

EXPANDED AGENDA

YouTube Link: <https://www.youtube.com/watch?v=McxslZzm6io>

April 5, 2023

HOC's offices are now open to the public. The public is invited to attend HOC's April 5, 2023 Monthly Commission meeting in-person. HOC's Board of Commissioners and staff will continue to participate through a hybrid model (a combination of in-person online participation).

		Res #
4:00 p.m.	I. <u>INFORMATION EXCHANGE</u> A. Community Forum B. Report of the Executive Director C. Commissioner Exchange	(pg.4)
4:30 p.m.	II. <u>APPROVAL OF MINUTES</u> A. Approval of Minutes of March 8, 2023 B. Approval of Minutes of March 8, 2023 Closed Session	
4:35 p.m.	III. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u>	
	A. Administrative & Regulatory Committee- <i>Com. Kelleher, Chair</i> 1. Approval to Amend the HOC Procurement Policy Purchasing Limits for Micro Purchases 2. Authorization to Submit HOC's Fiscal Year 2024 Annual Public Housing Agency Plan B. Development & Finance Committee- <i>Com. Simon, Chair</i> 1. Single Family Lending: Approval of New Participating Lender, Luminate Home Loans, Inc., for the Single Family Mortgage Purchase Program 2. Single Family Mortgage Loan Subservicer: Approval to Select Single Family Mortgage Loan Subservicer in Accordance with Request for Proposal #2344 3. Mortgage Purchase Program: Approval to Increase the Sales Price and Income Limits for the Single Family Mortgage Purchase Program 4. Hillandale Gateway: Approval to Select Construction Materials Testing and Third Party Inspection Services Consultant for the Hillandale Gateway Development	23-19 (pg.32) 23-20 (pg.37) 23-21 (pg.81) 23-22 (pg.92) 23-23 (pg.103) 23-24 (pg.116)

	5. Elizabeth House: Approval to Select the Berg Corporation as the Demolition Contractor for Elizabeth House Apartments in Accordance with Invitation for Bid (“IFB”) #2361 and Authorization for the Executive Director to Negotiate and Execute a Contract for Demolition	23-25a. (pg.128) 23-25b. (pg.130)
5:35 p.m.	IV. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u>	
	1. Strategic Plan Consultant: Approval to Select and Negotiate a Contract with Public Works LLC for the Development of HOC’s Fiscal Years 2023-2028 Strategic Plan in Accordance with RFP #2358 2. Bond Underwriter Selection: Approval of Firms Selected to Serve on the Commission’s Bond Underwriting Team in Accordance with RFP # 2353 and Approval of the Structure of the Team 3. Recommended Budget: Presentation of the Executive Director’s HOC FY’ 2024 Recommended Budget	23-26 (pg.147) 23-27 (pg.176)
6:00 p.m.	<u>CLOSING STATEMENT</u> Vote to close meeting	
6:20 p.m.	<u>ADJOURN</u>	
6:25 p.m.	<u>CLOSED SESSION</u> The closed session meeting 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.	

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) 627-9421 or email Jocelyn.Koon@hocmc.org.

Information Exchange

HOC AT-A-GLANCE: March 2023

During the month of March, HOC continued to engage in its core activities providing support and enrichment programming to our clients, fulfilling our federal obligations, and enhancing our clients' experiences. This month we are pleased to place a spotlight on the wildly successful, first ever HOC Procurement Fair. We are also excited by a high sign from County Executive Elrich in his FY 2024 Recommended Budget appropriating \$7.9 million for services to be provided by HOC.

This month, we continue to highlight Legislative Updates, services provided by our Office of Resident Services, updates from our Housing Resources and Finance Divisions, as well as key Real Estate Development activities.

HOC HOSTS FIRST EVER PROCUREMENT FAIR

On March 15, 2023, HOC hosted its first ever Procurement Fair at the Silver Spring Civic Building. This event was considered a wild success, receiving a 96% success rating based on participant feedback. Executed under the leadership of Deputy Executive Director Kayrine Brown, and with the ardent support of the Real Estate, Procurement, Compliance, Property Management, Public Affairs & Communications and IT divisions, HOC brought together a diverse group of over 75 professionals who are interested in doing business with the agency. Small business owners, as well as representatives from large companies, learned how to pursue business opportunities with HOC. As a result, with our vendors better informed, we anticipate that the entire procurement process will run with greater efficiency and provide additional resources to our team and mission.

LEGISLATIVE UPDATE

Highlighted below are key legislative updates, including housing bills that could directly impact HOC's development opportunities, as well as presentations before the Council that advance HOC's legislative agenda. A more comprehensive list of updates will be provided in our standing electronic Legislative Update. Of note is the fact that the State Legislative Session will conclude on April 10, 2023, and the legislature is racing to debate and pass bills and finalize the state budget in the final weeks.

MC 10-13 - the local bill that would reform HOC's collective bargaining process - passed the House on March 20, 2023, with the amendments that we negotiated with Senator Kramer. It will now be taken up by the Finance Committee in the Senate.

SB848 - the bill to establish a statewide voucher program in Maryland - passed the Senate Education, Energy, and the Environment Committee with a package of technical amendments that we worked to propose in coordination with other Housing Authorities across the state. As of March 22, 2023, the bill

was awaiting final passage in the Senate before being taken up in the House. The bill would mandate a \$15 million appropriation beginning in FY 2025.

In the meantime, the County budget process has begun with the release of the County Executive's budget on March 15, 2023. The Executive's proposed budget would fully fund our request and we are planning our engagement with Councilmembers to ensure that HOC has resources to complete its work (*See Finance Division Update for additional details*).

On March 20, 2023, HOC made a presentation on Housing Choice Vouchers before the Council's Planning, Housing and Parks Committee and received a number of positive comments about HOC's commitment to serving our customers. Councilmembers were highly engaged and eager to work with us to develop more resources to help more families.

Council Bill 5-23 passed the Council on March 21, 2023. This legislation limits the types of questions that the County can ask prospective employees when conducting pre-employment health screenings. While the legislation does not apply to HOC, the County's Occupational Medical Services ("OMS") office performs pre-employment screenings for HOC as well. HOC's Human Resources Division has worked with OMS to implement the new privacy protections for HOC's new hires while ensuring compliance with federal requirements.

RESIDENT SERVICES UPDATE

Service Coordination and Programming

The Service Coordination and Programming Units provide assessment, counseling, information, referrals and program services to HOC customers. During the month of March, staff continued to provide services virtually and in person. Resident Counselors continued to engage with HOC customers to determine their needs. Customers were referred to our partners to receive food and other assistance. Resident Counselors continued to perform wellness checks with customers to ensure their safety and assess their needs. Customers with delinquent rent were referred/connected to the COVID Rental Assistance Program, the Emergency Rental Assistance Program, and the Housing Stabilization Program.

HOC's customers also continued to receive referrals to unemployment assistance, Temporary Cash Assistance, Supplemental Nutrition Assistance Program, Maryland Energy Assistance Program, and other benefit programs. The Housing Stabilization staff continued to process applications for rental assistance. Resident Counselors have also attended the Housing Resources Division's virtual briefings for new voucher recipients to provide information on the services that Resident Services offer. Additionally, the Resource Services team continues to provide services to persons with disabilities to meet their service needs.

Highlights for March activities of Resident Counselors include the following:

1. Workshops

- Facilitated the Fundamentals of Housing workshop on March 15
- Facilitated Resource Sharing workshop on March 21

2. Resident Well Being

Activities for Youth

- **After-School Programs:** The Montgomery County Department of Health and Human Services' Street Outreach Network ("SON") continued to facilitate the Safe Zones program at Cider Mill in March. Safe Zones is an after school initiative that provides safe places and programming for youth. The goal of the initiative is to prevent violence in the community. The program operates on Fridays and there are plans to expand programming to Saturdays as well.
- **Recreation:** Resident Services staff facilitated a youth movie night at Paddington Square on March 7.

Activities for Youth and Families

- **Financial Literacy:** In partnership with PNC Bank, staff facilitated a "reality store" for youth and their families at Tanglewood on March 14. This financial literacy activity presented participants with real world, daily life management scenarios designed to teach participants how to manage a monthly household budget.
- **Recreation:** Staff facilitated Saint Patrick's Day parties for customers at Spring Garden and Tanglewood on March 17.

Activities for Seniors

- **Digital Equity:** Staff facilitated a range of computer and training courses for seniors including classes at Waverly House on March 2; technology training sessions at the Fenton on March 9, 16 and 23; and computer coaching and technology education at Forest Oak Towers on March 21.
- **Arts for the Aging:** Resident Services partnered with the Arts for the Aging program to facilitate arts programs at Waverly House on March 7 and Arcola Towers on March 2 and 30.
- **Health and Wellness Services:** HOC continued its partnership with the University of Maryland (Baltimore) to have their nursing students provide wellness services to seniors at Residences on the Lane on March 7, 14 and 28 and Arcola Towers on March 6, 13 and 27. Staff also facilitated the senior fitness exercise program at Forest Oak Towers on March 16.
- **Food and Nutrition:** Resident Services staff facilitated the Senior Brown Bag food distribution at Residences on the Lane on March 16, and conducted an informational session at Bauer Park on March 24 regarding the re-opening of the Senior Nutrition lunch scheduled in April.
- **Recreation:** Staff facilitated community bingo at Forest Oak Towers on March 9, followed by a Gardening workshop at Arcola Towers on March 23.

3. Relocation and Re-Certification Assistance

- Assisted customers on an ongoing basis with relocations and other needs related to renovation projects at Shady Grove Apartments, Willow Manor at Farm Hill, Willow Manor at Cloppers Mill, Town Center Olney, Sandy Spring Meadow and Georgian Court.
- Provided continued outreach and assistance to customers who have failed to submit all required documents for re-certification by the stated deadline.

4. Rental Assistance

- Provided face-to-face and electronic outreach and assistance to customers with applications for the CDBG and other rental assistance programs.

The Resident Services Division develops and implements programs that provide meals, educational, recreational and enrichment opportunities for HOC's customers. Listed below are highlights of programming activities for March 2023.

The Resident Services Division continued to provide food resources and other support with the help of Manna Food Center, Emmanuel Brinklow Seventh Day Adventist Church, Montgomery County Senior Nutrition Lunch Program, Capital Area Food Bank's Senior Brown Bag, and My Groceries To Go Programs. In March, 400 HOC customers were provided with food. The Resident Services staff also continued to facilitate the Senior Nutrition Program, which provides meals and opportunities for seniors to socialize.

HOC Academy

The HOC Academy is an HOC initiative developed to help its customers reach their fullest potential by providing educational, enrichment, job training and job placement opportunities to youth and adults. The program specifically focuses on education and enrichment for youth education and workforce development for adults. Listed below are highlights from March 2023.

Youth Education/Enrichment

On March 31, in partnership with IEI (HOC's inspection contractor), and in honor of Women's History Month, HOC Academy staff facilitated a field trip to NASA Goddard Visitor Center in Greenbelt, MD for participants in the "Girls Got IT!" Program. This field trip and STEM activity consisted of female engineers discussing their careers with the youth and allowing them to ask questions.

Participants in the First Generation College Bound Program continued to work with their coach and prepare for college. HOC Academy staff also spent time in March planning for upcoming activities in April including a family STEM fair, and additional STEM field trips.

Adult Education and Workforce Development

A workforce development event was held at Paddington Square on March 21, 2023. The event featured the WorkSource Montgomery Mobile Unit where customers were introduced to the services provided through the mobile unit, including connection to jobs leads. Customers also had the opportunity to register with Worksource Montgomery to receive assistance with resume building, job skills training and educational opportunities.

The current Small Business Strategy Course 2023 (Cohort #1), completed three weeks of the 10-week course in March. On March 22, in partnership with We Achieve, HOC Academy staff facilitated an information and recruitment session for customers, each of whom learned about available positions for immediate hire. On March 29, HOC Academy staff facilitated a webinar on "How to Create a Video Blog" for customers. HOC Academy staff also continued to provide tuition assistance to customers to assist them in achieving their educational goals.

Additional education, workforce and small business development highlights are listed below:

- Misty Williams (Small Business Strategies Course Alumni) began to expand her business in March by hiring a therapist for her professional counseling practice.
- Tammy Hodge registered her business in February and now has a trade name for Natural Styles by Tammy.

Financial Literacy

The Financial Literacy Coach continued to work with HOC's customers and individuals on the HousingPath waitlist on creating a financial foundation. During March, the Financial Literacy Coach provided one-on-one financial literacy coaching to 13 HOC customers and four (4) individuals from the HousingPath waitlist. The coaching sessions continued to cover topics including: creating a working budget, identifying disposable income, reading one's credit report, and creating and accomplishing monthly financial goals. During March, the Financial Literacy Coach also facilitated a financial literacy workshop attended by seven (7) HOC customers and four (4) individuals from the waitlist.

Supportive Housing

The Supportive Housing Program provides housing assistance and case management services to participants who are formerly homeless with disabilities. The program services some of the most vulnerable residents of the county. In March, the program served 228 participants. Throughout March, program staff continued to conduct home visits with program participants, provide case management services, and pay rent and utilities. Additionally, program staff continued to help Emergency Voucher recipients secure housing by providing housing location services, as well as financial assistance for application fees, security deposits, moving expenses and household items.

Program staff also continued to implement the Rent Supplement Program ("RSP"), which provides a shallow rental subsidy (up to \$600 monthly) to county residents who struggle to pay their full rent with their current income. The program serves a large number of seniors on fixed incomes. In March, the program served 276 participants.

Fatherhood Initiative

The Fatherhood Initiative is a national program funded by the U.S. Department of Health and Human Services. HOC is the first and only housing agency to be awarded a grant under the Fatherhood Initiative. HOC completed its first five-year grant as a 'best practice' model. HOC was awarded an additional grant and is currently in year three of the new grant period. The program provides parenting education, case management services, financial assistance for educational classes and training, and participation incentives. On March 24, the program graduated 28 fathers from the March cohort, and enrolled 25 fathers for the April cohort. The program is on track to meet its target of serving 356 fathers.

PROPERTY MANAGEMENT / COMMUNITY DEVELOPMENT BLOCK GRANT ("CDBG") UPDATE

Last month we reported on a critical effort HOC had undertaken to ensure our residents remain stably housed in the face of compounding rental arrearages. HOC staff have continued to support residents via one-on-one application assistance for the Community Development Block Grant Rent Relief ("CDBG") program. This program provides up to six (6) months of rent relief for residents who qualify based on a COVID-related hardship. Efforts to date have resulted in more than \$1.4 million in rent relief for our customers.

Due to the success of our outreach efforts, the State has extended the deadline for HOC to provide assistance to residents through June 30, 2023.

HOUSING RESOURCES UPDATE

Housing Choice Voucher (“HCV”) Program

Monthly, HOC selects applicants from the HousingPath Waitlist to achieve a 95% program utilization rate. The utilization rate has remained at 96%. Currently, 177 families with issued vouchers are searching for suitable units to rent; and 163 contracts are pending execution. Two Hundred (200) families were selected from the HCV waitlist last month.

During March, the Housing Resources Division received nine (9) requests for voucher extensions beyond the initial 90-day period. The requests included a search record reflecting the efforts made to secure housing during the voucher term and the landlords who were contacted. Two of the nine extension requests warranted a referral to the Human Rights Commission and the Commission on Civil Rights for possible discrimination.

RENTCafé Used to Support Online Annual Recertifications

HOC introduced the use of RENTCafé to assist with annual recertifications. Customers with recertifications effective March 2023, were required to submit their annual recertification paperwork electronically. Staff enlisted the IT division to provide technical support to customers requiring assistance with the submission of recertification materials. Overall, 374 out of 612 customers submitted their paperwork electronically. We will continue to accept mailed submissions from customers who do not have email or who prefer to submit information by mail. We anticipate that more families will utilize the online portal as they become more comfortable with the technology.

Forty-six (46) customers were recommended for program termination effective March 1, 2023. The Resident Services Division worked in collaboration with the Housing Resources Division to assess client needs and to determine why recertifications were not being completed.

The Resident Services Counselors conducted outreach to every customer in the termination window to ascertain why the annual requirement was not completed and to provide assistance. They were able to assist twenty-eight (28) families with the recertification requirement and overturn the termination. Termination proceedings will continue for eighteen (18) families for the following reasons:

- 15 – Failed to respond to counselor outreach
- 1 – Deceased
- 2 – Vacated/Skipped

The Housing Resources Division will continue to work collaboratively with the Resident Services Division to assist those customers facing termination.

Emergency Housing Vouchers (“EHVs”)

HOC has an allocation of 118 Emergency Housing Vouchers. Currently 96 families have successfully leased units. Ten (10) families with issued vouchers are searching for suitable units to rent. Staff are reviewing two certification packets to determine program eligibility. HOC requested ten additional referrals from HHS for the EHV Program.

Family Self Sufficiency (“FSS”) Update

This month FSS staff continued their recruitment efforts, with current enrollment consisting of 372 families. Six (6) new families enrolled into the FSS program this month, with no graduations occurring in March.

HOC staff met with members of the Program Coordinating Committee (“PCC”) on March 22, 2023. The PCC is a group of service providers and other key partners organized for the purpose of coordinating services and programs in the community for the FSS participants. The group meets quarterly to provide guidance to the FSS Program and ensure that FSS participants have access to the resources needed to meet their goals. HOC’s March 22 meeting included representatives from Montgomery College, Suburban Hospital, and A Wider Circle. These external partners offer a plethora of services including:

- **Suburban Hospital:** Blood pressure screenings, diabetes self-management training, smoking cessation classes, senior exercise programs, and transportation and food insecurity screenings;
- **Montgomery College:** Comprehensive services that can be provided in English or Spanish, including career workshops, educational workshops, interview preparation, academic advising, tax assistance, free GED testing and assistance with applying to Montgomery College;
- **A Wider Circle:** Professional workshops and career counseling services, furniture donations and professional clothing to families entering the workforce. We are excited to collaborate with the PCC members to help our FSS families reach their goals of economic independence.

FSS participants remain committed to the alliances formed with the FSS Case Managers. FSS Case Managers continue to work with customers on their long- and short-term self-sufficiency goals. During monthly meetings, Case Managers offer integrated strategies for self-care, personal goal fulfillment and emotional support. Community partnerships continue to be a capstone of the program. In conjunction with person-centered planning efforts, Case Managers solicit feedback from customers to determine the effectiveness of previously provided resources. Maintaining continuous feedback ensures that referrals to external partners continue to meet individual goals and exceed expectations.

REAL ESTATE DEVELOPMENT UPDATE

Renovations at Georgian Court and Shady Grove Apartments Nearly Complete

The Real Estate Development team is pleased to provide updates on the progress of our two renovation projects, Georgian Court Apartments and Shady Grove Apartments. As of this report, renovations for both projects have exceeded 50% completion. Work on the community room spaces in both buildings has been completed, allowing additional space for families and seniors to participate in year-round activities. The community room in Shady Grove Apartments is scheduled to be ready for occupancy by the first week of April. Meanwhile, Georgian Court Apartments' community room passed inspections on March 21 and is now open to the public. In addition, an exterior addition has been built to expand the existing community room, which will be active during the summer months. Furthermore, recent exterior enhancements have been made to Georgian Court Apartments, significantly improving the community's visual appeal.

FINANCE DIVISION UPDATE

County Executive Elrich Presents the County's Recommended Budget

On March 15, 2023, County Executive Marc Elrich presented his FY 2024 Recommended Budget, which included an appropriation in the Non-Departmental Account for services to be provided by HOC in the amount of \$7,972,501. This amount represents an increase of \$339,333 from the FY 2023 approved budget of \$7,633,168. The increase includes funding for projected FY 2024 compensation adjustments pending union negotiations and an increase for rental license fee increases due to potential fee increases and increases in the number of HOC rental units.

County funds are allocated in HOC's Non-Departmental Account to support resident services, rental license fees, customer service centers, homeowner association fees, and utilities in deeply subsidized buildings.

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

March 8, 2023

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via a hybrid platform and teleconference on Wednesday, March 8, 2023, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:08 p.m. Those in attendance were:

Present

Roy Priest, Chair
Frances Kelleher, Vice Chair
Rick Nelson
Jeffrey Merkowitz
Jackie Simon
Pamela Byrd

Absent

Linda Croom

Also Attending

Chelsea Andrews, Executive Director
Kayrine Brown, Deputy Executive Director
Paige Gentry, Deputy General Counsel
Timothy Goetzinger
Marcus Ervin
Lynn Hayes
Bonnie Hodge
Terri Fowler
John Willhoit

Tia Blount
Richard Congo
Zachary Marks
Jay Shepherd
Fred Swan
Tia Blount
Gio Kaviladze
Patrick Mattingly
Nargiza Polvanova

Also Attending via Zoom

Ellen Goff
Matt Husman
Steven Firth

Aisha Memon
Monte Stanford
John Broullire

IT Support

Irma Rodriquez
Aries "AJ" Cruz

Commission Support

Jocelyn Koon, Senior Executive Assistant

Chair Priest opened the meeting with the introduction of the Commission. He also paused to recognize Women’s History Month and acknowledged all of the dynamic women who lead and serve on the HOC staff and the Commission.

I. **Information Exchange Community Forum**

- There were no speakers who signed up to address the Board.

Executive Director’s Report

- Chelsea Andrews, Executive Director, provided a presentation of the written report. Ms. Andrews also shared excerpts from HOC’s presentations shared during February and early March. She was joined by Zachary Marks, Chief Real Estate Officer, for several of the presentations.
- The Executive Director and Chief Real Estate Officer answered questions from the Commission.
- Chair Priest commented on the tremendous work the staff is doing and his desire to memorialize these items on the HOC website.
- Chair ProTem Merkowitz commented on his appreciation of hearing about the outreach to residents and wanted to hear more about the work with the Resident Advisory Board.

Commissioner Exchange

- Commissioner Simon commented on an article she found on the Independence Now website which reflects what HOC is doing and why it matters. She shared a story of a nursing home resident who received HOC housing, support services, security deposit and first month’s rent assistance, grants from Walmart for furniture and other resources. She underscored the value of the work we do and why we have to continue in service to County residents.

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

- A. **Approval of Minutes of February 1, 2023**
- B. **Approval of Minutes of February 1, 2023 Closed Session**
- C. **Approval of Minutes of February 17, 2023 Special Session**
- D. **Approval of Minutes of February 17, 2023 Closed Special Session**

III. **CONSENT**

A. **Approval of Collective Bargaining Agreement Wage Re-Opener between the Housing Opportunities Commission and the Municipal and County Government Employees Organization for Fiscal Year 2023**

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

RESOLUTION NO.: 23-11

RE: Approval of Collective Bargaining Agreement Wage Re-Opener between the Housing Opportunities Commission and the Municipal and County Government Employees Organization for Fiscal Year 2023

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) is required by law to enter into a Collective Bargaining Agreement (“CBA”) for Commission employees who are covered under the collective bargaining law that went into effect as of October 1, 1999; and

WHEREAS, the CBA between HOC and the Municipal County Government Employees Organization (“MCGEO”) (the exclusive union representative for those employees in the bargaining units of Service, Labor, and Trades (“SLT”), and Office, Professional, and Technical (“OPT”)) expired on June 30, 2020; and

WHEREAS, HOC and MCGEO agreed to continue the terms and conditions of the expired CBA with the addition of some negotiated revisions that were agreed to by the parties in May 2022, and with the agreement to negotiate wage adjustments for Fiscal Year 2023; and

WHEREAS, the negotiations for the Fiscal Year 2023 wage adjustments began on October 20, 2022, and were successfully concluded on February 14, 2023; and

WHEREAS, the Negotiated Agreement reached by HOC and MCGEO includes the following:

1. Bargaining Unit Members who have been rated as ‘Fully Successful’ by the February 4, 2023 (the “Effective Date”) shall receive a 3.5% Annual Pay Increment effective the first full period in February 2023. A Bargaining Unit Member who is not rated as ‘Fully Successful’ as of the first full pay period in February 2023, shall receive their Fiscal Year 2023 Annual Pay Increment when they become ‘Fully Successful’. Bargaining Unit Members who are not eligible for the Fiscal Year 2023 Annual Pay Increment because they have reached the Top of Grade shall receive a \$1,500.00 bonus.
2. Bargaining Unit Members hired on or before July 1, 2022 shall receive an Inflationary Relief Bonus of Seven Hundred Fifty Dollars (\$750.00). The Inflationary Relief Bonus is a one-time payment and the lump sum amount will be pro-rated for part time employees. The Inflationary Relief Bonus shall be paid effective the first full pay period after union ratification and Commission approval.
3. Effective the first full pay period of March 2023, Bargaining Unit Members shall receive a General Wage Adjustment of 3.89% or \$3,100, whichever is greater. In addition, the minimum and maximum of the pay scales for each pay grade shall be increased commensurate with the General Wage Adjustment.

WHEREAS, the collective bargaining law stipulates that the CBA shall be effective upon the approval of the Commission and the membership of the union representing the bargaining unit; and

WHEREAS, the union membership ratified the Negotiated Agreement on March 2, 2023.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby approves the Negotiated Agreement.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at an open meeting conducted on Wednesday, March 8, 2023.

B. Approval of Fiscal Year Annual Pay Increments and General Wage Adjustments for Non-Represented Merit System Staff for Fiscal Year 2023.

