 |
| | **$ 67,720** | **$ 49,684** | **$ 18,036** | **36.30%** | **$ 195,009** | **$ 218,070** |

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

| | Current Write-offs 01/01/21 - 03/31/21 | Prior Write-offs 10/01/20 - 12/31/20 | $ Change 12/31/20 - 03/31/31 | $ Change 12/31/20 - 03/31/31 | Fiscal Year 2021 Year-to-Date 07/01/20 - 03/31/21 | Fiscal Year 2020 Year-to-Date 07/01/19 - 03/31/20 |
|---|---|---|---|---|---|---|
| **Public Fund** | | | | | | |
| Former PH Tenants | $ 336 | $ - | $ 336 | 0.00% | $ 706 | $ - |
| **Total Public Fund** | **$ 336** | **-** | **$ 336** | **0.00%** | **$ 706** | **$ -** |

Among the former Public Housing tenants, the write-off is due to one tenant who passed away.

| | Current Write-offs 01/01/21 - 03/31/21 | Prior Write-offs 10/01/20 - 12/31/20 | $ Change 12/31/20 - 03/31/31 | $ Change 12/31/20 - 03/31/31 | Fiscal Year 2021 Year-to-Date 07/01/20 - 03/31/21 | Fiscal Year 2020 Year-to-Date 07/01/19 - 03/31/20 |
|---|---|---|---|---|---|---|
| **Opportunity Housing (OH) Fund** | | | | | | |
| Bauer Park (LIHTC property) | $ 353 | $ - | $ 353 | 0.00% | $ 353 | $ 35 |
| Camp Hill Square | - | - | - | 0.00% | 3,683 | - |
| Chelsea Towers | - | - | - | 0.00% | - | 2,934 |
| McHome | 1,769 | - | 1,769 | 0.00% | 1,769 | - |
| MHLP I/64 | 4,208 | 15 | 4,193 | 27953.33% | 4,620 | 148 |
| MHLP IX - MPDU | 3,200 | 457 | 2,743 | 600.22% | 3,657 | 7,392 |
| MHLP IX – Pond Ridge | 11,427 | - | 11,427 | 0.00% | 11,427 | 2,435 |
| MHLP VII | 2,070 | - | 2,070 | 0.00% | 2,070 | 7,063 |
| MHLP VIII | 872 | 870 | 2 | 0.23% | 1,742 | 110 |
| MHLP X | - | - | - | 0.00% | - | 5,442 |
| NCI-1 - 13671 Harvest Glen Way | - | - | - | 0.00% | - | 9,104 |
| NCI-1 - 13202 Black Walnut Court | 552 | - | 552 | 0.00% | 552 | - |
| Paintbranch | - | - | - | 0.00% | - | 3,191 |
| Scattered Site One Dev Corp | 8,008 | 186 | 7,822 | 4205.38% | 19,992 | 2,868 |
| Scattered Site Two Dev Corp | 2,838 | - | 2,838 | 0.00% | 2,838 | - |
| State Rental Partnership | 10,991 | 5,237 | 5,754 | 109.87% | 19,171 | 5,308 |
| Town Center Apts | 2,012 | - | 2,012 | 0.00% | 2,012 | - |
| TPM Dev Corp - MPDU II (59) | 1,619 | - | 1,619 | 0.00% | 23,401 | 10,680 |
| VPC One Corp | 6,848 | 21 | 6,827 | 32509.52% | 6,869 | 45,192 |
| VPC Two Corp | 6,500 | 39,188 | (32,688) | -83.41% | 45,688 | 86,968 |
| **Total OH Fund** | **$ 63,267** | **$ 45,974** | **$ 17,293** | **37.61%** | **$ 149,844** | **$ 188,870** |

Within the Opportunity Housing portfolio, the $63,267 former tenant write-off amounts were largely attributable to MHLP IX– Pond Ridge, Scattered Site One Development Corporation, State Rental Partnership, VPC One Corporation and VPC Two Corporation. The write-offs were mainly due to ten tenants who purchased a home, nine tenants who vacated their units, five tenants who passed away, two tenants who wanted more space, one tenant who transferred within program, one tenant who skipped, one tenant who no longer qualifies, one tenant who left due to a job transfer, one tenant who left due to an HOA violation and one tenant who left due to high rent.

| | Current Write-offs 01/01/21 - 03/31/21 | Prior Write-offs 10/01/20 - 12/31/20 | $ Change 12/31/20 - 03/31/31 | % Change 12/31/20 - 03/31/31 | Fiscal Year 2021 Year-to-Date 07/01/20 - 03/31/21 | Fiscal Year 2020 Year-to-Date 07/01/19 - 03/31/20 |
|---|---|---|---|---|---|---|
| **Supportive Housing** | | | | | | |
| McKinney X - HUD | $ 3,699 | $ 640 | $ 3,059 | 477.97% | $ 25,164 | $ 3,477 |
| **Total Supportive Housing** | **$ 3,699** | **$ 640** | **$ 3,059** | **477.97%** | **$ 25,164** | **$ 3,477** |

Within the Supportive Housing Program, the $3,699 write-off amounts were due to two tenants who passed away and one tenant who voluntary left the program.

| | Current Write-offs 01/01/21 - 03/31/21 | Prior Write-offs 10/01/20 - 12/31/20 | $ Change 12/31/20 - 03/31/31 | % Change 12/31/20 - 03/31/31 | Fiscal Year 2021 Year-to-Date 07/01/20 - 03/31/21 | Fiscal Year 2020 Year-to-Date 07/01/19 - 03/31/20 |
|---|---|---|---|---|---|---|
| **RAD Properties** | | | | | | |
| Arcola Towers LP | $ - | $ - | $ - | 0.00% | $ - | $ 2,315 |
| Elizabeth House - Interim RAD | 172 | 1,111 | (939) | -84.52% | 1,283 | - |
| Holly Hall RAD | 246 | 1,664 | (1,418) | -85.22% | 1,910 | 331 |
| RAD 6 - Ken Gar | - | 295 | (295) | -100.00% | 295 | - |
| RAD 6 - Seneca Ridge | - | - | - | 0.00% | 15,807 | 9,722 |
| RAD 6 - Washington Square | - | - | - | 0.00% | - | 6,234 |
| Waverly House LP | - | - | - | 0.00% | - | 3,006 |
| **Total RAD Properties** | **418** | **$ 3,070** | **$ (2,652)** | **-86.38%** | **$ 19,295** | **$ 21,608** |

Within the RAD properties, the $418 write-off amounts were mainly due to two tenants who transferred within program.

| | Current Write-offs 01/01/21 - 03/31/21 | Prior Write-offs 10/01/20 - 12/31/20 | $ Change 12/31/20 - 03/31/31 | % Change 12/31/20 - 03/31/31 | Fiscal Year 2021 Year-to-Date 07/01/20 - 03/31/21 | Fiscal Year 2020 Year-to-Date 07/01/19 - 03/31/20 |
|---|---|---|---|---|---|---|
| **Rental Asst Sec8 Repays** | | | | | | |
| Rental Asst Sec8 Repays | $ - | $ - | $ - | 0.00% | $ - | $ 4,115 |
| **Total Rental Asst Sec8 Repays** | **$ -** | **$ -** | **$ -** | **0.00%** | **$ -** | **$ 4,115** |

Within the Rental Assistant Sec8 Repays, there were no write-offs to report in the third quarter of FY '21.

The next anticipated write-off will be for the fourth quarter of FY'21, covering April 1, 2021, through June 30, 2021. Upon approval, the write-offs will be processed through Yardi's write-off function with the tenant detail placed into the uncollectible accounts receivable database.

**ISSUES FOR CONSIDERATION:**

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

**BUDGET IMPACT:**

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

**TIME FRAME:**

The Budget, Finance and Audit Committee informally reviewed the write-off of uncollectible tenant accounts receivable at the May 25, 2021 meeting. Formal action is requested at the June 9, 2021 meeting.

**STAFF RECOMMENDATION:**

Staff recommends to the full Commission the authorization to write-off the uncollectible tenant accounts receivable balance of $67,720.

**RESOLUTION NO.: 21-52** **RE: Uncollectible Tenant Accounts Receivable: Authorization to Write-Off Uncollectible Tenant Accounts Receivable**

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

**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 of January 1, 2021 – March 31, 2021 is $67,720, consisting of $63,267 from Opportunity Housing properties, $3,699 from Supportive Housing, $336 from the former Public Housing tenants and $418 from the 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 $67,720 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 June 9, 2021.

Patrice M. Birdsong
Special Assistant to the Commission

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# ACCEPTANCE OF CALENDAR YEAR (CY) 2020
# LOW INCOME TAX CREDIT PARTNERSHIPS AND LIMITED LIABILITY COMPANY AUDITS
# June 9, 2021

- The Finance Division was responsible for the successful completion of 12 Tax Credit Partnership Audits and one (1) Limited Liability Company Audit for CY2020.

- A standard unqualified audit opinion was received for all 12 Tax Credit Partnership Property Audits from the respective independent certified public accounting firms performing the audits.

- A standard unqualified audit opinion was received for CCL Multifamily LLC from the independent certified public accounting firm performing the audit.

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

| | | | | | |
|---|---|---|---|---|---|
| **TO:** | Housing Opportunities Commission | | | | |
| **VIA:** | Stacy L. Spann, Executive Director | | | | |
| **FROM:** | Staff: | Cornelia Kent | Division: | Finance | Ext. 9754 |
| | | Eugenia Pascual | | Finance | Ext. 9478 |
| | | Claudia Wilson | | Finance | Ext. 9474 |
| | | Niketa Patel | | Finance | Ext. 9584 |
| **RE:** | Calendar Year 2020 Audits: Presentation of Calendar Year 2020 Low Income Tax Credit Partnerships and Limited Liability Company Audits | | | | |
| **DATE:** | June 9, 2021 | | | | |

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**BACKGROUND:**

The Commission ("HOC") is the managing partner in thirteen (13) Calendar Year (CY) 2020 tax credit partnerships. Twelve (12) of the thirteen tax credit partnerships required year-end audits for 2020. One of the tax credit partnerships, Elizabeth House III LP, is currently under construction and does not yet require an annual audit.

HOC also has three calendar year LLC properties, CCL Multifamily LLC (The Lindley), Hillandale Gateway LLC and Wheaton Gateway LLC. HOC is the managing member and 50% owner of CCL Multifamily LLC, a Maryland limited liability company that is a partnership with a private foundation. CCL Multifamily LLC owns the Lindley and reports on a calendar year end. The CY2020 audit of CCL Multifamily LLC is included in this recommendation as well. Hillandale Gateway LLC and Wheaton Gateway LLC are currently in pre-development stage and do not require an annual audit as of calendar year end 2020.

The individual real estate limited partnerships and LLC's presented in the table below are currently required to have an annual audit to satisfy investor requirements. These entities are audited as of December 31, 2020:

| Calendar Year 2020 Properties |
|---|
| **Low Income Housing Tax Credit (LIHTC)** |
| 4913 Hampden Lane LP (Lasko Manor) |
| Alexander House Limited Partnership |
| Arcola Towers RAD LP |
| Forest Oak Towers LP |
| Greenhills Limited Partnership |
| Spring Garden One Associates LP |
| Tanglewood and Sligo LP |
| Waverly House RAD LP |
| Wheaton Metro Limited Partnership (MetroPointe) |
| 900 Thayer LP |
| Bauer Park LP |
| HOC at the Upton II Limited Liability Company |
| **Limited Liability Company (LLC)** |
| CCL Multifamily Limited Liability Company |
| |

See Appendix A for each of the properties that report on a calendar year basis.

The twelve (12) Calendar Year 2020 Tax Credit Partnership audits and the CCL Multifamily LLC audit have been finalized and have received a standard unqualified audit opinion from independent certified public accounting firms performing the audits.

**ISSUES FOR CONSIDERATION:**

Does the Commission wish to accept the 12 CY 2020 Tax Credit Partnerships and the CCL Multifamily LLC Audits?

**BUDGET IMPACT:**

There is no budget impact related to acceptance of the 12 CY 2020 Tax Credit Partnerships and CCL Multifamily LLC Audits.

**TIME FRAME:**

The Budget, Finance and Audit Committee reviewed the request to accept the 12 CY 2020 Tax Credit Partnerships and the CCL Multifamily LLC audits at the May 25, 2021 meeting. Action is requested at the June 9, 2021 Commission meeting.

**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

The Budget, Finance and Audit Committee recommends to the full Commission acceptance of the 12 CY 2020 Tax Credit Partnerships and CCL Multifamily LLC Audits.

**RESOLUTION No.: 21-53**

**RE: Acceptance of CY 2020 Low Income Tax Credit Partnerships and Limited Liability Company Audits**

**WHEREAS,** the Housing Opportunities Commission of Montgomery County ("Commission"), or its wholly-controlled affiliate, is the managing general partner in twelve (12) tax credit partnerships, including: 4913 Hampden Lane Limited Partnership, Alexander House Limited Partnership, Arcola Towers RAD Limited Partnership, Forest Oak Towers Limited Partnership, Greenhills Limited Partnership, Spring Garden One Associates Limited Partnership, Tanglewood and Sligo Limited Partnership, Waverly House RAD Limited Partnership, Wheaton Metro Limited Partnership, 900 Thayer Limited Partnership, Bauer Park Limited Partnership and HOC at the Upton II Limited Liability Company (together, the "Tax Credit Partnerships");

**WHEREAS**, the Commission is the managing member and fifty percent (50%) owner of CCL Multifamily LLC ("CCL Multifamily"), which owns The Lindley;

**WHEREAS**, the calendar year annual audits for the Tax Credit Partnerships and CCL Multifamily have been completed;

**WHEREAS,** a standard unqualified audit opinion was received from the respective independent certified public accounting firms performing the audits for all of the Tax Credit Partnerships; and

**WHEREAS,** a standard unqualified audit opinion was received from the independent certified public accounting firm performing the audit for CCL Multifamily.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County accepts the CY 2020 audits for the Tax Credit Partnerships and CCL Multifamily.

**I HEREBY CERTIFY** that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on Wednesday, June 9, 2021.

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Patrice Birdsong
Special Assistant to the Commission

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**Appendix A**

**Calendar Year 2020 Audit Status**

| | Name of the Partnership | Number of Units | Scattered Site | Remaining Compliance Years | Audit Firm | Opinion | Finding | Audit Status |
|---|---|---|---|---|---|---|---|---|
| 1 | 4913 Hampden Lane LP (Lasko Manor) | 12 | No | 5 | PKF O'Connor Davies | Unqualified | None | Completed |
| 2 | Alexander House Limited Partnership | 122 | No | 13 | Novogradac & Company | Unqualified | None | Completed |
| 3 | Arcola Towers RAD LP | 141 | No | 11 | Novogradac & Company | Unqualified | None | Completed |
| 4 | Forest Oak Towers LP | 175 | No | 2 | Novogradac & Company | Unqualified | None | Completed |
| 5 | Greenhills Limited Partnership | 77 | No | 13 | Novogradac & Company | Unqualified | None | Completed |
| 6 | Spring Garden One Associates LP | 83 | No | 0 | Novogradac & Company | Unqualified | None | Completed |
| 7 | Tanglewood and Sligo LP | 132 | No | 8 | Novogradac & Company | Unqualified | None | Completed |
| 8 | Waverly House RAD LP | 157 | No | 11 | Novogradac & Company | Unqualified | None | Completed |
| 9 | Wheaton Metro Limited Partnership (MetroPointe) | 53 | No | 2 | CohnReznick LLP | Unqualified | None | Completed |
| 10 | 900 Thayer LP | 124 | No | 14 | Novogradac & Company | Unqualified | None | Completed |
| 11 | Bauer Park LP | 142 | No | 15 | Novogradac & Company | Unqualified | None | Completed |
| 12 | HOC at The Upton II Limited Liability Company | 150 | No | NA | Novogradac & Company | Unqualified | None | Completed |
| | **LLC** | | | | | | | |
| 13 | CCL Multifamily Limited Liability Company | 200 | No | NA | Novogradac & Company | Unqualified | None | Completed |

**Extend the Use of the PNC Bank Line of Credit (LOC) and the Real Estate Line of Credit (RELOC) to Finance Commission Approved Actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Brooke Park Apartments, Ambassador Apartments, Avondale Apartments and Year 15 LIHTC Properties**

**June 9, 2021**

- **The Commission has previously approved advances from the LOC and RELOC from PNC Bank to fund the interim financing needs for:**
  - **MHLP VII**
  - **Fairfax Court Apartments**
  - **HOC Fenwick & Second Headquarters**
  - **Brooke Park Apartments**
  - **Ambassador Apartments**
  - **Avondale Apartments, and**
  - **Year 15 LIHTC Properties**

- **As of March 31, 2021, total principal balance from these draws was approximately $13.2 million. The authorization from the Commission for the use of the LOC and RELOC will expire on June 30, 2021.**

- **The estimated total annual cost related to these advances from the LOC and RELOC is approximately $76,625 based on one month London Interbank Offered Rate (LIBOR) as of May 4, 2021 plus the spread.**

- **Staff requests authorization to extend the current maturity date from June 30, 2021 through June 30, 2022.**

**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: Cornelia Kent Division: Finance Ext. 9754
Eugenia Pascual Finance Ext. 9478

**RE:** Extend the use of the PNC Bank Line of Credit and the Real Estate Line of Credit to Finance Commission Approved Actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Brooke Park Apartments, Ambassador Apartments, Avondale Apartments and Year 15 LIHTC Properties.

**DATE:** June 9, 2021

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**BACKGROUND:**

The Commission previously approved advances from the PNC Bank Line of Credit (LOC) to support the interim financing needs of MHLP VII, Fairfax Court Apartments and HOC Fenwick & Second Headquarters. The Commission also authorized draws from the Real Estate Line of Credit (RELOC) to prepay the first and subordinate mortgages of Ambassador Apartments, to purchase Avondale Apartments, to acquire full ownership of Year 15 properties and to provide a construction bridge loan to Brooke Park Apartments. Staff requests approval to extend the current maturity dates through June 30, 2022. The LOC's taxable borrowing rate is LIBOR plus 90 basis points and the tax-exempt borrowing rate is 68.5% of LIBOR plus 59 basis points. The RELOC taxable borrowing rate is LIBOR plus 58 basis points and the tax-exempt borrowing rate is 68.5% of LIBOR plus 38 basis points. The unobligated amount as of March 31, 2021 is $289,740 under the LOC and $40,516,665 under the RELOC.

The table below indicates the current maturity dates, the outstanding principal amounts as of March 31, 2021 and the estimated annual cost under each of these loans.

| Property | Line of Credit | Current Maturity date | Principal Balance | Estimated Annual Cost | Libor Rate & Spread under LOC & RELOC | |
|---|---|---|---|---|---|---|
| MHLP VII | $60 million | June 2021 | $ 522,725 | $ 5,271 | 1.00838% | Taxable |
| Fairfax Court Apartments | $60 million | June 2021 | 328,695 | 3,314 | 1.00838% | Taxable |
| HOC Fenwick & Second Headquarters | $60 million | June 2021 | 1,186,016 | 11,960 | 1.00838% | Taxable |
| Ambassador Apartments | $90 million | June 2021 | 1,862,495 | 8,460 | 0.45424% | Tax-exempt |
| Avondale Apartments | $90 million | June 2021 | 7,037,704 | 31,968 | 0.45424% | Tax-exempt |
| Year 15 LIHTC | $90 million | June 2021 | 1,371,600 | 9,442 | 0.68838% | Taxable |
| Brooke Park Apartments | $90 million | Aug 2021 | 902,025 | 6,209 | 0.68838% | Taxable |
| | | | | | | |
| **Total** | | | **$ 13,211,260** | **$ 76,625** | | |

**MHLP VII**

The draw on the LOC funded the repayment of the first mortgage associated with MHLP VII, a low-income housing tax credit (LIHTC) scattered site property. The units were conveyed to HOC at the end of the initial LIHTC compliance period and are now subject to an Extended Use Covenant. HOC intends to continue to operate the property as an affordable housing development. HOC has also purchased the limited partners' interest in MHLP VIII, MHLP IX and, MHLP X, the remaining LIHTC scattered site properties. Future plans are to combine them into a single ownership entity and repay all outstanding indebtedness from refinancing proceeds.

**Fairfax Court**

Fairfax Court is an 18-unit development located in Chevy Chase. The outstanding draw on the LOC repaid the first mortgage, which was funded with variable rate demand obligation bonds. The Commission intends to operate Fairfax Court as an affordable housing asset and while a comprehensive renovation plan is being developed, the Commission started to repay the LOC from accrued cash and cash flow from operations at the property as available.

**HOC Fenwick & Second Headquarters**

On April 3, 2019, the Commission approved the execution of a ground lease for the development and ownership of HOC's new headquarters building located in downtown Silver Spring, Maryland at Fenwick Lane and Second Avenue. The new headquarters will house staff currently at the Kensington and East Deer Park offices as well as staff in the Silver Spring Service Center. To fund the conceptual design and predevelopment budget of the building, the Commission authorized the use of the LOC up to $2,908,300. The construction of the building is expected to commence by the end of calendar year 2021. Draws through March 31, 2021 totaled $1,186,016.

**Ambassador**

On October 28, 2014, HOC prepaid the Ambassador mortgage by drawing $1,862,495 from the RELOC and used the funds to redeem prior outstanding bonds issued for the project. On April 3, 2019, the Commission approved authorization for the Executive Director to enter into a binding joint venture operating agreement to pursue the redevelopment of Wheaton Gateway consisting specifically of the Lindsay Ford Parcels and the Ambassador Apartments. The RELOC loan will be repaid from financing proceeds from the redevelopment. The building has been demolished.

**Avondale**

The outstanding draw of $7,037,704 on the RELOC funded the acquisition of the Avondale properties. Staff has been working to determine the appropriate development strategy for the property.

**Year 15 LIHTC**

On August 3, 2016, the Commission approved taxable draws on the RELOC in an aggregate amount not to exceed $1.6MM as an interim source of funding for consulting services related to the acquisition of full ownership of Year 15 Properties (Barclay, Georgian Court, Manchester Manor, Metropolitan, MHLP IX, MHLP X, Shady Grove, Stewartown Homes, Strathmore Court and Willows). The RELOC loan will be repaid as part of the total project costs for the eventual recapitalization of Year 15 Properties. Draws through March 31, 2021 total $1,371,600 for payments to Morrison Avenue Capital Partners for consulting services to evaluate, negotiate, and complete limited partners' exits related to the acquisition of ten Year 15 properties.

**Brooke Park Apartments Construction Bridge Loan**

In 2013, the Montgomery County Department of Housing and Community Affairs (DHCA) exercised its right of first refusal and assigned the right to HOC to purchase Brooke Park Apartments. DHCA approved a commitment letter to finance the net funding needed but was delayed due to other closing commitments. To bridge the receipt of the County loan, the Commission authorized on July 1, 2020 to draw up to $1.8 million on the LOC, $1,631,888 of this amount has been already expended. On February 3, 2021, the Commission authorized an additional $1.6 million to be drawn from the RELOC to avoid interruption in construction activities and to complete the renovation by March 2021. To date $902,025 has been drawn from the RELOC. Advances from the PNC lines of credit will be repaid once the County financing is in place.

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**ISSUES FOR CONSIDERATION:**

Does the Commission wish to approve the extension of the maturity dates for the use of the LOC and RELOC from PNC Bank to finance Commission approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Brooke Park Apartments, Ambassador Apartments, Avondale Apartments and Year 15 LIHTC properties through June 30, 2022?

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**PRINCIPALS:**

HOC
PNC Bank, N.A.
Montgomery Homes Limited Partnership (MHLP) VII
Fairfax Court Apartments
HOC-Fenwick & Second Headquarters
Brooke Park Apartments
Wheaton-University Boulevard Limited Partnership for Ambassador Apartments
Avondale Apartments
Year 15 LIHTC Properties

**BUDGET IMPACT:**

The amount of interest expense for FY 2022 is estimated to be $76,625. The interest expense will be included in the FY 2022 Agency Budget.

**TIME FRAME:**

The Budget, Finance and Audit Committee reviewed the request to extend the use of the LOC and the RELOC to finance Commission approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Brooke Park Apartments, Ambassador Apartments, Avondale Apartments and Year 15 LIHTC properties. For Commission action at the June 9, 2021 meeting.

**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

The Budget, Finance and Audit Committee recommends to the Commission the approval to extend the use of the LOC and the RELOC to finance Commission approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Brooke Park Apartments, Ambassador Apartments, Avondale Apartments and Year 15 LIHTC properties through June 30, 2022.

**RESOLUTION NO.: 21-54**

**RE: Approval to Extend the Use of PNC Bank N.A. Line of Credit (LOC) and the Real Estate Line of Credit (RELOC) to Finance Commission Approved Actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Brooke Park Apartments, Ambassador Apartments, Avondale Apartments, and Year 15 LIHTC properties**

**WHEREAS,** the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") has approved various actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Brooke Park Apartments, Ambassador Apartments, Avondale Apartments, and Year 15 LIHTC Properties (together, the "Properties"), which are currently financed through the PNC Bank N.A. Line of Credit (the "LOC") and the PNC Bank N.A. Real Estate Line of Credit (the "RELOC");

**WHEREAS,** staff recommends extending, through June 30, 2022, the use of the LOC at the taxable borrowing rate or the tax exempt rate, and the use of the RELOC at the taxable rate or the tax exempt rate to continue to finance Commission approved actions related to the Properties; and

**WHEREAS,** the estimated cost, as of March 31, 2021, under the LOC and RELOC is expected to be approximately $76,625.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby approves extending, through June 30, 2022, the use of the PNC Bank N.A. Line of Credit and the PNC Bank N.A. Real Estate Line of Credit to finance various Commission actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Brooke Park Apartments, Ambassador Apartments, Avondale Apartments and Year 15 LIHTC Properties.

**I HEREBY CERTIFY** that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June 9, 2021.

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Patrice M. Birdsong
Special Assistant to the Commission

# RENEWAL OF PROPERTY MANAGEMENT CONTRACT FOR FENTON SILVER SPRING (900 THAYER LP)

## June 9, 2021

- The property management contract for Fenton Silver Spring is expiring on **August 29, 2021**. The contract with Edgewood Management Corporation provides for a one-year renewal through **August 29, 2022**.

- Staff requests authorization to renew the contract for one year through August 29, 2022.

**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:** Renewal of Property Management Contract for Fenton Silver Spring (900 Thayer LP)

**DATE:** June 9, 2021

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**STATUS:** Committee Report: Deliberation __X____

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**PURPOSE:**

To approve a one-year renewal of the property management contract with Edgewood Management for Fenton Silver Spring.

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**BACKGROUND:**

Staff recommends renewing the property management contract with Edgewood Management Corporation ("Edgewood") for Fenton Silver Spring. The property was constructed and placed in service in 2019, is well-maintained, and has achieved stable occupancy. The property is highly amenitized and include an onsite resident services office, community room, and rooftop lounge. Further detail is provided in the table below.

Edgewood scored 3.05 of 4.00 available points in a resident survey completed in March 2020, which was the fourth highest score of the six management companies surveyed. Staff continues to partner with Edgewood to improve operational results and customer service.

| Property | Location | Total Residential Units | Affordable Units | AMI Restrictions | Current Occupancy | Latest REAC Score |
|---|---|---|---|---|---|---|
| Fenton Silver Spring | Silver Spring | 124 | 124 | 30% - 80% AMI | 95% | N/A* |

**There has not been a REAC inspection since the property completed construction in October 2019.*

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

| Property | Current Vendor | Current Vendor Start Date | Annual Renewal Contract Cost | Current Contract End Date | Proposed Renewal Period | Remaining Contract Renewals |
|---|---|---|---|---|---|---|
| Fenton Silver Spring | Edgewood | August 2019 | $62,000 | 8/29/2021 | 8/30/2021-8/29/2022 | One |

**ISSUES FOR CONSIDERATION:**

Does the Commission authorize the Executive Director to execute a one-year renewal of the property management contract with Edgewood Management Corporation for Fenton Silver Spring?

**BUDGET IMPACT:**

Renewal of the property management contract will not have an adverse budget impact as the cost associated with the services is included in the property's operating 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.

**TIME FRAME:**

For formal action at the June 9, 2021 meeting of the Commission.

**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff requests that the Commission approve renewing the property management contract for Fenton Silver Spring for one year through August 29, 2022.

**RESOLUTION NO. 21-55** **RE: Approval to Renew Property Management Contract for Fenton Silver Spring**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County ("HOC") is the sole member of 900 Thayer GP LLC, which is the general partner of 900 Thayer Limited Partnership ("900 Thayer LP"), and 900 Thayer LP owns the development known as Fenton Silver Spring located in Silver Spring, Maryland; and

**WHEREAS**, staff desires to renew the current property management contract at Fenton Silver Spring with Edgewood Management Corporation for one (1) year through August 29, 2022.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of 900 Thayer GP LLC, as its sole member, on behalf of itself and on behalf of 900 Thayer LP, as its general partner, that the Executive Director of HOC, or his designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Fenton Silver Spring with Edgewood Management Corporation through August 29, 2022.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of 900 Thayer GP LLC, as its sole member, on behalf of itself and on behalf of 900 Thayer LP, as its general partner, that the Executive Director of HOC, or his designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 9, 2021.

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

# FISCAL YEAR 2022 (FY'22) BUDGET: ADOPTION OF THE FY'22 BUDGET

# June 2, 2021

- **The Budget, Finance and Audit Committee has reviewed the Executive Director's FY'22 Recommended Budget and additional changes included in the proposed budget.**

- **The Proposed Operating Budget for FY'22 is $292.9 million.**

- **The FY'22 budget includes a draw from the General Fund Operating Reserve (GFOR) of $1,434,616 to balance the budget.**

- **The Proposed Capital Budgets for FY'22 is $438.3 million.**

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

| | | | | |
|---|---|---|---|---|
| **TO:** | Housing Opportunities Commission | | | |
| **VIA:** | Stacy L. Spann, Executive Director | | | |
| **FROM:** | Staff: | Cornelia Kent | Division: Finance | Ext. 9754 |
| | | Terri Fowler | Division: Finance | Ext. 9507 |
| | | Tomi Adebo | Division: Finance | Ext. 9472 |
| **RE:** | Fiscal Year 2022 (FY'22) Budget: Adoption of the FY'22 Budget | | | |
| **DATE:** | June 2, 2021 | | | |

**STATUS:** Committee Reports: Deliberation [ X ]

**OVERALL GOAL & OBJECTIVE:**
Adoption of the FY'22 Budget.

**BACKGROUND:**
The Executive Director's FY'22 Recommended Budget for the Housing Opportunities Commission of Montgomery County ("HOC" or "Agency") was presented at the April 7, 2021 Commission meeting. Since then, the Budget, Finance and Audit Committee met with staff two times to review and discuss the budget in detail. They have completed their review and the proposed budget for FY'22 is now before the full Commission for adoption.

**ISSUES FOR CONSIDERATION:**
The Proposed Operating Budget for FY'22 is $292.9 million which represents an increase of $690,353 from the Recommended Budget presented on April 7, 2021.

The Proposed Capital Budget for FY'22 is $438.3 million which represents a decrease of approximately $125,000 from the Recommended Budget presented on April 1, 2020.

The FY'22 Proposed Budget reflects the Agency's continued commitment to **Getting** people housed; **Keeping** people housed; and **Helping** people reach their fullest potential.

Through the continued use of innovative financing and development tactics, HOC has created a new, more sustainable model for affordable housing development that will help us integrate neighborhoods and bring critical resources to the families that need them. To this end, the FY'22 budget reflects ongoing investment in personnel and systems to successfully manage and maintain our properties. In addition to the Agency's focus on efficiently developing, managing and maintaining our real estate portfolio, we continue to deliver cutting-edge services to our clients through HOC Academy and HOC Works.

The Agency's development activities continue to generate commitment and development fees that support the Agency's operations and the Opportunity Housing Reserve Fund (OHRF), which provides funding for future development activities.

While redevelopment and renovation of HOC's aging mixed-income properties continues to improve the ability to attract market rate renters to offset the affordable units and support the financial viability of the Agency's portfolio, the generation of income on the market units in the FY'22 Proposed budget is suppressed as a result of the County's Voluntary Rent Guidelines of 1.4 percent. Further exacerbating this is the continuing impacts of COVID 19 on rental receipts and operating costs as well as the eviction moratorium mandated during COVID.

In order to continue serving customers and Montgomery County, we must avoid layoffs and furloughs. This budget is designed to support the customers and keep the agency viable. The FY'22 Proposed Budget continues to rely on fees from development activity that are one time in nature to support operations. Therefore, the development of the budget required each division to continue the practice of monitoring discretionary spending and introducing appropriate cost savings measures to ensure the long term viability of the Agency. Even with these measures, the FY'22 Proposed Budget, which sets the financial plan for the Agency for the next year, still required use of the General Fund Operating Reserve (GFOR) to fund the deficit at MetroPointe as well as a draw from the GFOR of $1,434,616 to balance the operating budget.

The major differences in the Proposed Operating Budget from the Executive Director's FY'22 Recommended Budget, which are shown in Enclosure 1, are discussed in the following:

**General Fund:**

Revenues increased in the **General Fund** (Attachment 1-1) by $540,033. There are several reasons for the change.

- Development Corporation Fee Income, that represents the cash flow taken from the unrestricted Development Corporation properties, increased by $656,545 to reflect the reduced bad debt expense projection that was partially offset by lower projected net rental income and the update to the personnel complement (See Opportunity Housing).
- The update to the Agency personnel complement resulted in an increase of $1,190 in transfers to the General Fund from the OHRF for Real Estate Development Personnel costs.
- Management Fee Income that is calculated as a percent of personnel cost for the two bond funds, the McKinney grants, and the majority of County grants decreased by ($64,440) as a result of updates to the personnel complement and grant restrictions on allowable fees.

- Funds transferred to the General Fund from the County Contract to fund Resident Service related expenses associated with HOC Academy decreased by ($37,441).
- The COVID 19 pandemic has also impacted the ability to maintain and increase utilization in the Housing Choice Voucher Program (HCVP). As a result, Management Fee Income that is based on utilization has decreased by ($14,391) in the General Fund (see Housing Choice Voucher Program).
- Finally, Asset Management Fee income decreased by ($1,430) to reflect an update to the rentable unit count at one property (see Opportunity Housing Fund).

Expenses increased in the General Fund (Attachment 1-1) by $386,118.

- A portion of the additional projected cash flow from the Opportunity Housing portfolio, as a result of the reduced bad debt expense projection that was partially offset by lower projected net rental income and the update to the personnel complement, is planned to be reinvested into the portfolio for the properties that have insufficient reserves to support their capital needs by increasing the budgeted contribution to the Opportunity Housing Property Reserve by $500,000. It should be noted that this contribution will only be made if sufficient cash flow is generated during the year to support the contribution.
- Personnel expenses increased by $63,508 as a result of an update of the personnel complement. The portion of the adjustment related to Real Estate personnel funded by the Opportunity Housing Reserve Fund (OHRF) was $1,190 ($62,318 + $1,190= $63,508).
- The Recommended Budget included security costs at the existing Holly Hall site. The property site has now been fenced in so the expense will not be needed in FY'22; therefore, expenses in the General Fund have decreased by the ($177,390) that was originally budgeted.

The Recommended Budget assumed a draw from the General Fund Operating Reserve (GFOR) of $1,549,147 to balance the budget. The net impact of the General Fund changes and changes in the Opportunity Housing Fund was an increase of $114,531 in available cash for Agency operations.

As a result, the draw from the GFOR was reduced by ($114,531) to return to a balanced budget ($1,549,147 - $114,531 = $1,434,616).

| Change from Recommended to Proposed Budget | | | |
|---|---|---|---|
| | Income | Expenses | Net |
| **Changes in General Fund** | | | |
| Changes to Income | $540,033 | | $540,033 |
| Changes to Expenses | | $386,118 | ($386,118) |
| **Total changes to General Fund** | **$540,033** | **$386,118** | **$153,915** |
| **Changes in Opportunity Housing Fund** | | | |
| Changes to Income | ($1,946,520) | | ($1,946,520) |
| Changes to Expenses | | ($1,907,136) | $1,907,136 |
| **Total changes to Opportunity Housing Fund** | **($1,946,520)** | **($1,907,136)** | **($39,384)** |
| **Total Changes to Unrestricted Cash** | **($1,406,487)** | **($1,521,018)** | **$114,531** |

Based on the decreasing balance in the GFOR and uncertainties of how long the pandemic will impact our ability to generate income to cover costs and replenish the reserve, staff is proposing that a portion of the balance in the **Debt Service Reserve** be transferred to the GFOR. The funds referenced were deposited by properties that had temporary debt instruments at lower rates and equated to the difference between a fully amortizing loan at 6.5% and the actual debt costs. The properties have now converted or will shortly convert to permanent financing. The contributions, which were voluntary, reduced unrestricted cash flow in the respective years that would have been used to balance the budget or build reserves. Staff is proposing that $4.27 million, which equates to approximately 50% of the current balance in the reserve, be transferred to the GFOR.

**Multifamily Bond Funds:**

Expenses in the **Multifamily Bond Fund** increased by $1,060 to reflect the update to the personnel complement and the Management Fee charged for overhead.

There is a corresponding adjustment in revenues to reflect the decrease in the Bond Draw to support the operations of the Multifamily programs.

**Single Family Bond Funds:**

Expenses in the **Single Family Bond Fund** increased by $770 to reflect the update to the personnel complement and reduced Management Fee charged for overhead.

There is a corresponding adjustment in revenues to reflect the decrease in the Bond Draw to support the operations of the Single Family programs.

**Opportunity Housing Fund:**

Revenues decreased in the **Opportunity Housing and Development Corporation** properties by ($1,946,520).

- Refinements were made to the Tenant Income on a few properties based on anticipated rents due to turnover, vacancies and concessions resulting in a reduction of ($987,951) primarily due to higher vacancy than originally projected.
- Previously, the cost of counselors at the majority of the properties was funded by a transfer from the County Contract. A change was made to charge the counselors directly to the grant which resulted in the removal of the transfer from the County Contact to the properties which reduced income by ($756,181).
- As a result of the lower projected bad debt expense net of the update to tenant income and the personnel complement, the transfers from existing property cash to fund the budgeted shortfalls at State Rental Combined and The Oaks @ Four Corners was reduced by ($201,668). In addition, the draw from the GFOR for the projected deficit at MetroPointe was reduced by ($720).

Expenses in the portfolio decreased by ($1,907,136). There are several reasons for the change.

- Personnel expenses increased by $81,292 as a result of an update of the personnel complement.
- The majority of the change is a result of refinements to the Bad Debt assumptions for several properties based on our recent experience with receipts for current and prior month's rent and existing allowance balances resulting in a reduction of ($1,735,199) in the anticipated expense.
- The cost of counselors at the majority of the properties was shifted back to the County Contract resulting in a decrease of ($857,643) in expenses at the properties.
- Finally, a small change was made to the Asset Management Fees for Camp Hill Square based on an update to the rentable unit count which reduced expenses by ($1,430).

- The distribution of cash flow from the properties was changed as follows based on the net impact to income and expenses:
  - Development Corporation Fee expenses, that represents the cash flow paid to the General Fund from the unrestricted Development Corporation properties, increased by $656,545.
    - The FY'22 Recommended Budget included a combined total of $5,113,907 in Development Corporation Fees to be paid to the General Fund. As a result of the changes, the new total is a combined $5,770,452 in fees to be paid to the General Fund ($5,113,907 + $656,545 = $5,770,452)
  - The restriction of cash flow at restricted properties decreased by ($45,661).
  - Finally, the contributions to the Operating Reserves at the Foreclosure Homes were reduced by ($5,040) to reflect changes in the expenses at the property.

Expenses increased in the **Opportunity Housing Reserve Fund** (OHRF) by $1,190 to reflect costs associated with the Real Estate Development personnel complement.

The Recommended Budget included fees of $4,272,474 that were to be restricted to the OHRF. As a result of the increase to expenses, the restricted cash has decreased by ($1,190) resulting in a budgeted restriction of $4,271,284 to the OHRF ($4,272,474 – $1,190 = $4,271,284).

**Public Fund:**

**Revenues** increased in the **Housing Choice Voucher Program** (HCVP) by $2,535,661.

- The HCVP Housing Assistance Payment (HAP) revenue was increased by $2,607,756 due to re-benchmarking based on utilization achieved in the prior year.
- Projected utilization was reduced in response to the challenges of maintaining and increasing utilization during the COVID19 pandemic. As a result, Administrative Fee Income that is based on utilization was reduced by ($72,095).

As a result of the increased HAP funding and lower utilization, the ($599,094) draw from the HCVP net Restricted Position (NRP) which resulted from income received but not spent in prior years was removed.

**Expenses** decreased by a net of ($822,581) as a result of lower utilization that reduced HAP expenses by ($881,010) and management fees that are based on utilization by ($14,391) that were slightly offset by updates to the personnel complement that increased personnel costs by $72,820.

As a result of the increased HAP revenue and reduced HAP expenses based on lower utilization than was projected in the Recommended budget, HAP revenue of $2,889,672 will be restricted to the NRP reserve for future HAP expense ($2,607,756 - $599,094 – ($881,010) = $2,889,672). In addition, the excess administrative fee income of $375,452 that was restricted for future administrative cost of the program will be reduced by $130,524 to reflect the lower fee income and higher personnel cost that were partially offset by lower management fee expense.

**Change from Recommended to Proposed Budget**

| | Income | Expenses | Net |
|---|---|---|---|
| **Recommended HCVP Administrative Budget before Balancing** | **$8,871,231** | **$8,495,779** | **$375,452** |
| Restrict Surplus to Administrative Reserve | | $375,452 | ($375,452) |
| **Balanced Recommended HCVP Administrative Budget** | **$8,871,231** | **$8,871,231** | **$0** |
| Reduce Administrative Income based on utilization | ($72,095) | | ($72,095) |
| Update Personnel Complement | | $72,820 | ($72,820) |
| Adjust Management Fees paid to General Fund | | ($14,391) | $14,391 |
| Reduce restriction of Surplus to Administrative Reserve | | ($130,524) | $130,524 |
| **Net changes to HCVP Administrative Budget** | ($72,095) | ($72,095) | $0 |
| **Proposed HCVP Administrative Budget** | **$8,799,136** | **$8,799,136** | **$0** |

**Federal and County Grants** increased by a net $272,974. There were several factors that contributed to the increase:

- Federal funding for the McKinney Grants was increased by $222,072; however, expenses were increased by $226,735 ($222,180 + $4,555) which resulted in a shortfall of $4,663.
    - The original surplus funds in the McKinney Grants that would be restricted to the grant reserve was reduced by ($4,663) to balance the grants.
    - In addition, the transfers between the McKinney grants were increased by $1,487 due to changes in expenses, which increased both income and expense in the grants.
- County funding for the grants funded by Recordation Tax income were increased by 3% resulting in an increase of $66,008 to both income and expenses in the grants.
- Funding for the County Closing Cost Program, which is a cost-reimbursable grant, increased $190 based on a small change in the personnel cost of the program.
- The County Contract funding for Rental License Fee Reimbursements was corrected which reduce both income and expenses in the grant by ($14,137).
- There was a net decrease of ($2,646) in the transfers from the main County Contract to balance the smaller County contracts, due to changes in expenses, which decreased both income and expense in the grants.
- As mentioned previously, the cost of counselors at the majority of the properties was funded by a transfer from the County Contract.
    - A change was made to charge the counselors directly to the grant which resulted in the removal of the transfer from the County Contact to the properties which reduced expenses by ($1,087,966) ($756,181 for OH + $331,785 for TC = $1,087,966). Please note that the transfer was being made for both the Opportunity Housing properties, budgeted in the Agency Fiscal Year Budget, as well as Calendar Year Tax Credit budgets; therefore, the removal of this transfer is greater than the removal of the corresponding transfer to Opportunity Housing.
    - The personnel cost in the County Contract increased by $1,210,648 to reflect the change in how the costs are charged. Please note that this final amount of counselors that could be funded by the County Contract was higher than originally anticipated due to other changes within the grants.
- The Personnel Complement update increased overall expenses by $14,817.
- The management fees paid to the agency by the grants was decreased ($64,050) as a result of updates to the personnel complement and grant restrictions on allowable fees.
- Miscellaneous expenses or restricted cash were decreased by ($35,818) to balance the restricted grants.