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

RESOLUTION NO.: 23-12

RE: Approval of Fiscal Year Annual Pay Increments and General Wage Adjustments for Non-Represented Merit System Staff for Fiscal Year 2023

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) wishes to award Annual Pay Increments and General Wage Adjustments for Non-Represented Merit System Employees (“Non-Represented Merit Staff”) for Fiscal Year 2023 that is fair, equitable, and consistent with that of represented employees; and

WHEREAS, staff proposes the following “FY 2023 Compensation Package” for Non- Represented Merit Staff:

1. Non-Represented Merit System Staff who have been rated as ‘Fully Successful’ by the February 4, 2023, (the “Effective Date”) shall receive a 3.5% Annual Pay Increment effective the first full period in February 2023. Non-Represented Merit System Staff who are not rated as ‘Fully Successful’ as of the first full pay period in February 2023, shall receive their Fiscal Year 2023 Annual Pay Increment when they become ‘Fully Successful’. Non-Represented Merit System Staff who are not eligible for the Fiscal Year 2023 Annual Pay Increment because they have reached the Top of Grade shall receive a \$1,500.00 bonus.
2. Effective the first full pay period of March 2023, Non-Represented Merit System Staff shall receive a General Wage Adjustment of 3.89% or \$3,100, whichever is greater. In addition, the minimum and maximum of the pay scales for each pay grade shall be increased commensurate with the General Wage Adjustment.

NOW, THEREFORE, BE IT RESOLVED, that the Housing Opportunities Commission of Montgomery County hereby approves the FY 2023 Compensation Package for Non-Represented Merit Staff.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at an open meeting conducted on Wednesday, March 8, 2023.

C. Approval of Alexandra Nassau-Brownstone and Eileen M. Fitzgerald to the Board of Directors of The Housing Opportunities Community Partners, Inc.

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

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

RESOLUTION NO.: 23-13

RE: Approval of Alexandra Nassau-Brownstone and Eileen M. Fitzgerald to the Board of Directors of the Housing Opportunities Community Partners, Inc.

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) approved the creation of the non-profit organization, Housing Opportunities Community Partners, Inc. (“HOCP”), in 1999 to support the residents and programs of HOC; and

WHEREAS, HOC is required, by the HOCP bylaws, to approve nominees to the HOCP Board of Directors; and

WHEREAS, the HOCP Board of Directors unanimously nominated Alexandra Nassau-Brownstone and Eileen M. Fitzgerald to serve on the Board for three-year terms.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the nomination of Alexandra Nassau-Brownstone and Eileen M. Fitzgerald to serve on the HOCP Board of Directors is approved.

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

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting on March 8, 2023.

IV. COMMITTEE REPORTS AND RECOMMENDATIONS FOR ACTION

A. Budget, Finance and Audit Committee – *Com. Nelson, Chair*

1. Fiscal Year 2023 (FY’23) Second Quarter Budget to Actual Statements: Acceptance of Second Quarter FY’23 Budget to Actual Statements

Commissioner Nelson opened the floor to Executive Director Chelsea Andrews who introduced Timothy Goetzinger, Acting Chief Financial Officer, who provided the presentation.

Commissioner Nelson and Chair Pro Tem Merkowitz expressed appreciation for the presentation and Merkowitz asked a few follow-up questions that were addressed by Mr. Goetzinger and Terri Fowler, Budget Officer.

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

RESOLUTION NO.: 23-14

**RE: Acceptance of Second Quarter FY'23
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 Second Quarter FY'23 Budget to Actual Statements during its March 8, 2023 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Second Quarter FY'23 Budget to Actual Statements.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on March 8, 2023.

2. **Fiscal Year 2023 (FY'23) Second Quarter Budget Amendment:** Approval of the FY'23 Second Quarter Budget Amendment

Commissioner Nelson opened the floor to Executive Director, Chelsea Andrews who introduced Terri Fowler, Budget Officer, who provided the presentation.

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

RESOLUTION NO.: 23-15

**RE: Acceptance of FY2023 Second Quarter
Budget Amendment**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission”) adopted a budget for FY'23 on June 8, 2022; and

WHEREAS, the Commission’s Budget Policy allows for amendments to the budget; and

WHEREAS, the FY'23 Second Quarter Budget Amendment reduces the projected draws from the Multifamily and Single Family Bond Funds and uses accumulated savings towards FY'23 administrative costs (there is no impact to the income of the fund); and

WHEREAS, the net effect of the FY'23 Second Quarter Budget Amendment maintains a balanced operating budget; and

WHEREAS, the total FY'23 Operating Budget remains unchanged at \$316,381,237; and

WHEREAS, approval of the budget amendments to revise the FY'23 budget will

reflect an accurate plan for the use of the Commission’s resources for the remainder of FY’23.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY’23 Operating Budget and maintains an operating budget of \$316,381,237.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on March 8, 2023.

3. Uncollectible Tenant Accounts Receivable: Approval of Request to Write-Off Uncollectible Tenant Accounts Receivable (October 1, 2022 – December 31, 2022)

Commissioner Nelson opened the floor to Executive Director Chelsea Andrews who introduced Timothy Goetzinger, Acting Chief Financial Officer and Terri Fowler, Budget Officer who provided the presentation.

Commissioner Simon asked a follow-up question which was addressed by the presenters.

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

RESOLUTION NO.: 23-16

RE: Authorization to Write-Off Uncollectible Tenant Accounts Receivable

WHEREAS, the current policy of the Housing Opportunities Commission of Montgomery County (“HOC”) is (i) to provide for an allowance for tenant accounts receivable balances that are delinquent for more than ninety (90) days; and (ii) to propose the write-off of former tenant balances; and

WHEREAS, staff periodically proposes the write-off of uncollected former tenant balances, which updates the financial records to accurately reflect the receivables and the potential for collection; and

WHEREAS, the proposed write-off of former tenant accounts receivable balances for the period of October 1, 2022 – December 31, 2022 is \$49,256, which is all attributable to former tenants within HOC’s Opportunity Housing properties, Supportive Housing properties, LIHTC/RAD properties, and the Section 236 properties.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or her designee, without further action on its part, to take any and all actions necessary and proper to write off \$49,256 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 March 8, 2023.

4. Residences on the Lane (Upton II) and HOC at Garnkirk Farms, LLC: Approval to Extend the Maturity Dates for the Draws on the PNC Bank Real Estate Line of Credit (“RELOC”) which Financed the Commission Approved Actions Related to Residences on the Lane (Upton II) and HOC at Garnkirk Farms, LLC

Commissioner Nelson opened the floor to Executive Director Chelsea Andrews who introduced Timothy Goetzinger, Acting Chief Financial Officer, who provided the presentation.

Chair Priest asked a clarifying question which was addressed by Mr. Geotzinger.

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

RESOLUTION NO.: 23-17

RE: Approval to Extend the Maturity Dates for the Draws on the PNC Bank Real Estate Line of Credit (“RELOC”) which Financed the Commission Approved Actions Related to Residences on the Lane (Upton II) and HOC at Garnkirk Farms Apartments

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) has approved various actions related to Residences on the Lane (f/k/a Upton II) and Garnkirk Farms Apartments (together, the “Properties”), which are currently financed through the PNC Bank N.A. Real Estate Line of Credit (the “RELOC”);

WHEREAS, staff recommends extending, through September 30, 2024, the use of the RELOC at the taxable rate to continue to finance Commission-approved actions related to the Properties;

WHEREAS, the extended maturity date of September 30, 2024 will be co-terminus with the RELOC agreements with PNC Bank, National Association; and

WHEREAS, the estimated cost, as of December 31, 2022, under the RELOC is expected to be approximately \$442,850.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves extending, through September 30, 2024, the use of the RELOC to finance Commission actions related to the Properties.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on March 8, 2023.

B. Development & Finance Committee – Com. Simon, Chair

1. Residences on The Lane: Approval to Reinstate and Extend the Maturity Date of the Bridge Loan to Upton II (Residences on the Lane)

Commissioner Simon opened the floor to Executive Director Chelsea Andrews who introduced Jay Shepherd, Housing Acquisition Manager, who provided the presentation.

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

RESOLUTION NO.: 23-18

RE: Approval to Reinstate and Extend the Maturity Date of the Bridge Loan to Upton II (Residences on the Lane)

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) is the managing member of HOC MM Upton II, LLC (the “Managing Member”), which is the managing member of HOC at the Upton II, LLC (the “Borrower”); and

WHEREAS, the Borrower owns and operates a 150-unit mixed-income and age-restricted condominium located in Rockville Town Center, Rockville, Maryland, known as “Residences on The Lane” (formerly known as Upton II); and

WHEREAS, on February 6, 2019, the Commission approved Resolution 19-09(2), which authorized the Commission to fund a bridge loan note of up to \$12,000,000 to Borrower to bridge the acquisition and construction financing for Residences on the Lane until such time as the Borrower’s Low Income Housing Tax Credit (“LIHTC”) equity investor had made all of its LIHTC equity contributions; and

WHEREAS, HOC and the Borrower executed that certain Bridge Loan Promissory Note and Loan Agreement in the principal amount of \$12,000,000 on February 28, 2019, as amended by that certain First Amendment to Bridge Loan Promissory Note and Loan Agreement dated November 8, 2021 (collectively, the “Bridge Loan Note”); and

WHEREAS, the maturity date of the Bridge Loan Note was the earlier of (i) August 28, 2022 (forty-two months after February 28, 2019), (ii) the payment in full of all LIHTC equity contributions, or (iii) the acceleration of the Bridge Loan Note pursuant to its terms; and

WHEREAS, the LIHTC equity investor will not make its final investment until on or after the second quarter of 2023, thus the Bridge Loan Note needs to be reinstated and the maturity date needs to be extended to the earlier of (i) the date that the LIHTC equity investor has contributed all LIHTC equity installments to the Borrower, or (ii) the acceleration of the Bridge Loan Note pursuant to its terms.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, hereby approves the reinstatement and amendment of the Bridge Loan Note to extend the maturity date

to the earlier of (i) the date that the LIHTC equity investor has contributed all LIHTC equity installments to the Borrower, or (ii) the acceleration of the Bridge Loan Note pursuant to its terms.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of the Managing Member and the Borrower, that the Executive Director of HOC, or her authorized designee, is hereby authorized, without any further action on their respective parts, to execute such documents and to take any

and all other actions, in each case as necessary and proper, in the Executive Director's judgment, to carry out the actions contemplated herein.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on March 8, 2023.

Chair Roy Priest read the Written Closing Statement and made a motion to adopt the statement and close the meeting. Commissioner Simon seconded the motion, with Commissioners Priest, Simon, Merkowitz, Nelson, Kelleher, and Byrd voting in approval. Commissioner Croom was necessarily absent and did not participate in the vote.

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 5:37 p.m., and reconvened in closed session at 5:55 p.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed session held on March 8, 2023 at approximately 5:55 p.m. via a hybrid model (a combination of participation by teleconference and in-person), with in-person participation and moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Sections 3-305(b)(3), 3-305(b)(7), 3-305(b)(8), and 3-305(b)(13) to discuss the potential purchase or lease of commercial office space (pursuant to Section 3-305(b)(3)); the confidential commercial and financial terms of a ground lease with a private third party (pursuant to Section 3-305(b)(13)); and potential litigation at a property located in Silver Spring (pursuant to Sections 3-305(b)(7), 3-305(b)(8), and 3-305(b)(13)).

The meeting was closed and the closing statement dated March 8, 2023 was adopted on a motion made by Roy Priest, seconded by Jackie Simon, with Commissioners Priest, Simon, Merkowitz, Nelson, Kelleher, and Byrd voting in favor of the motion. Commissioner Croom was necessarily absent and did not participate in the vote. The following persons were present: Roy Priest, Frances Kelleher, Richard Nelson, Pamela Byrd, Jeffrey Merkowitz, Jackie Simon, Chelsea Andrews, Kayrine Brown, Paige Gentry, Zachary Marks, Marcus Ervin, Darcel Cox, Jocelyn Koon, Morgan Sullivan, Bernie McCarthy, Louis Mulamula, and Graham Sessoms.

In closed session, the Commission discussed the below topics and took the following actions:

1. Topic: The potential purchase or lease of commercial office space located in Silver Spring and Rockville, Maryland, and the confidential commercial and financial terms of a ground lease with a private third party (pursuant to Sections 3-305(b)(3) and 3-305(b)(13)).

- a. Action Taken: Staff presented information to the Commission. No formal action taken.
2. Topic: Potential litigation at a property located in Silver Spring, Maryland (pursuant to Section 3-305(b)(7), 3-305(b)(8), and 3-305(b)(13)).
 - a. Action Taken: Staff presented information to the Commission about the potential litigation. No formal action was taken.

The closed session was adjourned at 8:40 p.m.

Respectfully submitted,

Chelsea Andrews

Secretary-Treasurer

Committee Reports and Recommendations for Action

Administrative & Regulatory Committee

PROCUREMENT POLICY: APPROVAL TO AMEND THE HOC PROCUREMENT POLICY PURCHASING LIMITS FOR MICRO PURCHASES

April 5, 2023

- The Agency's purchasing limit for micro purchases is \$5,000 (except for construction services for which the maximum is \$2,000 where Davis-Bacon requirements apply).
- On June 20, 2018, the Federal Office of Management and Budget raised the federal micro purchase threshold to \$10,000.
- On March 12, 2019, the U.S. Department of Housing and Urban Development confirmed that public housing authorities may use the higher threshold, but must document the change in their procurement policies.
- Due to rising costs for goods and services in general, but particularly for maintenance-related purchases, staff proposes amending the HOC Procurement Policy to increase the Micro Purchase Ceiling to \$10,000; however, Davis-Bacon maximums still apply for construction services where federal funds are involved.
- The Administrative and Regulatory Committee reviewed this request at its meeting on March 20, 2023, and joins staff's recommendation that the Commission approve amending the HOC Procurement Policy to increase the Micro Purchase Ceiling to \$10,000, except for construction services for which the maximum is still \$2,000, in accordance with Davis-Bacon requirements.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea J. Andrews, Executive Director

FROM: Staff: Timothy Goetzinger, Acting Chief Financial Officer
Leidi Reyes, Procurement Officer

RE: **Procurement Policy:** Approval to Amend the HOC Procurement Policy Purchasing Limits for Micro Purchases

DATE: April 5, 2023

OVERALL GOAL & OBJECTIVE:

Staff is seeking approval to amend the HOC Procurement Policy purchasing limits for micro purchases by increasing the limit from a maximum of \$5,000 to a maximum of \$10,000 for purchases that do not have Davis-Bacon requirements. Davis-Bacon prevailing wage applies to construction services that involve the use of federal funds and are required for services funded in amounts of \$2,000 and higher.

BACKGROUND:

The current HOC Procurement Policy (the "Policy") was adopted and effective, June 7, 2017. Section 5.2 of the Policy addresses procurement methods for Small and Micro Purchase Procedures. The Policy states that:

Purchases of goods and services for any amount less than \$5,000.00 (except for construction services for which the maximum is \$2,000.00 due to Davis-Bacon Act requirements) ("Micro Purchase") may be made through the Micro Purchase Procedure. Small Purchases ("Small Purchase") above the Micro Purchase Ceiling (as hereinafter defined), but not exceeding \$150,000.00 ("Small Purchase Ceiling") shall be accomplished under the Small Purchase Procedure (the "Small Purchase Procedure").

- a) *For the Small Purchase Procedure, HOC shall obtain at least three quotes, to the greatest extent feasible, and to promote competition, small purchases should be distributed among qualified sources. Quotes may be obtained orally (either in person or by telephone confirmed by email or in writing), by facsimile, in writing, including email, or through e-procurement. Award shall be made to the responsive and responsible (see, Section 12, infra) vendor that submits the lowest cost to HOC or if award is to be made for reasons other than lowest price, documentation shall be provided in the contract file. HOC shall not break down or split requirements aggregating more than the Small Purchase Ceiling into several purchases that are less than the applicable ceiling merely to: (1) permit use of the Small Purchase*

Procedure or (2) avoid any requirement that applies to purchases that exceed the Small Purchase Ceiling.

- b) *For Micro Purchase Procedure, which are purchases of less than \$5,000 (“Micro Purchase Ceiling”) (except construction services subject to Davis-Bacon Act requirements with a maximum of \$2,000), only one quote is required provided the quote is considered reasonable by the Procurement Officer after completing a cost and price analysis as provided in Section 8 of this Policy. HOC shall not break down or split requirements aggregating more than the Micro Purchase threshold into several purchases that are less than the Micro Purchase Ceiling merely to: (1) permit use of the Micro Purchase Procedure or (2) avoid any requirement that applies to purchases that exceed the Micro Purchase Ceiling.*

In the nearly six (6) years since the current Policy was adopted, there have been significant increases in the costs of goods and services, particularly for maintenance related purchases. The cost of construction related materials and equipment have increased gradually, but with recent escalation in inflation, exacerbated by supply chain impacts during COVID-19 pandemic, the current micro purchase limit no longer aligns with the current market. As Property Management and Property Maintenance staff work to complete the backlog of routine maintenance repairs, emergency repairs, Home Owners Association (“HOA”) violations, and unit turnovers, many of the proposals for services and the costs for equipment replacement are exceeding the current \$5,000 limit on micro purchases. This includes HVAC, roofs, windows, kitchen and bathrooms, paint and drywall, unit turns, and other items. Under the current Policy, the requirement to obtain three bids for work over \$5,000 is causing significant delays in staff’s ability to complete critical repairs and unit turns in a timely manner. Furthermore, contractors are increasingly reluctant to bid unless there is some certainty of an award, making the process time-consuming and unproductive.

Current Request

Staff is requesting that the Commission amend Section 5.2(b) of the current Policy to increase the limit for micro purchases that do not have Davis-Bacon requirements from \$5,000 to \$10,000.

This request is consistent with a June 20, 2018 Memorandum for Chief Financial Officers and Heads of Small Executive Agencies (M-18-18), in which the Office of Management and Budget raised the federal micro purchase threshold to \$10,000. According to a memo dated March 12, 2019, the U.S. Department of Housing and Urban Development confirmed that public housing authorities may use the higher threshold, but must document the change in their procurement policies.

The change to the Policy would align HOC with the Federal Government's procurement policy and enable staff to complete repairs and unit turns more efficiently. Staff will continue to ensure that the quotes are reasonable for the goods and services procured. Furthermore, the Procurement Office, in the execution of its duties, will perform periodic quality control reviews to ensure compliance with the Policy.

Funding for Maintenance Related Repairs

The purchase of maintenance related goods and services come from property operating and capital budgets, replacement reserve funds or for qualified repairs under the County's Capital Improvement Program ("CIP") funding. All other funding would be from the respective property budgets or other sources that have been approved by the Commission.

Other Purchases

While the need to amend the procurement policy for micro purchases was driven by escalations in maintenance related goods and services, HOC is operating in a highly inflationary environment and is experiencing overall higher operating cost. Therefore, it would not be uncommon for goods and services in other business areas to experience similar challenges. The proposes increase to the micro purchase limit would apply to the entire agency and not limited to maintenance related goods and services.

ISSUES FOR CONSIDERATION:

Does the Commission wish to accept staff's recommendation, which is supported by the Administrative and Regulatory Committee, to approve an amendment to the HOC Procurement Policy that increases purchasing limits for micro purchases from a maximum of \$5,000 to a maximum of \$10,000?

BUDGET IMPACT:

- There is no adverse impact on HOC's adopted FY 2023 operating budget.
- The source of funds for all maintenance related purchases are property operating and capital budgets, or the County CIP funding.
- All other funding would be from other funding sources and budgets that have been approved by the Commission.

TIME FRAME:

The Administrative and Regulatory Committee informally discussed this request at its March 20, 2023 meeting and supports staff's recommendation.

For formal action at the April 5, 2023 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Commission approve an amendment to the HOC Procurement Policy that increases purchasing limits for micro purchases to from a maximum of \$5,000 to a maximum of \$10,000.

WHEREAS, the Housing Opportunities Commission of Montgomery County’s (“HOC”) Procurement Policy establishes various purchasing limits; and

WHEREAS, the purchasing limit for Micro Purchases is \$5,000 (except for construction services for which the maximum is \$2,000 due to Davis-Bacon requirements) (the “Micro Purchase Ceiling”);

WHEREAS, by a June 20, 2018 Memorandum for Chief Financial Officers and Heads of Small Executive Agencies (M-18-18), the Office of Management and Budget raised the federal micro purchase threshold to \$10,000; and

WHEREAS, per a memo dated March 12, 2019, the U.S. Department of Housing and Urban Development confirmed that public housing authorities can use the higher threshold, but must document the change in their procurement policies; and

WHEREAS, due to rising costs for goods and services, staff recommends amending the HOC Procurement Policy to increase the Micro Purchase Ceiling to \$10,000 (except for construction services for which the maximum is \$2,000 due to Davis-Bacon requirements).

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the HOC Procurement Policy to increase the Micro Purchase Ceiling to \$10,000 (except for construction services for which the maximum is \$2,000 due to Davis-Bacon requirements), effective immediately.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on April 5, 2023.

Chelsea Andrews
Executive Director

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AUTHORIZATION TO SUBMIT HOC'S FISCAL YEAR 2024 ANNUAL PUBLIC HOUSING AGENCY PLAN

April 5, 2023

- The Quality Housing and Work Responsibility Act of 1998 requires that Public Housing Agencies (“**PHAs**”), such as the Housing Opportunities Commission of Montgomery County (“**HOC**”), draft a full Public Housing Agency (“**PHA**”) Plan every five (5) years, make and submit updates annually.
- The PHA Plan serves as a comprehensive guide to HOC’s policies, programs, operations, and strategies for meeting local housing needs and goals. The Plan informs the U.S. Department of Housing and Urban Development (“**HUD**”), residents, and the public of HOC’s mission for serving the needs of low-income and very low-income families as well as HOC’s overarching strategy for addressing those needs.
- HOC is submitting a Fiscal Year (“**FY**”) 2024 Annual PHA Plan, which provides updates on details that were outlined in HOC’s FY 2020-2024 Five-Year PHA Plan. The Annual PHA Plan provides further clarifications, any revisions, and anticipated action steps that align with the Plan. Additionally, the Plan may have HOC’s primary policies and plans for the Housing Choice Voucher (“**HCV**”) and Public Housing (“**PH**”) programs for the coming fiscal year.
- The 45-day public comment period for HOC’s FY 2024 Annual PHA Plan began on February 16, 2023, and culminated with the public hearing held April 3, 2023 at 11:00 am at HOC’s main office in Kensington, MD, and via YouTube.
- The Resident Advisory Board (“**RAB**”) reviewed this item and submitted a letter of endorsement, which HOC will submit as one of the supporting documents to HUD on, or before, April 17, 2023.
- The Administrative and Regulatory Committee reviewed this item at its meeting on March 20, 2023, and supports staff’s request for authorization to submit HOC’s FY 2024 Annual PHA Plan to HUD by no later than April 17, 2023.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea J. Andrews, Executive Director

FROM: Staff: Darcel Cox, Chief Compliance Officer
Elliot Rule, Management and Compliance Analyst

RE: **PHA Plan:** Authorization to Submit HOC’s Fiscal Year (“FY”) 2024 Annual Public Housing Agency (“PHA”) Plan

DATE: April 5, 2023

STATUS: **Committee Report** **Deliberation** X

OVERALL GOAL & OBJECTIVE:

To authorize the Executive Director of the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”), or her designee, to submit the FY 2024 Annual PHA Plan to the Department of Housing and Urban Development (“HUD”).

BACKGROUND:

HOC’s Annual PHA Plan is an update to the required five-year plan. The annual update provides details about immediate operations, services, programs and program participants. In addition, the plan outlines the Agency’s strategy for addressing the housing needs of Montgomery County residents. The Five-Year PHA Plan describes HOC’s mission as well as its long-range goals and objectives for achieving its mission over the five years outlined within the Plan. Much of the current Five-Year PHA Plan focused on HOC’s use of the Rental Assistance Demonstration (“RAD”) program to convert the Agency’s PH portfolio to Project-Based Rental Assistance (“PBRA”) and Project-Based Vouchers (“PBV”). HOC must submit the FY 2024 Annual PHA Plan to HUD 75 days prior to the start of the FY covered in the plan, which is April 17, 2023.

The substantive changes subsequent to this year’s Annual PHA Plan are updates to the HCV Administrative Plan, HUD approval to increase HOC’s payment standards, updated Family Self Sufficiency (“FSS”) Action Plan, and the Housing Resources Division’s (“HRD”) HCV PBV activity.

The Housing Resources Division made revisions to seven chapters of the HCV Administrative Plan, which governs HOC’s HCV program. These revisions included updates to language pertaining to Live-in Aides, Income Verification, Voucher Extensions, Housing Quality Standards Inspections, Virtual Remote Video Inspections, and the Homeownership Program.

Public and Indian Housing (“PIH”) Notice 2022-30 (Extension of Certain Regulatory Waivers for the Housing Choice Voucher Program and Streamlined Review Process) provided a streamlined

process for PHAs to provide continued flexibility to respond to the pandemic, especially fluctuating rental markets. HOC requested the “Voucher Tenancy Waiver”, which allowed PHAs to establish payment standards from 111% to 120% of the applicable Fair Market Rent (“FMR”).

After a detailed analysis of HOC’s current voucher portfolio, HOC found that increasing the payment standard to 112% of the FMR would reduce rent burden for 80% of rent burdened families, while maintaining a recommended reserve balance of 4%-6% of our Annual Budget Authority. HUD granted approval for HOC to increase the payment standards to 112% of the FMR.

HUD published the “Streamlining and Implementation of Economic Growth, Regulatory Relief, and Consumer Protection Action Changes to Family Self Sufficiency Program” Final Rule on May 17, 2022. The Final Rule mandated numerous changes to the FSS program. The PHAs demonstration of compliance with the mandates were required by November 14, 2022. HUD also required HOC to submit its updated FSS Action Plan for approval by September 30, 2022 (45 days prior to the compliance date). HOC received HUD approval September 26, 2022.

The FY 2024 PHA Plan also highlights recently completed, ongoing, and future renovation/construction projects that include PBVs. These PBV units are governed by HOC’s HCV program.