- Finally, the FY'22 Recommend Budget projected a transfer of $125,776 to the General Fund for Resident Service related expenses in HOC Academy. As a result of the net changes to the County Contract, the transfer was decreased by ($37,441).

**Change from Recommended to Proposed Budget**

| | Income |
|---|---|
| **Recommended Budget - Transfer to HOC Academy** | **$125,776** |
| Move cost of Property Counselors to the County Grant from the properties | $1,210,648 |
| Remove transfer from County Contract for Counselors at OH properties | ($756,181) |
| Remove transfer from County Contract for Counselors at Tax Credit properties | ($331,785) |
| Adjust Management Fees paid to General Fund from County Contract | ($62,700) |
| Update to Personnel Complement on County Contract | $4,279 |
| Balance Grants | ($26,820) |
| **Net changes to Grants** | $37,441 |
| **Proposed Budget - Transfer to HOC Academy** | **$88,335** |

**Capital Budget:**

The FY'22 Proposed Capital Budget reflects the changes that were discussed at the Budget, Finance and Audit Committee meetings during April and May. The Proposed Capital Budget for FY'22 is $438.3 million, and reflects an increase of $125,000 from the Recommended Budget presented on April 7, 2021.

- **Capital Development Budget:**

  The capital development budgets increased by $125,000 to reflect the restoration of the previous reduction in FY'22 County Capital Improvements Program (CIP) budget for Improvements in Deeply Affordable Units based on the recommendation made by the County Planning, Housing and Economic Development (PHED) Committee that was ultimately approved by the County Council. (Attachment 1-2)

Enclosure 2 includes the updated charts from the Summary and Capital Budget sections of the FY'21 Recommended Budget reflecting the proposed budgets.

Enclosure 3 includes the resolutions to adopt the FY'22 Operating and Capital Budgets.

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**BUDGET IMPACT:**

Adoption of the FY'22 Budget will set the financial plan for the next fiscal year. Quarterly reviews will keep it updated and relevant.

**TIME FRAME:**

Adoption of the FY'22 Budget at the June 2, 2021 meeting will allow time for staff to implement the budget for the beginning of the fiscal year, July 1st. The Commission needs to adopt a budget for FY'22 before the fiscal year begins on July 1, 2021.

**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

The adoption of the FY'22 Operating and Capital Budgets and related resolutions by approving the attached resolutions (Enclosure 3).

**ENCLOSURES:**

1) Spreadsheets highlighting major budget changes from FY'22 Recommended Operating and Capital Budgets

2) Revised charts from Summary and Capital Budget sections of the FY'22 Recommended Budget

3) Resolutions to adopt the FY'22 Budget

- Adoption of the FY'22 Budgets, Bond Draw Downs and Transfers

- Adoption of FY'22 Reimbursement Resolution

# Spreadsheets Highlighting Major Budget Changes from FY’22 Recommended Operating and Capital Budgets

Enclosure 1

| FY 2022 Proposed Operating Budget<br>Comparison from Recommended Budget | Revenues | Expenses | Recommended Budget | Net Changes To Revenue | Net Changes To Expenses | Revenues | Expenses | Proposed Budget |
|---|---|---|---|---|---|---|---|---|
| **General Fund** | | | | | | | | |
| General Fund | $25,364,291 | $29,176,667 | **($3,812,376)** | $540,033 | $386,118 | $25,904,324 | $29,562,785 | **($3,658,461)** |
| **Draw from GFOR** | $1,549,147 | $0 | **$1,549,147** | ($114,531) | $0 | $1,434,616 | $0 | **$1,434,616** |
| **Multifamily & Single Family Bond Funds** | | | | | | | | |
| Multifamily Fund | $17,100,698 | $17,100,698 | **$0** | $1,060 | $1,060 | $17,101,758 | $17,101,758 | **$0** |
| Single Family Fund | $9,595,474 | $9,595,474 | **$0** | $770 | $770 | $9,596,244 | $9,596,244 | **$0** |
| **Opportunity Housing Fund** | | | | | | | | |
| Opportunity Housing Reserve Fund | $5,895,910 | $1,623,436 | **$4,272,474** | $0 | $1,190 | $5,895,910 | $1,624,626 | **$4,271,284** |
| **Draw from OHRF** | $0 | $0 | **$0** | $0 | $0 | $0 | $0 | **$0** |
| **Restrict to OHRF** | $0 | $4,272,474 | **($4,272,474)** | $0 | ($1,190) | $0 | $4,271,284 | **($4,271,284)** |
| Opportunity Housing & Development Corps | $98,379,157 | $96,311,069 | **$2,068,088** | ($1,945,800) | ($1,907,136) | $96,433,357 | $94,403,933 | **$2,029,424** |
| **Draw from GFOR for MetroPointe Deficit** | $195,141 | $0 | **$195,141** | ($720) | $0 | $194,421 | $0 | **$194,421** |
| **Public Fund** | | | | | | | | |
| Housing Choice Voucher Program | $115,768,479 | $115,992,121 | **($223,642)** | $2,535,661 | ($822,581) | $118,304,140 | $115,169,540 | **$3,134,600** |
| **Draw from HCVP HAP Reserve** | $599,094 | $0 | **$599,094** | ($599,094) | $0 | $0 | $0 | **$0** |
| **Restrict to HCVP HAP Reserve** | $0 | $0 | **$0** | $0 | $2,889,672 | $0 | $2,889,672 | **($2,889,672)** |
| **Restrict to HCVP Administrative Reserve** | $0 | $375,452 | **($375,452)** | $0 | ($130,524) | $0 | $244,928 | **($244,928)** |
| Federal and Other County Grants | $17,773,660 | $17,773,660 | **$0** | $272,974 | $272,974 | $18,046,634 | $18,046,634 | **$0** |
| **TOTAL - ALL FUNDS** | **$292,221,051** | **$292,221,051** | **$0** | **$690,353** | **$690,353** | **$292,911,404** | **$292,911,404** | **$0** |

**Footnotes - explanation of changes**

| | | |
|---|---|---|
| GF R | $656,545 | Adjust Development Corporation Fee Income from properties |
| GF R | $1,190 | Increase transfer from OHRF for increase in Real Estate Development Personnel cost |
| GF R | ($64,440) | Adjust Management Fee income based on changes to Salary & Benefits |
| GF R | ($37,441) | Decrease transfer from County for HOC Academy |
| GF R | ($14,391) | Adjust Management Fee Income for decrease in HCVP utilization |
| GF R | ($1,430) | Adjust Asset Management Fee income based on rental unit distribution |
| | **$540,033** | |
| GF E | $500,000 | Increase contribution to Opportunity Housing Property Reserve (OHPR) |
| GF E | $62,318 | Update Personnel Complement and Insurance allocations |
| GF E | $1,190 | Adjust personnel cost for Real Estate personnel |
| GF E | ($177,390) | Remove Security cost for holly Hall Site |
| | **$386,118** | |
| GF | **($114,531)** | **Adjust Draw from General Fund Operating Reserve (GFOR)** |
| MF R | **$1,060** | Increase draw from indenture to fund administrative costs |
| MF E | $1,280 | Adjust Personnel Costs |
| MF E | ($220) | Adjust Management Fee |
| | **$1,060** | |
| SF R | **$770** | Decrease draw from indenture to fund administrative costs |
| SF E | $940 | Adjust Personnel Costs |
| SF E | ($170) | Adjust Management Fee based |
| SF E | **$770** | |
| OHRF E | **$1,190** | Increase transfer to GF to fund Real Estate Development personnel cost |
| OHRF | **($1,190)** | **Decrease excess cash flow restriction** |
| OH R | ($987,951) | Refine Rents, Vacancy and Concessions |
| OH R | ($756,181) | Remove transfers from County Contract for Counselors at properties |
| OH R | ($201,668) | **Adjust draws from existing property cash** |
| OH R | ($720) | **Adjust draws from GFOR for deficit at MetroPointe due to COVID 19** |
| | **($1,946,520)** | |
| OH E | $81,292 | Update Personnel Complement and Insurance allocations |
| OH E | ($1,735,199) | Refine Bad Debt assumptions |
| OH E | ($857,643) | Move cost of Property Counselors from the properties to the County Grant |
| OH E | ($1,430) | Adjust Asset Management Fee based on unit distribution |
| OH E | $656,545 | **Adjust Development Corporation Fee Expense on properties** |
| OH E | ($45,661) | **Adjust restrictions of cash for restricted properties** |
| OH E | ($5,040) | **Adjust contributions to Operating Reserves at Foreclosure Homes** |
| | **($1,907,136)** | |

| FY 2022 Proposed Operating Budget Comparison from Recommended Budget | Revenues | Expenses | Recommended Budget | Net Changes To Revenue | Net Changes To Expenses | Revenues | Expenses | Proposed Budget |
|---|---|---|---|---|---|---|---|---|
| **General Fund** | | | | | | | | |
| General Fund | $25,364,291 | $29,176,667 | **($3,812,376)** | $540,033 | $386,118 | $25,904,324 | $29,562,785 | **($3,658,461)** |
| **Draw from GFOR** | $1,549,147 | $0 | **$1,549,147** | ($114,531) | $0 | $1,434,616 | $0 | **$1,434,616** |
| **Multifamily & Single Family Bond Funds** | | | | | | | | |
| Multifamily Fund | $17,100,698 | $17,100,698 | **$0** | $1,060 | $1,060 | $17,101,758 | $17,101,758 | **$0** |
| Single Family Fund | $9,595,474 | $9,595,474 | **$0** | $770 | $770 | $9,596,244 | $9,596,244 | **$0** |
| **Opportunity Housing Fund** | | | | | | | | |
| Opportunity Housing Reserve Fund | $5,895,910 | $1,623,436 | **$4,272,474** | $0 | $1,190 | $5,895,910 | $1,624,626 | **$4,271,284** |
| **Draw from OHRF** | $0 | $0 | **$0** | $0 | $0 | $0 | $0 | **$0** |
| **Restrict to OHRF** | $0 | $4,272,474 | **($4,272,474)** | $0 | ($1,190) | $0 | $4,271,284 | **($4,271,284)** |
| Opportunity Housing & Development Corps | $98,379,157 | $96,311,069 | **$2,068,088** | ($1,945,800) | ($1,907,136) | $96,433,357 | $94,403,933 | **$2,029,424** |
| **Draw from GFOR for MetroPointe Deficit** | $195,141 | $0 | **$195,141** | ($720) | $0 | $194,421 | $0 | **$194,421** |
| **Public Fund** | | | | | | | | |
| Housing Choice Voucher Program | $115,768,479 | $115,992,121 | **($223,642)** | $2,535,661 | ($822,581) | $118,304,140 | $115,169,540 | **$3,134,600** |
| **Draw from HCVP HAP Reserve** | $599,094 | $0 | **$599,094** | ($599,094) | $0 | $0 | $0 | **$0** |
| **Restrict to HCVP HAP Reserve** | $0 | $0 | **$0** | $0 | $2,889,672 | $0 | $2,889,672 | **($2,889,672)** |
| **Restrict to HCVP Administrative Reserve** | $0 | $375,452 | **($375,452)** | $0 | ($130,524) | $0 | $244,928 | **($244,928)** |
| Federal and Other County Grants | $17,773,660 | $17,773,660 | **$0** | $272,974 | $272,974 | $18,046,634 | $18,046,634 | **$0** |
| **TOTAL - ALL FUNDS** | **$292,221,051** | **$292,221,051** | **$0** | **$690,353** | **$690,353** | **$292,911,404** | **$292,911,404** | **$0** |

**Footnotes - explanation of changes**

| | | |
|---|---|---|
| **HCV R** | $2,607,756 | Increase HCV Housing Assistance Payment (HAP) Revenue due to re-benchmark and new program funding |
| **HCV R** | ($72,095) | Reduce HCV Administrative Fees based on lower utilization |
| | **$2,535,661** | |
| **HCV R** | **($599,094)** | Remove draw from HCV Net Restricted Position (NRP) |
| **HCV E** | $72,820 | Update Personnel Complement |
| **HCV E** | ($881,010) | Reduce HCV Housing Payments based on lower utilization due |
| **HCV E** | ($14,391) | Adjust Management Fee Income for decrease in HCVP utilization |
| | **($822,581)** | |
| **HCV** | **$2,889,672** | **Restrict excess HAP Revenue to Net Restricted Position (NRP)** |
| **HCV** | **($130,524)** | **Adjust restriction of excess Administrative Fee Income to reserve** |

| | | |
|---|---|---|
| **Grants R** | $222,072 | Increase funding for McKinney Grants |
| **Grants R** | $66,008 | Increase funding for Recordation Tax Grants |
| **Grants R** | $1,487 | Adjust transfers between McKinney Grants |
| **Grants R** | $190 | Increase County Closing Cost Grant based on costs |
| **Grants R** | ($14,137) | Adjust County Grant Income for Rental License Fees |
| **Grants R** | ($2,646) | Decrease transfers from County Contracts to balance grants |
| | **$272,974** | |
| **Grants E** | $1,210,648 | Move cost of Property Counselors to the County Grant from the properties |
| **Grants E** | $222,180 | Update McKinney Grant expenses based on additional funding |
| **Grants E** | $4,555 | Update Personnel Complement for McKinney Grants |
| **Grants E** | $66,008 | Update Recordation Tax Grant expenses based on additional funding |
| **Grants E** | $14,817 | Update Personnel Complement |
| **Grants E** | $1,487 | Adjust transfers between McKinney Grants |
| **Grants E** | ($756,181) | Remove transfer from County Contract for Counselors at OH properties |
| **Grants E** | ($331,785) | Remove transfer from County Contract for Counselors at Tax Credit properties |
| **Grants E** | ($64,050) | Adjust Management Fees paid to General Fund |
| **Grants E** | ($35,818) | Balance Grants |
| **Grants E** | ($37,441) | Decrease transfer to HOC Academy in General fund from County |
| **Grants E** | ($14,137) | Adjust County Grant Expense for Rental License Fees |

| FY 2022 Proposed Capital Budget<br>Comparison from Recommended Budget | | Revenues | Expenses | Recommended Budget | Net Changes to Revenue | Net Changes to Expenses | Revenues | Expenses | Proposed Budget |
|---|---|---|---|---|---|---|---|---|---|
| **Capital Improvements** | | | | | | | | | |
| | East Deer Park | $95,000 | $95,000 | **$0** | $0 | $0 | $95,000 | $95,000 | **$0** |
| | Kensington Office | $100,000 | $100,000 | **$0** | $0 | $0 | $100,000 | $100,000 | **$0** |
| | 880 Bonifant | $82,000 | $82,000 | **$0** | $0 | $0 | $82,000 | $82,000 | **$0** |
| | Information Technology | $781,000 | $781,000 | **$0** | $0 | $0 | $781,000 | $781,000 | **$0** |
| | Opportunity Housing Properties | $5,998,048 | $5,998,048 | **$0** | $0 | $0 | $5,998,048 | $5,998,048 | **$0** |
| | | **$7,056,048** | **$7,056,048** | **$0** | **$0** | **$0** | **$7,056,048** | **$7,056,048** | **$0** |
| **Capital Development Projects** | | | | | | | | | |
| | Bauer Park Apartments | $9,094,460 | $9,094,460 | **$0** | $0 | $0 | $9,094,460 | $9,094,460 | **$0** |
| | Deeply Affordable Units | $1,125,000 | $1,125,000 | **$0** | $125,000 | $125,000 | $1,250,000 | $1,250,000 | **$0** |
| | Elizabeth House III | $26,358,960 | $26,358,960 | **$0** | $0 | $0 | $26,358,960 | $26,358,960 | **$0** |
| | Georgian Court | $29,113,153 | $29,113,153 | **$0** | $0 | $0 | $29,113,153 | $29,113,153 | **$0** |
| | Hillandale Gateway | $19,614,762 | $19,614,762 | **$0** | $0 | $0 | $19,614,762 | $19,614,762 | **$0** |
| | Metropolitan | $112,604,941 | $112,604,941 | **$0** | $0 | $0 | $112,604,941 | $112,604,941 | **$0** |
| | Shady Grove | $42,420,591 | $42,420,591 | **$0** | $0 | $0 | $42,420,591 | $42,420,591 | **$0** |
| | Stewartown | $8,360,330 | $8,360,330 | **$0** | $0 | $0 | $8,360,330 | $8,360,330 | **$0** |
| | Upton II | $16,285,095 | $16,285,095 | **$0** | $0 | $0 | $16,285,095 | $16,285,095 | **$0** |
| | West Side Shady Grove | $63,061,089 | $63,061,089 | **$0** | $0 | $0 | $63,061,089 | $63,061,089 | **$0** |
| | Westwood Towers | $42,750,000 | $42,750,000 | **$0** | $0 | $0 | $42,750,000 | $42,750,000 | **$0** |
| | Willow Manor Resyndication | $60,341,183 | $60,341,183 | **$0** | $0 | $0 | $60,341,183 | $60,341,183 | **$0** |
| | | **$431,129,564** | **$431,129,564** | **$0** | **$125,000** | **$125,000** | **$431,254,564** | **$431,254,564** | **$0** |
| | **TOTAL - ALL FUNDS** | **$438,185,612** | **$438,185,612** | **$0** | **$125,000** | **$125,000** | **$438,310,612** | **$438,310,612** | **$0** |

**Footnotes - explanation of changes**

**CD R** $125,000 Restore $125,000 reduction in County CIP
**$125,000**

**CD E** $125,000 Restore $125,000 reduction in County CIP
**$125,000**

# Revised Charts
# From Summary and Capital Budget Sections
# of the FY'22 Recommended Budget

Enclosure 2

Housing Opportunities Commission
OF MONTGOMERY COUNTY

# Commission Meeting

# FY 2022 Recommended Budget

## June 9, 2021

# FY 2022 – Budget Overview

## Proposed Budget

| Fund Summary Overview | | FY 2022 Proposed Budget | |
|---|---|---|---|
| | Revenues | Expenses | Net |
| General Fund | $25,904,324 | $29,562,785 | ($3,658,461) |
| Draw from GFOR | $1,434,616 | $0 | $1,434,616 |
| Multifamily Bond Funds | $17,101,758 | $17,101,758 | $0 |
| Single Family Bond Funds | $9,596,244 | $9,596,244 | $0 |
| Opportunity Housing Fund | | | |
| Opportunity Housing Reserve Fund (OHRF) | $5,895,910 | $1,624,626 | $4,271,284 |
| Restrict to OHRF | $0 | $4,271,284 | ($4,271,284) |
| Opportunity Housing & Development Corporation Properties | $96,433,357 | $94,403,933 | $2,029,424 |
| Draw from GFOR for MetroPointe Deficit | $194,421 | $0 | $194,421 |
| Public Fund | | | |
| Housing Choice Voucher Program (HCVP) | $118,304,140 | $118,304,140 | $0 |
| Federal and County Grants | $18,046,634 | $18,046,634 | $0 |
| **TOTAL - ALL FUNDS** | **$292,911,404** | **$292,911,404** | **$0** |

*** Revenues and Expenses include inter-company Transfer Between Funds**

Housing Opportunities Commission OF MONTGOMERY COUNTY

# FY 2022 – Revenue and Expense Summary

## Proposed Budget

### FY 2022 Revenue and Expense Statement

#### Operating Budget

| | |
|---|---|
| **Operating Income** | |
| Tenant Income | $94,979,316 |
| Non-Dwelling Rental Income | $1,263,007 |
| Federal Grant | $123,984,851 |
| County Grant | $11,126,350 |
| Management Fees | $28,786,781 |
| Miscellaneous Income | $228,782 |
| **TOTAL OPERATING INCOME** | **$260,369,087** |
| **Operating Expenses** | |
| Personnel Expenses | $46,493,779 |
| Operating Expenses - Fees | $18,792,675 |
| Operating Expenses - Administrative | $9,252,361 |
| Bad Debt | $2,930,165 |
| Tenant Services Expenses | $7,870,861 |
| Protective Services Expenses | $725,323 |
| Utilities Expenses | $6,283,417 |
| Insurance and Tax Expenses | $3,149,283 |
| Maintenance Expenses | $9,194,628 |
| Housing Assistance Payments (HAP) | $106,615,332 |
| **TOTAL OPERATING EXPENSES** | **$211,307,824** |
| **NET OPERATING INCOME** | **$49,061,263** |

#### Non-Operating Budget

| | |
|---|---|
| **Non-Operating Income** | |
| Investment Interest Income | $23,482,449 |
| FHA Risk Sharing Insurance | $891,352 |
| Transfer Between Funds | $8,168,516 |
| **TOTAL NON-OPERATING INCOME** | **$32,542,317** |
| **Non-Operating Expenses** | |
| Interest Payment | $36,916,256 |
| Mortgage Insurance | $1,076,400 |
| Principal Payment | $12,333,631 |
| Debt Service, Operating and Replacement Reserves | $14,414,495 |
| Restricted Cash Flow | $5,483,828 |
| Development Corporation Fees | $5,770,452 |
| Miscellaneous Bond Financing Expenses | $589,764 |
| FHA Risk Sharing Insurance | $891,352 |
| Transfer Out Between Funds | $4,127,402 |
| **TOTAL NON-OPERATING EXPENSES** | **$81,603,580** |
| **NET NON-OPERATING ADJUSTMENTS** | **($49,061,263)** |

# FY 2022 – Operating Budget: Source of Funds

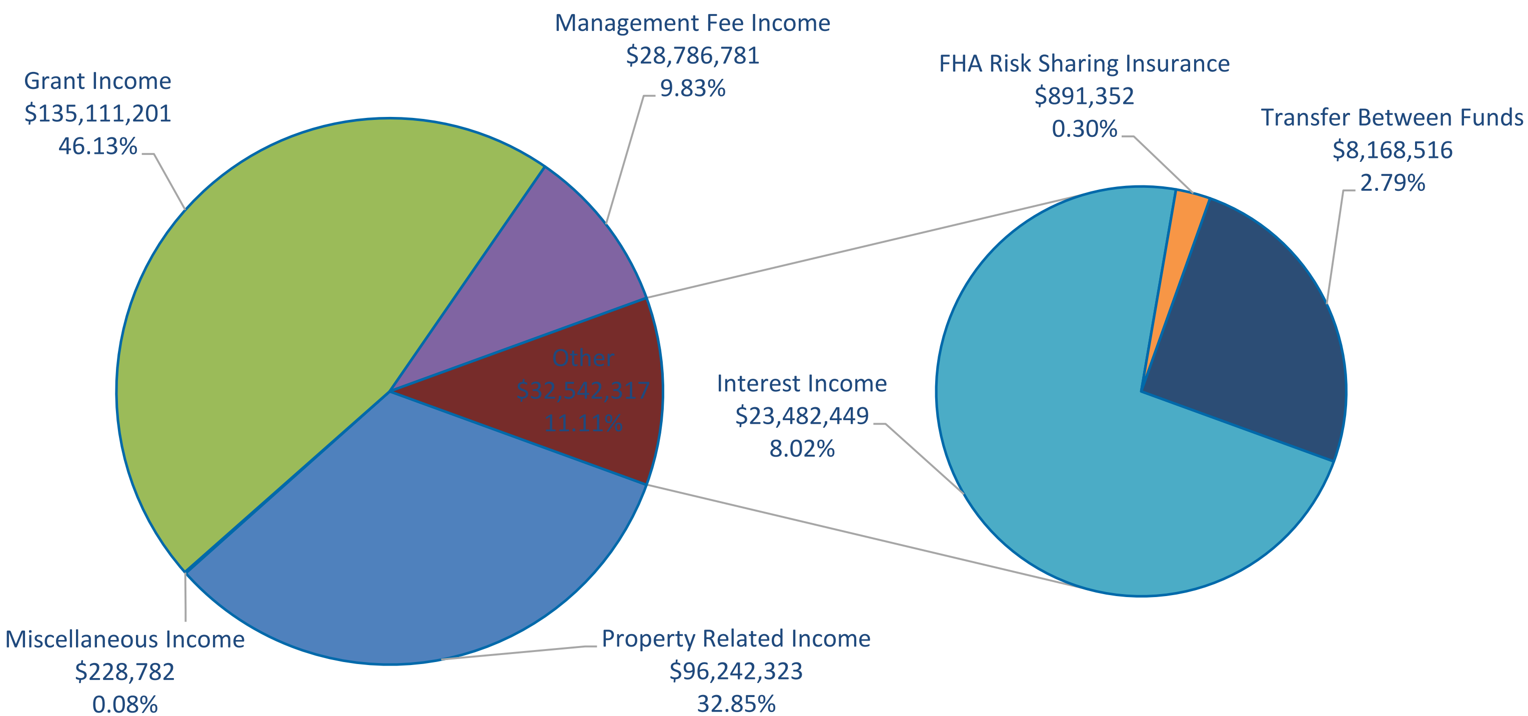
## Total Income – Proposed – $292,911,404

**Operating Income**

$260,369,087

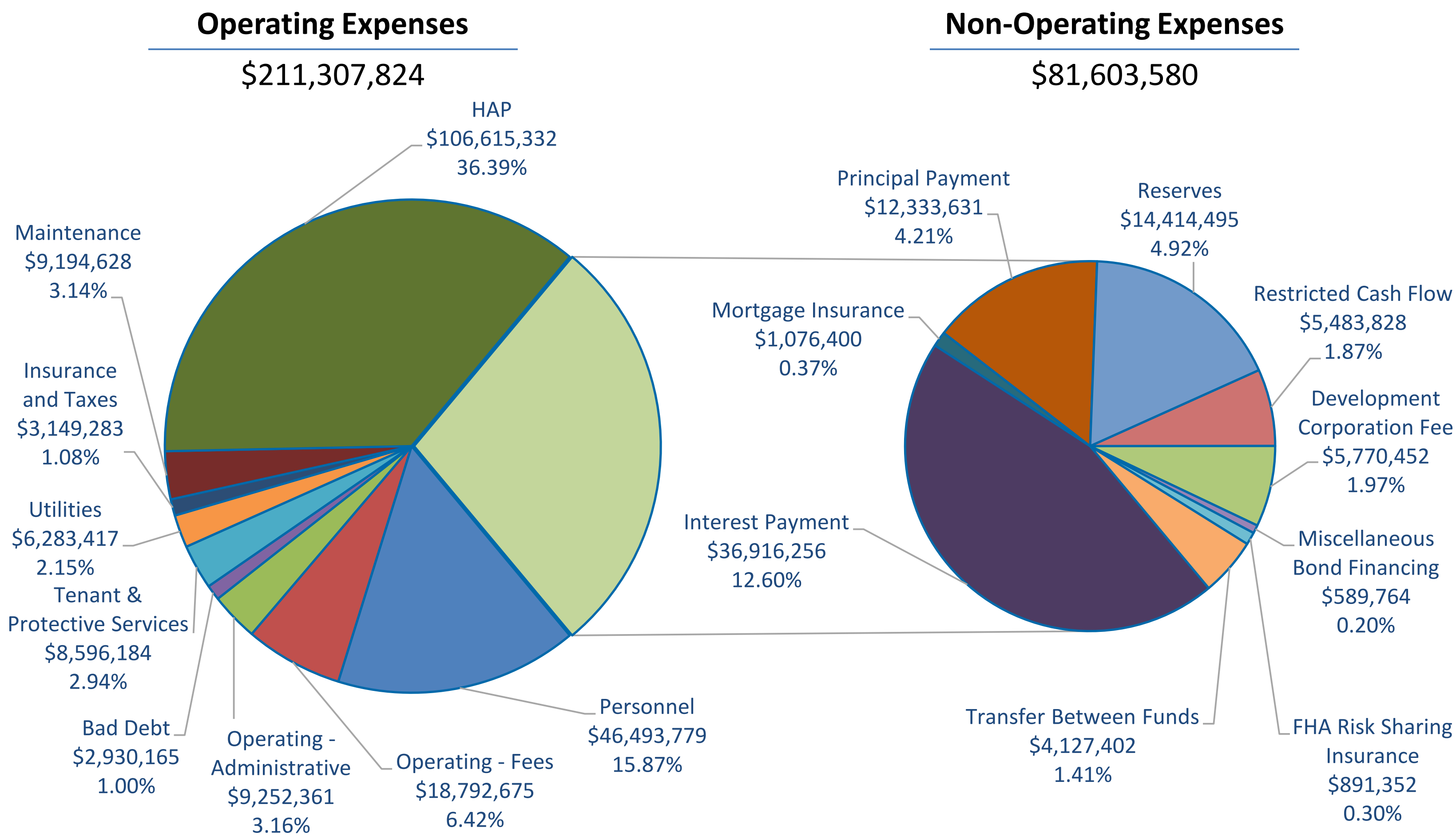
**Non-Operating Income**

$32,542,317



# FY 2022 – Operating Budget: Use of Funds

## Total Expenses – Proposed – $292,911,404



Housing Opportunities Commission
OF MONTGOMERY COUNTY

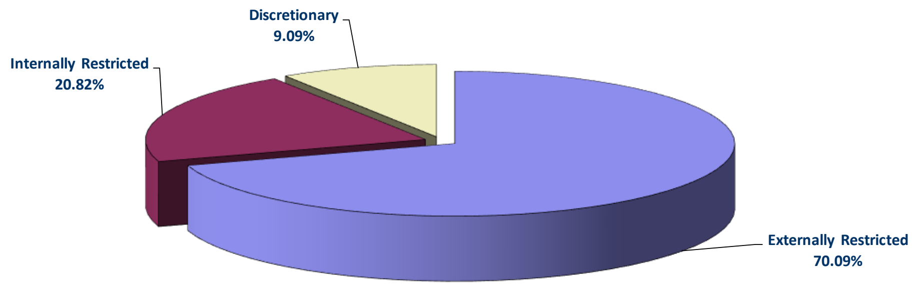
# Total Agency Operating Budget Summary – FY 2018 through FY 2022

## Total Revenue and Expense Statement

| Total Revenue and Expense Statement | FY 2018 Actual | FY 2019 Actual | FY 2020 Actual | FY 2021 Amended Budget | FY 2022 Proposed Budget |
|---|---|---|---|---|---|
| **Operating Income** | | | | | |
| Tenant Income | $76,823,091 | $90,898,929 | $97,703,079 | $103,032,841 | $94,979,316 |
| Non-Dwelling Rental Income | $1,402,219 | $1,088,218 | $1,107,343 | $977,616 | $1,263,007 |
| Federal Grant | $103,892,095 | $111,759,315 | $116,933,119 | $113,362,243 | $123,984,851 |
| State Grant | $105,990 | $24,370 | $0 | $0 | $0 |
| County Grant | $9,750,971 | $10,063,003 | $10,089,325 | $10,785,570 | $11,126,350 |
| Management Fees | $20,493,087 | $20,146,249 | $27,581,348 | $25,266,765 | $28,786,781 |
| Miscellaneous Income | $181,601 | $496,816 | $346,691 | $134,203 | $228,782 |
| **TOTAL OPERATING INCOME** | **$212,649,054** | **$234,476,900** | **$253,760,905** | **$253,559,238** | **$260,369,087** |
| **Operating Expenses** | | | | | |
| Personnel Expenses | $40,021,952 | $42,438,284 | $44,166,986 | $47,159,874 | $46,493,779 |
| Operating Expenses - Fees | $15,908,908 | $17,735,370 | $18,438,628 | $18,962,733 | $18,792,675 |
| Operating Expenses - Administrative | $6,208,073 | $7,224,321 | $8,648,832 | $8,370,175 | $9,252,361 |
| Bad Debt | $872,472 | $1,953,887 | $1,484,756 | $6,693,265 | $2,930,165 |
| Tenant Services Expenses | $6,146,396 | $6,390,914 | $6,123,707 | $7,311,994 | $7,870,861 |
| Protective Services Expenses | $812,364 | $789,721 | $1,369,695 | $930,726 | $725,323 |
| Utilities Expenses | $5,567,031 | $6,135,729 | $6,280,649 | $6,496,127 | $6,283,417 |
| Insurance and Tax Expenses | $1,846,557 | $2,706,517 | $2,455,978 | $3,062,664 | $3,149,283 |
| Maintenance Expenses | $7,605,304 | $9,974,062 | $9,787,285 | $9,130,072 | $9,194,628 |
| Housing Assistance Payments (HAP) | $91,157,649 | $97,568,970 | $99,329,069 | $98,532,498 | $106,615,332 |
| **TOTAL OPERATING EXPENSES** | **$176,146,706** | **$192,917,775** | **$198,085,585** | **$206,650,128** | **$211,307,824** |
| **NET OPERATING INCOME** | **$36,502,348** | **$41,559,125** | **$55,675,320** | **$46,909,110** | **$49,061,263** |
| **Non-Operating Income** | | | | | |
| Investment Interest Income | $24,414,275 | $29,740,649 | $26,017,802 | $22,442,671 | $23,482,449 |
| FHA Risk Sharing Insurance | $697,624 | $890,294 | $1,102,136 | $858,817 | $891,352 |
| Transfer Between Funds | $7,674,456 | $8,891,771 | $8,577,517 | $8,350,120 | $8,168,516 |
| **TOTAL NON-OPERATING INCOME** | **$32,786,355** | **$39,522,714** | **$35,697,455** | **$31,651,608** | **$32,542,317** |
| **Non-Operating Expenses** | | | | | |
| Interest Payment | $33,006,794 | $42,540,438 | $38,556,309 | $38,832,455 | $36,916,256 |
| Mortgage Insurance | $832,655 | $881,485 | $1,168,924 | $1,218,136 | $1,076,400 |
| Principal Payment | $7,356,662 | $9,340,623 | $11,002,405 | $12,356,524 | $12,333,631 |
| Debt Service, Operating and Replacement Reserves | $8,216,656 | $9,998,074 | $15,441,521 | $11,268,956 | $14,414,495 |
| Restricted Cash Flow | $8,626,603 | $5,076,416 | $8,174,970 | $4,443,489 | $5,483,828 |
| Development Corporation Fees | $6,435,449 | $6,338,023 | $6,668,476 | $4,904,610 | $5,770,452 |
| Miscellaneous Bond Financing Expenses | $585,994 | $415,277 | $947,904 | $84,451 | $589,764 |
| FHA Risk Sharing Insurance | $618,857 | $890,294 | $1,102,136 | $858,817 | $891,352 |
| Transfer Out Between Funds | $3,790,711 | $5,429,173 | $5,530,873 | $4,593,280 | $4,127,402 |
| **TOTAL NON-OPERATING EXPENSES** | **$69,470,381** | **$80,909,803** | **$88,593,518** | **$78,560,718** | **$81,603,580** |
| **NET NON-OPERATING ADJUSTMENTS** | **($36,684,026)** | **($41,387,089)** | **($52,896,063)** | **($46,909,110)** | **($49,061,263)** |
| **NET CASH FLOW** | **($181,678)** | **$172,036** | **$2,779,257** | **$0** | **$0** |

# FY 2022 – Revenue Restrictions

| Revenue Restriction (Showing externally placed restrictions) | FY 2022 Proposed Budget | | | |
|---|---|---|---|---|
| | Externally Restricted | Internally Restricted | Discretionary | TOTAL |
| **Operating Income** | | | | |
| Property Related Income | $38,906,170 | $55,102,308 | $2,233,845 | **$96,242,323** |
| Federal Grant | $123,984,851 | $0 | $0 | **$123,984,851** |
| County Grant | $11,126,350 | $0 | $0 | **$11,126,350** |
| Management Fees | $0 | $5,895,910 | $22,890,871 | **$28,786,781** |
| Miscellaneous Income | $177,250 | $0 | $51,532 | **$228,782** |
| **TOTAL OPERATING INCOME** | **$174,194,621** | **$60,998,218** | **$25,176,248** | **$260,369,087** |
| **Non-Operating Income** | | | | |
| Interest Income | $23,467,449 | $0 | $15,000 | **$23,482,449** |
| FHA Risk Sharing | $891,352 | $0 | $0 | **$891,352** |
| Transfer Between Funds | $6,733,900 | $0 | $1,434,616 | **$8,168,516** |
| **TOTAL NON-OPERATING INCOME** | **$31,092,701** | | **$1,449,616** | **$32,542,317** |
| **TOTAL - ALL REVENUE SOURCES** | **$205,287,322** | **$60,998,218** | **$26,625,864** | **$292,911,404** |



Housing Opportunities Commission
OF MONTGOMERY COUNTY

# FY 2022 – Capital Budget

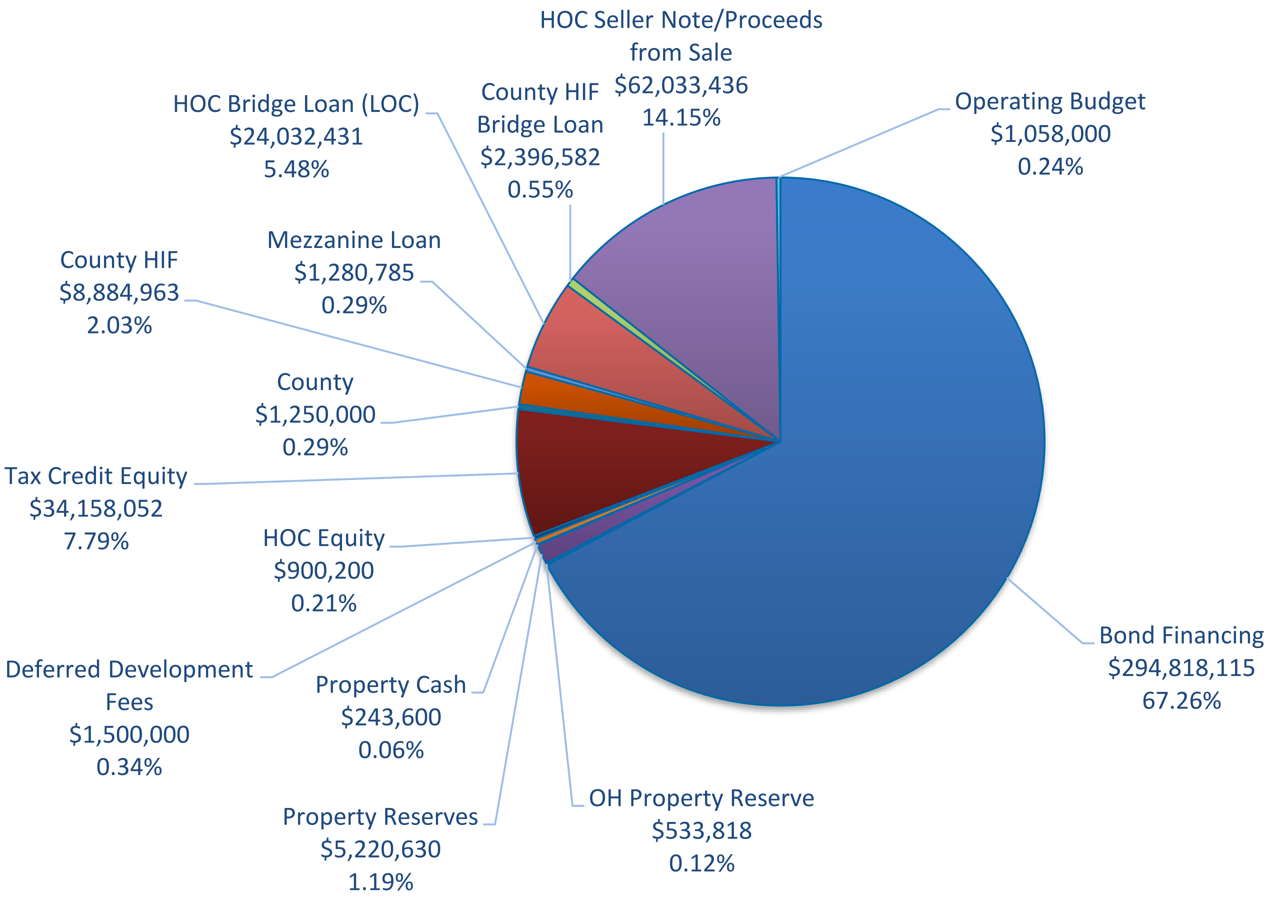
## Capital Budget Overview

| Capital Budget Summary | FY 2022 Proposed Budget |
|---|---|
| **Capital Improvements** | |
| East Deer Park | $95,000 |
| Kensington Office | $100,000 |
| 880 Bonifant | $82,000 |
| Information Technology | $781,000 |
| Opportunity Housing Properties | $5,998,048 |
| **Subtotal** | **$7,056,048** |
| **Capital Development Projects** | |
| Bauer Park Apartments | $9,094,460 |
| Deeply Affordable Units | $1,250,000 |
| Elizabeth House III | $26,358,960 |
| Georgian Court | $29,113,153 |
| Hillandale Gateway | $19,614,762 |
| Metropolitan | $112,604,941 |
| Shady Grove | $42,420,591 |
| Stewartown | $8,360,330 |
| Upton II | $16,285,095 |
| West Side Shady Grove | $63,061,089 |
| Westwood Towers | $42,750,000 |
| Willow Manor Resyndication | $60,341,183 |
| **Subtotal** | **$431,254,564** |
| **TOTAL** | **$438,310,612** |

Housing Opportunities Commission
OF MONTGOMERY COUNTY

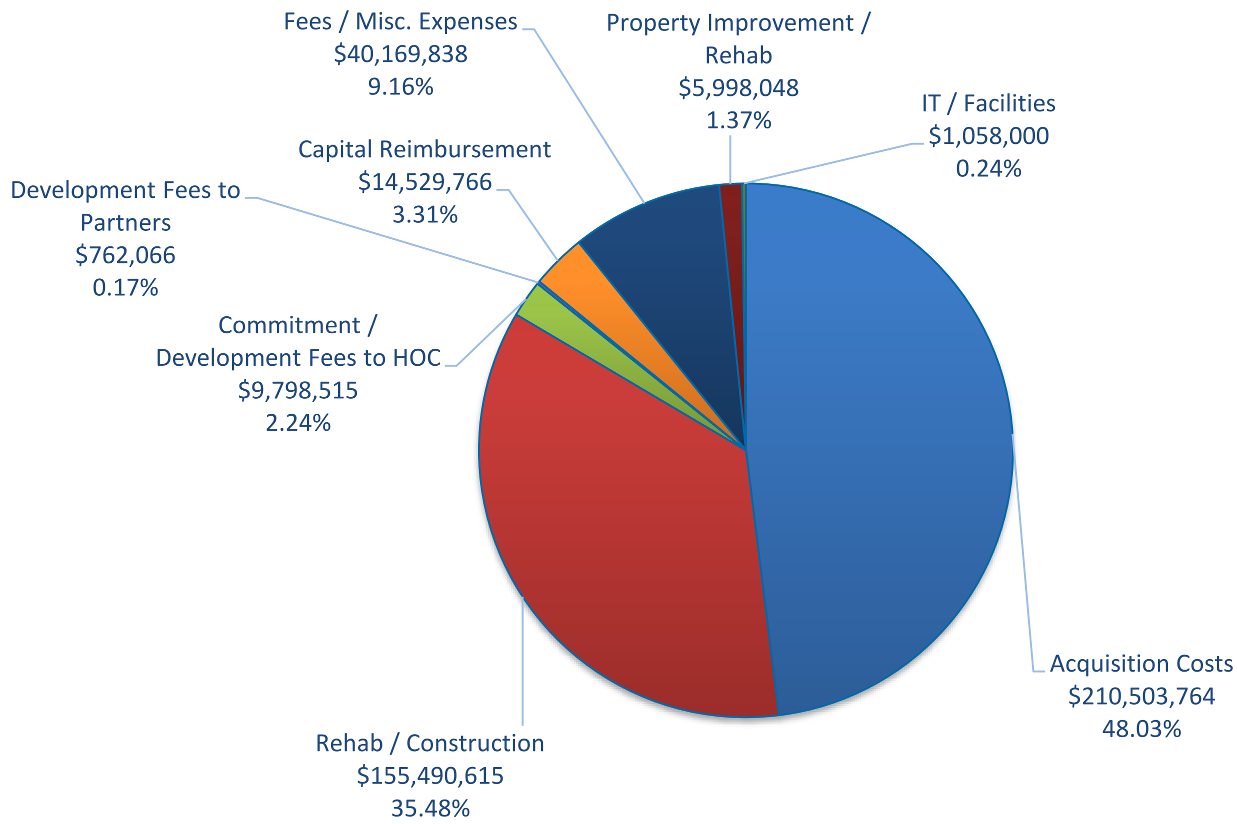
# FY 2022 – Capital Budget

## Source of Funds - Recommended – $438,310,612



# FY 2022 – Capital Budget

## Use of Funds - Recommended – $438,310,612



# ADOPTION OF THE FY'22 BUDGET RESOLUTIONS

A - Adoption of the FY'22 Budgets, Bond Draw Downs and Transfers

B - Adoption of FY'22 Reimbursement Resolution

Enclosure 3

**RESOLUTION NO. 21-56A** **RE:** Adoption of the FY'22 Budget, Bond Draw Downs and Transfers

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (the "Commission" or "Agency") is required to adopt a budget based on the current chart of accounts in use before July 1, 2021; and

**WHEREAS**, the Commission is required to approve the transfer of equity between Agency funds.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby adopts a total Operating Budget for FY'22 of $292.9 million by fund as attached.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County approves the drawdown of bond funds for the Operating Budget as follows:

- $ 1,949,687 from the 1996 Multifamily Housing Development Bond (MHDB); and Indenture
- $ 1,280,866 from the 1979 Single Family Mortgage Revenue Bond (MRB) Indenture.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County approves the following transfers between funds in order to balance the Operating Budget:

- Up to $2,223,845 for FY'22 from the combined cash flow from the Opportunity Housing properties in the Opportunity Housing Fund to the General Fund.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County hereby adopts a Capital Budget for FY'22 of $431.3 million as attached.