Staff released a draft of the FY 2024 Annual PHA Plan to the public on February 16, 2023. In addition, staff provided the Resident Advisory Board (“RAB”) with a copy of the FY 2024 Annual PHA Plan for review and comment. The RAB submitted a letter of endorsement, which HOC will submit as one of the supporting documents to HUD on, or before, April 17, 2023. HOC held a public hearing for the annual plan on April 3, 2023 at 11:00am at HOC’s Main Office at 10400 Detrick Ave., Kensington, MD 20895. Interested parties also had the option to view the meeting virtually via You Tube.

ISSUES FOR CONSIDERATION:

Does the Commission accept staff’s recommendation, which the Administrative and Regulatory Committee supports, to authorize the Executive Director, or her designee, to submit HOC’s FY 2024 Annual PHA Plan to HUD on, or before, April 17, 2023?

PRINCIPALS:

Housing Resources Division
Real Estate Development Division
Resident Services Division

BUDGET IMPACT:

None.

TIME FRAME:

The Administrative and Regulatory Committee informally reviewed this item at its meeting on March 20, 2023, and supports staff’s recommendation.

For formal action at the April 5, 2023 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission authorize the Executive Director, or her designee, to submit HOC's FY 2024 Annual PHA Plan to HUD on, or before, April 17, 2023.

RESOLUTION NO.: 23-20

**RE: Authorization to Submit the Fiscal Year
2024 Annual Public Housing Agency Plan**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) seeks to implement the mandatory Annual Public Housing Agency (“PHA”) Plan requirements of the Quality Housing and Work Responsibility Act of 1998 (“QHWRA”); and

WHEREAS, the submission of the Fiscal Year (“FY”) 2024 Annual PHA Plan was prepared in accordance with 24 CFR Part 903 regulations and requirements for submission to the U.S. Department of Housing and Urban Development (“HUD”); and

WHEREAS, HOC worked in collaboration with the Resident Advisory Board to obtain recommendations in the development of the proposed Annual PHA Plan submission; and

WHEREAS, HOC obtained certification from local government officials that the proposed Annual PHA Plan Submission is consistent with the jurisdiction’s Consolidated Plan; and

WHEREAS, HOC conducted a Public Hearing on April 3, 2023 to obtain public comments regarding the proposed Annual PHA Plan Submission; and

WHEREAS, HOC has considered all comments and recommendations received and has incorporated all relevant changes in the proposed Annual PHA Plan Submission.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the FY 2024 Annual PHA Plan and its submission to HUD no later than April 17, 2023, as required by federal regulation.

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

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on April 5, 2023.

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**Chelsea Andrews
Executive Director**

Annual PHA Plan <i>(Standard PHAs and Troubled PHAs)</i>	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires: 03/31/2024
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Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, including changes to these policies, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families.

Applicability. The Form HUD-50075-ST is to be completed annually by **STANDARD PHAs or TROUBLED PHAs**. PHAs that meet the definition of a High Performer PHA, Small PHA, HCV-Only PHA or Qualified PHA do not need to submit this form.

Definitions.

- (1) **High-Performer PHA** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments if administering both programs, or PHAS if only administering public housing.
- (2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceed 550.
- (3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment and does not own or manage public housing.
- (4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceed 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.
- (5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
- (6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined and is not PHAS or SEMAP troubled.

A.	PHA Information.																																
A.1	<p> PHA Name: <u>Housing Opportunities Commission of Montgomery County</u> PHA Code: <u>MD004</u> PHA Type: <input checked="" type="checkbox"/> Standard PHA <input type="checkbox"/> Troubled PHA PHA Plan for Fiscal Year Beginning: (MM/YYYY): <u>07/2023</u> PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above) Number of Public Housing (PH) Units <u>0</u> Number of Housing Choice Vouchers (HCVs) <u>7,702</u> Total Combined Units/Vouchers <u>7,702</u> PHA Plan Submission Type: <input checked="" type="checkbox"/> Annual Submission <input type="checkbox"/> Revised Annual Submission </p> <p> Availability of Information. PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans. </p> <p> <input type="checkbox"/> PHA Consortia: (Check box if submitting a Joint PHA Plan and complete table below) </p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th rowspan="2" style="width: 25%;">Participating PHAs</th> <th rowspan="2" style="width: 10%;">PHA Code</th> <th rowspan="2" style="width: 25%;">Program(s) in the Consortia</th> <th rowspan="2" style="width: 20%;">Program(s) not in the Consortia</th> <th colspan="2" style="width: 20%;">No. of Units in Each Program</th> </tr> <tr> <th style="width: 10%;">PH</th> <th style="width: 10%;">HCV</th> </tr> </thead> <tbody> <tr> <td>Lead PHA: Not Applicable</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program		PH	HCV	Lead PHA: Not Applicable																							
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B.	Plan Elements
B.1	<p>Revision of Existing PHA Plan Elements.</p> <p>(a) Have the following PHA Plan elements been revised by the PHA?</p> <p>Y N</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Statement of Housing Needs and Strategy for Addressing Housing Needs</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Financial Resources.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Rent Determination.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Operation and Management.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Grievance Procedures.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Homeownership Programs.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Community Service and Self-Sufficiency Programs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Safety and Crime Prevention.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Pet Policy.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Asset Management.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Substantial Deviation.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Significant Amendment/Modification</p> <p>(b) If the PHA answered yes for any element, describe the revisions for each revised element(s):</p> <p>Please see attached narrative for details on updates to HOC's Housing Choice Voucher Administrative Plan, Voucher Payment Standard Increase, and Family Self Sufficiency Action Plan.</p> <p>(c) The PHA must submit its Deconcentration Policy for Field Office review.</p>
B.2	<p>New Activities.</p> <p>(a) Does the PHA intend to undertake any new activities related to the following in the PHA's current Fiscal Year?</p> <p>Y N</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Hope VI or Choice Neighborhoods.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Mixed Finance Modernization or Development.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Demolition and/or Disposition.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Designated Housing for Elderly and/or Disabled Families.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Conversion of Public Housing to Tenant-Based Assistance.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Conversion of Public Housing to Project-Based Rental Assistance or Project-Based Vouchers under RAD.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Occupancy by Over-Income Families.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Occupancy by Police Officers.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Non-Smoking Policies.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Project-Based Vouchers.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Units with Approved Vacancies for Modernization.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).</p> <p>(b) If any of these activities are planned for the current Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project-based units and general locations, and describe how project basing would be consistent with the PHA Plan.</p>
B.3	<p>Progress Report.</p> <p>Provide a description of the PHA's progress in meeting its Mission and Goals described in the PHA 5-Year and Annual Plan.</p>

B.4	<p>Capital Improvements. Include a reference here to the most recent HUD-approved 5-Year Action Plan in EPIC and the date that it was approved.</p> <p>Please reference HUD form 50075.2 approved by HUD on 120/30/2020. The Capital Fund Program Five-Year Action Plan describes the capital improvements necessary to ensure the long-term physical and social viability of HOC's Public Housing Projects.</p>
B.5	<p>Most Recent Fiscal Year Audit.</p> <p>(a) Were there any findings in the most recent FY Audit?</p> <p>Y N <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>(b) If yes, please describe: Please see narrative for details.</p>
<p>C. Other Document and/or Certification Requirements.</p>	
C.1	<p>Resident Advisory Board (RAB) Comments.</p> <p>(a) Did the RAB(s) have comments to the PHA Plan?</p> <p>Y N <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(b) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.</p> <p>The RAB reviewed the FY 2024 Annual PHA Plan and submitted a letter of endorsement. No additional comments were provided for review.</p>
C.2	<p>Certification by State or Local Officials.</p> <p>Form HUD 50077-SL, <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
C.3	<p>Civil Rights Certification/ Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan.</p> <p>Form HUD-50077-ST-HCV-HP, <i>PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
C.4	<p>Challenged Elements. If any element of the PHA Plan is challenged, a PHA must include such information as an attachment with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public.</p> <p>(a) Did the public challenge any elements of the Plan?</p> <p>Y N <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>If yes, include Challenged Elements.</p> <p>To date, no public comments have been submitted for review. Any challenged elements will be addressed in the narrative upon completion of this report.</p>
C.5	<p>Troubled PHA.</p> <p>(a) Does the PHA have any current Memorandum of Agreement, Performance Improvement Plan, or Recovery Plan in place?</p> <p>Y N N/A <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(b) If yes, please describe:</p>

D.	Affirmatively Furthering Fair Housing (AFFH).							
D.1	<p>Affirmatively Furthering Fair Housing (AFFH).</p> <p>Provide a statement of the PHA’s strategies and actions to achieve fair housing goals outlined in an accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5). Use the chart provided below. (PHAs should add as many goals as necessary to overcome fair housing issues and contributing factors.) Until such time as the PHA is required to submit an AFH, the PHA is not obligated to complete this chart. The PHA will fulfill, nevertheless, the requirements at 24 CFR § 903.7(o) enacted prior to August 17, 2015. See Instructions for further detail on completing this item.</p> <p>HOC has not yet been required to submit an Assessment of Fair Housing (AFH).</p> <table border="1" data-bbox="180 709 1451 1161"> <tr> <td data-bbox="180 709 1451 751">Fair Housing Goal:</td> </tr> <tr> <td data-bbox="180 751 1451 793"><u><i>Describe fair housing strategies and actions to achieve the goal</i></u></td> </tr> <tr> <td data-bbox="180 793 1451 1161"> <p>HOC continues to operate a Customer Relationship Management system to streamline the customer complaints and Reasonable Accommodation process. This system allows HOC staff to receive and track customer concerns electronically for timely resolution. This tool allows HOC to identify and track root causes of issues and solutions.</p> </td> </tr> </table> <table border="1" data-bbox="180 1186 1451 1602"> <tr> <td data-bbox="180 1186 1451 1228">Fair Housing Goal:</td> </tr> <tr> <td data-bbox="180 1228 1451 1270"><u><i>Describe fair housing strategies and actions to achieve the goal</i></u></td> </tr> <tr> <td data-bbox="180 1270 1451 1602"> <p>HOC continues to advertise PHA Plans, HCV Administrative Plan updates, and other relevant items to the Spanish-speaking community. HOC implemented a Language Access Plan (LAP) intranet page for staff to access all LAP resources in order for staff to assist Limited English Proficient individuals. HOC continues to train staff and third party management agents on the Language Access requirements.</p> </td> </tr> </table> <table border="1" data-bbox="180 1627 1451 1667"> <tr> <td data-bbox="180 1627 1451 1667">Fair Housing Goal:</td> </tr> </table>	Fair Housing Goal:	<u><i>Describe fair housing strategies and actions to achieve the goal</i></u>	<p>HOC continues to operate a Customer Relationship Management system to streamline the customer complaints and Reasonable Accommodation process. This system allows HOC staff to receive and track customer concerns electronically for timely resolution. This tool allows HOC to identify and track root causes of issues and solutions.</p>	Fair Housing Goal:	<u><i>Describe fair housing strategies and actions to achieve the goal</i></u>	<p>HOC continues to advertise PHA Plans, HCV Administrative Plan updates, and other relevant items to the Spanish-speaking community. HOC implemented a Language Access Plan (LAP) intranet page for staff to access all LAP resources in order for staff to assist Limited English Proficient individuals. HOC continues to train staff and third party management agents on the Language Access requirements.</p>	Fair Housing Goal:
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N/A

Instructions for Preparation of Form HUD-50075-ST Annual PHA Plan for Standard and Troubled PHAs

A. PHA Information. All PHAs must complete this section. (24 CFR §903.4)

A.1 Include the full PHA Name, PHA Code, PHA Type, PHA Fiscal Year Beginning (MM/YYYY), PHA Inventory, Number of Public Housing Units and or Housing Choice Vouchers (HCVs), PHA Plan Submission Type, and the Availability of Information, specific location(s) of all information relevant to the public hearing and proposed PHA Plan. (24 CFR §903.23(4)(e))

PHA Consortia: Check box if submitting a Joint PHA Plan and complete the table. (24 CFR §943.128(a))

B. Plan Elements. All PHAs must complete this section.

B.1 Revision of Existing PHA Plan Elements. PHAs must:

Identify specifically which plan elements listed below that have been revised by the PHA. To specify which elements have been revised, mark the “yes” box. If an element has not been revised, mark “no.” (24 CFR §903.7)

Statement of Housing Needs and Strategy for Addressing Housing Needs. Provide a statement addressing the housing needs of low-income, very low-income and extremely low-income families and a brief description of the PHA’s strategy for addressing the housing needs of families who reside in the jurisdiction served by the PHA and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income); (ii) elderly families (iii) households with individuals with disabilities, and households of various races and ethnic groups residing in the jurisdiction or on the public housing and Section 8 tenant-based assistance waiting lists based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data. The statement of housing needs shall be based on information provided by the applicable Consolidated Plan, information provided by HUD, and generally available data. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. Once the PHA has submitted an Assessment of Fair Housing (AFH), which includes an assessment of disproportionate housing needs in accordance with 24 CFR §5.154(d)(2)(iv), information on households with individuals with disabilities and households of various races and ethnic groups residing in the jurisdiction or on the waiting lists no longer needs to be included in the Statement of Housing Needs and Strategy for Addressing Housing Needs. (24 CFR §903.7(a)).

The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. (24 CFR §903.7(a)(2)(i)) Provide a description of the ways in which the PHA intends, to the maximum extent practicable, to address those housing needs in the upcoming year and the PHA’s reasons for choosing its strategy. (24 CFR §903.7(a)(2)(ii))

Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions. PHAs must submit a Deconcentration Policy for Field Office review. For additional guidance on what a PHA must do to deconcentrate poverty in its development and comply with fair housing requirements, see 24 CFR 903.2. (24 CFR §903.23(b)) Describe the PHA’s admissions policy for deconcentration of poverty and income mixing of lower-income families in public housing. The Deconcentration Policy must describe the PHA’s policy for bringing higher income tenants into lower income developments and lower income tenants into higher income developments. The deconcentration requirements apply to general occupancy and family public housing developments. Refer to 24 CFR §903.2(b)(2) for developments not subject to deconcentration of poverty and income mixing requirements. (24 CFR §903.7(b)) Describe the PHA’s procedures for maintain waiting lists for admission to public housing and address any site-based waiting lists. (24 CFR §903.7(b)). A statement of the PHA’s policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV. (24 CFR §903.7(b)) Describe the unit assignment policies for public housing. (24 CFR §903.7(b))

Financial Resources. A statement of financial resources, including a listing by general categories, of the PHA’s anticipated resources, such as PHA operating, capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources. (24 CFR §903.7(c))

Rent Determination. A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units, including applicable public housing flat rents, minimum rents, voucher family rent contributions, and payment standard policies. (24 CFR §903.7(d))

Operation and Management. A statement of the rules, standards, and policies of the PHA governing maintenance and management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA. (24 CFR §903.7(e))

Grievance Procedures. A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants. (24 CFR §903.7(f))

Homeownership Programs. A description of any Section 5h, Section 32, Section 8y, or HOPE I public housing or Housing Choice Voucher (HCV) homeownership programs (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval. (24 CFR §903.7(k))

Community Service and Self Sufficiency Programs. Describe how the PHA will comply with the requirements of (24 CFR §903.7(l)). Provide a description of: **1)** Any programs relating to services and amenities provided or offered to assisted families; and **2)** Any policies or programs of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs subject to Section 3 of the Housing and Urban Development Act of 1968 (24 CFR Part 135) and FSS. (24 CFR §903.7(l))

Safety and Crime Prevention (VAWA). Describe the PHA's plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must provide development-by-development or jurisdiction wide-basis: (i) A description of the need for measures to ensure the safety of public housing residents; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities. (24 CFR §903.7(m)) A description of: **1)** Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; **2)** Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and **3)** Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families. (24 CFR §903.7(m)(5))

Pet Policy. Describe the PHA's policies and requirements pertaining to the ownership of pets in public housing. (24 CFR §903.7(n))

Asset Management. State how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory. (24 CFR §903.7(q))

Substantial Deviation. PHA must provide its criteria for determining a "substantial deviation" to its 5-Year Plan. (24 CFR §903.7(r)(2)(i))

Significant Amendment/Modification. PHA must provide its criteria for determining a "Significant Amendment or Modification" to its 5-Year and Annual Plan. For modifications resulting from the Rental Assistance Demonstration (RAD) program, refer to the 'Sample PHA Plan Amendment' found in Notice PIH-2012-32 REV-3, successor RAD Implementation Notices, or other RAD Notices.

If any boxes are marked "yes", describe the revision(s) to those element(s) in the space provided.

PHAs must submit a Deconcentration Policy for Field Office review. For additional guidance on what a PHA must do to deconcentrate poverty in its development and comply with fair housing requirements, see 24 CFR 903.2. (24 CFR §903.23(b))

B.2 New Activities. If the PHA intends to undertake any new activities related to these elements in the current Fiscal Year, mark "yes" for those elements, and describe the activities to be undertaken in the space provided. If the PHA does not plan to undertake these activities, mark "no."

HOPE VI or Choice Neighborhoods. **1)** A description of any housing (including project number (if known) and unit count) for which the PHA will apply for HOPE VI or Choice Neighborhoods; and **2)** A timetable for the submission of applications or proposals. The application and approval process for Hope VI or Choice Neighborhoods is a separate process. See guidance on HUD's website at:

https://www.hud.gov/program_offices/public_indian_housing/programs/ph/hope6 . (Notice PIH 2011-47)

Mixed Finance Modernization or Development. **1)** A description of any housing (including project number (if known) and unit count) for which the PHA will apply for Mixed Finance Modernization or Development; and **2)** A timetable for the submission of applications or proposals. The application and approval process for Mixed Finance Modernization or Development is a separate process. See guidance on HUD's website at:

https://www.hud.gov/program_offices/public_indian_housing/programs/ph/hope6/mfph#4

Demolition and/or Disposition. With respect to public housing only, describe any public housing development(s), or portion of a public housing development projects, owned by the PHA and subject to ACCs (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition approval under section 18 of the 1937 Act (42 U.S.C. 1437p); and **2)** A timetable for the demolition or disposition. This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed as described in the PHA's last Annual and/or 5-Year PHA Plan submission. The application and approval process for demolition and/or disposition is a separate process. Approval of the PHA Plan does not constitute approval of these activities. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm. (24 CFR §903.7(h))

Designated Housing for Elderly and Disabled Families. Describe any public housing projects owned, assisted or operated by the PHA (or portions thereof), in the upcoming fiscal year, that the PHA has continually operated as, has designated, or will apply for designation for occupancy by elderly and/or disabled families only. Include the following information: **1)** development name and number; **2)** designation type; **3)** application status; **4)** date the designation was approved, submitted, or planned for submission, **5)** the number of units affected and; **6)** expiration date of the designation of any HUD approved plan. **Note:** The application and approval process for such designations is separate from the PHA Plan process, and PHA Plan approval does not constitute HUD approval of any designation. (24 CFR §903.7(i)(C))

Conversion of Public Housing under the Voluntary or Mandatory Conversion programs. Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA is required to convert or plans to voluntarily convert to tenant-based assistance; 2) An analysis of the projects or buildings required to be converted; and 3) A statement of the amount of assistance received to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD's website at:

<http://www.hud.gov/offices/pih/centers/sac/conversion.cfm>. (24 CFR §903.7(j))

Conversion of Public Housing under the Rental Assistance Demonstration (RAD) program. Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA plans to voluntarily convert to Project-Based Rental Assistance or Project-Based Vouchers under RAD. See additional guidance on HUD's website at: [Notice PIH 2012-32 REV-3, successor RAD Implementation Notices, and other RAD notices.](#)

Occupancy by Over-Income Families. A PHA that owns or operates fewer than two hundred fifty (250) public housing units, may lease a unit in a public housing development to an over-income family (a family whose annual income exceeds the limit for a low income family at the time of initial occupancy), if all the following conditions are satisfied: (1) There are no eligible low income families on the PHA waiting list or applying for public housing assistance when the unit is leased to an over-income family; (2) The PHA has publicized availability of the unit for rental to eligible low income families, including publishing public notice of such availability in a newspaper of general circulation in the jurisdiction at least thirty days before offering the unit to an over-income family; (3) The over-income family rents the unit on a month-to-month basis for a rent that is not less than the PHA's cost to operate the unit; (4) The lease to the over-income family provides that the family agrees to vacate the unit when needed for rental to an eligible family; and (5) The PHA gives the over-income family at least thirty days notice to vacate the unit when the unit is needed for rental to an eligible family. The PHA may incorporate information on occupancy by over-income families into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD's website at: [Notice PIH 2011-7. \(24 CFR 960.503\)](#) (24 CFR 903.7(b))

Occupancy by Police Officers. The PHA may allow police officers who would not otherwise be eligible for occupancy in public housing, to reside in a public housing dwelling unit. The PHA must include the number and location of the units to be occupied by police officers, and the terms and conditions of their tenancies; and a statement that such occupancy is needed to increase security for public housing residents. A "police officer" means a person determined by the PHA to be, during the period of residence of that person in public housing, employed on a full-time basis as a duly licensed professional police officer by a Federal, State or local government or by any agency of these governments. An officer of an accredited police force of a housing agency may qualify. The PHA may incorporate information on occupancy by police officers into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD's website at: [Notice PIH 2011-7. \(24 CFR 960.505\)](#) (24 CFR 903.7(b))

Non-Smoking Policies. The PHA may implement non-smoking policies in its public housing program and incorporate this into its PHA Plan statement of operation and management and the rules and standards that will apply to its projects. See additional guidance on HUD's website at: [Notice PIH 2009-21 and Notice PIH-2017-03. \(24 CFR §903.7\(e\)\)](#)

Project-Based Vouchers. Describe any plans to use Housing Choice Vouchers (HCVs) for new project-based vouchers, which must comply with PBV goals, civil rights requirements, Housing Quality Standards (HQS) and deconcentration standards, as stated in 983.57(b)(1) and set forth in the PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. If using project-based vouchers, provide the projected number of project-based units and general locations, and describe how project-basing would be consistent with the PHA Plan ([24 CFR §903.7\(b\)](#)).

Units with Approved Vacancies for Modernization. The PHA must include a statement related to units with approved vacancies that are undergoing modernization in accordance with [24 CFR §990.145\(a\)\(1\)](#).

Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).

For all activities that the PHA plans to undertake in the current Fiscal Year, provide a description of the activity in the space provided.

B.3 Progress Report. For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year PHA Plan. ([24 CFR §903.7\(r\)\(1\)](#))

B.4 Capital Improvements. PHAs that receive funding from the Capital Fund Program (CFP) must complete this section ([24 CFR §903.7\(g\)](#)). To comply with this requirement, the PHA must reference the most recent HUD approved Capital Fund 5 Year Action Plan in EPIC and the date that it was approved. PHAs can reference the form by including the following language in the Capital Improvement section of the appropriate Annual or Streamlined PHA Plan Template: "See Capital Fund 5 Year Action Plan in EPIC approved by HUD on XX/XX/XXXX."

B.5 Most Recent Fiscal Year Audit. If the results of the most recent fiscal year audit for the PHA included any findings, mark "yes" and describe those findings in the space provided. ([24 CFR §903.7\(p\)](#))

C. Other Document and/or Certification Requirements.

C.1 Resident Advisory Board (RAB) comments. If the RAB had comments on the annual plan, mark "yes," submit the comments as an attachment to the Plan and describe the analysis of the comments and the PHA's decision made on these recommendations. ([24 CFR §903.13\(c\)](#), [24 CFR §903.19](#))

C.2 Certification by State of Local Officials. Form HUD-50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan. ([24 CFR §903.15](#)). Note: A PHA may request to change its fiscal year to better coordinate its planning with planning done under the Consolidated Plan process by State or local officials as applicable.

C.3 Civil Rights Certification/ Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan. Provide a certification that the following plan elements have been revised, provided to the RAB for comment before implementation, approved by the PHA board, and made available for review and inspection by the public. This requirement is satisfied by completing and submitting form HUD-50077 ST-HCV-HP, *PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed*. Form HUD-50077-ST-HCV-HP, *PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed* must be submitted by the PHA as an electronic attachment to the PHA Plan. This includes all certifications relating to Civil Rights and related regulations. A PHA will be considered in compliance with the certification requirement to affirmatively further fair housing if the PHA

fulfills the requirements of §§ 903.7(o)(1) and 903.15(d) and: (i) examines its programs or proposed programs; (ii) identifies any fair housing issues and contributing factors within those programs, in accordance with 24 CFR 5.154 or 24 CFR 5.160(a)(3) as applicable; (iii) specifies actions and strategies designed to address contributing factors, related fair housing issues, and goals in the applicable Assessment of Fair Housing consistent with 24 CFR 5.154 in a reasonable manner in view of the resources available; (iv) works with jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; (v) operates programs in a manner consistent with any applicable consolidated plan under 24 CFR part 91, and with any order or agreement, to comply with the authorities specified in paragraph (o)(1) of this section; (vi) complies with any contribution or consultation requirement with respect to any applicable AFH, in accordance with 24 CFR 5.150 through 5.180; (vii) maintains records reflecting these analyses, actions, and the results of these actions; and (viii) takes steps acceptable to HUD to remedy known fair housing or civil rights violations. impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction. (24 CFR §903.7(o)).

C.4 Challenged Elements. If any element of the Annual PHA Plan or 5-Year PHA Plan is challenged, a PHA must include such information as an attachment to the Annual PHA Plan or 5-Year PHA Plan with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public.