**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June2, 2021.

______________________________

Patrice Birdsong
Special Assistant to the Commission

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**RESOLUTION NO. 21-56[B]** **RE:** Reimbursement Resolution

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY (THE "COMMISSION") DECLARING ITS OFFICIAL INTENT TO REIMBURSE ITSELF WITH THE PROCEEDS OF A FUTURE TAX-EXEMPT BORROWING FOR CERTAIN CAPITAL EXPENDITURES TO BE UNDERTAKEN BY THE COMMISSION; IDENTIFYING SAID CAPITAL EXPENDITURES AND THE FUNDS TO BE USED FOR SUCH PAYMENT; AND PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH.

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

**WHEREAS**, the Commission has determined that it is in the best interest of the Commission to make certain capital expenditures on the projects named in this Resolution; and

**WHEREAS**, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures in an amount not to exceed $440,000,000, *all or a portion of which may reimburse* the Commission for the portion of such capital expenditures incurred or to be incurred subsequent to the date which is 60 days prior to the date hereof but before such borrowing, and the proceeds of such tax-exempt borrowing will be allocated to reimburse the Commission's expenditures within 18 months of the later of the date of such capital expenditures or the date that *each of* the Projects (as hereinafter defined) is placed in service (but in no event more than three years after the date of the original expenditure of such moneys); and

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

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION THAT**:

Section 1. ***Declaration of Official Intent.*** The Commission presently intends and reasonably expects to finance certain Commission facilities and property improvements to the properties as described in the Commission's FY 22 Capital Budget attached, including **Alexander House, Avondale Apartments, The Barclay Apartments, Bauer Park Apartments, Brooke Park Apartments , Brookside Glen, Camp Hill Square Apartments, CDBG-NSP-NCI, Chelsea Towers, Cider Mill Apartments, Dale Drive, Day Care at Lost Knife Road, Deeply Affordable Unit Renovation, Diamond Square Apartments, Elizabeth House III, Fairfax**

**Court, Georgian Court Apartments, Glenmont Crossing, Glenmont Westerly, Hillandale Gateway, Holiday Park, Jubilee Falling Creek, Jubilee Hermitage, Jubilee Horizon Court, Jubilee Woodedge, King Farm Village Center, Magruder's Discovery, Manchester Manor, Manor at Clopper's Mill, Manor at Colesville, Manor at Fair Hill Farm, McHome, McKendree, MetroPointe, The Metropolitan, Montgomery Arms, MHLP VII, MHLP VIII, MHLP IX-Pond Ridge, MHLP IX-Scattered, MHLP X, MPDU 2007 Phase II, MPDU I, MPDU II (TPM), MPDU III, The Oaks at Four Corners, 617 Olney Sandy Spring, Paddington Square, Paint Branch, Pomander Court, Pooks Hill High-Rise, Pooks Hill Mid-Rise, RAD 6 Properties (Ken Gar, Parkway Wood, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place, and Washington Square), Scattered Site One, Scattered Site Two, Shady Grove Apartments, Southbridge, State Rental Combined, Strathmore Court, Stewartown Homes, Timberlawn Crescent, Upton II, VPC One, VPC Two, West Side Shady Grove, Westwood Tower, and The Willows** and capital improvements to the Commission's administrative offices and information technology (collectively, the "Projects") with moneys currently contained in its Operating Reserve Account, Replacement Reserve Account and General Fund Property Reserve Account for these Projects and from its operating cash.

Section 2. ***Dates of Capital Expenditures.*** All of the capital expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings were made not earlier than 60 days prior to the date of this Resolution except preliminary expenditures related to the Projects as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).

Section 3. ***Issuance of Bonds or Notes.*** The Commission presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed $440,000,000 **will be applied** to reimburse the Commission for its expenditures in connection with the Projects.

Section 4. ***Confirmation of Prior Acts.*** All prior acts and doings of the officials, agents and employees of the Commission which are in conformity with the purpose and intent of this Resolution, and in furtherance of the Projects, shall be and the same hereby are in all respects ratified, approved and confirmed.

Section 5. ***Repeal of Inconsistent Resolutions.*** All other resolutions (other than prior reimbursement resolutions adopted by the Commission for the same Projects included herein) of the Commission, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the *extent* of such inconsistency.

Section 6. ***Effective Date of Resolution.*** This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED at a regular meeting held this 9th day of June.

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Patrice Birdsong
Special Assistant to the Commission

# Development and Finance Committee

# **GEORGIAN COURT**: APPROVAL TO SELECT HAMEL BUILDERS AS GENERAL CONTRACTOR FOR THE RENOVATION OF GEORGIAN COURT APARTMENTS, APPROVAL TO FREEZE LEASING TO FACILITATE RENOVATION, APPROVAL OF REQUEST FOR ADDITIONAL PREDEVELOPMENT FUNDS, AND RATIFICATION OF THE FORMATION OF OWNERSHIP ENTITIES

**SILVER SPRING, MD**

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
HYUNSUK CHOI

June 9, 2021

# Table of Contents

# Executive Summary

- Georgian Court (the "Property") was originally constructed in 1975 and is a 147-unit Low Income Housing Tax Credit ("LIHTC") and Section 8 multifamily property that consists of 49 one-bedroom and 98 two-bedroom units. The Property is currently operating under an extended-use covenant, which requires the following set asides: 29 units (Project-Based Section 8 rental assistance) set aside at 50% of area median income ("AMI"), and 118 units set aside at 60% of AMI.
- The Property consists of four (4) three-story and one (1) four story garden-style masonry buildings with pitched roofs that include twelve (12) addresses located at 3600 Bel Pre Rd, Silver Spring, MD 20906. After a modest rehabilitation in 2001, HOC is looking to do a comprehensive renovation and add significant improvements to energy-efficiency, the common areas, exterior buildings, and the residents' units. The renovation will be completed with residents in place, facilitated by temporarily ceasing future leasing activity and moving up to 12 currently occupied units to an off-site location in order to create one vacant building or 24 vacant units.
- On February 12, 2021, HOC's Procurement Office issued a Request for Proposal (RFP #2237) for general contracting services for renovation of the Property, in accordance with HOC's Procurement Policy. The response date was April 12, 2021.
- A pre-proposal meeting and conference was held virtually on February 23, 2021 to discuss with potential General Contractors ("GC") the project, construction schedule, and other related matters.
- On April 12, 2021, staff received four (4) proposals from potential GCs and the scoring team (consisting of staff from Mortgage Finance, Asset Management, and Construction Management) reviewed the responses on April 26, 27, and 28, 2021.
- Based on the evaluation of the proposals, staff recommends, with the support of the Development and Finance Committee which met for an informal discussion on May 21, 2021 that the Commission approve the selection of Hamel Builders, Inc. ("Hamel") as general contractor for the renovation of the Property and requests authorization of the Executive Director to negotiate a contract with Hamel.
- Staff also requests approval of the Commission to create a maximum of 24 vacant units at the property by allowing staff to a) freeze leasing, and b) temporary relocate residents off-site to facilitate the renovation schedule.
- Finally, to complete the predevelopment phase of the development, staff also recommends approving an increase of $500,000 to the existing predevelopment budget to be funded with a loan from the PNC Bank, N.A. Line of Credit ("RELOC").

# Project Summary

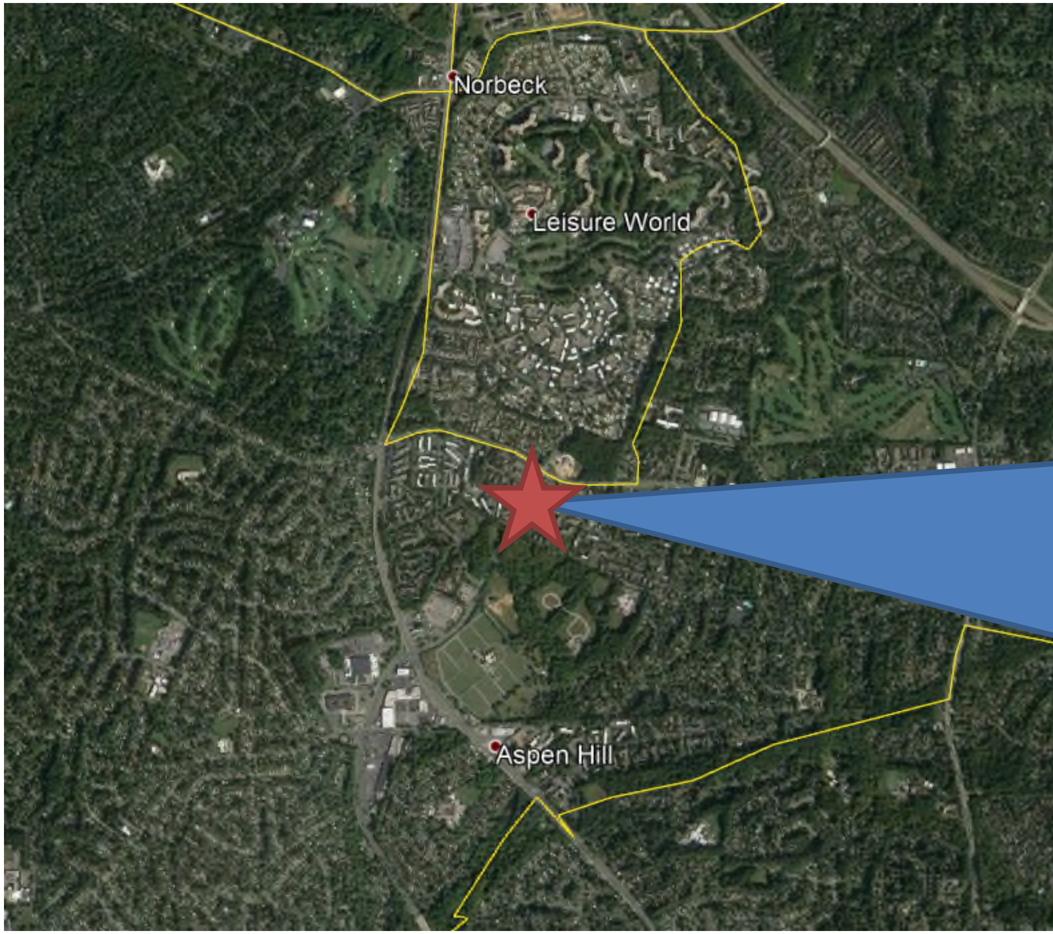
| | | | | | |
|---|---|---|---|---|---|
| **Project Name** | Georgian Court | **Units** | 147 | **Expected Closing Date** | 2nd Qtr FY22 |
| **Location** | Silver Spring, MD | **Average Unit Size (SF)** | 883 | **Stabilization Date** | April 2024 |
| **Product Type** | Garden-Style Apartment | **Occupancy (05/07/21)** | 91.8% | **Recapitalization Strategy** | Rehab |
| **Year Built/Renovated** | 1975/2001 | **Total Rentable Sqft** | 129,871 | **Funding Strategy** | 4% LIHTC/Bonds |

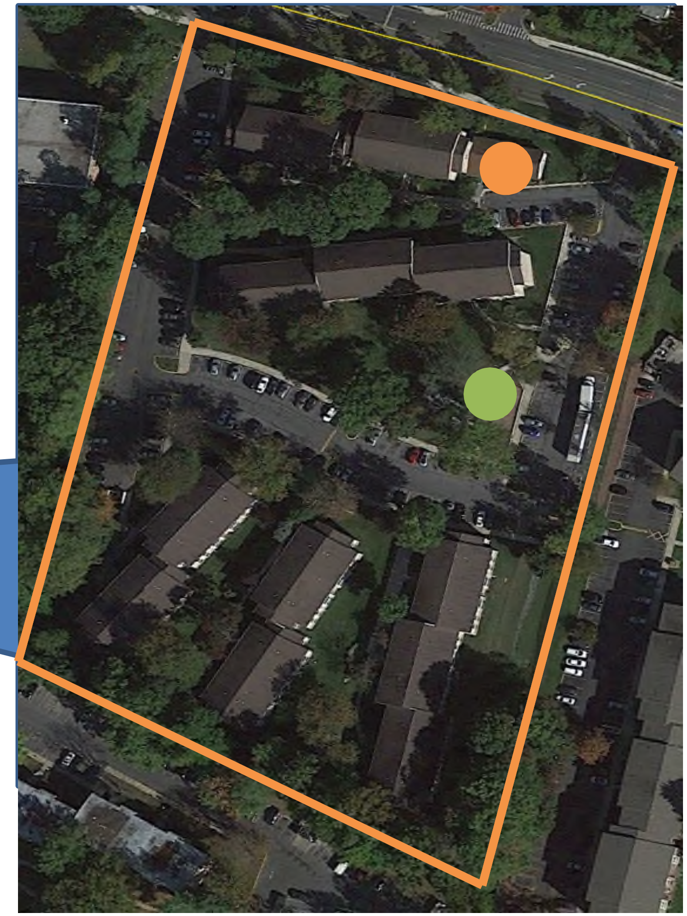
Georgian Court (the "Property") was originally constructed in 1975 and is a 147-unit Low Income Housing Tax Credit ("LIHTC") and Section 8 multifamily property that consists of 49 one-bedroom and 98 two-bedroom units. The property is currently operating under the extended-use covenant which requires the following set asides; 29 units (project-based Section 8 rental assistance) set aside at 50% of area median income ("AMI") and 118 units set aside at 60% of AMI. The Property consists of four (4) three-story and one (1) four story garden-style masonry buildings with pitched roofs that include twelve (12) addresses located at 3600 Bel Pre Rd, Silver Spring, MD 20906. After a modest rehab in 2001, HOC is looking to do a comprehensive renovation and add significant improvements to energy-efficiency, the common areas, exterior grounds, and the residents' units.

## Development Plan

- Utilize (4%) LIHTC equity and HOC-issued tax-exempt bond proceeds to fund all construction costs.
- Repay an existing FHA Risk Share mortgage loan (est. balance of $3,427,938 in the second quarter of FY2022.
- Add eight (8) Uniform Federal Accessibility Standards ("UFAS") units with roll-in showers.
    - Five (5) two-bedroom units and three (3) one-bedroom units
    - Two (2) units will be renovated to comply with requirements for the hearing and visually impaired.
- Update the existing playground equipment as staff learned through its due diligence that many residents with children limit the use of the playground areas due to outdated equipment.

# Georgian Court – Location



The Property was constructed in 1975, and is located on 6.75 acres (per the tax assessment record) on the south side of Bel Pre Rd. near the intersection of Georgia Ave in Silver Spring, Maryland. Fortunately, the Property is located within a Qualified Census Tract ("QCT"), which qualifies for the 30% basis boost under the LIHTC program.

Georgian Court Apartments

Leasing Office and Community Room

Playground Area

Housing Opportunities Commission of Montgomery County

# Qualification and Selection of General Contractor(s)

## Georgian Court (RFP #2237) – Qualification

- HOC's Procurement Office issued a Request for Proposal (RFP #2237) for general contracting services for the renovation of the Property on February 12, 2021 with a due date of April 12, 2021 in accordance with HOC Procurement Policy. A pre-proposal meeting and conference was held virtually on February 23, 2021.
- On April 12, 2021, staff received four (4) proposals from four (4) qualified firms to be considered responsive and to be evaluated.
- The scoring team (consisting of staff from Mortgage Finance, Asset Management, and Construction Management) reviewed the responses on April 26, 27, and 28, 2021, based on several criteria:
  1. **AIA A305** – Contractor's Qualification Statement
  2. **General Experience:** Respondent's references shall demonstrate successful experience with the following:
     - Contractor must demonstrate the ability to handle environmental abatement
     - Contractor must demonstrate experience with the permitting, code compliance and inspection process
     - Contractor must demonstrate experience with major systems upgrades and utility/permitting coordination to include: electrical, plumbing, mechanical, life safety and monitoring systems
     - Contractor must demonstrate experience with undertaking and completing multifamily renovations similar to the proposed project involving affordable housing financing programs including HUD financing, and Davis Bacon and Related Acts
     - Contractors must demonstrate experience with completing multifamily renovations similar in scope of work, size & scale, with an emphasis on enhancing the sustainability and visual appeal of the development
  3. **Management and Operations:** Provide a brief narrative description of the following management and operation procedures:
     - Staffing assignments, roles and responsibilities & Communication / Owner update methods and frequency
     - Quality Assurance / Quality Controls Prior to Punch Walks / Owner approvals & Safety Protocol
     - Continuing education / Employee training / Industry related designations and/or certifications
  4. **Price proposals** should include detailed construction cost estimates for each Construction Specifications Institute ("CSI") Section / Division.
  5. **Minority/Female/Disabled ("MFD") participation** above the minimum requirement of 25% of contracts for subcontractor work and/or supplies (based on total contract value).

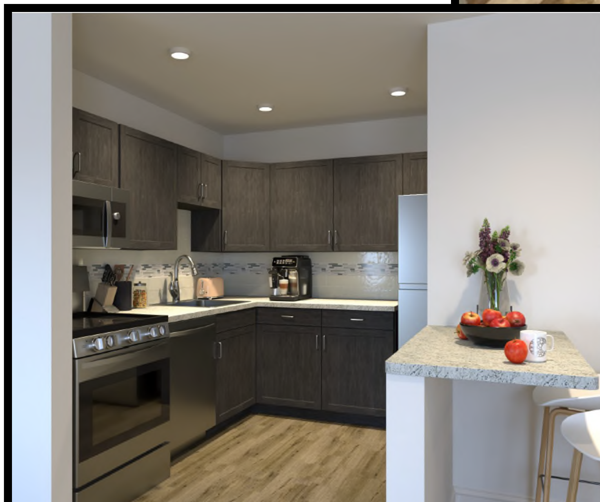
# Qualification and Selection of General Contractor(s)

## Georgian Court (RFP #2237) – Scope of Work

The property was originally constructed in 1975 and minor renovations were performed in 2001 with LIHTC equity and HOC mortgage proceeds. Staff has developed a renovation scope that includes the following:

- Replace all exterior roofing, siding, gutters, downspouts, fascia, rakes, and soffits, and add entry canopies on each building.
- Upgrade interior kitchen and bathroom, including but not limited to energy efficient appliances, new cabinets, countertops, fixtures and lighting.
- Install modern, energy efficient HVAC systems.
- Accessible path improvement, re-lamp existing light fixtures with LED lamps, re-stripe identified parking spaces.
- Remove and replace flooring in stair halls and landings and flight of stairs in each stair hall.
- Replace existing fire alarm detection and notification systems with new systems through-out.
- Update the existing playground.
- Create eight (8) new UFAS units with roll-in showers (five (5) two-bedroom units and three (3) one-bedroom units)
    - Two (2) units will be renovated to comply with requirements of for the hearing and visually impaired.
- Install a folding counter and refinish surfaces within the common laundry rooms.
- Replace all existing domestic water piping with new brass valves.

*Existing Kitchen*



*Rendering of a finished kitchen for Georgian Court Apartments to illustrate the standard set of energy-efficient appliances.*

These improvements will not only address curb appeal, but also – and more importantly – increase energy-efficiency, extend the property's useful life, and allow the property to better compete in the marketplace.

# Qualification and Selection of General Contractor(s)

## Georgian Court (RFP #2237) – Asbestos-Containing Materials (“ACM”)

HOC engaged ECS for the Asbestos-Containing Materials (“ACM”) survey, and based on the laboratory analysis of the bulk samples collected during the survey, the following materials were reported to contain **asbestos**:

- Drywall joint compound;
- Scattered floor tiles and associated mastic;
- Black tar on all roof step flashing;
- Flashing on roofs Cluster 1;
- Tan sealant on Cluster 1 roof parapet caps;
- White caulk associated with ACM black tar on roof step flashing;
- Black sealant on roof plumbing vent pipes in Cluster 4; and
- Black sealant on roof ridge cap shingles in Cluster 4

| Cluster | Building Address |
|---|---|
| Cluster #1 | 3600, 3604, and 3608 |
| Cluster #2 | 3612 and 3616 |
| Cluster #3 | 3630, 3634, and 3638 |
| Cluster #4 | 3646 and 3643 |
| Cluster #5 | 3650 and 3654 |

Due to the inaccessibility or the destructive means that asbestos sampling requires, additional suspect ACMs may remain within the building hidden behind inaccessible area.