C.5 Troubled PHA. If the PHA is designated troubled, and has a current MOA, improvement plan, or recovery plan in place, mark "yes," and describe that plan. Include dates in the description and most recent revisions of these documents as attachments. If the PHA is troubled, but does not have any of these items, mark "no." If the PHA is not troubled, mark "N/A." (24 CFR §903.9)

D. Affirmatively Furthering Fair Housing (AFFH).

D.1 Affirmatively Furthering Fair Housing. The PHA will use the answer blocks in item D.1 to provide a statement of its strategies and actions to implement each fair housing goal outlined in its accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5) that states, in relevant part: "To implement goals and priorities in an AFH, strategies and actions shall be included in program participants' ... PHA Plans (including any plans incorporated therein) ... Strategies and actions must affirmatively further fair housing" Use the chart provided to specify each fair housing goal from the PHA's AFH for which the PHA is the responsible program participant – whether the AFH was prepared solely by the PHA, jointly with one or more other PHAs, or in collaboration with a state or local jurisdiction – and specify the fair housing strategies and actions to be implemented by the PHA during the period covered by this PHA Plan. If there are more than three fair housing goals, add answer blocks as necessary.

Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D., nevertheless, the PHA will address its obligation to affirmatively further fair housing in part by fulfilling the requirements at 24 CFR 903.7(o)(3) enacted prior to August 17, 2015, which means that it examines its own programs or proposed programs; identifies any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and maintain records reflecting these analyses and actions. Furthermore, under Section 5A(d)(15) of the U.S. Housing Act of 1937, as amended, a PHA must submit a civil rights certification with its Annual PHA Plan, which is described at 24 CFR 903.7(o)(1) except for qualified PHAs who submit the Form HUD-50077-CR as a standalone document.

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the 5-Year and Annual PHA Plan.

Public reporting burden for this information collection is estimated to average 7.52 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.



10400 Detrick Avenue
Kensington, MD 20895-2484
(240) 627-9400



Fiscal Year (“FY”) 2024 Annual Public Housing Agency (“PHA”) Plan Submission Housing Opportunities Commission of Montgomery County (“HOC”) Narrative and Additional Information

A1: PHA Information

The Public may view the PHA Plan and supporting documentation and obtain information regarding any of the activities outlined in this plan at HOC’s website, www.hocmc.org, or any HOC office, which are currently open to the public.

Kensington Headquarters

10400 Detrick Avenue
Kensington, MD 20895

HOC Gaithersburg Customer Service Center

101 Lake Forest Blvd.
Suite 200
Gaithersburg, Maryland 20877

HOC Silver Spring Customer Service Center

880 Bonifant Street
Silver Spring, Maryland 20910

HOC East Deer Park Office

231 East Deer Park Drive
Gaithersburg, Maryland 20877

Documents available for public view and comment are as follows:

1. Form HUD-50057-ST-HCV-HP: PHA Certification of Compliance with the PHA Plans and Related Regulations;
2. HUD Form 50077-CR: Civil Rights Certification;
3. Resident Advisory Board PHA Plan Endorsement Letter;
4. Form HUD 50077-SL: Certification by State or Local Official of PHA Plan’s Consistency with the Consolidated Plan or State Consolidated Plan;
5. HOC’s FY 2020-2024 Five Year PHA Plan and FY 2023 Annual PHA Plans;
6. Housing Choice Voucher Administrative Plan;
7. Housing Choice Voucher Family Self Sufficiency (“FSS”) Action Plan;

8. Public Housing Admissions and Continued Occupancy Policy;
9. HOC's Grievance Procedures;
10. Public Housing Capital Fund Program Five-Year Action Plan: 2017-2021; and
11. HOC's Violence Against Women Act Policy.

Pursuant to Section 511 of the United States Housing Act and the regulations in 24 CFR part 903, HOC is required to establish a Resident Advisory Board (“RAB”). The RAB is composed of individuals who reflect and represent the residents assisted by HOC. Their role is to assist HOC in developing the PHA Plan. The RAB reviewed the proposed FY 2024 Annual PHA Plan and provided a letter of endorsement. The letter of endorsement is available to the public as indicated above.

This FY 2024 Annual PHA Plan includes a minimum 45-day public comment period, which began February 16, 2023, and will culminate with a public hearing on April 3, 2023. HOC provides opportunities to submit public comments via phone, mail, and email. Interested parties are invited to attend the public hearing in person or virtually. Details are posted on HOC's website at www.hocmc.org and are available at the physical office locations listed above.

B1: Revision of Plan Elements

Although HOC no longer operates Public Housing (“PH”) units, as part of HOC's RAD portfolio conversion, HOC elected not to close out the PH program. HOC currently has PH Capital Fund Program (“CFP”) funds that have been budgeted through HUD's EPIC system. HOC is exploring its use of the Faircloth Limit for future potential development under the RAD program. HOC's Public Housing Admissions and Continued Occupancy Policy (“ACOP”) previously governed HOC's PH program. Since HOC has converted all of its PH units, this document is no longer relevant.

HOC is in the final stage of the overall closeout of the RAD program. Elizabeth House III is the final project to be completed under RAD. HOC will officially close out this project through the RAD Resource Desk once in receipt of the Completion Certification and all residents are relocated to the new property. Construction on the residential portion has reached substantial completion as of February 2023. HOC will begin the process of relocating existing RAD tenants to their new units. The RAD Project-Based Rental Assistance (“PBRA”) and Project-Based Voucher (“PBV”) Housing Assistance Payment (“HAP”) contracts are tied to the new Leggett (formerly, Elizabeth House III) property.

HOC's Housing Choice Voucher (“HCV”) and PBV programs are governed by HOC's Administrative Plan. The Administrative Plan derives its layout and much of its content from the Code of Federal Regulations (CFR), Title 24, Part 982—Section 8 Tenant Based Assistance: Housing Choice Voucher Program and Title 24, and Part 983.

- HOC's policies for HCV eligibility for admission are established in Chapter Two of the HOC Administrative Plan.
- HOC's policies for persons applying for HCV admission are established in Chapter Three of the

HOC Administrative Plan.

- HOC's HCV waitlist and selection processes are established in Chapter Three of the HOC's Administrative Plan.
- All of HOC's PBV policies are established in Chapter 22 of the HOC Administrative Plan.

Eligibility for HOC's HCV program is determined when an applicant is called from the waitlist. HOC uses the following criteria for screening applicants:

- a. An applicant must be a "family". A family may be a single person or group of persons.
- b. An applicant must be within the appropriate Income Limits.
- c. An applicant must furnish Social Security Numbers for all family members.
- d. An applicant must furnish Declaration of Citizenship and Eligible Immigrant Status and verification where required.
- e. At least one member of the applicant family must be either a U.S. citizen or have eligible immigration status before the PHA may provide any financial assistance.
- f. Criminal or drug related activity only to the extent required by law or regulation including criminal records from local and state law enforcement agencies. HOC checks national and state sex offender registries and will deny persons subject to lifetime registration. HOC will review, on a case by case basis, the issues related to any applicant who is registered as a sex offender for other than their lifetime.

Section (b):

The following section highlights revisions made to HOC's plan elements.

HCV Administrative Plan Updates:

The following updates have been made since the FY 2023 Annual PHA Plan submission:

Chapter Two: Eligibility for Admission

- Updated admission and verification standards for Live-In Aides.
- Added definition of able-bodied household member.

Chapter Four: Establishing and Maintaining the Waitlist

- Updated first preference, to include forced displacement of families resulting from a fire, flood damage, and natural disaster.

Chapter Seven: Verification Procedures

- This chapter details the verification process used to determine program eligibility, including the verification of income. The Commission approved updates to the language that reads self-employed individuals must certify that, if the business is not based in Montgomery County, a

minimum of 51% of their business is conducted in Montgomery County to meet the local employment preference. Applicants must also provide documentation.

Chapter Eight: Voucher Issuance and Briefings

- This chapter details the voucher issuance process. Vouchers are initially valid for a period of 90 days. The commission approved updated language to grant voucher extensions to all customers for a maximum search time of 180 days. The previous policy applied only to disabled customers for a maximum of 150 days. In order to receive the extension, the customer must request it prior to the expiration of the existing voucher and provide a search record with a minimum of 10 entries. A family may submit a request for reasonable accommodation if additional search time is needed in excess of 180 days.

Chapter Ten: Housing Quality Standards (“HQS”) and Inspections

- The CARES Act of 2020 provided HUD with broad authority to waive statutes and regulations for the HCV program. HUD published PIH Notice 2020-31 (Remote Video Inspections for Housing Choice Voucher Program) on December 31, 2021. The notice incorporates the use of “virtual” Remote Video Inspections (“RVI”) as an alternate HQS inspection method. Adopting this waiver provided HOC the flexibility to continue to serve our most vulnerable customers while reducing the risk of exposure to the Coronavirus from third party vendors and HOC staff. Implementing this waiver is also critical to our business operations in the event of another pandemic, epidemic, or major natural disaster. Customers will have the option for in-person inspections as well. Updates include the following:
 - Addition of a Remote Video Inspection (Virtual Inspection) section.
 - Choosing a proxy
 - Incorporating RVI
 - Administrative preparation
 - Pre-inspection planning
 - Equipment needs
 - Scheduling
 - Utilization of PHA Provided Software (YARDI)
 - Interior/exterior inspections
 - Post inspection

Chapter 11: Owner Rents, Rent Reasonableness, and Payment Standards

- Pursuant to PIH Notice 99-35, HUD merged Section 8 Certificates and the Housing Choice Voucher program, allowing for a new way to calculate the Housing Assistance Payment. The merger has since concluded, making all pre-merger language obsolete. This language was removed.
- Language regarding Payment Standards was also adjusted to include the Electronic Funds Transfer (“EFT”) process. Wording referencing paper checks was removed.

Chapter 21: Housing Choice Voucher Homeownership Option

- This chapter details the HCV Homeownership Program. The program is limited to twenty-five (25) participants, of which, three slots are designated for disabled families. The homeownership program is collaborative effort between HOC's Housing Resources and Mortgage Finance Divisions. Montgomery County uses the annual Area Median Income ("AMI") to determine the minimum income requirement for participation in the homeownership program. The current requirement has increased from \$24,000 to \$40,000.

Housing Choice Voucher Payment Standards:

Pursuant to PIH Notice 2022-30 (Extension of Certain Regulatory Waivers for the Housing Choice Voucher Program and Streamlined Review Process), HOC requested the waivers listed below. The CARES Act provided HUD with the authority to waive statutes and regulations for the Housing Choice Voucher and Public Housing Programs. The waivers provided PHAs with the flexibility to adjust program practices where necessary in order to prioritize mission critical functions. Most CARES Act waivers contained in PIH Notice 2021-14 (published May 5, 2021) expired on December 31, 2021. Subsequent PIH Notices, through PIH Notice 2022-30, provide a streamlined process for PHAs to provide continued flexibility to respond to the pandemic, especially fluctuating rental markets.

1. Voucher Tenancy (New Payment Standard Amount: PHAs may establish payment standards from 111%-120% of the applicable Fair Market Rent ("FMR").

The Housing Resources Division's ("HRD") recommendation to increase the Voucher Payment Standards to 112% of the published Small Area Fair Market Rents ("SAFMR") was based on an analysis of HOC's current voucher portfolio. HRD found that this increase would reduce rent burden for 856 families, or 80% of currently rent-burdened households. The increase also allowed greater access to high-opportunity areas while increasing program utilization and maintaining a recommended reserve balance of 4%-6% of our Annual Budget Authority. HOC analyzed a total of 71 zip codes and five (5) bedroom sizes to determine the most beneficial payment standard values. Staff examined various outcomes and selected the solution that allowed for the fewest number of families to be rent-burdened.

On December 14, 2022, HUD granted approval for HOC to increase its payment standards above 110%. HOC intends to increase the HCV program VPS to 112% of the FMR for all bedroom sizes in all zip codes. The increased payment standards are applicable to all New Admissions and at the next re-examination for existing customers.

Family Self Sufficiency Action Plan:

The Family Self Sufficiency ("FSS") program is a federally mandated program authorized by the Cranston-Gonzalez Affordable Housing Act of 1990. HOC's FSS program began in February of 1993, subsequent to HUD's approval of the initial FSS Action Plan.

Public Housing Authorities work in collaboration with public and private resources to provide supportive

services, case management, and an escrow account to participating families, in order to help families achieve economic independence and self-sufficiency. The FSS program is a voluntary program offered to all families participating in the HCV program, including the following programs:

- Family Unification Program;
- Project Based Voucher;
- Emergency Housing Voucher;
- Non-Elderly Disabled and Mainstream Disabled;
- Veterans Affairs Supportive Housing;
- HCV Homeownership;
- Single Room Occupancy; and
- Moderate Rehabilitation Program

HUD published the Streamlining and Implementation of Economic Growth, Regulatory Relief and Consumer Protection Action Changes to Family Self-Sufficiency Program Final Rule on May 17, 2022, effective June 16, 2022. The final rule mandates numerous changes to the FSS program that must have been implemented no later than November 14, 2022. The changes required HOC to update the FSS Action Plan, which describes the policies and procedures used to operate the FSS program, by September 30, 2022 (45 days prior to the compliance date). HOC received HUD's approval on September 26, 2022.

Regulatory changes to the FSS Program include:

1. Obtaining employment and being free of welfare assistance at the time of graduation;
2. Updating the mandatory size of a Public Housing Authority's required FSS Program;
3. Allowing family members other than the Head of Household to execute the FSS Contract of Participation ("CoP");
4. Changing the term of the CoP;
5. Amending the management of the escrow account, including forfeiture of the escrow funds; and
6. Making changes to portability provisions.

The Final Rule also allows PBRA owners to administer FSS Programs. The requirements listed above are documented in HOC's updated FSS Action Plan.

The FSS Action Plan provides details about operations, program participants, supportive services, as well as the agency's strategy to help low-income families increase their earned income and eliminate their need for welfare assistance. The FSS Action Plan must also address the implementation of discretionary policies. HOC implemented policies and procedures considered to be safe harbor or best practices.

HOC incorporated the following discretionary policies:

- **Chapter One: FSS Introduction**
 - HOC will review and update the action plan at least once per year to reflect regulatory

and operational changes.

- **Chapter Two: Purpose, Scope, and Applicability of the FSS Program**
 - HOC will maintain its Mandatory Minimum Program Size (“**MMPS**”) of 441 families. HOC can reduce the program size by one for each family member that graduates from the program. Additionally, HOC can choose to operate an FSS program of a larger size than its MMPS.
 - HOC will not enter into a cooperative Agreement with multifamily owners to voluntarily make its FSS program available to those residents (Section 8 PBRA program).

- **Chapter Three: Program Administration**
 - HOC will utilize a combination of HCV Administrative Fees and grant funds from Montgomery County Government to pay for FSS salaries not covered in the FSS grant.
 - HOC will not use unrestricted Net Position funds to pay for supportive services. HOC will use forfeited escrow account funds and refer FSS families to partnering agencies for supportive services.
 - HOC will use forfeited escrow account payments for FSS participants in good standing, as requested, to complete an interim goal or task in the Individual Training and Service Plan (“**ITSP**”).
 - HOC will prioritize funds from the forfeited escrow accounts on a first come first served basis, based on the date/time of the request.
 - HOC will seek assistance from the RAB in identifying potential members to serve on the Program Coordinating Committee (“**PCC**”).

- **Chapter Four: Selecting and Serving FSS Families**
 - HOC will offer monthly case management, information and referrals, educational workshops, and priority in homeownership programs and escrow accounts, as incentives to join the FSS program.
 - HOC will conduct outreach efforts in English and Spanish. Upon request, translation in other languages will be made available.
 - HOC will establish a waitlist for the FSS program when enrollment exceeds 400 participants. Applicants will be selected for program participation in the order of the date/time of the application submission.
 - HOC will conduct motivational screening for interest in the FSS program. The screening will simply require the family’s attendance of an orientation/workshop.
 - HOC will deny program participation if the family owes a debt to the PHA. Families who have entered into a repayment agreement and are current in the repayment terms will not be denied participation in the FSS program.
 - HOC will allow a family to re-enroll in the FSS Program a second time if they did not successfully complete the obligations of the executed contract CoP.
 - HOC will require each adult member of the household to certify their agreement as to their designated head of the FSS family.

- HOC will conduct an informal needs assessment before executing the CoP. After enrollment, a formal assessment will be completed by a partnering agency.
- **Chapter Five: Contract of Participation**
 - HOC will not terminate the FSS CoP if the family has violated the terms of the lease, if the family has requested an informal hearing and prevailed.
 - HOC will not terminate the CoP if the family fails to meet the contract obligations for good cause.
 - HOC will modify the CoP upon mutual agreement from the FSS Head of Household and FSS Counselor.
 - HOC will continue to offer supportive services to former FSS families, free of charge.
 - The grievance and informal hearing procedures for the FSS program is the same process adopted for the HCV program (Chapter 19 of the HOC HCV Administrative Plan).
- **Chapter Six: Escrow Account**
 - HOC will disburse interim payouts from the escrow account before completion of the CoP when the funds are needed to complete an interim goal or for a one-time payment. The FSS participant must be enrolled in the program for a minimum of 12 months and the amount of the withdrawal is limited to 25% of the accrued escrow.
 - Before disbursing interim and final payouts, HOC will follow HUD’s verification hierarchy to confirm that the FSS family has completed interim goals, the CoP, or is no longer a recipient of welfare assistance.
 - HOC will provide FSS participants with an annual statement of their FSS escrow balance.
- **Chapter Seven: Portability in Housing Choice Voucher Programs**
 - If the FSS family has established residency in Montgomery County for at least 12 months prior to admission to the HCV program, HOC will approve the FSS family’s request to port to another jurisdiction during the first 12 months after the effective date of the CoP.

All other aspects of HOC’s FSS Action Plan adhere to the general rules/regulations of the FSS Program.

Section (C): Deconcentration

HOC’s Public Housing Deconcentration Policy is described in Chapter 10 of the Agency’s Admissions and Continued Occupancy Policy (“ACOP”), which governed HOC’s Public Housing program. Although HOC has converted all of its PH units and tenants through the use of RAD Component One, rendering the ACOP no longer relevant, HOC’s PH Deconcentration policy is referenced below, as requested for this section. More specifically, Sections 10.4 and 10.5 read the following:

10.4 Deconcentration Policy:

It is HOC’s policy to provide for deconcentration of poverty and encourage income mixing by

bringing higher-income families into lower-income developments and lower-income families into higher-income developments. Towards this end, we may skip families on the waitlist to reach other families with a lower or higher income. Additionally, the HOC may use flat rents to encourage higher-income eligible residents to lease or remain in a public housing unit. We will accomplish this in a uniform and non-discriminatory manner.

HOC will affirmatively market its housing to all eligible income groups. Lower-income residents will not be steered toward lower-income developments and higher-income people will not be steered toward higher-income developments.

10.5 Deconcentration Incentives:

Subject to its annual deconcentration analysis, the HOC may offer one or more incentives to encourage applicant families whose income classification would help to meet the deconcentration goals of a particular development.

Various incentives may be used at different times, or under different conditions, but will always be provided in a consistent and nondiscriminatory manner.

B2: New Activities

Project Based Vouchers:

HOC currently operates a PBV program within its HCV program. The rules governing HOC's PBV program are enumerated in Chapter 22 of HOC's Administrative Plan for the Housing Choice Voucher Program. As described in HOC's Administrative Plan, the program goals for the PBV Program are as follows.

- a) To contribute to the improvement and long-term viability of the area's housing stock.
- b) To increase the supply of affordable housing and location choice for very low-income households.
- c) To integrate housing and supportive services such as education, case management, job training, and day care to help families and individuals achieve stability and self-reliance.
- d) To promote the coordination and leveraging of resources of public, semi-public, or non-profit agencies with compatible missions.

As previously reported, HOC administered a PBV HAP contract with HOC's Town Center Apartments for sixty-two (62) senior housing apartments. HUD executed the PBV HAP contract on July 1, 2019. HUD awarded HOC tenant protection vouchers for At-Risk Households in Low-Vacancy Areas (Low-Vacancy Vouchers or "LVV") for residents of Town Center Apartments under the Second Component of the RAD program and Section III (A) of Notice PIH 2018-02. Under this program, HOC elected to administer the PBV HAP contract. The property's triggering event was the maturation of its Section 236 mortgage on May 1, 2019.

As part of HOC's ongoing commitment to enhance communities and provide stronger opportunities to customers living at Town Center Apartments, HOC completed the new construction of senior property, Residences on the Lane (formerly referred to as Upton II), in downtown Rockville. Residences on the Lane is the replacement property for the residents of Town Center Apartments and was developed under the Low Income Housing Tax Credit ("LIHTC") program. Ultimately, HOC was not able to transfer the original LVV PBV contract to Residences on the Lane; however, all affected residents were issued tenant-based protection vouchers. Construction at Residences on the Lane was completed in October 2021. All residents have vacated Town Center Apartments and have relocated to their intended destinations.

In FY 2019, HOC's Stewartown Homes underwent a RAD Component Two conversion from Section 236 Rental Assistance Payments ("RAP") to PBV. Nineteen (19) existing RAP subsidies were converted to PBV. In relation to the RAD Component Two conversion, HUD also approved HOC for 37 LVV as project-based tenant protection vouchers for residents without Section 236 RAP subsidy. HOC was required to certify the existing residents for the LVVs and determine eligibility, which is governed by the HCV program regulations. The LVV funding went into effect during October 2019. The 19 PBV and 37 LVVs are now administered under HOC's HCV program. Stewartown Homes is also financed by the LIHTC program. Renovations for this property are complete as of November 2022. All residents have successfully relocated back to the property.

In FY 2020, HOC's Elizabeth House III (The Leggett) completed its conversion of PH through a RAD Component One/Section 18 Blend, as previously reported. This conversion included 26 tenant protection project-based vouchers. These vouchers are now administered under HOC's HCV program. This is HOC's final RAD conversion project and construction has reached substantial completion as of February 2023. HOC will soon begin the process of relocating existing RAD tenants to their new units.

In FY 2020, HOC's Bauer Park senior property underwent a RAD Component Two conversion from Section 236 RAP to PBRA. HOC received a total of 56 PBRA subsidies to replace the existing Section 236 RAP subsidies. In relation to this conversion, HOC was also approved for 65 LVVs as tenant protection vouchers for the Section 236 residents without RAP subsidies. HOC was required to certify the existing residents for the LVVs and determine eligibility, which is governed by the HCV program regulations. The 65 project-based LVVs are now administered under HOC's HCV program. This property is financed in part by Low Income Tax Credits. Renovations are complete as of February 2023.

HOC's Metropolitan located in Bethesda, MD is a LIHTC property, which includes 38 PBV units. HOC plans to renovate all units and common areas at this property through a refinance and LIHTC re-syndication. Renovations will also include upgrades to all systems and water piping. HOC is currently in the process of procuring a general contractor for these renovations and a request for proposal ("RFP") was issued December 21, 2022.

In accordance with the Code of Federal Regulations ("CFR") at 24 CFR 983.6 and HOC's Administrative Plan, the maximum amount of PBV assistance that HOC may provide is up to 20 percent of the HCV program baseline (currently 7,702). HOC currently has 870 PBV units located throughout Montgomery

County, Maryland, including Silver Spring, Aspen Hill, Bethesda, Montgomery Village, Gaithersburg, Rockville, Germantown, Chevy Chase, Wheaton, Takoma Park, Clarksburg, and Boyds.

HOC has not and does not currently have any additional Project Based Voucher activity.

B3: Progress Report

HOC continues to make positive strides toward meeting the mission and goals described in its FY 2020 – 2024 Five-Year Plan. Below are some highlights of HOC’s efforts over this past year:

- **Real Estate Development Team:** Development of affordable housing.
 - Presently, HOC has in design, predevelopment, and under construction/renovation thirteen (13) developments throughout Montgomery County totaling approximately 3,270 units, with 1,812 units designated as affordable, for an aggregate total of nearly \$895 million in construction dollar value. HOC also has more than 2,000 additional units of renovation and new construction that will target a high level of sustainability at varying Area Median Income (“**AMI**”) levels that are slated to enter the pipeline shortly. Within the past year, HOC closed on the acquisition of 625 naturally occurring affordable housing units inside the Bethesda Central Business District (“**CBD**”).
 - Below is an outline of recent, current, and future projects.

Recently Completed:

- **Brooke Park (Bethesda):** Renovations were completed in September 2021. This property was renovated using HOME and Montgomery County Housing Initiative Funds (“**HIF**”) funds.
 - 17 Total Units:
 - HOME/HIF: 17
- **Upton II (Rockville) (Residences on the Lane):** New construction was completed in October 2021. This was the replacement property for the Section 236 Town Center Apartments.
 - 150 units:
 - LIHTC: 135
 - PBRA: 22
- **Stewartown Homes (Gaithersburg):** Renovations were completed in December 2022 through a LIHTC re-syndication.
 - 94 Townhouse Units:
 - LIHTC: 38

- PBV: 56
- **Bauer Park (Rockville):** Renovations at this senior property are completed as of February 2023. This property was a Section 236 RAD Component Two conversion, which also leveraged LIHTC.
 - 141 Total Units:
 - LIHTC: 141
 - PBRA: 56
 - PBV: 55

Current Projects:

- **Elizabeth House III (Silver Spring) (The Leggett):** New construction for this senior property has reached substantial completion as of February 2023. This property is the replacement property for the original Elizabeth House PH RAD Component One conversion.
 - 267 Total Units:
 - LIHTC (Income Averaging): 238
 - 106 units at 30%
 - PBRA: 80
 - PBV: 26
 - 14 units 60%
 - 118 units at 80%
- **West Side Shady Grove (Derwood) (The Laureate):** New construction is scheduled for completion in March 2023.
 - 268 Units:
 - MPDU: 67
 - HOC Workforce: 12
- **Georgian Court (Silver Spring):** Renovations are scheduled for completion in December 2023. This was an existing property in HOC's portfolio, which was renovated as part of a LIHTC re-syndication.
 - 147 Units
 - LIHTC: 147
 - PBRA: 29
 - HIF: 59
- **Shady Grove (Derwood):** Renovations are scheduled for completion in December 2023. This is an existing property in HOC's portfolio, which was renovated as part of a LIHTC re-syndication.
 - 144 Units:

- LIHTC: 144
 - PBRA: 144
 - HOME: 4
- **Willow Manor Properties (Fair Hill Farm, Colseville, Clopper’s Mill):** Renovations are scheduled for completion in June 2024. This property is part of a LIHTC re-syndication that lumped all three properties into one LIHTC entity, which is 100% LIHTC.
 - 266 units over three separate properties:
 - **Manor at Fair Hill Farm (Olney):** 101 Units (renovations completed December 2022)
 - **Manor at Clopper’s Mill (Germantown):** 82 Units (renovations started December 2022)
 - **Manor at Colesville (Silver Spring):** 83 Units (renovations to begin August 2023)

Future Projects:

- **Hillandale Gateway:** New construction is scheduled to start in December 2023. There will be two separate LIHTC projects.
 - 463 Total Units:
 - Multifamily: 308 Units
 - 93 LIHTC
 - Elderly: 155 Units
 - 155 LIHTC
- **Garnkirk Farms:** New construction is scheduled to start in December 2023. This property will be financed by LIHTC.
 - 184 Total Units
- **Metropolitan:** This property is slated for renovations starting during January 2024 as part of a LIHTC re-syndication.
 - 308 Total Units
 - LIHTC: 92
 - PBV: 38
- **Housing Resources Division (“HRD”):** Operation of HOC’s HCV program.
 - HRD oversees two Customer Service Centers (Down-County, Silver Spring, and Up-County, Gaithersburg). The centers were closed to the public beginning in March 2020, in response to the COVID-19 pandemic, but reopened January 9, 2023. Throughout this time

period, HRD adapted its operations in order to operate efficiently and provide the same level of services as pre-COVID-19. This included teleworking, electronic certifications, limited in-office hours for critical staff, remote customer voucher issuance and relocation briefings, remote landlord informational briefings, and remote informal hearings. These modifications continued successfully throughout the pandemic.