Based on ECS’ past experience in the identification of ACMs in similarly constructed buildings, the following additional suspect ACMs may also be located in inaccessible area of the structure(s):

- Vinyl asbestos flooring and adhesives,
- Tar Paper (under exterior cladding) and Fire door insulation within doors and associated door frames,
- Mastics behind cabinets, display boards, mirrors, etc.,
- Adhesives, Mastics, and Felts beneath ceramic, and/or quarry tiles,
- Vapor Barriers beneath wood flooring and/or behind paneling,
- Electrical Insulators in electrical panels.

If these materials are discovered during construction activities, the GC should presume that materials contain asbestos and be treated as ACMs. Staff included removal of all ACMs within the renovation scope of work.

# Selection of General Contractor

## Georgian Court (RFP# 2237) – Scoring Summary

- RFP #2237: Georgian Court Apartments, staff received four (4) responses, and Hamel achieved the highest score of 84.3. The scoring team (consisting of staff from Mortgage Finance, Asset Management, and Construction Management) reviewed the responses on April 26, 27, and 28, 2021.

| Rank | General Contractor | AIA A305 – Contractor's Qualification Statement (15) | General Experience (25) | Management and Operations (25) | Pricing (25) | MFD Participation (10) | Additional MFD Commitment (10) | Total AVG. |
|---|---|---|---|---|---|---|---|---|
| **1** | **Hamel Builders** | **13.3** | **22.3** | **23.3** | **20.3** | **5.0** | **0.0** | **84.3** |
| **2** | Hooten Construction | 14.0 | 20.7 | 17.3 | 25.0 | 0.0 | 0.0 | 77.0 |
| **3** | Kane Construction | 8.7 | 14.0 | 14.7 | 21.0 | 10.0 | 0.0 | 68.3 |
| **4** | DD&B | 10.0 | 12.0 | 18.3 | 14.7 | 0.0 | 0.0 | 55.0 |

- MFD participation above the minimum requirement of 25% of contracts for subcontract work and/or supplies (based on total contract value). Range of scoring will be from 0 to 10 points. Respondents who meet the MFD subcontracting minimum requirement (i.e., 25%) will score zero (0) points. Respondents subcontracting 30 – 35% will receive 5 points, and respondents subcontracting 35% or above will receive 10 points.
- However, in the event the General Contractor is a certified MFD firm and subcontracts above 35% will receive an additional 10 bonus points as "Additional MFD Commitment".

# Selection of General Contractor

## RFP#2237– Summary with Price & MFD%

| Rank | General Contractor | Construction Costs* | Per Unit | MFD % |
|---|---|---|---|---|
| 1. | Hamel Builders | $12,200,699 | $82,998 | 32.00% |
| 2. | Hooten Construction | $11,206,244 | $76,233 | 28.46% |
| 3. | Kane Construction | $11,675,000 | $79,422 | 40.66% |
| 4. | DD&B | $12,416,600 | $84,467 | 25.55% |

* Costs include bond & insurance, overhead, fees, HOC's Works Policy, and Davis-Bacon Wage Scale-MD.

Hamel distinguished itself primarily based upon the firm's financial strength and experience. HOC has worked with Hamel on a number of projects – most notably the RAD 6 renovation. In that case, Hamel stepped in to replace another contractor that unexpectedly pulled out of the project at the last moment. The renovation of the RAD 6 project was completed by Hamel on budget in 2016. Additionally, Hamel completed the renovation of the Greenhills project on time and budget in 2019.

- Staff proposes the selection Hamel Builders as the general contractor for the renovation of Georgian Court Apartments, and requests authorization for the Executive Director to enter into contract negotiations based on the following criteria, which indicate a more thorough, knowledgeable cost bid and experience:
  - Highest Score of **84.3** with significant multifamily renovation and LIHTC experience in Montgomery County.
  - **Sole firm that showed** potential savings of $470K for reduced GC General Requirement costs for two (2) buildings.
  - **Sole firm to provide** the enclosed letters from clients of recently delivered projects during the COVID-19 health crisis due to disruptions in the supply chain.
  - **Sole firm to provide a COVID-19 Operation Plan** during the renovation and **provide a detailed Abatement Plan**.
  - Included a Certified EPA Lead Renovation, Repair, and Painting Contractor, defined by the EPA and collaborated with experienced and certified subcontractors to perform the work. Over the past five (5) years, **Hamel and its subcontractors have performed $12.6M of abatement work.**

# *Preliminary* Sources and Uses

## Sources and Uses of Funds

| Sources | Amount | Per Unit |
|---|---|---|
| Bond Financing (1) | $17,940,998 | $122,048 |
| Tax-Exempt Bonds (ST) | $13,212,151 | $89,879 |
| LIHTC Equity (2) | $22,302,232 | $151,716 |
| Bridge Loan (HOC) (3) | $490,975 | $3,340 |
| Bridge Loan (3) (Redeemed with equity proceeds) | ($490,975) | ($3,340) |
| Other (GP Equity) | $100 | $1 |
| Seller Note (4) | $28,120,118 | $191,293 |
| **Total Sources** | **$81,557,386** | **$554,812** |

| Uses | Amount | Per Unit |
|---|---|---|
| Acquisition Costs(5) | $39,203,600 | $226,691 |
| Construction Costs (6) | $14,369,713 | $97,753 |
| Fees Related To Construction Costs | $1,432,712 | $9,746 |
| Financing Fees and Charges(7) | $4,889,663 | $33,263 |
| Syndication Related Costs | $177,032 | $1,204 |
| Tax-Exempt Bond (ST) (to meet 50% test) | $13,212,151 | $89,879 |
| Guarantees and Reserves (8) | $2,057,545 | $13,997 |
| Developer's Fees | $6,214,970 | $42,279 |
| **Total Uses** | **$81,557,386** | **$554,812** |

### Development Budget Highlights

1. Estimated $17.9 million bond financed long-term mortgage with mortgage insurance under the FHA Risk Sharing Program.
2. Estimated Low Income Housing Tax Credit $22.3 million (based on $0.94 per credit plus the 30% basis boost).
3. Bridge Loan is approximately $490K to the Partnership. The loan will be repaid with LIHTC equity proceeds.
4. Based on an appraised value of $38.8 million, and the cash available to the transaction, HOC must take back a seller note to complete the closing.
5. Acquisition price based on appraised as-is market price plus relocation costs for Georgian Court Apartments.
6. Estimated General Contractor cost including a 10% Construction Contingency.
7. Includes HOC's Origination Fee.
8. Included Soft Cost Contingency, six (6) months of Operating Reserve and Initial Replacement Reserve at $1,500/unit.

**Note**: Georgian Court currently has two (2) replacement reserve accounts (appx. $972K replacement reserve and appx. $476K residual receipts reserve), and potentially staff can use both replacement reserve amounts as the funding sources, if needed or they may be distributed to the owner.

# *Preliminary* Stabilized Operations

| Stabilized Proforma | CY 2024 | Per Unit |
|---|---|---|
| Income | $1,996,714 | $13,583 |
| Expenses[(1)] | $980,353 | $6,669 |
| **NOI (Net Operating Income)** | **$1,016,361** | **$6,914** |
| Debt Service[(2)] | $883,353 | $6,011 |
| **Cash Flow** | **$132,805** | **$909** |
| Debt Service Coverage Ratio Target | **1.15** | |

[(1)] Includes $51,450 ($350 per unit annually) in Replacement Reserves.
[(2)] Includes Loan Management Fee will be collected $44,853 annually (0.25% of the original mortgage amount).

| **Max Mortgage Amount (est.)** | **$17,940,998** |
|---|---|
| Term (in years) | 35 |
| Interest Rate[1] | 3.20% |
| Debt Service Constant | 4.92% |
| MIP (Mortgage Insurance Premium) | 0.25% |
| "All-In" Rate | 3.45% |
| Debt Service Coverage Ratio Target | 1.15x |
| NOI (Net Operating Income) | $1,016,361 |
| Debt Service | $883,556 |

[1] *As of May 7, 2021: Interest Rate 2,70%* (35 years) Plus 0.50% cushion.

- The financing plan includes a 35-year mortgage insured under the FHA Risk Sharing Program.
- Occupancy projected at 95% (Underwriting assumption), rent and expense growth rates at 2% and 3%, respectively.
- Total operating expenses are projected to be $980,353 in CY 2024 including funding of annual replacement reserves of $350 per unit, per year and escalating at 3% annually.
- The net operating income (NOI) of $1,016,361 in CY 2024 supports the permanent debt which is underwritten at 3.20% plus 25 basis points for mortgage insurance premium (MIP) costs pursuant to the FHA Risk Sharing Mortgage Insurance Program.
- Annual Contribution to Replacement Reserves: $350 Per Unit.

# Team Assembly

## Architect

Karl Riedel Architecture, P.C. ("KRA"), founded in Leesburg, VA in 2006, is a full-service architectural firm of professionals whose broad and extensive experience enables them to handle these multifamily renovation projects.

- Selected from the Architectural Pool based on its proven track record with multifamily renovations and like-kind replacements.
- KRA has been the architect of record for the project since concept planning began in 2018.

## Property Management

Edgewood Management Corporation ("EMC") offers a full suite of real estate management services and specializes in developing innovative solutions and repositioning troubled assets in all areas: operations, administrative, financial, compliance, and physical. EMC has been managing properties for 40 years and has expanded services to 14 states, including the District of Columbia. EMC is recognized as the 8th largest manager of Affordable Housing by the National Affordable Housing Management Association ("NAHMA") and the 50th largest manager by the National Multi-Housing Council ("NMHC").

## General Contractor

Founded in 1998, Hamel Builders, Inc., has earned a reputation for excellence in multifamily renovation and new construction in the mid-Atlantic region. Hamel has developed over 35,000 units of multifamily residential, affordable housing, adaptive reuse, senior living, historic, and mixed-use development, including about 7,000 resident-in-place renovations. Hamel has over 150 employees and supports over $130 million annual volume.

## LIHTC Investor

Staff will present proposals to solicit a LIHTC investor at a later date.

# Ownership Structure

## Georgian Court – New Ownership

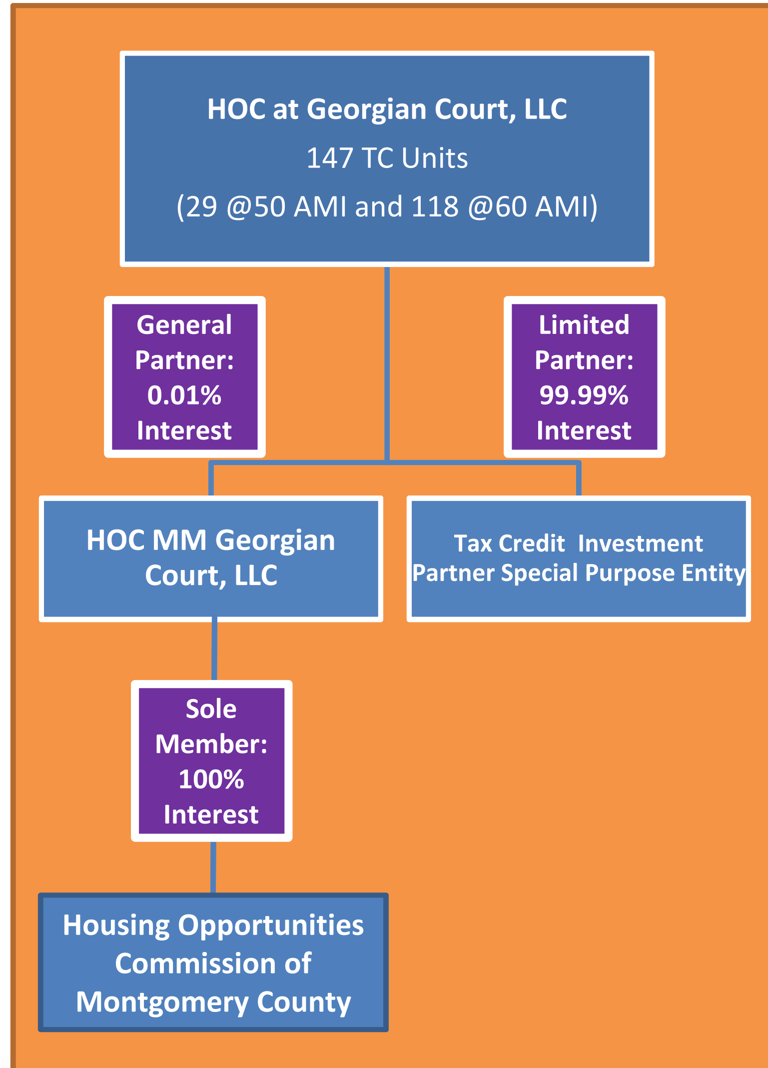
- HOC controlled single purpose entity, HOC MM Georgian Court, LLC, together with tax credit investment partner/syndicator's single purpose entity, will form the property owner limited liability corporation, HOC at Georgian Court, LLC.

- HOC MM Georgian Court, LLC will be the General Partner of the HOC at Georgian Court, LLC.

- HOC at Georgian Court, LLC will be the single purpose entity that will own Georgian Court Apartments.

- Three-tiered ownership structure is needed for disaffiliating HOC from the property owner Limited Partnership and therefore making the seller note, deferred developer fee, and potentially other loans extended by HOC to the limited partnership non-recourse liabilities.

- This structure will allow the tax credit investor/limited partner to maximize future tax deductions related to loan interest costs and therefore enhance investor yield. Without such disaffiliation, investor yield on the transaction, and consequently tax credit equity price, would be lower.



# Updated Predevelopment Costs

## Approved Predevelopment Costs

| Items | Approved (May 2, 2018) | Revised Budget | Paid Amount | Obligated Amount | Remaining Budget |
|---|---|---|---|---|---|
| Architect (Included Mechanical, Electrical, and Plumbing Engineers) | $183,000 | $221,398 | $150,545 | $70,853 | $0 |
| Property Condition Assessment | $5,000 | $5,450 | $5,450 | $0 | $0 |
| Phase I Environmental | $5,000 | $12,944 | $12,944 | $0 | $0 |
| Appraisal | $7,500 | $7,500 | $0 | $7,500 | $0 |
| Market Study | $7,500 | $3,000 | $0 | $3,000 | $0 |
| ALTA Survey | $10,000 | $18,600 | $6,900 | $11,700 | $0 |
| Energy Audit | $10,000 | $11,500 | $11,500 | $0 | $0 |
| Contingency | $12,000 | $0 | $0 | $0 | $0 |
| Legal | $50,000 | $128 | $128 | $0 | $0 |
| Pre Construction Services | $60,000 | $0 | $0 | $0 | $0 |
| Permit Expediter | $0 | $4,980 | $0 | $4,980 | $0 |
| Compliance Services | $0 | $1,500 | $0 | $1,500 | $0 |
| Finance & Development Consultant | $0 | $63,000 | $18,000 | $45,000 | $0 |
| **Total Predevelopment Budget** | **$350,000** | **$350,000** | **$205,467** | **$144,533** | **$0** |

## Projected Additional Predevelopment Costs

| Items | Additional Predevelopment Costs |
|---|---|
| Building Permits | $200,000 |
| LIHTC Application and Tax Credit Allocation Fee | $130,000 |
| Pre Construction Services | $15,000 |
| Legal | $50,000 |
| Finance & Development Consultant | $45,000 |
| Contingency | $60,000 |
| **Total Additional Predevelopment Budget** | **$500,000** |

Staff requests approval of an increase of $500,000 to the existing predevelopment budget funded with a loan from the RELOC to prepare a LIHTC application to be submitted to the DHCD and to obtain the necessary building permits.

# Summary and Recommendations

## Issues for Consideration

Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee to:

1. Approve of the selection of Hamel Builders as general contractor for the renovation of the Georgian Court Apartments and authorize the Executive Director to negotiate a contract with Hamel Builders,
2. Authorize HOC staff and the Property Manager to halt leasing of future vacant units for a total of up 24 units required for each phase of renovation, for the duration of the renovation;
3. Authorize $500,000 in additional predevelopment budget to be funded with a loan from the PNC Bank, N.A. Line of Credit;
4. Ratify the formation of wholly-owned special purpose entities to serve as the new Property owner and managing member entities for the transaction?

## Time Frame

For formal action at the June 9, 2021 meeting of the Commission.

## Budget/Fiscal Impact

If approved, draws on the PNC $60MM Line of Credit will bear interest at the 30-day LIBOR plus 90 basis points. This will increase the interest expense in the Agency's operating budget by the imputed amount and paid from the Commission's general funds, but will be repaid from proceeds at the closing of the construction financing. The overall fiscal impact is a reduction in the Commission's borrowing capacity by any amount drawn on the PNC lines of credit.

During the 24 months of the construction period, the Property is expected to maintain an 83% occupancy rate to ensure the project does not fall into an operating deficit. The debt service interest payments during the construction period will be capitalized and paid from the development budget.

# Summary and Recommendations (Continued)

## PREVIOUS COMMISSION APPROVALS

**Resolution 18-52** - Approval to Withdraw from the PNC Bank, N.A. Real Estate Revolving Line of Credit (RELOC) to Prepay Existing Mortgages for Georgian Court Apartments, Shady Grove Apartments, Stewartown Homes, and the Willows.

**Resolution 18-29** - Approval of Preliminary Development Plans and Predevelopment Funding for Georgian Court Apartments, Shady Grove Apartments, and Stewartown Homes.

**Resolution 19-77** - Approval to Withdraw Excess Yield Funds Under the Multifamily Housing Development Bond Resolution and to Make a Capital Contribution to Georgian Court to Fund Capital Expenditures and to Approve Selection of Edgewood Management Company, Property Manager to Project Manage the Proposed Capital Improvements Utilizing the Excess Yield Funds.

## Staff Recommendation and Commission Action Needed

Staff recommends that the Commission:

1. Approve of the selection of Hamel Builders as general contractor for the renovation of the Georgian Court Apartments and authorize the Executive Director to negotiate a contract with Hamel Builders;
2. Authorize HOC staff and the Property Manager to halt leasing of future vacant units for a total of up to a total of 24 vacant units required for each phase of renovation, for the duration of the renovation;
3. Authorize $500,000 in additional predevelopment budget to be funded with a loan from the PNC Bank, N.A. Line of Credit;
4. Ratify the formation of wholly-owned special purpose entities to serve as the new Property owner and managing member entities for the transaction.

The RELOC currently has an unobligated balance of about $35.9M as of May 5, 2021.
The loan will incur interest costs and be repaid from the proceeds of the renovation financing at closing, which are anticipated to be funded from the proceeds of tax-exempt bond issuance by HOC.

**RESOLUTION No: 21-57A**

**RE: Approval to Select Hamel Builders as General Contractor for the Renovation of Georgian Court Apartments, Approval to Freeze Leasing to Facilitate Renovation, Approval of Request for Additional Predevelopment Funds, and Ratification of the Formation of Ownership Entities**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), is the general partner of Georgian Court Silver Spring Limited Partnership, the owner of Georgian Court Apartments (the "Property"); and

**WHEREAS**, the Property was originally constructed in 1975 and is a 147-unit Low Income Housing Tax Credit ("LIHTC") and Section 8 multifamily property that consists of 49 one-bedroom and 98 two-bedroom units; and

**WHEREAS**, the Property is currently operating under an extended-use covenant, which requires the following set asides: 29 units (Project-Based Section 8 rental assistance) set aside at 50% of area median income ("AMI"), and 118 units set aside at 60% of AMI; and

**WHEREAS**, HOC's Procurement Office issued a Request for Proposals ("RFP") #2237 for construction services for renovation of the Property on February 12, 2021; and

**WHEREAS**, staff is looking to do a comprehensive renovation and add significant improvements to energy-efficiency, the common areas, exterior buildings, and the residents' units; and

**WHEREAS**, four (4) respondents submitted qualified packages for the RFP by the deadline of April 12, 2021 that met threshold requirements; and

**WHEREAS,** Hamel Builders, Inc. ("Hamel") scored highest in the average of the evaluators' scores on the criteria with an average score of 84.3%; and

**WHEREAS**, based on the evaluation of the proposals, staff recommends the selection of Hamel as general contractor for the renovation of the Property and requests authorization of the Executive Director to enter into contract negotiations; and

**WHEREAS**, staff requests authorization to halt leasing of future vacant units for a total of up 24 units for each phase of renovation for the duration of the renovation; and

**WHEREAS**, staff requests $500,000 in additional predevelopment budget to be funded with a loan from the PNC Bank, N.A. Line of Credit ("PNC LOC") for preparation of a Low Income Housing Tax Credit application to be submitted to the Department of Housing and Community

Development and to obtain the necessary building permits; and

**WHEREAS**, the loan will incur interest costs and be repaid from the proceeds of the renovation financing at closing, which are anticipated to be funded from the proceeds of tax-exempt bond issuance by HOC; and

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

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes the selection of Hamel as the general contractor and authorizes the Executive Director to negotiate a contract for the Georgian Court Apartments transaction.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County hereby approves to halt leasing of future vacant units for a total of up to a total of 24 vacant units required for each phase of renovation for the duration of the renovation.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County approves an increase in predevelopment funds of $500,000 from the PNC Bank, N.A. Line of Credit.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County ratifies the formation of wholly-owned special purpose entities to serve as the new Property owner and managing member entities for the transaction.

**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 transactions contemplated herein, including but not limited to the execution of any and all documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 9, 2021.

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Patrice M. Birdsong
Special Assistant to the Commission

**RESOLUTION No: 21-57B** **RE: Approval to Draw on the PNC Bank, N.A. Line of Credit to Fund Costs Related to the Georgian Court Apartments Transaction**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), is the general partner of Georgian Court Silver Spring Limited Partnership, the owner of Georgian Court Apartments (the "Property"); and

**WHEREAS**, the Property was originally constructed in 1975 and is a 147-unit Low Income Housing Tax Credit ("LIHTC") and Section 8 multifamily property that consists of 49 one-bedroom and 98 two-bedroom units; and

**WHEREAS**, staff is looking to do a comprehensive renovation and add significant improvements to energy-efficiency, the common areas, exterior buildings, and the residents' units; and

**WHEREAS**, staff requests $500,000 in additional predevelopment budget to be funded with a loan from the PNC Bank, N.A. Line of Credit ("PNC LOC") for preparation of a Low Income Housing Tax Credit application to be submitted to the Department of Housing and Community Development and to obtain the necessary building permits; and

**WHEREAS**, the loan will incur interest costs and be repaid from the proceeds of the renovation financing at closing, which are anticipated to be funded from the proceeds of tax-exempt bond issuance by HOC; and

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

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County approves an increase in predevelopment funds of $500,000 at a rate of one-month LIBOR plus 90 basis points from the PNC LOC to prepare a Low Income Housing Tax Credit application to be submitted to the Department of Housing and Community Development and to obtain the necessary building permits, and that this draw shall have a due date that coterminous with the termination date of the PNC LOC, which is currently January 30, 2022.