- Since reopening to the public, HRD staff have returned to pre-COVID-19 operations; however, some practices adopted during the pandemic will remain in effect.
 - HOC began using Ecco Mail to receive incoming correspondence electronically. This allows HRD staff to receive customer documents more timely and efficiently than the traditional mail system.
 - HRD began using Yardi's Rent Café system during July 2022. Rent Café is an on-line portal used to perform re-certifications electronically in lieu of traditional mail. Electronic re-certifications will remain in effect post-pandemic in order to streamline the recertification process.
 - HRD will implement a hybrid voucher briefing format, conducting briefings virtually and in person.
- HRD has worked assiduously to increase the utilization rate of the Housing Choice Voucher Program and has reached a rate of 96%. HRD anticipates increasing the utilization to 98% by the end of calendar year 2023. HRD continues to monitor the utilization rate monthly and work to maintain and further increase the rate.

Monthly, staff selected an average of 400 applicants from the waitlist to determine program eligibility for the HCV/PBV programs. Overall, HOC selected 4,878 applicants from the waitlist during calendar year 2022. HRD processed 931 New Admissions during the calendar year 2022.

The response rate was extremely low during the pandemic and often certification packets trickled in after the requested return date. The mailing time was also slower than usual. To help remedy this, HRD sent correspondence electronically to the customer email address on the application, and by the U.S. Postal Service. Additionally, staff conducted outreach to applicants with vouchers nearing expiration.

Staff also noted that applicants experienced challenges searching for units during the pandemic and did not search as actively as pre-pandemic. There was a reluctance for applicants to physically view/enter homes during the pandemic, which drastically affected the leasing rates.

However, lower COVID transmission rates have resulted in more active housing searches, resulting in an uptick in the leasing rate.

- **Inspection Services (Housing Resources Division):** Operates HOC’s HCV HQS inspection program.
 - HOC’s Inspection Services team previously phased in the use of virtual inspections for annual and initial inspections in order to continue to ensure safe and appropriate housing for our HCV customers during the COVID-19 pandemic. The team also allowed virtual inspections for our most vulnerable population. This option will remain in effect.
 - HOC’s third party contract inspections company, Inspections Experts, Inc. (“IEI”) is required to utilize PHA provided software (“YARDI”) to complete inspections and upload inspection results. Virtual inspections, which IEI performs, require a smartphone or tablet. In-person inspections are conducted for all initial inspections, and on an as-needed basis for existing units.

- **Resident Services:** Provide supportive services to all of HOC’s customers.
 - Resident Services continues to provide paramount supportive services to HOC customers, including HCV recipients. As a result of the pandemic, there has been a rise in requests for services from Resident Service staff, who seamlessly adapted their services to support HOC participants through phone, virtual platforms, and limited door-to-door services for extenuating circumstances (crises and lack of access to virtual platforms). Since the reopening of HOC’s offices to the public, Resident Services Staff has reverted to seeing residents and operating programs in-person. They continue to offer general services, including need-based workforce assessments, wellness checks, information, and referrals. They also provide HOC’s participants who have specific needs with food assistance and other essentials. During the pandemic, children and youth faced unexpected closure of schools, childcare centers, and many of the community spaces that children and families typically utilize. These closures limited access to support networks and help from adults outside the home. These places/spaces have since reopened to the public and are operating on pre-pandemic schedules.

 - HOC’s Resident Services Division continues to provide education programs for youth; workforce, health and wellness programs for adults; and support for our elderly population through the use of virtual platforms and in-person services.

 - **Fatherhood Initiative Program:**

HOC’s Fatherhood Initiative Program strengthens families by strengthening fathers. HOC is proud to administer the Fatherhood Initiative Program. Since 2015, HOC has worked with more than 1,000 fathers and received national recognition for its success with the program. In 2020, HOC received its second cycle (five years) of grant funding from the

U.S. Department of Health and Human Services to continue its work in strengthening fathers and families through the program.

During the pandemic, the Fatherhood Initiative Program successfully conducted the program virtually with curriculum from the National Fatherhood Program, financial literacy, workforce development, and health courses sponsored by community partners. HOC staff work with fathers to help strengthen their parenting skills, prepare them for new career opportunities, and connect them to community resources incentives, and peer support.

By participating in the Fatherhood Initiative Program, participants have access to:

- Case management services;
- Community resources; and
- Incentives for reaching program milestones, and more.

HOC's success is dependent on our partnerships throughout the community, including participant referral partners. Our current partners who are leading experts in fatherhood education include, Montgomery College, Fathers and Children Together, PNC Bank, African American Health Program, the National Fatherhood Initiative, and other nonprofits, agencies, and private partnerships. Partners have the opportunity to collaborate with HOC in this innovative program by:

- Collaborating with HOC in participant-recruitment efforts;
 - Partnering in community events held for participants and families;
 - Participating in panels at Fatherhood Initiative Program workshops and events; and
 - Sharing client referrals and resource connections.
- HOC has continued to work with staff, other local agencies, and outside partners to enhance its fair housing efforts.

Violence Against Women Act ("VAWA") Goals:

To help meet the goals of VAWA, HOC provides support and referrals to counseling for victims of domestic violence, dating violence, sexual assault, or stalking. HOC's partner, the Montgomery County Department of Health and Human Services, features an Abused Persons Program (240-777-4673), which provides 24-hour services, including access to counseling and shelters. HOC has an Agency-wide VAWA Policy, which clearly defines and describes HOC's efforts to ensure that VAWA victims retain their housing assistance. HOC also assists victims with referrals to obtain restraining orders.

On November 16, 2016, the HUD published a new Final Rule implementing the housing protections authorized in the Violence Against Women Reauthorization Act of 2013 ("VAWA 2013" or "2013 Act").

Despite the VAWA 2013 Final Rule's identification that a formal PHA policy is not required in order to implement the provisions of VAWA 2013, HOC's Commission chose to develop a single, stand-alone VAWA policy, which describes HOC's commitment to VAWA adherence and enforcement.

HOC's new VAWA Policy has the following principal goals and objectives:

- A. Maintaining compliance with all applicable legal requirements imposed by VAWA;
- B. Ensuring the physical safety of victims of actual or threatened domestic violence, dating violence, sexual assault, or stalking who are assisted by HOC;
- C. Providing and maintaining housing opportunities for victims of domestic violence, dating violence, sexual assault, or stalking;
- D. Creating and maintaining collaborative arrangements between HOC, law enforcement authorities, victim service providers, and others to promote the safety and well-being of victims of actual and threatened domestic violence, dating violence, sexual assault, or stalking, who are assisted by HOC; and
- E. Taking appropriate actions in response to an incident or incidents of domestic violence, dating violence, sexual assault, or stalking, affecting individuals who HOC assists.

Additionally, HOC's VAWA Policy states the Agency's commitment to cooperate with organizations and entities, both private and governmental, which provide shelter and/or services to victims of domestic violence. If HOC's staff becomes aware that an HOC assisted individual is a victim of domestic violence, dating violence, sexual assault, or stalking, HOC will refer the victim to such providers of shelter or services as appropriate. While HOC's VAWA Policy does not create any legal obligation that requires HOC either to maintain a relationship with any particular provider of shelter or services to victims of domestic violence, dating violence, sexual assault, or stalking or to make a referral in any particular case, HOC's Emergency Transfer Plan does describe providers of shelter or other services to victims of domestic violence, dating violence, sexual assault, or stalking with which HOC has referral or other cooperative relationships.

Lastly, HOC's VAWA Policy incorporates and explains the Agency's use of the following four HUD documents required as per the VAWA 2013 Final Rule:

- 1. Notice of Occupancy Rights under the Violence Against Women Act;
- 2. Model Emergency Transfer Plan for Victims of Domestic Violence;
- 3. Certification of Domestic Violence; and
- 4. Emergency Transfer Request for Victims of Domestic Violence.

B4: Capital Improvements

Please reference HUD form 50075.2 approved by HUD on 10/30/2020. The Capital Fund Program Five-Year Action Plan describes the capital improvements necessary to ensure the long-term physical and social viability of HOC's Public Housing Projects.

B5: Most Recent Fiscal Year Audit

There were six findings identified during HOC's FY 2022 agency audit. Below are the findings, recommendations, and corrective actions for each finding.

1. **Finding 2022-001: Housing Voucher Cluster-HCVP Eligibility**
 - a. Context: Testing of 40 HCVP tenant files for eligibility standards revealed one file where the tenant received an allowance without proper verification or support.
 - b. Recommendation: The Commission should implement processes to ensure that all proper documentation is maintained during the recertification process for every tenant.
 - c. HOC Action:
 - i. The Housing Resources Division will hire an internal trainer to address systemic errors, reinforce program rules, and introduce new regulatory requirements. The trainer will meet with staff monthly to reinforce program requirements and provide individual coaching as needed. Moreover, HOC will continue to archive recorded trainings in a resource library so the materials are accessible to staff at all times.
 - ii. The HOC Compliance team will conduct quality control reviews of completed files. Staff from the Housing Resources Management Team will meet with the HOC Compliance Team following each review period to discuss systemic findings and schedule staff trainings in areas requiring improvement.
 - iii. HOC will procure a professional consulting company to provide a comprehensive refresher training on the HCV eligibility requirements.
 - iv. The Housing Resources Management Team will continue to meet with staff regularly to provide staff development trainings, including reiteration of the Quality Control Checklist, the HUD verification hierarchy, and uploading all documents into AODocs, HOC's electronic filing system.
2. **Finding 2022-002: Housing Voucher Cluster-HCVP Rent Reasonableness Test**
 - a. Context: Testing of 40 HCVP tenant files for rent reasonableness standards revealed one file that was missing the rent reasonableness comparison report to substantiate the contract rent and one file that was missing the lease amendment letter effective for the sampled contract rent change.
 - b. Recommendation: The Commission should implement processes to ensure that all proper documentation is maintained during the rent approval process for every tenant.
 - c. HOC Action:

- i. HOC will continue to work with the software developer to identify and resolve software glitches.
 - ii. The HOC Compliance team will conduct quality control reviews of completed files. Staff from the Housing Resources Management Team will meet with the HOC Compliance Team following each review period to discuss systemic findings and schedule staff trainings in areas requiring improvement.
 - iii. HOC implemented Rent Café, Yardi’s software module to process electronic re-certifications. The lease amendment letter is automatically uploaded into Yardi when a customer completes the recertification online.
3. **Finding 2022-003:** Housing Voucher Cluster-HCVP Housing Quality Standards and Enforcement
- a. Context: Testing of 40 HCVP tenant files for failed inspection standards revealed three files where abatement ought to have been implemented, but records could not be located. Also identified, were three files where the inspection was not completed annually or within HUD’s granted extension for COVID-19.
 - b. Recommendation: The Commission should implement processes to ensure that all proper documentation is maintained for inspections of tenant residences.
 - c. HOC Action:
 - i. HOC procured Inspection Experts Inc. (“IEI”) on July 1, 2022, to conduct all initial, annual, and special and quality control inspections.
 - ii. HOC meets with IEI monthly to provide the report of annual inspections, and discuss progress and the alignment of expectations.
 - iii. HOC staff receives a report of units requiring abatement daily from IEI and immediately place the units in abatement.
 - iv. An HOC Senior Manager reviews the abatement report weekly to conduct quality control reviews of all records, ensuring that all units are placed in abatement.
 - v. The HOC Compliance Team will conduct quality control reviews of completed files. Staff from the Housing Resources Management Team will meet with the HOC Compliance Team following each review period to discuss systemic findings and schedule staff trainings in areas requiring improvement.
4. **Finding 2022-004:** Section 8 Project Based Cluster-PBRA/MOD Eligibility
- a. Context: Testing of 40 tenant files for eligibility standards revealed that 34 files had the following exceptions:
 - i. Nine files were missing documentation needed to support and recalculate total income per the HUD-50059.
 - ii. Eight (8) files that were missing support needed to substantiate the asset total per HUD-50059.
 - iii. Seven (7) files that were missing support needed to substantiate the expense total per HUD-50059.

- iv. Twenty-five (25) files were missing documentation supporting that the tenant was selected from the waitlist in accordance with the Commission's Administrative Plan.
- v. Twenty-eight (28) files did not have a certification checklist, or an alternative document, reflecting an HCVP Employee's signoff on the application or file being completed to document an internal control.
- b. Recommendation: The Commission should implement processes to ensure that all proper documentation is maintained during the recertification process for every tenant.
- c. HOC Action:
 - i. HOC procured Quadel Consultants to complete a 100% audit of the PBRA program across all properties.
 - ii. Property Management staff will implement new procedures to ensure that all resident documents are properly maintained. The updated procedures will require that all staff completing the re-certifications utilize a checklist to ensure that all required documents are obtained and that each document is scanned as attachments directly into HOC's Yardi system.
 - iii. Managers will perform quality control reviews to ensure that procedures are followed and that documents are scanned into the system for all re-certifications completed.
 - iv. The Regional Manager will review reports monthly to enable confirmation of scanned documents for proper file maintenance.
 - v. The HOC Compliance Team will conduct quality control reviews of completed files. Staff from the Property Management Team will meet with the HOC Compliance Team following each review period to discuss systemic findings and schedule staff trainings in areas requiring improvement.
 - vi. The HOC Compliance Team offered a refresher Housing Path Waitlist training to existing staff and perform monthly quality control reviews to ensure that procedures are followed.
 - vii. HOC procured a professional consulting company to provide a comprehensive refresher training on the Project Based Rental Assistance eligibility requirements.

5. **Finding 2022-005:** Section 8 Project Based Cluster-PBRA/MOD Housing Quality Standards

- a. Context: Testing of 40 HCVP tenant files for annual inspection standards revealed 22 files that did not have an annual inspection completed during or subsequent to the fiscal year and 15 files that did not have an annual inspection that was completed within the 12-month fiscal period.
- b. Recommendation: The Commission should implement processes to ensure that all proper documentation is being maintained for inspections of tenant residences.
- c. HOC Action:
 - i. Property Management staff will be retrained on the unit inspection requirements to ensure that all inspections are documented and that the completed executed

signed inspection forms are scanned into the resident's record in HOC's Yardi system.

- ii. Managers will review these actions and provide greater oversight to ensure that move-in and move-out inspections are performed for every unit upon lease signing and when residents vacate a unit.
- iii. The Property Management and Maintenance Divisions will develop an annual inspection schedule.
- iv. The HOC Compliance Team will review inspections as part of the quality control review.

6. Finding 2022-006: Section 8 Project Based Cluster-PBRA/MOD Tenant Utility Allowances

- a. Context: Testing of 40 tenant files for eligibility standards revealed that one recertification displayed a tenant utility allowance that did not match the value listed in HUD form-52667 effective for the period test.
- b. Recommendation: The Commission should review the procedures taken by Section 8 Cluster employees to ensure that they correctly add utility allowance values from HUD Form-52667 to newly processed certifications. All section 8 Cluster employees should be trained on any changes made to those procedures.
- c. Action Taken:
 - i. HRD will hire an internal trainer to address systemic errors, reinforce program rules, and introduce new regulatory requirements. The trainer will meet with staff monthly to reinforce program requirements and provide individual coaching as needed. Moreover, HOC will continue to archive recorded trainings in a resource library so the materials are accessible to staff at all times.
 - ii. The HOC Compliance Team will conduct quality control reviews of completed files. Staff from the Property Management team will meet with the HOC Compliance Team following each review period to discuss systemic findings and schedule staff trainings in areas requiring improvement.
 - iii. HOC will procure a professional consulting company to provide a comprehensive refresher training on the HCV eligibility requirements.

C1: Resident Advisory Board ("RAB") Comments

The RAB Reviewed the proposed FY 2024 Annual PHA Plan and provided a letter of endorsement. No additional comments were submitted for consideration.

C2: Certification by State or Local Officials

The Montgomery County Division of Finance and Administration has reviewed the most recent five-year plan and proposed FY 2024 Annual PHA Plan and has executed this form.

C3: Civil Rights Certification/Certification Listing Policies and Programs that the PHA has revised since Submission to its Last Annual Plan

The fully executed form will be included as an attachment to the submission of the FY 2024 Annual PHA Plan once the plan is approved by the Commission

C4: Challenged Elements

The public comment period, which began February 16, 2023, will culminate with a public hearing on April 3, 2023. HOC staff will address any elements challenged during the public comment period. To date, HOC has not received any public comments.

C5: Troubled PHA

Not applicable.

D1: Affirmatively Furthering Fair Housing (“AFFH”)

HOC has not been required to submit an Assessment of Fair Housing (“AFH”). Please see template for additional notes.



RESIDENT ADVISORY BOARD
Housing Opportunities Commission
10400 Detrick Avenue
Kensington, Maryland 20895
240-627-9735

March 20, 2023

Ms. Chelsea J. Andrews
Executive Director
Housing Opportunities Commission
10400 Detrick Avenue
Kensington, Maryland 20895

RE: Endorsement of Federal Fiscal Year 2023 (HOC Fiscal Year 2024) PHA Plan

Dear Ms. Andrews:

This letter certifies that the Resident Advisory Board (“RAB”) to the Housing Opportunities Commission (“HOC”) of Montgomery County reviewed and discussed the proposed Federal Fiscal Year (“FFY”) 2023 ((HOC Fiscal Year (“FY”) 2024)) Annual Public Housing Agency (“PHA”) Plan. Please be advised that the RAB fully supports and endorses the proposed PHA Plan.

The RAB is pleased that the Housing Resources Division (“HRD”), Resident Services Division (“RSD”), Real Estate Development Division (“RED”), and the agency as a whole, were able to adapt during the COVID-19 pandemic to continue to provide housing opportunities and services to our customers, and to take proactive steps towards making general operations more efficient going forward. Specifically, the RED’s continued development of affordable housing throughout the county, HRD’s use of innovative technology to improve efficiency, Inspection Services’ implementation of remote video inspections, and the success of the RSD Fatherhood Initiative program.

It is also important to note HRD’s achievement of increasing the Housing Choice Voucher (“HCV”) utilization rates to 96% in order to maximize affordable housing opportunities to Montgomery County residents.

The RAB also appreciates HRD’s detailed analysis of the HCV portfolio while making a calculated decision to increase the payment standards to 112% of the Fair Market Rents (“FMR”). It is critical that we use every opportunity to maximize the impact of the HCV program at HOC.

The RAB is also pleased to see that HUD has implemented updates to the Family Self Sufficiency (“FSS”) program and that HRD successfully updated HOC’s FSS Action Plan and obtained HUD’s timely approval.

Members

Tashae Walters
President

Shawntel Thomas
Vice President

Vacant
Secretary

Kathleen Flanagan
Parliamentarian

Vacant
Treasurer

Lexie McDowell
Member



The demand for affordable housing in Montgomery County remains far higher than the supply, as evidenced by the 35,755 active applicants on HOC's affordable housing wait list. It is imperative that HOC continue to provide affordable housing opportunities to residents, not only through the HCV program, but also through the preservation and development of affordable housing units in its portfolio.

Sincerely,

Tashea Walters

Ms. Tashae Walters
President

**Certifications of Compliance with
PHA Plan and Related Regulations
(Standard, Troubled, HCV-Only, and
High Performer PHAs)**

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 3/31/2024

**PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations
including PHA Plan Elements that Have Changed**

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairperson or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the ___ 5-Year and/or X Annual PHA Plan, hereinafter referred to as "the Plan", of which this document is a part, and make the following certification and agreements with the Department of Housing and Urban Development (HUD) for the PHA fiscal year beginning 07/2023, in connection with the submission of the Plan and implementation thereof:

1. The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located (24 CFR § 91.2).
2. The Plan contains a certification by the appropriate State or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments (AI) to Fair Housing Choice, or Assessment of Fair Housing (AFH) when applicable, for the PHA's jurisdiction and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan (24 CFR §§ 91.2, 91.225, 91.325, and 91.425).
3. The PHA has established a Resident Advisory Board or Boards, the membership of which represents the residents assisted by the PHA, consulted with this Resident Advisory Board or Boards in developing the Plan, including any changes or revisions to the policies and programs identified in the Plan before they were implemented, and considered the recommendations of the RAB (24 CFR 903.13). The PHA has included in the Plan submission a copy of the recommendations made by the Resident Advisory Board or Boards and a description of the manner in which the Plan addresses these recommendations.
4. The PHA provides assurance as part of this certification that:
 - (i) The Resident Advisory Board had an opportunity to review and comment on the changes to the policies and programs before implementation by the PHA;
 - (ii) The changes were duly approved by the PHA Board of Directors (or similar governing body); and
 - (iii) The revised policies and programs are available for review and inspection, at the principal office of the PHA during normal business hours.
5. The PHA made the proposed Plan and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the Plan and invited public comment.
6. The PHA certifies that it will carry out the public housing program of the agency in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4), the Fair Housing Act (42 U.S.C. 3601-19), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), title II of the Americans with Disabilities Act (42 U.S.C. 12101 et seq.), and other applicable civil rights requirements and that it will affirmatively further fair housing in the administration of the program. In addition, if it administers a Housing Choice Voucher Program, the PHA certifies that it will administer the program in conformity with the Fair Housing Act, title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, title II of the Americans with Disabilities Act, and other applicable civil rights requirements, and that it will affirmatively further fair housing in the administration of the program.
7. The PHA will affirmatively further fair housing, which means that it will take meaningful actions to further the goals identified in the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR § 5.150 through 5.180, that it will take no action that is materially inconsistent with its obligation to affirmatively further fair housing, and that it will address fair housing issues and contributing factors in its programs, in accordance with 24 CFR § 903.7(o)(3). The PHA will fulfill the requirements at 24 CFR § 903.7(o) and 24 CFR § 903.15(d). Until such time as the PHA is required to submit an AFH, the PHA will fulfill the requirements at 24 CFR § 903.7(o) promulgated prior to August 17, 2015, which means that it examines its programs or proposed programs; identifies any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and maintains records reflecting these analyses and actions.
8. For PHA Plans that include a policy for site-based waiting lists:
 - The PHA regularly submits required data to HUD's 50058 PIC/IMS Module in an accurate, complete and timely manner (as specified in PIH Notice 2011-65);

- The system of site-based waiting lists provides for full disclosure to each applicant in the selection of the development in which to reside, including basic information about available sites; and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types at each site;
 - Adoption of a site-based waiting list would not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;
 - The PHA shall take reasonable measures to assure that such a waiting list is consistent with affirmatively furthering fair housing; and
 - The PHA provides for review of its site-based waiting list policy to determine if it is consistent with civil rights laws and certifications, as specified in 24 CFR 903.7(o)(1).
9. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
 10. In accordance with 24 CFR § 5.105(a)(2), HUD's Equal Access Rule, the PHA will not make a determination of eligibility for housing based on sexual orientation, gender identify, or marital status and will make no inquiries concerning the gender identification or sexual orientation of an applicant for or occupant of HUD-assisted housing.
 11. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
 12. The PHA will comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.
 13. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.
 14. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
 15. The PHA will provide the responsible entity or HUD any documentation that the responsible entity or HUD needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58 or Part 50, respectively.
 16. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under Section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
 17. The PHA will keep records in accordance with 2 CFR 200.333 and facilitate an effective audit to determine compliance with program requirements.
 18. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and 24 CFR Part 35.
 19. The PHA will comply with the policies, guidelines, and requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Financial Assistance, including but not limited to submitting the assurances required under 24 CFR §§ 1.5, 3.115, 8.50, and 107.25 by submitting an SF-424, including the required assurances in SF-424B or D, as applicable.
 20. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the regulations and included in its Plan.
 21. All attachments to the Plan have been and will continue to be available at all times and all locations that the PHA Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its PHA Plan and will continue to be made available at least at the primary business office of the PHA.
 22. The PHA certifies that it is in compliance with applicable Federal statutory and regulatory requirements, including the Declaration of Trust(s).

Housing Opportunities Commission
 PHA Name

MD004
 PHA Number/HA Code

Annual PHA Plan for Fiscal Year 2024

5-Year PHA Plan for Fiscal Years 20__ - 20__

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

Name of Executive Director		Name Board Chairman	
Chelsea J. Andrews		Roy O. Priest	
Signature	Date	Signature	Date

The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality. This information is collected to ensure compliance with PHA Plan, Civil Rights, and related laws and regulations including PHA plan elements that have changed.

Public reporting burden for this information collection is estimated to average 0.16 hours per year per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Civil Rights Certification
(Qualified PHAs)

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB Approval No. 2577-0226
Expires 3/31/2024

Civil Rights Certification

Annual Certification and Board Resolution

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairperson or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the 5-Year PHA Plan, hereinafter referred to as "the Plan", of which this document is a part, and make the following certification and agreements with the Department of Housing and Urban Development (HUD) for the fiscal year beginning 07/2023 in which the PHA receives assistance under 42 U.S.C. 1437f and/or 1437g in connection with the mission, goals, and objectives of the public housing agency and implementation thereof:

The PHA certifies that it will carry out the public housing program of the agency in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d—4), the Fair Housing Act (42 U.S.C. 3601-19), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), title II of the Americans with Disabilities Act (42 U.S.C. 12101 et seq.), and other applicable civil rights requirements and that it will affirmatively further fair housing in the administration of the program. In addition, if it administers a Housing Choice Voucher Program, the PHA certifies that it will administer the program in conformity with the Fair Housing Act, title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, title II of the Americans with Disabilities Act, and other applicable civil rights requirements, and that it will affirmatively further fair housing in the administration of the program. The PHA will affirmatively further fair housing, which means that it will take meaningful actions to further the goals identified in the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR § 5.150 through 5.180, that it will take no action that is materially inconsistent with its obligation to affirmatively further fair housing, and that it will address fair housing issues and contributing factors in its programs, in accordance with 24 CFR § 903.7(o)(3). The PHA will fulfill the requirements at 24 CFR § 903.7(o) and 24 CFR § 903.15(d). Until such time as the PHA is required to submit an AFH, the PHA will fulfill the requirements at 24 CFR § 903.7(o) promulgated prior to August 17, 2015, which means that it examines its programs or proposed programs; identifies any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with local jurisdictions to implement any of the jurisdiction’s initiatives to affirmatively further fair housing that require the PHA’s involvement; and maintains records reflecting these analyses and actions.

Housing Opportunities Commission

MD004

PHA Name

PHA Number/HA Code

I hereby certify that all the statement above, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Executive Director:		Name of Board Chairperson:	
Chelsea J. Andrews		Roy O. Priest	
Signature	Date	Signature	Date

The United States Department of Housing and Urban Development is authorized to collect the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality. The information is collected to ensure that PHAs carry out applicable civil rights requirements.

Public reporting burden for this information collection is estimated to average 0.16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering, and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

**Certification by State or Local
Official of PHA Plans Consistency
with the Consolidated Plan or
State Consolidated Plan
(All PHAs)**

U. S Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 3/31/2024

**Certification by State or Local Official of PHA Plans
Consistency with the Consolidated Plan or State Consolidated Plan**

I, Pofen Salem, the Chief of the Division of Finance and Administration
Official's Name *Official's Title*

certify that the 5-Year PHA Plan for fiscal years 2020-2024 and/or Annual PHA Plan
for fiscal year 2024 of the Housing Opportunities Commission is consistent
with the
PHA Name

Consolidated Plan or State Consolidated Plan including the Analysis of Impediments (AI) to Fair
Housing Choice or Assessment of Fair Housing (AFH) as applicable to the

Montgomery County Department of Housing and Community Affairs

Local Jurisdiction Name

pursuant to 24 CFR Part 91 and 24 CFR §§ 903.7(o)(3) and 903.15.

Provide a description of how the PHA Plan's contents are consistent with the Consolidated Plan or
State Consolidated Plan.

HOC's mission is to provide safe and affordable housing to Montgomery County residents.
HOC works with the County to address affordable housing needs throughout the County.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official: Pofen Salem	Title: Chief, Division of Finance and Administration
Signature: <i>Pofen Salem</i>	Date: 3/1/2023

The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality. This information is collected to ensure consistency with the consolidated plan or state consolidated plan.

Public reporting burden for this information collection is estimated to average 0.16 hours per year per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Development & Finance Committee

SINGLE FAMILY LENDING: APPROVAL OF NEW PARTICIPATING LENDER FOR THE SINGLE FAMILY MORTGAGE PURCHASE PROGRAM

April 5, 2023

- The Housing Opportunities Commission of Montgomery County (hereinafter, the “Commission” or “HOC”) has approved continuous new lender participation and solicitation in the single family Mortgage Purchase Program (“MPP”). While over the years HOC has approved 34 lenders, through non-participation or the mortgage company’s notice to no longer participate, there are currently 24 active lender participants in the MPP.
- The criteria for lender participation in the MPP are: 1) the lender is not a mortgage broker and can close loans in its own name; and, 2) the lender is approved to do business with Freddie Mac and/or Fannie Mae, or the lender is an approved FHA originating lender. New lenders are also required to be approved by U.S. Bank, N.A. (“U.S. Bank”), HOC’s master servicer for the Mortgage Backed Securities (“MBS”) program.
- Only approved MPP lenders have access to the County Revolving County Closing Cost Assistance Program and other special Closing Cost Programs.
- Luminate Home Loans, LLC has applied for participation in the MPP and meets the criteria for participation.
- The Development and Finance Committee, having considered this item at its meeting on March 23, 2023, supports staff’s recommendation to approve Luminate Home Loans, LLC for participation in the MPP.
- Therefore, staff recommends the Commission’s approval of Luminate Home Loans, LLC as a new MPP participating lender.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County
Development & Finance Committee

VIA: Chelsea J. Andrews, Executive Director

FROM: Staff: Monte Stanford, Director of Mortgage Finance Ext. 4877
Jennifer H. Washington, Asst. Dir. of Bond Management Ext. 9760
Paulette Dudley, Program Specialist III Ext. 9596

RE: **Single Family Lending:** Approval of New Participating Lender for the Single Family Mortgage Purchase Program

DATE: April 5, 2023

COMMITTEE REPORT: Deliberation X

OVERALL GOAL & OBJECTIVE:

To approve a new participating lender for the Single Family Mortgage Purchase Program that will provide mortgage financing to low- and moderate-income first-time homebuyers in Montgomery County at below market rates.

BACKGROUND:

The Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) has approved the continuous participation of lenders from program to program and an on-going admission of new lenders to the Mortgage Purchase Program (“MPP”). As lenders apply for participation in the MPP, the requests are submitted to the Commission for approval. Increasing lender participation broadens the exposure to the Commission’s Single Family mortgage products, as well as to the Revolving County Closing Cost Assistance Program and other special Closing Cost programs, as the closing cost assistance loans must be used in conjunction with a MPP first mortgage.

All approved and participating lenders are advised that continued participation in the MPP require mortgage loan production. If a lender does not submit a mortgage loan within any 12-month period, that lender may be subject to suspension as a participating lender. HOC over the years has approved 34 lenders, but through non-participation or the mortgage company’s notice to end its participation, there are currently 24 active participating lenders in the MPP. Lenders can be activated again with approval by HOC, but are subject to retraining, and verification that they are approved with U.S. Bank, N.A. (“U.S. Bank”), the Commission’s Master Servicer for the Mortgage Backed Securities (“MBS”) program.

The minimum qualifications for lender participation in the MPP are: 1) the lender is not a mortgage broker and can close loans in the company’s name; 2) the lender is an FHA approved seller/servicer and have FHA direct endorsement approval; and, 3) the lender is a Freddie Mac and/or Fannie Mae seller/servicer for originating the conventional product. New lenders are also required to be approved by U.S. Bank. In addition, lenders must have origination experience in single family tax-exempt bond

programs; are committed to lending to low- and moderate-income borrowers; have the ability to accommodate non-English speaking, hearing impaired and disabled applicants in the office or offices that would be originating HOC loans; and charge acceptable lender fees.

The Community Reinvestment Act (“CRA”), enacted in 1977, requires the Federal Reserve and other federal banking regulators to encourage financial institutions to help meet the credit needs of the communities in which they do business, including low- and moderate-income (“LMI”) neighborhoods. Banks are required to provide their CRA rating. An overall CRA Rating is assigned using a four-tiered rating system. These ratings are: **Outstanding, Satisfactory, Needs to Improve, and Substantial Noncompliance.**

Approved lenders receive training from HOC staff and U.S. Bank before they are allowed to begin originating and closing loans for the MPP. Under the MBS program, HOC underwrites for program compliance and the lenders underwrite for credit worthiness.

Lender approval will apply to the 1979 Single Family Mortgage Revenue Bond Resolution, the 2009 Single Family Housing Revenue Bond Resolution and the 2019 Program Revenue Bond Resolution.

Luminate Home Loans, LLC (hereinafter “Luminate” or “Lender”) has applied to participate in the HOC Single Family Mortgage Purchase Program and meets the minimum requirements and criteria outlined above, for participation.

- In July 2022, HOC approved the participation of Celebrity Home Loans, LLC (hereinafter “Celebrity”), which acquired Apex Home Loans (hereinafter “Apex”). Apex has decided to make a change to its business model and has split from Celebrity, effective February 2023, to join Luminate.
- Luminate is a fully owned subsidiary of Luminate Bank (formerly American Equity Bank). Established since 1998, the company rebranded to Luminate Home Loans in 2020.
- Luminate has the strong financial backing of the bank, is an approved seller/servicer with FHA, Fannie Mae, and Freddie Mac, and is an approved lender with U.S. Bank.
- Luminate is one of the very few mortgage companies to earn a profit in 2022 and remains a financially strong company and counterparty for HOC.
- While headquartered in Minneapolis, the Lender is licensed in 35+ states, including Maryland (Baltimore) and has loaned over \$1.77 billion in home loans since 2020.
- With the Apex team joining Luminate, it has created its presence within the Montgomery County market. The Apex team has been originating HOC loans for several years and is a top level company with loan officers, who have extensive knowledge of the Commission’s single family programs. Further, its processors, underwriters, closers, and post-closers also come with significant experience with HOC loans. So, while the Lender will be new to HOC and the Montgomery County market, the Apex team working on these loans are not new to HOC. The Apex team, dba Luminate, will be able to continue to offer HOC loans.
- The Lender, through the Apex team’s loan officers, have extensive knowledge and work closely with Montgomery County’s Moderately Priced Dwelling Unit (“MPDU”) program, as well as with HCII Counseling, teaching MPDU classes.

Luminate is working with the State of Maryland through its Maryland Mortgage Program to become a participating lender and are in the final stages of that approval. It will also market any affordable housing programs that work in conjunction with the Commission's lending programs.

SERVICING

Under the Commission's MBS Program, lenders will release servicing and receive a loan origination fee up to 2%, based on the time lapse between loan origination and purchase. Lenders receive a higher origination fee the earlier the loan is purchased. Servicing is handled through U.S. Bank, which the Commission has approved as the Master Servicer.

ISSUES FOR CONSIDERATION:

Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee, to approve Luminate Home Loans, LLC for participation in the Single Family Mortgage Purchase Program?

PRINCIPALS:

Housing Opportunities Commission of Montgomery County
Luminate Home Loans, LLC

BUDGET/FISCAL IMPACT:

None.

TIME FRAME:

For formal action at the April 5, 2023 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission approves Luminate Home Loans, LLC for participation in the Single Family Mortgage Purchase Program.

Attachment 1

Approved HOC/U.S. Bank Lenders

1. Ameris Bank Mortgage
2. Bay Capital Mortgage Corporation
3. Caliber Home Loans, Inc.
- 4. *Celebrity Home Loans, LLC (dba Apex Home Loans)****
5. Direct Mortgage Loans, LLC
6. Embrace Home Loans, Inc.
7. Fairway Independent Mortgage Corporation
8. First Heritage Mortgage, LLC
- 9. *First Home Mortgage Corp****
10. HomeBridge Financial Services, Inc.
11. Homeside Financial LLC
12. loandepot.com
13. Meridian Bank Mortgage
14. Mortgage Access Corp
15. Movement Mortgage, LLC
16. NFM, Inc. dba NFM Lending
17. NVR Mortgage Finance, Inc.
18. Presidential Bank, FSB
19. PrimeLending, a Plains Capital Company
20. Prosperity Home Mortgage, LLC
21. Sandy Spring Bank
22. Severn Bank
- 23. *TowneBank Mortgage****
24. WesBanco Bank, Inc.

****Emphasis added for high performing lenders.***

RESOLUTION No: 23-21

**RE: Approval of New Participating Lender
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, Luminare Home Loans, LLC has applied for participation in the MPP; and

WHEREAS, Luminare Home Loans, LLC has satisfied the required criteria for admittance into the MPP.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Luminare Home Loans, LLC is approved for participation in the MPP, effective immediately.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on April 5, 2023.

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**Chelsea J. Andrews
Executive Director**

**SINGLE FAMILY MORTGAGE LOAN SERVICING: APPROVAL TO SELECT
SINGLE FAMILY MORTGAGE LOAN SUBSERVICER IN ACCORDANCE
WITH RFP #2344**

MORTGAGE FINANCE



CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

MONTE STANFORD, DIRECTOR OF MORTGAGE FINANCE

JENNIFER H. WASHINGTON, ASST. DIRECTOR OF BOND MANAGEMENT

April 5, 2023

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Executive Summary

Background: For 34 years between 1979 and 2012, the Single Family Mortgage Purchase Program (“MPP” or the “Program”) of the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) operated as a whole loan program in which HOC purchased 100% interest in first trust mortgage loans, using funds generated from the sale of tax-exempt Single Family Mortgage Revenue Bonds (“MRB”) under the 1979 Indenture or Single Family Housing Revenue Bonds (“HRB”) under the 2009 Indenture. Under this structure, the purchased mortgage loans became assets of the MPP until it paid off. These whole loans were either serviced by the original lender, the Commission or the Commission’s loan subservicer.

In 2012, following the 2008 financial and housing markets collapse, the Commission moved away from whole loans and implemented the current Mortgaged Backed Securities (“MBS”) structure for the Program, whereby proceeds from the sale of MRBs or HRBs are used to purchase securities, which are 1) backed by a pool of mortgages, issued by the Program’s lenders; 2) credit enhanced by Ginnie Mae, Fannie Mae or Freddie Mac; and, 3) serviced by a master servicer, U.S. Bank. U.S. Bank acts as the only issuer of record and is fully responsible for the administration of the securities and the servicing of the pooled mortgages. Under this structure, the MPP is walled off from the risk of any losses from these pooled mortgages in the event of default

Existing Subservicing Contract and Procurement Efforts: For the remaining whole loans within the MPP portfolio, in June 2017, the Commission approved Dovemuehle Mortgage, Inc. (“DMI”), as its new mortgage loan subservicer. Upon DMI’s engagement, the portfolio of loans to be subserviced included approximately 520 first mortgage whole loans and 430 secondary closing cost loans, that had a combined outstanding principal balance of approximately \$74 million. DMI’s initial contract term was for two-years with three (3) additional one-year optional renewals, and was set to expire at the end of September 2022.

On July 25, 2022, Request for Proposal (“RFP”) #2334 for Mortgage Loan Subservicing services was published on the Commission’s website and emailed to a list of 11 potential respondents, consisting of mortgage servicers, including DMI, and other Housing Finance Agencies (“HFA”). Responses were due August 19, 2022. The total portfolio at this time held almost 290 first mortgage whole loans and 283 secondary closing cost loans with a combined outstanding principal balance of approximately \$33 million. Unfortunately, no responses were received.

Executive Summary

Because DMI's contract allowed for an automatic one-year renewal, unless either party provided a termination notice, DMI's contract will now expire at the end of September 2023. Nevertheless, to complete this procurement effort, on September 19, 2022, HOC re-issued the solicitation under RFP #2344, posted it on the Commission's website and emailed it to 32 prospective mortgage servicers with responses due October 17, 2022.

Staff received three (3) responses from AmeriNat, DMI, and NOVAD Management Consulting, LLC (hereinafter "NOVAD"). An Evaluation Team, consisting of staff members from Mortgage Finance and Finance, reviewed each proposal to ensure compliance with the RFP and that each respondent met the minimum qualifications.

Two responses received from DMI and NOVAD were determined to be responsive and responsible pursuant to the terms of the RFP and were scored.

Based upon the Evaluation Criteria listed on page 6 herein, and the final scores by the Evaluation Team, reflected on page 9, staff recommends that the Commission accept its recommendation, which has the support of the Development and Finance Committee, and approve Dovenmuehle Mortgage Inc., as the Commission's Mortgage Loan Subservicer for a new contract term, in accordance with HOC's Procurement Policy.

RFP Compliance and Minimum Qualifications

All respondents were required to abide by all disclosures set forth in Section 2 of RFP #2344 and meet the following minimum qualifications set forth in Section 3 of RFP #2344:

Qualification Criteria	Requirement
FHA Approved	Must provide evidence of approval and not be currently subject to any investor/insurer/guarantor imposed probation, penalty or limitation.
Five (5) Years Servicing 5,000+ Loans	Be a servicer or subservicer that has for the past five (5) years serviced a single-family portfolio of at least 5,000 loans. The portfolio serviced must include FHA, United States Department of Veterans Affairs (VA), conventional, and privately insured mortgages.
Errors and Omissions Insurance Policy	Policy must include coverage acceptable to FHA or mortgage insurer.
Fidelity Bond Coverage	Must provide coverage in an amount acceptable to FHA or mortgage insurer.
Maryland State Licensure	Be licensed with the Department of Labor, Licensing and Regulations (DLLR) to conduct mortgage servicing operations in the State of Maryland, unless a subsidiary of a federally regulated mortgage company.
Professional Liability Insurance	Must maintain during term of the contract a policy in an aggregate amount of not less than \$1 million.
Government Agency Experience	Must demonstrate experience working within a Housing Finance Agency that is governed by procurement policy, guidelines, and practices.
Reporting	Ability to produce reports necessary to analyze the status of loans and overall portfolio.

After review of the responses, it was determined that: 1) Amerinat would be removed from scoring, as its proposal conflicted with RFP #2344 Section 2.12, Acceptance of Terms and Conditions; and, 2) both DMI and NOVAD satisfied compliance with Section 2 and met all minimum qualifications in Section 3 of RFP #2344.

Evaluation Criteria

HOC staff evaluated DMI and NOVAD on the criteria listed below (total point value is 100). Please note that this RFP was issued prior to the recent procurement changes made by the Commission with respect to evaluation criteria and scoring.

Evaluation Criteria	Point Value	Description
Offeror's Experience	25	Each subservicer is evaluated based upon the qualifications and expertise of its team and a detailed description of its most recent three (3) year history servicing single family residential mortgage loans to include experience with Housing Finance Agencies.
Financial Soundness/References	20	Respondent to provide audited financial statements for the last five (5) years, proof of insurance and licensure, and references of at least three (3) current clients.
Price	20	Respondent to provide a list of any costs to borrower along with a price proposal for its services, based upon a flat fee per loan or flat rate per principal balance of portfolio.
Offeror's Approach/Borrower's Accessibility	30	Subservicer shall describe its approach to provide services and include a discussion of maintaining consistency with industry standards, laws, insurer requirements; its ability to accept additional loans; approach to loss mitigation; reporting and software; and, borrower's access to data and online payments.
Minority/Female/Disabled ("MFD") Participation	5	Respondent to include a summary of the organization's MFD status.
TOTAL MAXIMUM POINTS	100	

Qualified Subservicers

▶ Dovenmuehle

- **Dovenmuehle Mortgage, Inc.** is headquartered in Lake Zurich, Illinois. No local office in Maryland or surrounding areas.
- **Since 2017, has served as the Commission’s MPP whole loan and RCCAP (Revolving Closing Cost Assistance Program) subservicer, and has provided quick response customer service.**
- Operating since 1844, and specializes *exclusively* in subservicing since 1991.
- Employs more than 3,200 individuals with above-average levels of female and minority participation and works with MFD subcontractors, when possible.
- Approved FHA and Fannie Mae loan servicer, and meets all necessary insurance and licensure requirements.
- Clients include state and municipal housing finance agencies, including Illinois Housing Finance Authority, Colorado Housing Finance Authority, New Hampshire Housing Finance Authority and Texas Veterans’ Land Board.
- Currently subservices more than 2.2 million mortgage loans with unpaid principal balances (“UPB”) of approximately \$607 billion for 350 clients nationwide. Portfolio includes:
 - more than 200,000 mortgage loans insured by FHA with an UPB of approximately \$49 billion; and,
 - more than 250,000 mortgage loans insured by Private Mortgage Insurance companies with an UPB of approximately \$75 billion.
- Provides detailed portfolio and performance analytics and reports via extensive dashboards to its clients through the use of a proprietary client-facing business intelligence platform. Also utilizes Black Knight Mortgage Servicing Platform, as its primary system-of-record for servicing and client reports.
- Utilizes technology to inform the borrower, including a private-branded consumer website, on-line chat functionality, automated virtual assistant, consumer education videos, email notifications, and a mobile mortgage servicing app. Also provides a dedicated toll-free telephone number for all HOC borrowers.
- Its Customer Service Department includes a Call Center and Customer Service Support, staffed by 200 individuals. The Call Center includes English and Spanish speaking staff and operates from 8:00 a.m. to 9:00 p.m. Eastern Standard Time (“EST”) on weekdays and from 8:00 a.m. to 5:00 p.m. on Saturdays.
- Borrowers payment options include: check, telephone, online, bill payment services (e.g. CheckFree), Western Union, and recurring ACH drafts.

Qualified Subservicers



- **NOVAD Management Consulting, LLC** is headquartered in Landover, Maryland, with an office in Oklahoma City, Oklahoma, and is a minority owned enterprise.
- Operating since 2003, provides consulting services to Federal Agencies, grants, loans and financial management programs.
- Consulting services include program initiation to ongoing support, loan servicing, systems, asset sales, business process re-engineering and training.
- Partners with BSI Financial Services (“BSI”) in Irving, Texas, a minority-owned financial services company formed in 1986, due to proprietary nature of FHA’s loan servicing systems. BSI is a Freddie Mac, Fannie Mae, Ginne Mae and FHA approved servicer or subservicer.
- Meets all insurance and licensure requirements; through BSI, meets FHA approval requirement.
- Clients include FHA for its Reverse Mortgage Program and other residential loan programs; VRM Mortgage Services in Texas, servicing a VA insured residential loan portfolio; and, PRP Advisors in New York, servicing a non-performing residential loan portfolio primarily in bankruptcy or foreclosure.
- As of 2022, BSI’s servicing loan portfolio included almost 200,000 loans of which 40,000 were insured by FHA or VA with an UPB of approximately \$50 billion.
- Utilizes LoanServ, as its servicing platform. Provides all necessary servicing and client performance reports .
- Utilizes technology to inform the borrower, including telephone, email, mail, facsimile or website.
- Its Customer Care Department is available from 8:00 a.m. to 11:00 p.m. EST on weekdays and from 8:00 a.m. to 12:00 p.m. on Saturdays. Spanish speaking agents are available 10:00 a.m. to 8:00 p.m. EST.
- Borrowers payment options include: check, Western Union, recurring ACH drafts, telephone, IVR, online, and mobile app.

Summary of Scoring

Respondents	TOTAL 100 Max	Experience 25	Financial Soundness/ References 20	Price 20	Offeror's Approach/ Borrower's Accessibility 30	MFD Participation 5
Dovenmuehle Mortgage, Inc.	93	25	17	20	30	1
NOVAD Management Consulting	70	18	17	5	25	5

DMI has been in the servicing industry for decades, has a strong team of professionals, is extremely qualified, has successfully serviced HOC's whole loan portfolio for the last six (6) years, has considerable resources, and provides technological enhancements to the servicing of HOC's loans.

With respect to pricing, NOVAD is estimated to be at least 83% higher than the current subservicer, DMI. Both respondents provided fees for various services on a per loan basis. To analyze the fees provided, the Evaluation Team considered (1) the total amount of loans within the existing portfolio, as of October 2022, and (2) utilized typical delinquency and loss mitigation activity seen within the portfolio. Not included in the assumptions were set up fees that the Commission would incur with a new contract with NOVAD (proposed \$3,600 for initial set up of the portfolio), or monthly costs for web access, which were minimal.

Summary and Recommendation

Issues for Consideration

Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee, to approve Dovenmuehle Mortgage, Inc., as single family whole loan servicer?

Fiscal / Budget Impact

There is no budget impact to HOC's operating budget. The majority of the cost for whole loan servicing is a cost to the single family indentures or to the County Revolving Closing Cost Assistance Program ("RCCAP"). Only a small portion, approximately \$15,000 annually, are costs borne outside of the indenture and is included in HOC's approved operating budget.

Time Frame

For formal action at the April 5, 2023 meeting of the Commission.

Staff Recommendation & Commission Action Needed

Staff recommends that the Commission approve the selection of Dovenmuehle Mortgage, Inc., as its single family whole loan servicer, and authorize the Executive Director to negotiate and execute a new contract for an initial two-year term with three (3) optional one-year renewals. Fees will be as proposed in DMI's response to RFP #2344.

RESOLUTION No.: 23-22

RE: Approval to Select Single Family Mortgage Loan Subservicer in Accordance with Request for Proposals (RFP) #22344

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) operates a Single Family Mortgage Purchase Program (“MPP”), and the MPP portfolio contains some whole loans that are serviced by a loan subservicer; and

WHEREAS, on June 23, 2017, pursuant to Request For Proposal (“RFP”) #2071, the Commission approved the execution of a contract for whole loan subservicing with Dovenmuehle Mortgage, Inc. (“DMI”), which expires at the end of September 2023; and

WHEREAS, on July 25, 2022, HOC issued RFP #2334 for Mortgage Loan Subservicing services, but no responses were received; and

WHEREAS, on September 19, 2022, HOC re-issued RFP #2344 and received three (3) responses from AmeriNat, DMI, and NOVAD Management Consulting, LLC, whereupon evaluation by a scoring team, DMI receiving the highest score; and

WHEREAS, staff recommends that the Commission approve DMI as the Commission’s mortgage loan subservicer for a new contract term, as permitted under HOC’s Procurement Policy.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves the selection of DMI as its single family whole loan subservicer and authorizes the Executive Director, or her designee, to negotiate and execute a contract for an initial two-year term with three optional one-year renewals.