**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 transactions contemplated herein, including but not limited to the execution of any and all documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 9, 2021.

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Patrice M. Birdsong
Special Assistant to the Commission

# SHADY GROVE: APPROVAL TO SELECT HAMEL BUILDERS AS GENERAL CONTRACTOR FOR THE RENOVATION OF SHADY GROVE APARTMENTS, APPROVAL TO FREEZE LEASING TO FACILITATE RENOVATION, APPROVAL OF REQUEST FOR ADDITIONAL PREDEVELOPMENT FUNDS, AND RATIFICATION OF THE FORMATION OF OWNERSHIP ENTITIES

**DERWOOD, MD**


STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
HYUNSUK CHOI


June 9, 2021

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# Executive Summary

- Shady Grove (the "Property") was originally constructed in 1977 and is a 144-unit Low Income Housing Tax Credit ("LIHTC") and Section 8 multifamily property that consists of 45 one-bedroom, 83 two-bedroom, and 16 three-bedroom units. The Property is currently operating under an extended-use covenant, which requires the following set aside: 144 units (100%) (project-based Section 8 rental assistance) set aside at 50% of area median income ("AMI"). The Property maintains a waiting list comprised of 129 households for one-bedroom units, 55 households for two-bedroom units, and 37 households for three-bedroom units.

- The Property consists of five (5) three-story garden-style masonry buildings with pitched roofs that include twelve (12) addresses located at 16125 Crabbs Branch Way, Derwood, MD 20855. After a modest rehabilitation in 2001, HOC is looking to do a comprehensive renovation and add significant improvements to energy-efficiency, the common areas, exterior buildings, and the residents' units. The renovation will be completed with residents in place, facilitated by temporarily ceasing leasing activity and moving up to 12 currently occupied units to an off-site location in order to create one vacant building or 12 vacant units.

- On March 5, 2021, HOC's Procurement Office issued a Request for Proposal (RFP #2246) for general contracting services for renovation of the Property, in accordance with HOC's Procurement Policy. The response date was April 23, 2021.

- A pre-proposal meeting and conference was held virtually on March 12, 2021 to discuss with potential General Contractors ("GC") the project, construction schedule, and other related matters.

- On April 23, 2021, staff received six (6) proposals from potential GCs and the scoring team (consisting of staff from Compliance, Asset Management, and Construction Management) reviewed the responses on April 27 and 28, 2021.

- Based on the evaluation of the proposals, staff recommends, with the support of the Development and Finance Committee which met for an informal discussion on May 21, 2021 that the Commission approve the selection of Hamel Builders, Inc. ("Hamel") as general contractor for the renovation of the Property and requests authorization of the Executive Director to negotiate a contract with Hamel.

- Staff also requests approval of the Commission to create a maximum of 24 vacant units at the property by allowing staff to a) freeze leasing, and b) temporary relocate residents off-site to facilitate the renovation schedule.

- Finally, to complete the predevelopment phase of the development, staff requests an increase of $485,000 to the existing predevelopment budget to be funded with a loan from the PNC Bank, N.A. Line of Credit ("RELOC").

# Project Summary

| | | | | | |
|---|---|---|---|---|---|
| **Project Name** | Shady Grove | **Units** | 144 | **Expected Closing Date** | 2nd Qtr FY22 |
| **Location** | Derwood, MD | **Average Unit Size (SF)** | 908 | **Stabilization Date** | April 2024 |
| **Product Type** | Garden-Style Apartment | **Occupancy (05/07/21)** | 93.1% | **Recapitalization Strategy** | Rehab |
| **Year Built/Renovated** | 1977/2001 | **Total Rentable Sqft** | 130,716 | **Funding Strategy** | 4% LIHTC/Bonds |

Shady Grove (the "Property") was originally constructed in 1977 and is a 144-unit Low Income Housing Tax Credit ("LIHTC") and Section 8 multifamily property that consists of 45 one-bedroom, 83 two-bedroom, and 16 three-bedroom units. The Property currently operates as a LIHTC property with 144 units/100% (project-based Section 8 rental assistance) set aside at 50% of area median income. The Property consists of five (5) three-story garden-style masonry buildings with pitched roofs that include twelve (12) addresses located at 16125 Crabbs Branch Way, Derwood, MD 20855. After a modest rehabilitation in 2001, HOC is looking to do a comprehensive renovation and add significant improvements to energy-efficiency, the common areas, exterior grounds, and the residents' units.


## Development Plan

- Utilize (4%) LIHTC equity and HOC-issued tax-exempt bond proceeds to fund all construction costs.
- Repay an existing FHA Risk Share mortgage loan (est. balance of $3,732,343) in the second quarter FY2022.
- Add eight (8) Uniform Federal Accessibility Standards ("UFAS") units, including two (2) units with roll-in showers:
  - Four (4) one-bedroom units and four (4) two-bedroom units;
  - Two (2) units will be renovated to comply with requirements for the hearing and visually impaired.
- Create a gym adjacent to the community room and leasing office.
- Remove all Asbestos-Containing Materials ("ACM").
- Install radon mitigation systems.

# Shady Grove – Location


Shady Grove Apartments

King Farm Development

Hurston at West Side Shady Grove Project

The Property was constructed in 1977 and consists of two (2) parcels on either side of Crabbs Branch Way in Derwood, Maryland. The combined total acreage for the Property is 11.87 acres (per the tax assessment record). The western parcel is 6.06 acres and the eastern parcel is 5.81 areas.

Leasing Office and Community Room

Two Playground Areas

# Qualification and Selection of General Contractor(s)

## Shady Grove (RFP #2246) – Qualification

- HOC's Procurement Office issued a Request for Proposal (RFP #2246) for general contracting services for the renovation of Shady Grove Apartments on March 5, 2021 with a due date of April 23, 2021 in accordance with HOC Procurement Policy. A pre-proposal meeting and conference was held virtually on March 12, 2021.
- On April 23, 2021, staff received six proposals from six qualified firms to participate to be considered responsive and to be evaluated.
- The scoring team (consisting of staff from Compliance, Asset Management, and Construction Management) reviewed the responses on April 27 and 28, 2021, based on several criteria:
  1. **AIA A305** – Contractor's Qualification Statement
  2. **General Experience:** Respondent's references shall demonstrate successful experience with the following:
     - Contractor must demonstrate the ability to handle environmental abatement
     - Contractor must demonstrate experience with the permitting, code compliance and inspection process
     - Contractor must demonstrate experience with major systems upgrades and utility/permitting coordination to include: electrical, plumbing, mechanical, life safety and monitoring systems
     - Contractor must demonstrate experience with undertaking and completing multifamily renovations similar to the proposed project involving affordable housing financing programs including HUD financing, and Davis Bacon and Related Acts
     - Contractors must demonstrate experience with completing multifamily renovations similar in scope of work, size & scale, with an emphasis on enhancing the sustainability and visual appeal of the development
  3. **Management and Operations:** Provide a brief narrative description of the following management and operation procedures:
     - Staffing assignments, roles and responsibilities & Communication / Owner update methods and frequency
     - Quality Assurance / Quality Controls Prior to Punch Walks / Owner approvals & Safety Protocol
     - Continuing education / Employee training / Industry related designations and/or certifications
  4. **Price proposals** should include detailed construction cost estimates for each Construction Specifications Institute ("CSI") Section / Division.
  5. **Minority/Female/Disabled ("MFD") participation** above the minimum requirement of 25% of contracts for subcontractor work and/or supplies (based on total contract value).

# Qualification and Selection of General Contractor(s)

## Shady Grove (RFP #2246) – Scope of Work

The property was originally constructed in 1977 and minor renovations were performed in 2001 with LIHTC equity and HOC mortgage proceeds. Staff has developed a renovation scope for this project that includes:

- Replace all exterior roofing, siding, gutters, downspouts, fascia, rakes, and soffits, and addition of entry canopies on each building.
- Upgrade interior kitchen and bathroom including but not limited to energy efficient appliances, new cabinets, countertops, fixtures and lighting.
- Install modern, energy efficient HVAC systems.
- Accessible path improvement, re-lamp existing light fixtures with LED lamps, re-stripe identified parking spaces.
- Remove and replace flooring in stair halls, landings, and flight of stairs in each stair hall.
- Replace existing fire alarm detection and notification systems with new system through-out.
- Update existing playground.
- Create eight (8) new UFAS units, including two (2) units with roll-in showers (four (4) one-bedroom units and four (4) two-bedroom units).
    - Two (2) units will be renovated to comply with requirements for the hearing and visually impaired.
- Install a folding counter and refinish surfaces within common laundry rooms.
- Replace all existing domestic water piping with new brass valves.

*Existing Kitchen*

**Conceptual Rendering**

These improvements will not only address curb appeal but also – and more importantly – increase energy-efficiency, extend the property's useful life, and allow the property to better compete in the marketplace.

# Qualification and Selection of General Contractor(s)

## Shady Grove (RFP #2246) – Asbestos-Containing Materials ("ACM") and Radon

HOC engaged with ECS for the ACM survey and Radon testing. Based on the laboratory analysis of the bulk samples collected during the survey, the following materials were reported to contain **asbestos**:

- Black caulk on building skylight flashing;
- Tan 12" x 12" vinyl floor tile with white square print in the living room and bathroom;
- Off-white 12" x 12" vinyl floor tile with brown diamond print in small closet.

Radon levels in excess of the Environmental Protection Agency ("EPA") action limit were detected in five (5) of the 12 buildings and four (4) of the five (5) building clusters. The radon concentrations were reported to range from 4.2 to 8.5 Picocuries per liter of air ("pCi/L"), above the EPA action limit of 4.0 pCi/L.

If these materials are discovered during construction activities, the GC should presume that materials contain asbestos and be treated as ACMs. Staff included removal of all ACMs and installation of radon mitigation systems within the renovation scope of work.

# Selection of General Contractor

## Shady Grove (RFP# 2246) – Scoring Summary

- RFP #2246: Shady Grove Apartments, staff received six (6) responses, and Hamel achieved the highest score of 96.3. The scoring team (consisting of staff from Compliance, Asset Management, and Construction Management) reviewed the responses on April 27 and 28, 2021.

| RANK | General Contractor | AIA A305 – Contractor's Qualification Statement (15) | General Experience (25) | Management and Operations (25) | Pricing (25) | MFD Participation (10) | Additional MFD Commitment (10) | Total AVG. |
|---|---|---|---|---|---|---|---|---|
| **1** | **Hamel Builders** | **15.0** | **25.0** | **25.0** | **21.3** | **10.0** | **0.0** | **96.3** |
| **2** | Harkin | 15.0 | 22.7 | 22.7 | 9.0 | 10.0 | 0.0 | 79.3 |
| **3** | Kane Construction | 13.0 | 11.7 | 14.3 | 25.0 | 10.0 | 0.0 | 74.0 |
| **4** | Hooten Construction | 15.0 | 20.3 | 21.0 | 12.3 | 5.0 | 0.0 | 73.7 |
| **5** | Nastos Construction | 11.7 | 18.3 | 17.7 | 16.0 | 5.0 | 0.0 | 68.7 |
| **6** | DD&B | 12.3 | 9.3 | 14.0 | 8.7 | 10.0 | 0.0 | 54.3 |

- MFD participation above the minimum requirement of 25% of contracts for subcontract work and/or supplies (based on total contract value). Range of scoring will be from 0 to 10 points. Respondents who meet the MFD subcontracting minimum requirement (i.e., 25%) will score zero (0) points. Respondents subcontracting 30 – 35% will receive 5 points, and respondents subcontracting 35% or above will receive 10 points.
- However, in the event the General Contractor is a certified MFD firm and subcontracts above 35% will receive an additional 10 bonus points as "Additional MFD Commitment".

# Selection of General Contractor

## RFP#2246– Summary with Price & MFD%

| Rank | General Contractor | Construction Costs * | Per Unit | MFD % |
|---|---|---|---|---|
| 1. | Hamel Builders | $12,511,132 | $86,883 | 53.54% |
| 2. | Harkins | $14,221,829 | $98,763 | 35.76% |
| 3. | Kane Construction | $12,472,833 | $86,617 | 39.67% |
| 4. | Hooten Construction | $13,445,576 | $93,372 | 32.79% |
| 5. | Nastos Construction | $13,251,497 | $92,024 | 30.01% |
| 6. | DD&B | $13,446,564 | $93,379 | 36.00% |

* Costs includes bond & insurance, overhead, fees, HOC's Works Policy, Davis-Bacon Wage Scale-MD, and Alternates (Replacing domestic water piping with copper with new brass valves and countertops).

Hamel distinguished itself primarily based upon the firm's financial strength and experience. HOC has worked with Hamel on a number of projects – most notably the RAD 6 renovation. In that case, Hamel stepped in to replace another contractor that unexpectedly pulled out of the project at the last moment. The renovation of the RAD 6 project was completed by Hamel on budget in 2016. Additionally, Hamel completed the renovation of the Greenhills project on time and budget in 2019.

- Staff proposes the selection Hamel Builders as general contractor for the renovation of Shady Grove Apartments, and requests authorization for the Executive Director to enter into contract negotiations based on the following criteria, which indicate a more thorough, knowledgeable cost bid and experience:
  - Highest Score of **96.3** with significant multifamily renovation and LIHTC experience in Montgomery County.
  - **Sole firm to provide** enclosed letters from clients of recently delivered projects during the COVID-19 health crisis due to disruptions in the supply chain.
  - **Sole firm to provide a COVID-19 Operation Plan** during renovation and **provide detailed Abatement Plan**.
  - Included a Certified EPA Lead Renovation, Repair, and Painting Contractor, defined by the EPA and collaborated with experienced and certified subcontractors to perform their work. Over the past five years, **Hamel and their subcontractors have performed $12.6M of abatement work.**

# *Preliminary* Sources and Uses

## Sources and Uses of Funds

| Sources | Amount | Per Unit |
|---|---|---|
| Bond Financing [(1)] | $30,050,469 | $208,684 |
| LIHTC Equity [(2)] | $19,325,725 | $134,206 |
| Bridge Loan (HOC) [(3)] | $9,338,444 | $64,850 |
| Bridge Loan [(3)] (Redeemed with equity proceeds) | ($9,338,444) | ($64,850) |
| Other (GP Equity) | $100 | $1 |
| Seller Note [(4)] | $16,372,306 | $113,697 |
| **Total Sources** | **$65,748,601** | **$456,588** |

| Uses | Amount | Per Unit |
|---|---|---|
| Acquisition Costs[(5)] | $39,600,600 | $275,004 |
| Construction Costs [(6)] | $13,762,235 | $95,571 |
| Fees Related To Construction Costs | $1,149,680 | $7,984 |
| Financing Fees and Charges[(7)] | $4,564,149 | $31,695 |
| Syndication Related Costs | $161,296 | $1,120 |
| Guarantees and Reserves [(8)] | $1,713,115 | $11,897 |
| Developer's Fees | $4,564,149 | $31,695 |
| **Total Uses** | **$65,748,601** | **$456,588** |

### Development Budget Highlights

1. Estimated $30.0 million bond financing with mortgage insurance under the FHA Risk Sharing Program.
2. Estimated Low Income Housing Tax Credit $19.3 million (based on $0.94 per credit)
3. Bridge Loan is approximately $9.3M to the Partnership from the equity from sale proceeds. The loan will be repaid from LIHTC equity proceeds.
4. Based on appraised value as of $39.2 million and the cash available to the transaction, HOC must take back seller note to complete the closing.
5. Acquisition price based on appraised as-is market price plus relocation costs for Shady Grove Apartments.
6. Estimated General Contractor cost including a 10% Construction Contingency.
7. Includes HOC's Origination Fee.
8. Included Soft Cost Contingency, six months of Operating Reserve and Initial Replacement Reserve at $1,500/unit.

**Note:** Shady Grove currently has one (1) replacement reserve account (appx. $1.2M replacement reserve) and potentially staff can use this replacement reserve amount as the funding source, if needed or it may be distributed to the owner.

# *Preliminary* Stabilized Operations

| Stabilized Proforma | CY 2024 | Per Unit |
|---|---|---|
| Income | $2,760,259 | $19,168 |
| Expenses[(1)] | $1,057,894 | $7,346 |
| **NOI (Net Operating Income)** | **$1,702,365** | **$11,822** |
| Debt Service[(2)] | $1,479,922 | $10,277 |
| **Cash Flow** | **$222,444** | **$1,545** |
| Debt Service Coverage Ratio Target | **1.15** | |

[(1)] Includes $50,400 ($350 per unit annually) in Replacement Reserves.
[(2)] Includes Loan Management Fee will be collected $75,126 annually (0.25% of the original mortgage amount).

| **Max Mortgage Amount (est.)** | **$30,050,469** |
|---|---|
| Term (in years) | 35 |
| Interest Rate[1] | 3.20% |
| Debt Service Constant | 4.92% |
| MIP (Mortgage Insurance Premium) | 0.25% |
| "All-In" Rate | 3.45% |
| Debt Service Coverage Ratio Target | 1.15x |
| NOI (Net Operating Income) | $1,702,365 |
| Debt Service | $1,479,922 |

[1] *As of May 7, 2021: Interest Rate 2,70%* (35 years) Plus 0.50% cushion.

- The financing plan includes a 35-year mortgage insured under the FHA Risk Sharing Program.
- Occupancy projected at 95% (Underwriting assumption), rent and expense growth rates at 2% and 3%, respectively.
- Total operating expenses are projected to be $1,057,894 in CY 24 including funding of annual replacement reserves of $350 per unit, per year and escalating at 3% annually.
- The net operating income (NOI) of $1,702,365 in CY 2024 supports the permanent debt which is underwritten at 3.20% plus 25 basis points for mortgage insurance premium (MIP) costs pursuant to the FHA Risk Sharing Mortgage Insurance Program.
- Annual Contribution to Replacement Reserves: $350 Per Unit.

# Team Assembly

## Architect

Bennett Frank McCarthy Architects, Inc ("BFM"), founded in Silver Spring, MD in 1977, is a full-service architectural firm of professionals whose broad and extensive experience enables them to handle these multifamily renovation projects.

- Selected from the Architectural Pool based on its proven track record with multifamily renovation and like-kind replacements.
- BFM has been the architect of record for the project since concept planning began in 2018.

BENNETT FRANK McCARTHY
architects, inc.

## Property Management

Edgewood Management Corporation ("EMC") offers a full suite of real estate management services and specializes in developing innovative solutions and repositioning troubled assets in all areas: operations, administrative, financial, compliance, and physical. EMC has been managing properties for 40 years and has expanded services to 14 states, including the District of Columbia. EMC is recognized as the 8th largest manager of Affordable Housing by the National Affordable Housing Management Association ("NAHMA") and the 50th largest manager by the National Multi-Housing Council ("NMHC").

EDGEWOOD
MANAGEMENT

## General Contractor

Founded in 1998, Hamel Builders, Inc., has earned a reputation for excellence in multifamily renovation and new construction in the mid-Atlantic region. Hamel has developed over 35,000 units of multifamily residential, affordable housing, adaptive reuse, senior living, historic, and mixed-use development, including about 7,000 resident-in-place renovations. Hamel has over 150 employees and supports over $130 million annual volume.

HAMEL
BUILDERS

## LIHTC Investor

Staff will present proposals to solicit a LIHTC investor at a later date.

# Ownership Structure

## Shady Grove – New Ownership

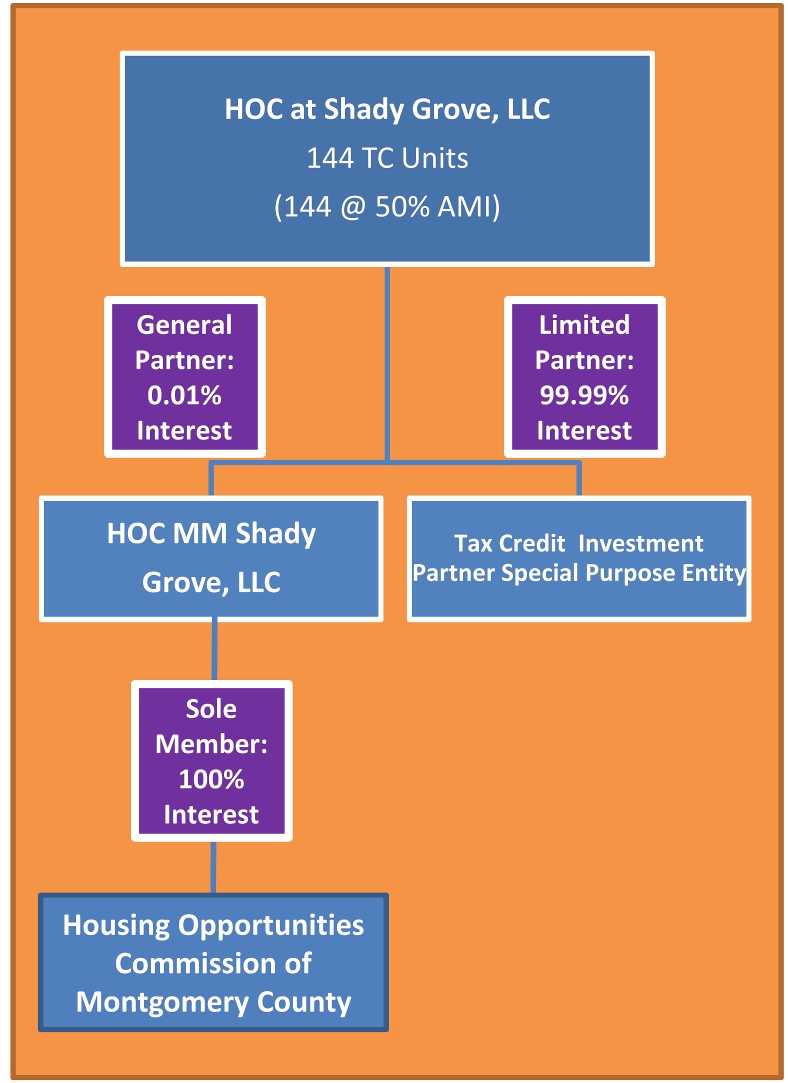
- HOC controlled single purpose entity, HOC MM Shady Grove, LLC, together with tax credit investment partner/syndicator's single purpose entity, will form the property owner limited liability corporation, HOC at Shady Grove, LLC.

- HOC MM Shady Grove, LLC will be the General Partner of the HOC at Shady Grove, LLC.

- HOC at Shady Grove, LLC will be the single purpose entity that will own Shady Grove Apartments.

- Three-tiered ownership structure is needed for disaffiliating HOC from the property owner Limited Partnership and therefore making the seller note, deferred developer fee, and potentially other loans extended by HOC to the limited partnership non-recourse liabilities.

- This structure will allow the tax credit investor/limited partner to maximize future tax deductions related to loan interest costs and therefore enhance investor yield. Without such disaffiliation, investor yield on the transaction, and consequently tax credit equity price, would be lower.



# Updated Predevelopment Costs

## Approved Predevelopment Costs

| Items | Approved (May 2, 2018) | Revised Budget | Paid Amount | Obligated Amount | Remaining Budget |
|---|---|---|---|---|---|
| Architect (Included Mechanical, Electrical, and Plumbing engineers) | $183,000 | $217,553 | $99,267 | $110,088 | $8,200 |
| Property Condition Assessment | $5,000 | $5,450 | $5,450 | $0 | $0 |
| Phase I Environmental | $5,000 | $12,193 | $12,193 | $0 | $0 |
| Appraisal | $7,500 | $6,750 | $0 | $6,750 | $0 |
| Market Study | $7,500 | $3,000 | $0 | $3,000 | $0 |
| ALTA Survey | $10,000 | $7,500 | $7,500 | $0 | $0 |
| Energy Audit | $10,000 | $10,599 | $10,599 | $0 | $0 |
| Contingency | $12,000 | $7,438 | $0 | $0 | $7,438 |
| Legal | $50,000 | $10,038 | $38 | $0 | $10,000 |
| Pre Construction Services | $60,000 | $0 | $0 | $0 | $0 |
| Permit Expediter | $0 | $4,980 | $0 | $4,980 | $0 |
| Compliance services | $0 | $1,500 | $ | $1,500 | $0 |
| Finance & Development Consultant | $0 | $63,000 | $18,000 | $45,000 | $0 |
| **Total Predevelopment Budget** | **$350,000** | **$350,000** | **$153,045** | **$171,318** | **$25,638** |

## Projected Additional Predevelopment Costs

| Items | Additional Predevelopment Costs |
|---|---|
| Building Permits | $200,000 |
| LIHTC Application and Tax Credit Allocation Fee | $115,000 |
| Pre-Construction Services | $15,000 |
| Legal | $50,000 |
| Finance & Development Consultant | $45,000 |
| Contingency | $60,000 |
| **Total Additional Predevelopment Budget** | **$485,000** |

Staff requests approval of an increase of $485,000 to the existing predevelopment budget funded with a loan from the RELOC to prepare a LIHTC application to be submitted to the DHCD and to obtain the necessary building permits.

# Summary and Recommendations

## Issues for Consideration

Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee to:

1. Approve of the selection of Hamel Builders as general contractor for the renovation of the Shady Grove Apartments and authorize the Executive Director to negotiate a contract with Hamel Builders;
2. Authorize HOC staff and the Property Manager to halt leasing of future vacant units for a total of up to a total of 24 units required for each phase of renovation, for the duration of the renovation;
3. Authorize $485,000 additional predevelopment budget to be funded with a loan from the PNC Bank, N.A. Line of Credit;
4. Ratify the formation of wholly-owned special purpose entities to serve as the new Property owner and managing member entities for the transaction?

## Time Frame

For formal action at the June 9, 2021 meeting of the Commission.

## Budget/Fiscal Impact

If approved, draws on the PNC $60MM Line of Credit will bear interest at the 30-day LIBOR plus 90 basis points. This will increase the interest expense in the Agency's operating budget by the imputed amount and paid from the Commission's general funds, but will be repaid from proceeds at the closing of the construction financing. The overall fiscal impact is a reduction in the Commission's borrowing capacity by any amount drawn on the PNC lines of credit.

During the 24 months of construction period, the project will continue to maintain 83% occupancy rate to ensure the project does not fall into an operating deficit. The debt service interest payments during the construction period will be capitalized and paid from the development budget.

# Summary and Recommendations (Continued)

## PREVIOUS COMMISSION APPROVALS

**Resolution 18-52** - Approval to Withdraw from the PNC Bank, N.A. Real Estate Revolving Line of Credit (RELOC) to Prepay Existing Mortgages for Georgian Court Apartments, Shady Grove Apartments, Stewartown Homes, and the Willows.

**Resolution 18-29** - Approval of Preliminary Development Plans and Predevelopment Funding for Georgian Court Apartments, Shady Grove Apartments, and Stewartown Homes.

## Staff Recommendation and Commission Action Needed

Staff recommends that the Commission:

1. Approve of the selection of Hamel Builders as general contractor for the renovation of the Shady Grove Apartments and authorize the Executive Director to negotiate a contract with Hamel Builders;
2. Authorize HOC staff and the Property Manager to halt leasing of future vacant units for a total of up to a total of 24 units required for each phase of renovation, for the duration of the renovation;
3. Authorize $485,000 additional predevelopment budget to be funded with a loan from the PNC Bank, N.A. Line of Credit;
4. Ratify the formation of wholly-owned special purpose entities to serve as the new Property owner and managing member entities for the transaction.

The RELOC currently has an unobligated balance of about $35.9M as of May 5, 2021.
The loan will incur interest costs and be repaid from the proceeds of the renovation financing at closing, which are anticipated to be funded from the proceeds of tax-exempt bond issuance by HOC.

**RESOLUTION No: 21-58A** **RE: Approval to Select Hamel Builders as General Contractor for the Renovation of Shady Grove Apartments, Approval to Freeze Leasing to Facilitate Renovation, Approval of Request for Additional Predevelopment Funds, and Ratification of the Formation of Ownership Entities**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), is the general partner of Shady Grove Apartments Limited Partnership, the owner of Shady Grove Apartments (the "Property"); and

**WHEREAS**, the Property was originally constructed in 1977 and is a 144-unit Low Income Housing Tax Credit ("LIHTC") and Section 8 multifamily property that consists of 45 one-bedroom, 83 two-bedroom, and 16 three-bedroom units; and

**WHEREAS**, the Property is currently operating under an extended-use covenant, which requires the following set aside: 144 units (100%) (project-based Section 8 rental assistance) set aside at 50% of area median income ("AMI"); and

**WHEREAS**, HOC's Procurement Office issued a Request for Proposals ("RFP") #2246 for construction services for renovation of the Property on March 5, 2021; and

**WHEREAS**, staff is looking to do a comprehensive renovation and add significant improvements to energy-efficiency, the common areas, exterior buildings, and the residents' units; and

**WHEREAS**, six (6) respondents submitted qualified packages to the RFP by the deadline of April 23, 2021 that met threshold requirements; and

**WHEREAS,** Hamel Builders, Inc. ("Hamel") scored highest in the average of the evaluators' scores on the criteria with an average score of 96.3%; and

**WHEREAS**, based on the evaluation of the proposals, staff recommends the selection of Hamel as general contractor for the renovation of the Property and requests authorization of the Executive Director to enter into contract negotiations; and

**WHEREAS**, staff requests authorization to halt leasing of future vacant units for a total of up 24 units requested for each phase of renovation for the duration of the renovation; and

**WHEREAS**, staff requests $485,000 in additional predevelopment budget to be funded with a loan from the PNC Bank, N.A. Line of Credit ("PNC LOC") for preparation for a Low Income Housing Tax Credit application to be submitted to the Department of Housing and Community

Development and to obtain the necessary building permits; and

**WHEREAS**, the loan will incur interest costs and be repaid from the proceeds of the renovation financing at closing, which are anticipated to be funded from the proceeds of tax-exempt bond issuance by HOC; and

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

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes the selection of Hamel as general contractor and authorizes the Executive Director to negotiate a contract for the Shady Grove Apartments transaction.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County hereby approves to halt leasing of future vacant units for a total of up to a total of 24 vacant units required for each phase of renovation for the duration of the renovation.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County approves an increase in predevelopment funds of $485,000 from the PNC Bank, N.A. Line of Credit.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County ratifies the formation of wholly-owned special purpose entities to serve as the new Property owner and managing member entities for the transaction.

**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 transactions contemplated herein, including but not limited to the execution of any and all documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 9, 2021.

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Patrice M. Birdsong
Special Assistant to the Commission

**RESOLUTION No: 21-58B** **RE:** **Approval to Draw on the PNC Bank, N.A. Line of Credit Fund Costs Related to the Shady Grove Apartments Transaction**

**WHEREAS**, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), is the general partner of Shady Grove Apartments Limited Partnership, the owner of Shady Grove Apartments (the "Property"); and

**WHEREAS**, the Property was originally constructed in 1977 and is a 144-unit Low Income Housing Tax Credit ("LIHTC") and Section 8 multifamily property that consists of 45 one-bedroom, 83 two-bedroom, and 16 three-bedroom units; and

**WHEREAS**, staff is looking to do a comprehensive renovation and add significant improvements to energy-efficiency, the common areas, exterior buildings, and the residents' units; and

**WHEREAS**, staff requests $485,000 in additional predevelopment budget to be funded with a loan from the PNC Bank, N.A. Line of Credit ("PNC LOC") for preparation for a Low Income Housing Tax Credit application to be submitted to the Department of Housing and Community Development and to obtain the necessary building permits; and

**WHEREAS**, the loan will incur interest costs and be repaid from the proceeds of the renovation financing at closing, which are anticipated to be funded from the proceeds of tax-exempt bond issuance by HOC; and

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

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County approves an increase in predevelopment funds of $485,000 at a rate of one-month LIBOR plus 90 basis points from the PNC LOC to prepare a Low Income Housing Tax Credit application to be submitted to the Department of Housing and Community Development and to obtain the necessary building permits, and that this draw shall have a due date that coterminous with the termination date of the PNC LOC, which is currently January 30, 2022.

**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 transactions contemplated herein, including but not limited to the execution of any and all documents related thereto.

**I HEREBY CERTIFY** that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 9, 2021.

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Patrice M. Birdsong
Special Assistant to the Commission

**AUTHORIZATION TO TRANSFER UNITS FROM HOC TO STRATHMORE COURT ASSOCIATES LIMITED PARTNERSHIP; AUTHORIZATION FOR STRATHMORE COURT ASSOCIATES LIMITED PARTNERSHIP TO ACCEPT THE TRANSFER OF UNITS; AND, AUTHORIZATION FOR STRATHMORE COURT ASSOCIATES LIMITED PARTNERSHIP TO COMPLETE THE FHA RISK SHARE REFINANCE**

**June 9, 2021**

- On June 3, 2020, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") approved the refinancing of Strathmore Court at White Flint ("Strathmore Court" or the "Property") under the 1996 Multifamily Housing Development Bond Resolution, and authorized staff to begin processing an application for FHA Risk Share mortgage insurance, as credit enhancement of the bonds. The FHA Risk Share application is nearly complete.

- To obtain FHA Risk Share mortgage insurance, the borrower or mortgagor must be a single purpose ownership entity. While the Property is 100% controlled by the Commission, the ownership of the Property's units is among two (2) different legal entities: 151 market rate units are owned by HOC, and 51 affordable units are owned by Strathmore Court Associates Limited Partnership (the "Partnership"), which is wholly controlled by HOC.

- Staff recommends that the Commission authorize the transfer of the Property's 151 market rate units to Strathmore Court Associates Limited Partnership; authorize Strathmore Court Associates Limited Partnership to accept the transfer of 151 market rate units; authorize Strathmore Court Associates Limited Partnership to complete the FHA Risk Share refinancing; and, approve HOC's assumption of 25% of the risk in the FHA Risk Share transaction, as mortgagee.

# MEMORANDUM

**TO:** Housing Opportunities Commission

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

**FROM:** Division: Mortgage Finance
Staff: Kayrine Brown, Deputy Executive Director Ext. 9589
Jennifer Hines Arrington, Acting Director of Mortgage Finance Ext. 9760

**RE:** **Multifamily Financing:** Authorization to Transfer Units from HOC to Strathmore Court Associates, LP; Authorization for Strathmore Court Associates Limited Partnership to Accept the Transfer of Units; and, Authorization for Strathmore Court Associates Limited Partnership to Complete the FHA Risk Share Refinance

**DATE:** June 9, 2021

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**COMMITTEE REPORT**: Deliberation X

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**OVERALL GOAL & OBJECTIVE:**
To authorize the transfer of the 151 market rate units at Strathmore Court at White Flint (the "Property") from HOC (the owner of the market rate units) to Strathmore Court Associates Limited Partnership (the owner of the existing affordable units, wholly owned by HOC) in order to complete the FHA Risk Share refinancing of the Property.

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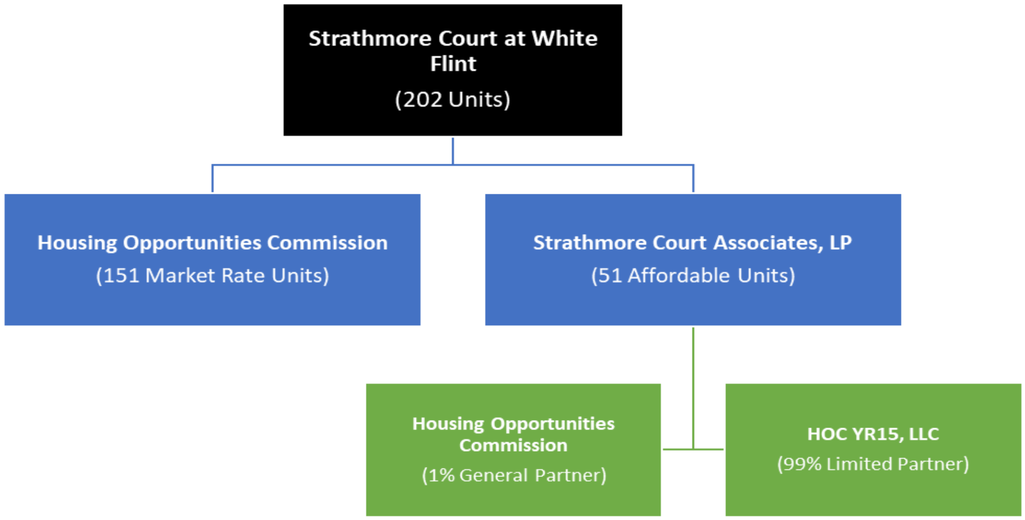
**BACKGROUND:**
On June 3, 2020, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") approved several actions related to Strathmore Court at White Flint ("Strathmore Court" or the "Property"), a 202-unit multifamily community with 1- and 2-bedroom apartments located in North Bethesda. Those actions included among other things: 1) a Bond Authorizing Resolution under the 1996 Multifamily Housing Development Bond ("MHDB") Resolution (hereinafter the "1996 Indenture"), which refinanced the underlying bonds for Strathmore Court; 2) authorization for staff to begin processing an FHA Risk Share mortgage insurance application to obtain credit enhancement of the bonds; and, 3) authorizing the transfer of any and/or all assets securing the Property, including amounts pledged under the Multiple Purpose Indenture (the initial financing source for Strathmore Court) and any project-level reserves benefiting the Property, into the 1996 Indenture. Closing of the MHDB issuance occurred on July 8, 2020, and the FHA Risk Share application for the Property is almost complete.

When applying for FHA Risk Share credit enhancement, the borrower or mortgagor must be a single purpose ownership entity. Currently, 151 market rate units are owned by HOC, and 51 affordable units are owned by Strathmore Court Associates Limited Partnership (the "Partnership"). As of November 1, 2019, the Partnership is now 100% owned by the Commission given that an entity of the Commission, HOC YR15, LLC, has purchased the former Low Income Housing Tax Credit investor (Manufacturers and

Traders Trust Company) limited partner's interest (99%). Please see the current ownership structure below.




Staff has conferred with the Commission's General Counsel, and recommends that the Commission transfer the 151 market rate units to the Partnership, so that one single asset legal entity owns the full community and may apply for FHA Risk Share credit enhancement, as the borrower. As of April 30, 2021, the Property's outstanding mortgage balance was $14,591,167.60. HOC, as mortgagee or lender, will assume 25% of the risk and HUD will assume 75% of the risk of the transaction.

Upon Commission approval, staff will submit the FHA Risk Share application and anticipates receiving FHA's endorsement by the end of June but no later than mid-July 2021.

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**ISSUES FOR CONSIDERATION:**

Will the Commission approve staff's recommendation, which is supported by the Development and Finance Committee, to authorize the transfer of the Property's 151 market rate units to Strathmore Court Associates Limited Partnership; authorize Strathmore Court Associates Limited Partnership to accept the transfer of 151 market rate units; authorize Strathmore Court Associates Limited Partnership to complete the FHA Risk Share refinancing; and, approve HOC's assumption of 25% of the risk in the FHA Risk Share transaction, as mortgagee?

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**PRINCIPALS:**

Housing Opportunities Commission of Montgomery County
Strathmore Court Associates Limited Partnership

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**BUDGET IMPACT:**

None.

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**TIME FRAME:**

For formal action at the June 9, 2021 meeting of the Commission.

**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff recommends that the Commission authorize the transfer of the Property's 151 market rate units to Strathmore Court Associates Limited Partnership; authorize Strathmore Court Associates Limited Partnership to accept the transfer of 151 market rate units; authorize Strathmore Court Associates Limited Partnership to complete the FHA Risk Share refinancing; and, approve HOC's assumption of 25% of the risk in the FHA Risk Share transaction, as mortgagee.

**RESOLUTION: 2021-59** **Re: Authorization to Transfer Units from HOC to Strathmore Court Associates, LP; Authorization for Strathmore Court Associates Limited Partnership to Accept the Transfer of Units; and, Authorization for Strathmore Court Associates Limited Partnership to Complete the FHA Risk Share Refinance**

**WHEREAS**, Strathmore Court at White Flint ("Strathmore Court" or the "Property"), is an existing 202-unit mixed income multifamily community, located at 5440 Marinelli Rd, North Bethesda, Maryland, of which 151 market rate units are owned by the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") and 51 affordable units are owned by Strathmore Court Associates Limited Partnership (the "Partnership"), which is 100% controlled by the Commission; and

**WHEREAS,** on June 3, 2020, the Commission approved several actions related to the Property, including among other things: 1) a Bond Authorizing Resolution under the 1996 Multifamily Housing Development Bond Resolution (hereinafter the "1996 Indenture"), which refinanced the underlying bonds for Strathmore Court; 2) authorized staff to begin processing an FHA Risk Share mortgage insurance application to obtain credit enhancement of the bonds; and, 3) authorized the transfer of any and/or all assets securing the Property, including amounts pledged under the Multiple Purpose Indenture (the initial financing source for Strathmore Court) and any project-level reserves benefiting the Property, into the 1996 Indenture; and

**WHEREAS,** in order to obtain FHA Risk Share mortgage insurance, the borrower or mortgagor must be a single purpose ownership entity; and

**WHEREAS,** staff recommends transferring the units owned by HOC to the Partnership.

**NOW, THEREFORE, BE IT RESOLVED** that the Housing Opportunities Commission of Montgomery County authorizes transferring ownership of the Property's 151 market rate units to Strathmore Court Associates Limited Partnership.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County acting on behalf of itself and on behalf of Strathmore Court Associates Limited Partnership, as its general partner, that (1) the Partnership accepts the transfer of 151 market rate units of the Property, and (2) the Partnership authorizes HOC staff to complete the processing of an FHA Risk Share mortgage insurance application, as borrower, to obtain credit enhancement and complete the refinancing.

**BE IT FURTHER RESOLVED** that the Housing Opportunities Commission of Montgomery County, pursuant to the Risk Sharing Agreement between the Commission and the U.S. Department of Housing and Urban Development ("HUD"), shall assume 25% of the risk while HUD shall assume 75% for the transaction.

**BE IT FURTHER RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of the Partnership, as its general partner, that the Executive Director of HOC, or a duly appointed designee of the Executive Director of HOC, is hereby authorized, without any further action on their respective parts, to execute such other documents

**I HEREBY CERTIFY** that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June 9, 2021.

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

# Closing Statement

Written Statement for Closing a Meeting ("**Closing Statement**")
**Date: June 9, 2021**

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

3. _**X**_ "To consider the acquisition of real property for a public purpose and matters directly related thereto;"

13. _**X**_ "To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter";

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

| **Statutory Citation** | **Topic** | **Reason for closed-session discussion** |
|---|---|---|
| §3-305(b)(3) | The acquisition of real property (a single-family home) located in Gaithersburg, Maryland via a purchase and sale agreement. | The meeting must be closed to the public in order to protect HOC's negotiating power. Public discussion of this item could result in less favorable pricing and/or HOC not being able to acquire the property. |
| §3-305(b)(13) | The confidential commercial and financial terms of the above referenced acquisition of a single-family home. | Section 4-335 of the Maryland Public Information Act prevents disclosure of confidential commercial or financial information obtained from a third-party. The meeting must be closed to the public in order to protect confidential commercial and financial information provided to HOC from private development partners. The information to be discussed is customarily and actually treated as private by the development partners and has been provided to HOC under an assurance of privacy. |

C. This statement is made by Commissioner Roy Priest, Chair.

D. Recorded vote to close the meeting:

- Date: June 9, 2021 Time: _________________ Location: Zoom (Livestream on YouTube)
- Motion to close meeting made by: ___________________________________________________
- Motion seconded by: ______________________________________________________________
- Commissioners in favor: ____________________________________________________________
- Commissioners opposed: ___________________________________________________________
- Commissioners abstaining: _________________________________________________________
- Commissioners absent: _____________________________________________________________

Officer's Signature: _____________________________________

# Adjourn

# Closed Session