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on April 5, 2023.

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Chelsea J. Andrews
Executive Director

MORTGAGE PURCHASE PROGRAM: APPROVAL TO INCREASE THE SALES PRICE & INCOME LIMITS FOR THE SINGLE FAMILY MORTGAGE PURCHASE PROGRAM

SINGLE FAMILY MORTGAGE FINANCE



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April 5, 2023

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Executive Summary

The Single Family Mortgage Purchase Program (“MPP” or the “Program”) of the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) was established in 1979 to provide low cost mortgages to first-time home buyers. Since its inception, the MPP has produced over 12,000 mortgages to first-time home buyers in Montgomery County. It has traditionally issued Mortgage Revenue Bonds (“MRB”) from the 1979 Indenture and Housing Revenue Bonds (“HRB”) from the 2009 Indenture to fund its program, and continues to do so; however, upon the collapse of the financial and housing markets in 2010, the MPP added Mortgage Backed Securities (“MBS”) to raise capital to fund its loan program. In 2019, in order to solve for volume cap constraints, the Commission approved a new General Trust Indenture to facilitate the issuance of Program Revenue Bonds (“PRB”) or governmental bonds that provides the Commission flexibility in funding its housing finance programs, including the MPP.

The MPP follows Internal Revenue Service (“IRS”) regulations, which guide the maximum sales price and income limits for the Program. The current maximum sales price limit for the Program was approved by the Commission on December 11, 2019 and is \$653,833. The current maximum income limits for the Program was approved by the Commission on October 7, 2020 and are \$105,840 for one person, \$151,200 for two-persons, and \$176,400 for three or more persons. In Fiscal Year 2022, the average sales price for the Program was \$278,529 and the average household income was \$76,091 for a household of three (3), which is 59% of the Area Median Income (“AMI”). Please see page 4 of the Executive Summary, which highlights by household size, how much house a Program participant purchased, along with their income, relative to today’s AMI. And, what this shows is that the majority of the Program’s borrowers are households within 36% to 75% of AMI, who are purchasing affordably priced homes. The Program has historically served households in this AMI range.

With the IRS revenue procedures that set forth the average area purchase price published on March 30, 2022, and the 2022 AMIs established by the U.S. Department of Housing and Urban Development (“HUD”) published on April 18, 2022, staff recommends recalculating and approving new maximum sales price and income limits for the Program.

It is important to note that per the Bright Multiple Listing Service, the average sold price for Montgomery County homes in Fiscal Year 2023 is \$676,569. Increasing both the income and sales price limits will not exclude the more affordable incomes from access to the Program, given that the MPP is a continuous lending program; however, doing so will continue our reach of households that include millennials, entry-level professionals, civil servants, single earners with children, and multi-generations. Effectively, moderate income households.

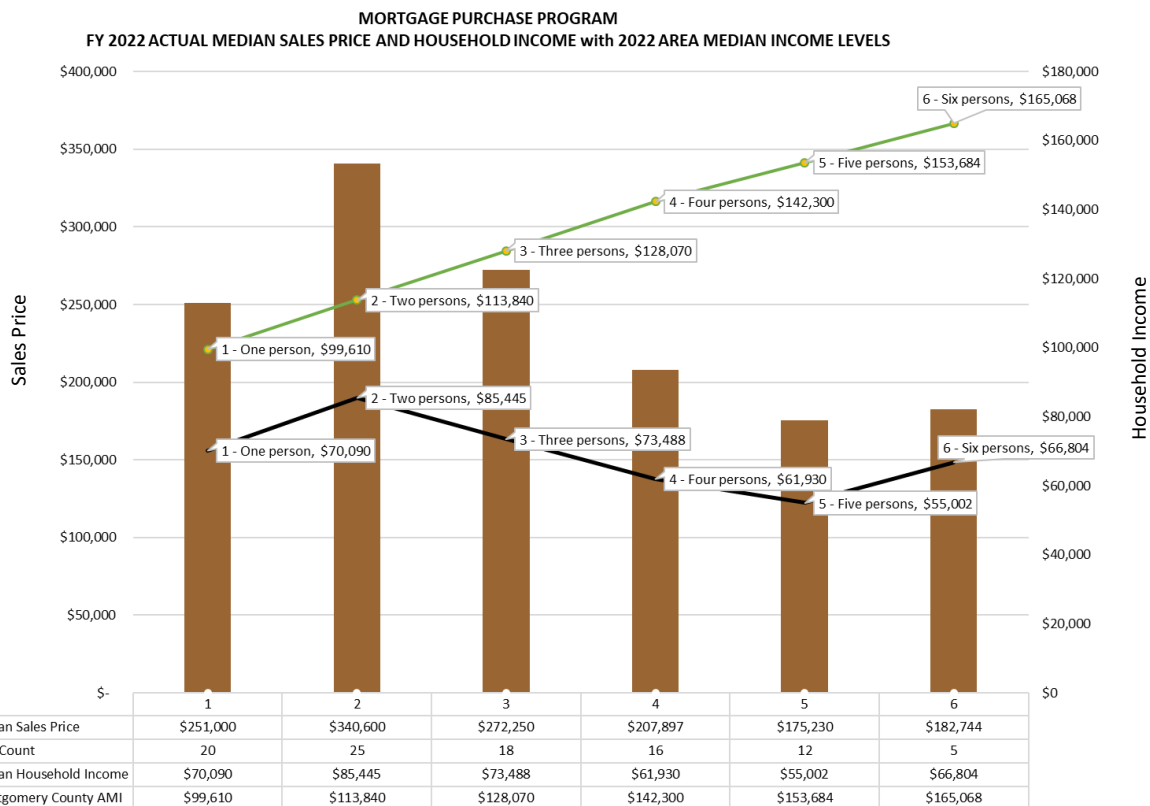
Therefore, to bring the Program’s maximum sales price and income limits current in accordance with 2022 IRS regulations and the 2022 HUD area median incomes, and to continue the Program’s reach to all qualified first-time homebuyers within the County, staff recommends with the support of the Development and Finance Committee that the Commission approve the following changes for the Program:

1. Increasing the maximum sales price limits; and,
2. Increasing the maximum income limits.

Executive Summary

MORTGAGE PURCHASE PROGRAM

Household Size	Loan Count	MINIMUM Sales Price	MAXIMUM Sales Price	AVERAGE Sales Price	MEDIAN Sales Price	MINIMUM Household Income	MAXIMUM Household Income	AVERAGE Household Income	MEDIAN Household Income	MEDIAN Household AMI	2022 Montgomery County AMI
1 - One person	20	\$121,959	\$425,000	\$272,440	\$251,000	\$31,392	\$104,233	\$67,638	\$70,090	70%	\$99,610
2 - Two persons	25	\$145,592	\$565,000	\$335,924	\$340,600	\$39,516	\$145,028	\$87,679	\$85,445	75%	\$113,840
3 - Three persons	18	\$161,486	\$525,000	\$302,003	\$272,250	\$47,184	\$171,286	\$86,811	\$73,488	57%	\$128,070
4 - Four persons	16	\$160,074	\$425,000	\$233,050	\$207,897	\$42,120	\$105,200	\$65,731	\$61,930	44%	\$142,300
5 - Five persons	12	\$157,327	\$490,000	\$239,568	\$175,230	\$38,640	\$94,632	\$62,894	\$55,002	36%	\$153,684
6 - Six persons	5	\$160,074	\$270,000	\$193,327	\$182,744	\$35,763	\$111,480	\$71,251	\$66,804	40%	\$165,068

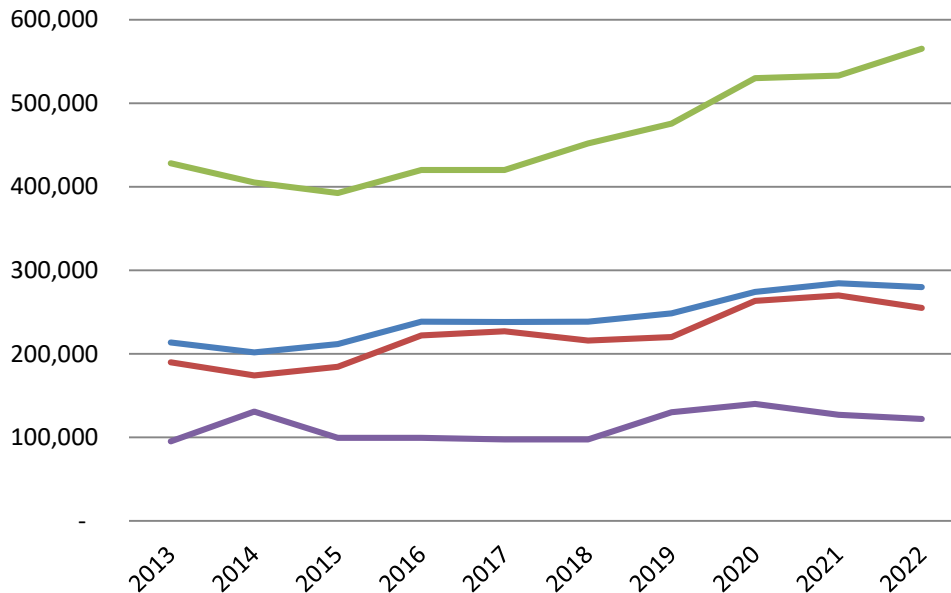


Maximum Sales Price Limit: Historical and Current

The MPP follows IRS regulations, which guides the maximum sales price and income limits. The data used for setting these limits in Montgomery County are derived from the Washington, DC-MD-VA Metropolitan Statistical Area (“MSA”), a high cost area, comprised of 25 jurisdictions surrounding Washington, DC. The current sales price limit for the Program was approved by the Commission on December 11, 2019 and is \$653,833. It is important to note that per the Bright Multiple Listing Service, the average sold price for Montgomery County homes in Fiscal Year 2023 is \$676,569.

Below are the annual maximum, average, median and minimum sales price for ratified contracts within the Program since 2013. Between FY 2019 and FY 2022 there have been only 11 closed loans with sales prices between \$475,500 to \$565,000, which equates to 2.75 loans annually during a four (4) year period. The average sales price for the Program in FY 2022 was \$278,529. Increasing the sales price limit will not adversely impact HOC’s typical program participants.

MPP ANNUAL SALES PRICE DATA



Fiscal Year	Maximum Sales Price	Average Sales Price	Median Sales Price	Minimum Sales Price
2013	428,000	213,735	190,000	95,163
2014	405,000	201,826	174,163	130,883
2015	392,500	211,666	184,467	99,637
2016	420,000	238,598	222,000	99,637
2017	420,000	238,106	227,000	97,500
2018	452,000	238,475	216,000	97,422
2019	475,500	248,600	219,950	130,000
2020	530,000	274,241	263,500	140,000
2021	533,000	284,621	270,000	127,000
2022	565,000	279,721	255,000	121,959

Maximum Sales Price Limit: 2023 Proposed Sales Price Limit

Every year, the IRS publishes the revenue procedures that establish the average area purchase price, applicable to single family loan programs financed with tax-exempt bonds; however, the Commission has not increased the Program's sales price limit since 2019. With the IRS procedures published on March 30, 2022, staff proposes adjusting the new maximum sales price for the Program. The maximum sales price for the MPP cannot exceed 90% of the Average Area Sales Price, which is adjusted annually and is set based on the IRS' Average Area Sales Price.

In accordance with IRS regulations, the 2022 Average Area Sales Price for a single family property for the Washington, DC MSA is \$896,220. Therefore, the maximum sales price for both new and existing homes is proposed to be increased to \$806,598 for non-targeted areas ($\$896,220 \times 90\% = \$806,598$), and will apply to both first-time and non-first-time home buyers.

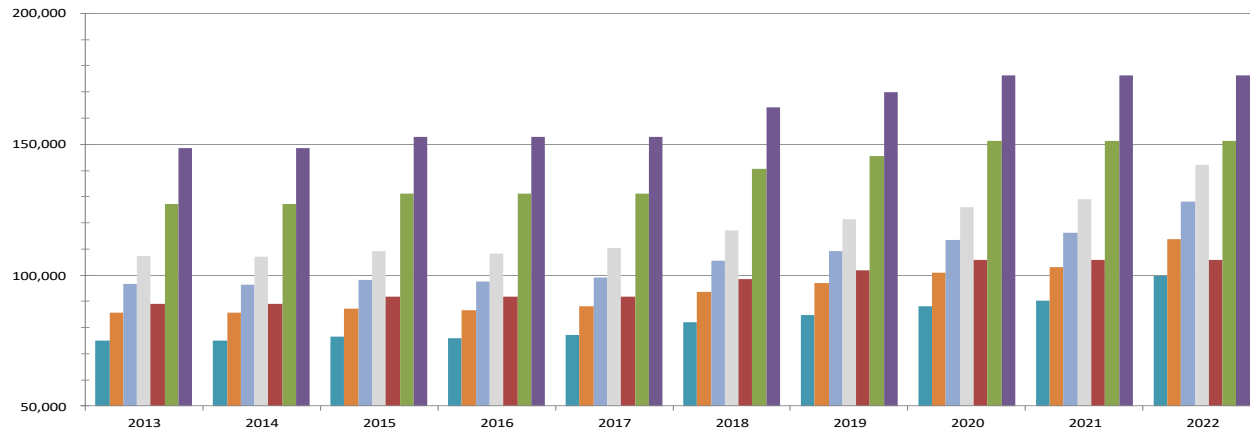
MPP Sales Price Limit Calculation	2019 Current	2023 Proposed
IRS Average Area Sales Price	\$726,537	\$896,220
MPP Maximum Sales Price	\$653,883	\$806,598

The Program's maximum loan amount is now \$726,200 due to the adjustment in the 2023 Federal Housing Finance Agency maximum mortgage limit. Maximum loan amounts for the Program are set on the federal level and do not require Commission approval.

Maximum Income Limits: Historical and Current

The Commission last established the income limits for the MPP on October 7, 2020. Given the increases in the AMI over the last four (4) years, staff proposes increasing income limits for first-time homebuyers to allow them to participate in the Program. Below are the historical AMIs and the MPP's maximum income limits based upon household size between 2013 and 2022.

As of FY 2022, the Program's average borrower is a household for three (3) persons with an annual income of \$76,091 or 59% of the 2022 AMI. However, the Program's overall median incomes for each household size fall within the following AMI percentages: 70% for 1-person, 75% for 2-persons, 57% for 3-persons, 44% for 4-persons, 36% for 5-persons and 40% for 6-persons (see page 4).



Year	AMI History				MPP Historical Maximum Income Limits		
	One Person (70%) ¹	Two Persons (80%)	Three Persons (90%)	Four Persons (100%)	One Person (106%) ²	Two Persons (132%)	Three+ Persons (131%)
2013	75,110	85,840	96,570	107,300	89,160	127,320	148,540
2014	74,900	85,600	96,300	107,000	89,160	127,320	148,540
2015	76,440	87,360	98,280	109,200	91,728	131,040	152,880
2016	75,810	86,640	97,470	108,300	91,728	131,040	152,880
2017	77,210	88,240	99,270	110,300	91,728	131,040	152,880
2018	82,040	93,760	105,480	117,200	98,448	140,640	164,080
2019	84,910	97,040	109,170	121,300	101,892	145,560	169,820
2020	88,200	100,800	113,400	126,000	105,840	151,200	176,400
2021	90,300	103,200	116,100	129,000	105,840	151,200	176,400
2022	99,610	113,840	128,070	142,300	105,840	151,200	176,400

¹AMI percentage per household size.

²AMI percentage of the MPP income limits relative to household size.

Maximum Income Limits: 2023 Proposed Income Limits

MPP's income limits have traditionally been set at 100% of AMI for a household of one or two people, and 115% of AMI for a household of three or more people, per IRS regulation. As of 2008, income limits for a high cost area, such as Montgomery County, may be set as high as 120% of the AMI for one to two person household, and 140% of the AMI for a household with three or more people. The median income for a four-person household (i.e. 100% of AMI) in the Washington, DC MSA increased from \$121,300 in 2019 to \$142,300 in 2022.

When the Commission approved the use of the highest maximum incomes allowed in 2003, the Commission also opted to set a lower, separate income limit for a single occupant household of 70% of the calculated income for two person household. Based on the 2022 AMI and adjusting for the high housing cost factor, below is a comparison of the current and proposed maximum income limits.

Household Size	Current Maximum Income Limits (est. 10/2020)	Proposed Maximum Income Limits
One Person	\$105,840	\$119,532
Two Persons	\$151,200	\$170,760
Three or More Persons	\$176,400	\$199,220

Increasing the income limits for the Program will not exclude first-time homebuyers with more moderate incomes from accessing the Program. Doing so will continue our reach of households that include millennials, entry-level professionals, civil servants, single earners with children, and multi-generations, all of which may not have substantial savings, who look to the Program for much needed closing cost assistance that the MPP provides. This has the added benefit of diversifying homeownership across the county for first-time homebuyers and allowing families of moderate income to remain in the County.

Maximum Income Limits: 2023 Proposed Income Limits

Assuming a home buyer meets the qualifying criteria of the MPP, a one person household could qualify for a home selling for approximately \$515,000, and a three or more person household could qualify for a home of approximately \$749,000 above our current maximum of \$653,883. Please see the below sample underwriting determining the maximum sales price allowed for a one person and three+ household using proposed new income limits:

One Person Household – Proposed Maximum Income \$119,532		
Monthly Gross Income	/ 12	\$9,961
Monthly Housing Expense ¹	40%	\$3,984
Less: HOA Dues ²		- \$120
Less: Hazard Insurance		- \$130
Less: PMI (% of Mortgage) ³	0.85%	- \$354
Less: Real Estate Taxes ⁴	0.93%	- <u>\$348</u>
Monthly Principal & Interest ⁵	6.00%	\$2,998
Maximum Mortgage		\$500,000
Down Payment	3.00%	\$15,500
MAXIMUM SALES PRICE		\$515,500

Three + Person Household – Proposed Maximum Income \$199,220		
Monthly Gross Income	/ 12	\$16,601
Monthly Housing Expense ¹	40%	\$6,640
Less: HOA Dues ²		- \$130
Less: Hazard Insurance		- \$150
Less: PMI (% of Mortgage) ³	0.85%	- \$514
Less: Real Estate Taxes ⁴	0.93%	- <u>\$504</u>
Monthly Principal & Interest ⁵	6.00%	\$4,354
Maximum Mortgage		\$726,200
Down Payment	3.00%	\$22,800
MAXIMUM SALES PRICE		\$749,000

Assumptions:

¹Typical Housing Expense Ratio to allow for additional debt, as the Debt to Income Ratio must not exceed 45%.

²Assumes average monthly HOA dues in Montgomery County for townhome unit; if condo, dues increase and purchasing power decreases.

³Assumes 690-699 credit score.

⁴Actual Montgomery County Real Estate Tax.

⁵Assumes conventional financing with Down Payment Assistance.

Summary and Recommendations

ISSUES FOR CONSIDERATION

Will the Commission approve staff's recommendation, which is supported by the Development and Finance Committee, to increase the maximum sales price and income limits for the Mortgage Purchase Program?

TIME FRAME

For formal action at the April 5, 2023 meeting of the Commission.

BUDGET/FISCAL IMPACT

There is no adverse budget or fiscal impact to the Agency's FY 2023 budget.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED

Staff recommends that the Commission approve the following:

1. Increasing the Mortgage Purchase Program's sales price limit to \$806,598.
 - Increasing the income limits gives first time home buyers to homeownership opportunities at below market rates.
2. Increasing the Mortgage Purchase Program's maximum income limit to \$119,532 for a one-person household, \$170,760 for a two-person household, and \$199,220 for a three- or more person household.
 - Increasing the sales price limit does not adversely impact HOC's typical program participants, as between 2019 and 2022, only an average of 2.75 loans were made annually for homes sold between \$475,500 and \$565,000.

RESOLUTION No.: 23-23

RE: Approval to Increase the Maximum Sales Price and Income Limits for the Single Family Mortgage Purchase Program

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) has operated the Single Family Mortgage Purchase Program (“MPP” or the “Program”) since 1979, issuing approximately \$1.6 billion of taxable and tax-exempt Mortgage Revenue Bonds to finance more than 12,000 single family mortgage loans; and

WHEREAS, on March 30, 2022, the Internal Revenue Service published new revenue procedures setting forth average area purchase price applicable to Montgomery County, Maryland, and on April 18, 2022, the U.S. Department of Housing and Urban Development published new national income limits; and

WHEREAS, the Commission approves the maximum income and sales price limits that apply to the MPP, subject to rules and regulations governing Mortgage Revenue Bonds and Mortgage Backed Securities.

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

1. The maximum allowed sales price for the MPP shall be increased to \$806,598.
2. The maximum income limits for the MPP shall be increased as follows:

Household Size	Maximum Income
1	\$119,532
2	\$170,760
3+	\$199,220

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on April 5, 2023.

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Chelsea J. Andrews
Executive Director

HILLANDALE GATEWAY: APPROVAL TO SELECT CONSTRUCTION MATERIALS TESTING AND THIRD PARTY INSPECTION SERVICES CONSULTANT FOR THE HILLANDALE GATEWAY DEVELOPMENT

10110 AND 10140 NEW HAMPSHIRE AVE, SILVER SPRING, MD



CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

ZACHARY MARKS, CHIEF REAL ESTATE OFFICER

MARCUS ERVIN, DIRECTOR OF REAL ESTATE

DAEJAUNA DONAHUE, PROJECT MANAGER

KATHRYN HOLLISTER, HOUSING ACQUISITION MANAGER

APRIL 5, 2023

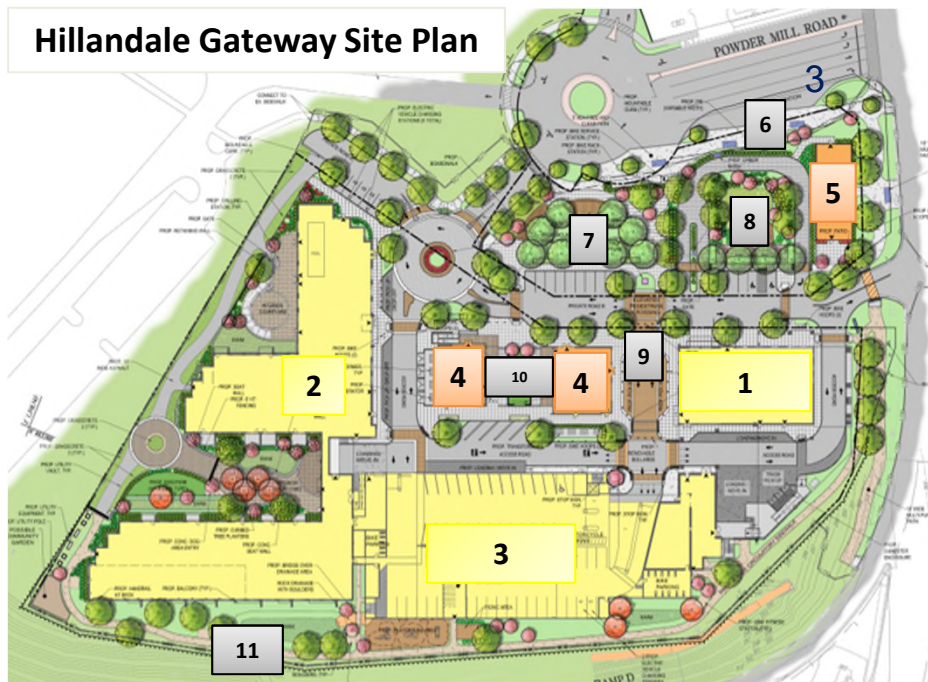
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Background

Hillandale Gateway will be a new mixed-use, mixed-income, multigenerational community located at 10100, 10110, 10120 and 10140 New Hampshire Avenue in Silver Spring, MD, on the site of Holly Hall Apartments, a former 96-unit Public Housing community. Hillandale Gateway will be the first major multifamily investment in the East County in decades and will create its first destination mixed-use community. Hillandale Gateway will also set the standard for innovation and energy efficiency in residential development for the mid-Atlantic.

Hillandale Gateway will include a total of 463 residential units. The development will include two residential buildings – one, a 155-unit Net Zero Energy, age-restricted (age 62+) senior building (“AR Building”); the other, a 308-unit Passive House, non-age restricted multifamily building (“NAR Building”). In addition to residential units, the site will include a drive-thru coffee shop, above-ground parking garage, commercial/retail/restaurant space, and public and private green space.



KEY

Buildings:

1. 155-unit Senior Building “AR”
2. 308-unit Multifamily Building “NAR”
3. Parking Garage
4. Retail Pads
5. Drive-thru Coffee Shop

Site:

6. Transit station
7. Open green with amphitheater/ event stage
8. Urban plaza and natural area
9. Festival street with removable bollards
10. Flexible lawn space and dining terraces
11. Perimeter loop path

Development Highlights

- **Affordability:** Hillandale Gateway will be a contemporary, amenity-rich mixed-income development in a location with convenient access to major arterials, services, recreational activities and amenities. Hillandale Gateway will provide a full spectrum of affordability, not only site-wide, but in the AR and NAR buildings individually.
- **Economic Development:** Hillandale Gateway will bring worthy new amenities and improvements to the Hillandale neighborhood and eastern Montgomery County, and is intended to be the catalyst for achieving broader transformations in Hillandale, attracting new restaurants, new shops, new residents, new businesses, and new jobs that the White Oak Science Gateway Master Plan specifically seeks to encourage.
- **Sustainability:** Hillandale Gateway will incorporate a variety of methodologies in an effort to set new benchmarks for sustainability and high-performance development in Montgomery County. By using Passive House construction methodologies, the energy consumption of the buildings will be significantly reduced. At the same time, the site will include a renewable energy system (in the form of rooftop solar on both the senior and multifamily building and on the parking garage), which the Development Team anticipates will be sufficient to allow the AR building to become a Zero-Net Energy building – producing as much energy as it consumes.
- **Resiliency:** During periods of grid outage, Hillandale Gateway will be used to provide a resiliency center for residents and the surrounding neighborhood. Resiliency hubs are designed to provide emergency heating and cooling capability; refrigeration of temperature sensitive medications; plug power for charging of cell phone, computer batteries, and certain durable medical equipment; and emergency lighting.
- **Public Open Space:** At the entrance of Hillandale Gateway will be a centralized green space (“Central Green”), usable by the public as well as residents, consisting of approximately 17,000 square feet of contiguous open space. This public open space will include an amphitheater and will be a centerpiece and foreground for the development, establishing a focal point for the multi-building project. The site will provide additional open space, walkable sidewalks, a "loop path", streetscaping, a programmable “Festival Street”, landscaping and other site improvements, all of which will be dispersed throughout the entirety of the site.

Executive Summary

- **Transportation:** The Development Team intends to design and construct more than \$1 million in Local Area Transportation Improvement Program (“LATIP”) improvements along the frontage of the site on Powder Mill Road. The Development Team has worked closely with MCDOT to design a new bus transit center featuring a pedestrian-friendly drop-off area, bus shelters, restroom facilities for bus drivers, and other related infrastructure improvements. Another transportation feature is that the site will provide 70 electric vehicle (“EV”) charging stations within the structured parking garage, with the ability to electrify the entire garage (661 parking spaces) in the future.
- **Digital Equity:** HOC is partnering with the County to provide MoCoNet (free internet service) to residents in the AR Building; staff is also exploring providing this service to low-income residents at the NAR Building.
- HOC is redeveloping Holly Hall as part of a joint venture (“Joint Venture” or “Hillandale Gateway, LLC”) with The Duffie Companies (“Duffie”). Duffie is a third-generation, Montgomery County-based, family-owned real estate owner, developer, and asset manager. Duffie has extensive experience developing high-performance green buildings and is one of the largest real estate owners in the Hillandale submarket of Silver Spring, owning all of the properties along the east side of New Hampshire Avenue directly across from Holly Hall.
- On September 14, 2022 the Commission approved the structural change from Prescient to concrete.
- On January 11, 2023, the Commission approved the execution of the GC Contract and an Early Start budget for an amount not to exceed \$14.5MM, which includes a limited notice to proceed amount not to exceed \$11.5MM.
- The HOC-Duffie development team (“Development Team”) obtained site plan approval it submitted for in 2021 and will submit the revised concrete structure for building permit review in March 2023. As the Development Team works toward a 2023 closing, it recommends that the Commission approve the following:

Staff Recommendation: Select Hillis-Carnes for third-party testing services and inspections for Hillandale Gateway and authorize the Executive Director to execute a contract with the firm.

Qualification and Selection of Third-Party Testing Services

Hillandale Gateway (RFP #2348) – Qualification and Scope

HOC’s Procurement Office issued a Request for Proposal (RFP #2348) for construction materials testing and third-party inspection services for Hillandale Gateway in accordance with HOC’s Procurement Policy. RFP #2348 was released on September 29, 2022, with a due date of November 10, 2022. The RFP was posted to HOC’s website and distributed to more than 300 vendors registered in the Montgomery County Central Vendor Registration System (“CVRS”). The applicable vendors receive a notification via the system that there is a solicitation for their review and potential response. A pre-proposal meeting and conference was held virtually on October 6, 2022. Two (2) firms attended the pre-bid conference. However, the pre-bid conference does not reveal whether a firm intends to submit a response to the RFP.

The scope of work outlined in RFP #2348 included for instance, geotechnical services, concrete testing, and earthwork. The scoring team received written instructions prior to scoring and consists of staff from Risk Management, Mortgage Finance, and Real Estate divisions, as well as a Duffie representative (together, the “Third-Party Testing Scoring Team”), who reviewed the responses on December 13, 2022. The Proposals were scored on the following: five (5) evaluation criteria. The maximum points a proposal could receive is 100.

Background and Experience (Maximum 30 Points)	Management Plan (Maximum 15 Points)	Price (Maximum 25 Points)	Methodology (Maximum 15 Points)	MFD Participation (Maximum 15 Points)
Experience with properties similar in scope and size including working with Montgomery County Special Inspection Program and Housing Authorities in the Baltimore – Washington Metropolitan area with a preference for Montgomery County.	Provide a brief narrative description of the staffing assignments, roles and responsibilities who will be assigned to directly or indirectly work on this contract.	Price and Fees for performing the services described in this request for proposal. Price proposals should include detailed cost of each service.	Describe how your firm proposes to perform the services described in this RFP. The methodology should address coordination of inspections capabilities, availability of staff as required to meet scheduling and reporting requirements and compliance.	Up to 5 points were awarded to respondents that are MFD certified, or proposed to train and/or hire MFD persons directly (“Direct MFD Score”). Up to 10 points for MFD Subcontracting Score”). 0 points for < 25%, 5 points ≥25% and < 30% and 10 points for ≥30%.

Proposals for Third-Party Testing Services

HOC received three (3) proposals in response to RFP# 2348 by the proposal deadline on November 10, 2022, at 12:00 pm. Two proposals were deemed responsive, and one respondent did not provide pricing for the full scope of work. Below are the two responsive respondents.

Hillis-Carnes Engineering Associates, Inc. (“Hillis-Carnes”)

Founded in 1989, Hillis Carnes is a large multi-disciplinary consulting engineering firm, providing construction materials testing, third-party inspections, geotechnical engineering, facilities consulting and more. They have 16 full-service branch offices. The firm has been in the testing business for over 30 years and has completed numerous projects in Montgomery County. Hillis Carnes has provided third-party testing services for HOC projects, namely, The Leggett and The Laureate.



Kim Engineering, Inc. (“Kim”)

Founded in 1993, Kim is a MBE/SBE/DBE multi-disciplinary engineering firm that provides clients with the full range of services, including, but not limited to, geotechnical engineering, civil engineering, surveying, construction materials testing and inspections, contract administration, and landscape architecture services. The firm does not have experience with projects of similar scope and size as third-party inspector in Montgomery County.



Selection of Third-Party Tester

Hillandale Gateway (RFP #2348) – Scoring Summary

Hillis-Carnes received the highest score of 87 points. The scores below reflect the average of the individual scores from each member of the Third-Party Testing Scoring Team. The results of the Third-Party Testing Scoring Team are summarized below.

Rank	Third-Party Testing	Background and Experience (Maximum 30 Points)	Management Plan (Maximum 15 points)	Price (Maximum 25 Points)	Methodology (Maximum 15 Points)	MFD Participation (Maximum 15 Points)	Total (Maximum 100 Points)
1	Hillis-Carnes	29	13	25	10	10	87
2	Kim	19	10	20	7	15	71

Background and Experience:

- Hillis-Carnes demonstrated experience with properties of similar scope and size, including working with the Montgomery County Special Inspection Program and Housing Authorities in the Baltimore – Washington Metropolitan area with a preference for Montgomery County.
- Kim did not demonstrate significant experience with properties of similar scope and size, which revealed the respondent’s capability to provide this project’s service. The score reflects the team’s assessment of Kim’s experience for similar properties.

Management Plan:

- Hillis-Carnes’ management plan included staffing for thirteen (13) personnel.
- Kim’s management plan included staffing for eight (8) personnel resulting in 1,174 fewer hours in services.

Methodology:

- Hillis-Carnes provided significant information to support their methodology for the project.
- Kim did not provide significant information regarding the methodology for the project.

Price:

- Hillis-Carnes’ bid was 3% lower while its total hours were more than Kim’s.

Selection of Third-Party Tester – Continued

Hillandale Gateway (RFP #2348) – MFD and Staff Recommendation

Third-Party Testing	Direct MFD Efforts	MFD Subcontracting
Hillis-Carnes	<ul style="list-style-type: none">Demonstrated commitment to employ MFD personnelMFD related commitments, which include evidence of training and internship programs	CECA 28%
Kim	<ul style="list-style-type: none">Certified MBE Firm	CECA 34%

MFD Participation:

- Hillis-Carnes demonstrated direct MFD efforts within its proposal. Furthermore, the firm provided a subcontracting plan that included 28% MFD subcontracting with CECA. CECA, founded over twenty years ago, is a minority-owned small business in Lanham, Maryland. CECA is also a full-service engineering firm that performs third-party testing, architectural engineering, and MEP commissioning services. Therefore, Hillis-Carnes received ten (10) points for MFD participation.
- Kim is a certified MBE firm and received five points for direct MFD efforts. Furthermore, it provided a subcontracting plan that included 34% MFD subcontracting with CECA. Therefore, Kim received the full fifteen (15) points for MFD participation.

Staff Proposal:

- Hillis-Carnes demonstrated that it is better suited to perform third-party testing services. As mentioned, the firm also provided the service for HOC projects, such as The Leggett and The Laureate.
- Staff proposes the selection of Hillis-Carnes to provide third-party testing services for \$489,430 and that the Commission include a 15% contingency on top of the awardee's price (for a total budgeted price of \$562,845) to cover any unforeseen or additional services required.

Prior Commission Actions

RESOLUTION No. 20-78: On November 4, 2020, the Commission approved the Predevelopment Budget in the Amount of \$10,053,974 for Hillandale Gateway; with funding from the OHRF that will be repaid upon closing of construction financing.

RESOLUTION No. 21-18: On February 3, 2021, the Commission approved the demolition of Holly Hall.

RESOLUTION No. 22-20: On March 2, 2022, the Commission approved Lambis-Rank as Construction Manager and authorization to execute the CM contract and approved CBG as the General Contractor.

RESOLUTION No. 22-67: On September 14, 2022, the Commission approved the revised predevelopment budget and additional predevelopment funding, which included the structural change from Prescient to Concrete.

RESOLUTION No. 23-07: On January 11, 2023, the Commission approved the permission to execute the GC Contract and the Early Start budget not to exceed \$14.5MM, which includes a limited notice to proceed not to exceed \$11.5MM, soft costs and contingency.

Summary and Recommendations

Issues for Consideration

Does the Commission wish to accept staff's recommendation, which is supported by the Development & Finance Committee, to approve:

1. The selection of Hillis-Carnes to provide construction materials testing and third-party inspection services for the Hillandale Gateway and authorize the Executive Director to negotiate and execute a contract with Hillis-Carnes Engineering LLC in an amount up to \$489,430;
2. A total budget of \$562,845, which includes a Commission-held contingency of \$73,415 (15% of contract)?

Budget – Fiscal Impact

No budget/fiscal impact. The third-party testing scope will be paid from construction financing proceeds.

Time Frame

For formal action at the April 5, 2023, meeting of the Commission.

Staff Recommendation and Commission Action Needed

Staff is recommending that the Commission:

1. Approve the selection of Hillis-Carnes to provide construction materials testing and third-party inspection services for the Hillandale Gateway and authorize the Executive Director to negotiate and execute a contract with Hillis-Carnes Engineering LLC in an amount up to \$489,430;
1. Approve a total budget of \$562,845, which includes a Commission-held contingency of \$73,415 (15% of contract).

RESOLUTION No.: 23-24

RE: Approval of a Construction Materials Testing and Third-Party Inspection Services Consultant for Hillandale Gateway

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) is the sole member of HOC at Hillandale Gateway, LLC, which is a member of Hillandale Gateway, LLC; and

WHEREAS, Hillandale Gateway, LLC, is the lessee of approximately 4.35 acres of land at 10100, 10110 and 10120 New Hampshire Avenue, Silver Spring, MD 20903, the former site of Holly Hall Apartments (“Holly Hall Site”); and

WHEREAS, HOC is redeveloping the Holly Hall Site and a neighboring parcel located at 10140 New Hampshire Avenue, Silver Spring, MD into a mixed-income, mixed-use, multigenerational community (“Hillandale Gateway”) as part of a joint venture with The Duffie Companies; and

WHEREAS, the Commission issued a request for proposals (“RFP #2348”) for construction materials testing and third-party inspection services (“Third Party Services”) for Hillandale Gateway; and

WHEREAS, Hillis-Carnes Engineering Associates, Inc. (“Hillis-Carnes”) received the highest score among respondents to RFP #2348; and

WHEREAS, the Commission desires to approve a “Third Party Testing Budget” in the amount of \$562,845, which includes the price provided by Hillis-Carnes in its response to RFP #2348 in an amount of \$489,430 (“Contract Price”), and a Commission-held contingency (“Contingency”) of \$73,415 (15% of Contract Price); and

WHEREAS, the Commission desires to select Hillis-Carnes for Third Party Services for Hillandale Gateway and authorize the Executive Director to execute a contract with Hillis-Carnes in an amount not to exceed the Contract Price.

NOW, THEREFORE, BE IT 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 approves the selection of Hillis-Carnes as the Third Party Services consultant for Hillandale Gateway and approves the Third Party Testing Budget in the amount of \$562,845, which includes the Contract Price of \$489,430, and the Contingency of \$73,415.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that it authorizes the Executive Director, or her designee, to execute a contract with Hillis Carnes in an amount not to exceed the Contract Price.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that it authorizes the use of the Contingency in the event unforeseen or additional Third Party Services are required.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf

of Hillandale Gateway, LLC, that the Executive Director, or her designee, is hereby authorized, without any further action on its part, to take any and all actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on April 5, 2023.

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Chelsea Andrews
Executive Director

ELIZABETH HOUSE APARTMENTS: APPROVAL TO SELECT THE BERG CORPORATION AS THE DEMOLITION CONTRACTOR FOR ELIZABETH HOUSE APARTMENTS IN ACCORDANCE WITH INFORMATION FOR BID (“IFB”) #2361 AND AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE A CONTRACT FOR THE DEMOLITION

SILVER SPRING

CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

**ZACHARY MARKS, CHIEF REAL ESTATE OFFICER
MARCUS ERVIN, DIRECTOR OF REAL ESTATE
PAUL VINCIGUERRA, CONSTRUCTION MANAGER
GIO KAVILADZE, SENIOR FINANCIAL ANALYST**

April 5, 2023



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Executive Summary

- Elizabeth House Apartments (“Elizabeth House”), located at 1400 Fenwick Lane in Silver Spring, MD, is a former 160-unit senior Public Housing community adjacent to The Leggett (“The Leggett”). This new, mixed-income 267-unit multigenerational community sits above the South County Regional Recreation and Aquatic Center (“SCRRAC”). All referenced properties and Alexander House are located at Elizabeth Square, bounded by Apply Avenue, Second Avenue, and Fenwick Lane.
- Elizabeth House has reached the end of its useful life cycle. To facilitate the further development of the square, HOC is seeking the services of a demolition contractor (“Demolition Contractor”) to demolish the existing building.
- On February 2, 2023, HOC issued Invitation for Bid No. 2361 (“IFB #2361”) for the Demolition of Elizabeth House Apartments. HOC received three proposals. Bids ranged in price from \$2,298,826 to \$2,900,000.
- Pursuant to the IFB, the contract will be awarded to the responsive and responsible bidder offering the lowest base bid. A responsive bidder provides a bid that meets the criteria laid out in the IFB. In addition, a responsible bidder demonstrates that it has the experience, personnel, equipment, and finances to perform the contract requirements.
- After evaluating the bids, staff recommends that the Development and Finance Committee join staff’s recommendation that the Commission award IFB #2361 to The Berg Corporation (“Berg”) and authorize the Executive Director to negotiate and execute a contract for the demolition of Elizabeth House. The recommendation is based on the following:
 1. Staff has determined that Berg is a responsive and responsible bidder and that its proposal meets the qualification and financial requirements of IFB #2361;
 2. Berg’s bid of \$2,298,826 was the lowest received;
 3. Staff proposes to include a contingency of 20%, totaling \$459,765, to be added to the demolition budget of \$2,298,826, bringing the total estimated demolition cost to \$2,758,591;
 4. Staff proposes to fund the demolition from three sources:
 - \$1.5 million of County Capital Improvement Fund (“CIP”) funds*,
 - \$1 million DHCA 0% interest loan*,
 - Up to \$500K loan from HOC Opportunity Housing Reserve Fund (“OHRF”);
 5. Currently, the \$1.5 million of CIP funding and \$1 million of DHCA loan are not yet in place; therefore, staff requests approval of a bridge loan of up to \$2.5 million from HOC’s PNC Real Estate Line of Credit (“RELOC”) to provide funding for the demolition until the receipt of County CIP and DHCA funds;
 6. The demolition is expected to start in May/June 2023 and should take approximately 180 days to complete.

* \$1.5 million CIP funding for the demolition has been approved and included in the County CIP budget but the funds may not be available to HOC until June / July 2023; DHCA loan is expected to be approved in approximately the time period.

Background – Demolition Planning

February 2, 2023

HOC issues IFB No. 2361 for the Demolition of Elizabeth House Apartments (“IFB #2361”)

February 17, 2023

HOC hosts a pre-bid conference for IFB #2361

March 3, 2023

Responses to IFB #2361 due; public bid opening.

Method of Procurement

HOC Procurement Policy, Section 5.3, allows for a Sealed Bid, also referred to as an Invitation for Bid (“IFB”), to be used to procure these demolition services. Under the Sealed Bid/IFB process, HOC publicly solicits bids and awards a firm a fixed price contract to the qualified and responsive bidder offering the lowest price. A Sealed Bid is generally the preferred method for procuring construction and other well-defined services over \$150,000.

A Sealed Bid/Invitation for Bid is generally used in situations meeting the following requirements:

- A complete and accurate statement of work, specifications, and conditions of purchase are available;
- Multiple responsible bidders are willing and able to compete for the work;
- The scope of work is such that the bidders can submit a firm fixed price and the contract can be awarded based upon a fixed price;
- The selection of the successful bidder can be made principally based on price.

The Invitation for Bids procurement process includes the following steps:

- First, HOC publicly issues an Invitation for Bid, consisting of all specifications, contractual terms, and other conditions defining the services that HOC requires. The IFB states that the work will be awarded to the responsive and responsible bidder offering the lowest price.
 - A responsive bidder provides a bid that meets the criteria in the bidding documents.
 - A responsible bidder demonstrates that it has the experience, personnel, equipment, and finances to perform the contract requirements.
- An exact date and time are specified for all bids to be received by HOC.
- At the bid opening time, all bids received by HOC are publicly opened and read aloud. Bids not received by the required time are disqualified and not considered.
- HOC staff evaluates all the bids that have been received to determine that they are responsive to the requirements of the IFB and that the bidder is capable of performing the work. The bidder who meets these requirements and offers the lowest price is selected to perform the work.

Bid Evaluation

- Three (3) demolition contractors provided bids.
- Bids ranged in price from \$2,298,826 to \$2,900,000.
 1. **The Berg Corporation** provided the lowest bid and submitted the required documentation to be considered for the bid award.
 2. **Perdomo, Inc.** bid is considered non-responsive because the bidder did not submit bonding agency confirmation letter and Certificate of Good Standing as required by IFB #2361.
 3. **Demolition Services, Inc.** bid is considered non-responsive because the bidder did not submit detailed bid documents and backup as required by IFB #2361.
- The demolition of Elizabeth House is to be managed by HOC.
- Staff proposes to fund the demolition with \$1.5 million County CIP funds, \$1 million DHCA 0% interest loan, and up to \$500K loan from HOC Opportunity Housing Reserve Fund (“OHRF”). Because the \$1.5 million CIP funding and \$1 million DHCA loan are not yet in place*, staff requests a bridge loan of up to \$2.5 million from HOC’s PNC Real Estate Line of Credit (“RELOC”). RELOC bridge loan balance will be repaid upon approval and receipt of the CIP and DHCA funds.

Company	Perdomo, Inc.	Demolition Services, Inc.	The Berg Corporation
Total Bid Amount:	\$2,900,000.00	\$2,456,832.00	\$2,298,826.00

* \$1.5 million CIP funding for the demolition has been approved and included in the County CIP budget, but the funds may not be available to HOC until June / July 2023; the DHCA loan is expected to be approved approximately within that time period.

Demolition Contractor Qualifications

The Berg family has been in the demolition business since 1910, and The Berg Corporation was founded in 1998. Headquartered in Baltimore, Maryland, Berg crews are a daily presence in the Baltimore, Washington, Northern Virginia, Suburban Maryland, Central Maryland, Delaware, and Central Pennsylvania regions.

- Over 200 years of combined senior management experience
- Over Five Hundred Million Dollars of successfully completed projects
- Leadership in the development of safe work practices for the industry
- Over 90 years headquartered in Baltimore
- Most diverse equipment fleet in the industry
- Commitment to excellence and passion for service and hauling.

Examples of Berg Demolition Projects



Holiday Inn Rosslyn, Arlington, VA
Mechanical demolition of a parking garage and pedestrian bridge. Implosion of an 18-story hotel.



20 Massachusetts Avenue, Washington D.C.
Asbestos abatement, strip out, façade removal, and roof strip of an 8-story office building.

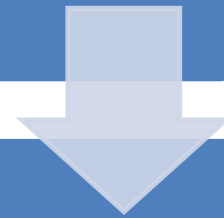


Pier 13, Baltimore, MD
Building Height: 210 ft. Demolish former grain silo and associated offices using ultra-high reach demolition tool and a 140-ton crane.

Projected Demolition Timeline

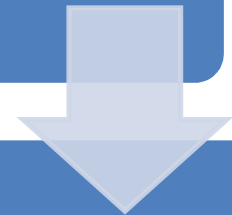
April-May 2023

Contract negotiation, permitting, site planning and preparation



May-June 2023

Demolition Commences



December 2023

Demolition Completed

Summary and Recommendations

Issues for Consideration

Does the Commission wish to accept staff's recommendation, which is supported by the Development and Finance Committee, to:

1. Approve the selection of The Berg Corporation as the demolition contractor for Elizabeth House in accordance with IFB #2361 and authorize the Executive Director to negotiate and execute a contract for \$2,298,826 with the firm to complete the demolition of Elizabeth House Apartments?
2. Approve the full cost and funding of the demolition, including a 20% overall contingency, totaling \$2,758,591, to be funded from the following sources?
 - \$1,500,000 County CIP funds.
 - \$1,000,000 zero-interest loan from County DHCA.
 - Up to \$500,000 zero interest loan from HOC Opportunity Housing Reserve Fund ("OHRF").
3. Accept \$1,500,000 in County CIP funds and \$1,000,000 zero percent interest loan from County DHCA to fund the project?
4. Approve a bridge loan of up to \$2,500,000 from HOC's PNC Real Estate Line of Credit ("RELOC") to provide bridge funding for the demolition, pending the receipt of County CIP and DHCA funds?

Time Frame

For action at the April 5, 2023 meeting of the Commission.

Summary and Recommendations

Budget/Fiscal Impact

None. The demolition of Elizabeth House will be funded by interest-free loans or grants from County CIP, DHCA, and HOC OHRF.

Staff Recommendation

Staff recommends that the Commission:

1. Approve the selection of The Berg Corporation as the demolition contractor for Elizabeth House in accordance with IFB #2361 and authorize the Executive Director to negotiate and execute a contract for \$2,298,826 with the firm to complete the demolition of Elizabeth House Apartments.
2. Approve the full cost and funding of the demolition, including a 20% overall contingency, totaling \$2,758,591, to be funded from the following sources:
 - \$1,500,000 County CIP funds.
 - \$1,000,000 zero-interest loan from County DHCA.
 - Up to \$500,000 zero-interest loan from HOC Opportunity Housing Reserve Fund (“OHRF”).
3. Accept \$1,500,000 in County CIP funds and \$1,000,000 zero percent interest loan from County DHCA to fund the project.
4. Approve a bridge loan of up to \$2,500,000 from HOC’s PNC Real Estate Line of Credit (“RELOC”) to provide bridge funding for the demolition, pending the receipt of County CIP and DHCA funds.

RESOLUTION No.: 23-25a

RE: Approval of a Demolition Contractor for Elizabeth House Apartments

WHEREAS, Elizabeth House Apartments (“Elizabeth House”), located at 1400 Fenwick Lane in Silver Spring, MD, is a former 160-unit senior public housing community, fully owned by the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”); and

WHEREAS, Elizabeth House is adjacent to The Leggett, a new, mixed-income 267-unit multigenerational community that is adjacent the South County Regional Recreation and Aquatic Center; and

WHEREAS, Elizabeth House has reached the end of its useful life cycle and, in order to facilitate the further development of the square, HOC issued an Invitation for Bid (“IFB #2361”) to select a contractor for the demolition of Elizabeth House; and

WHEREAS, The Berg Corporation (“Berg”) submitted the lowest cost bid among three (3) respondents to IFB #2361; and

WHEREAS, the Commission desires to approve a demolition budget in the amount of \$2,758,591, which includes the price provided by Berg in its response to IFB #2361 in an amount of \$2,298,826 (“Contract Price”) and a Commission-held contingency (“Contingency”) of \$459,765 (20% of Contract Price); and

WHEREAS, the Commission desires to select Berg to demolish Elizabeth House and authorize the Executive Director to execute a contract with Berg in an amount not to exceed the Contract Price; and

WHEREAS, the demolition will be funded with \$1,500,000 County CIP grant (“CIP Grant”), \$1,000,000 DHCA 0% interest loan (“DHCA Loan”), and up to \$500,000 0% interest loan from the HOC Opportunity Housing Reserve Fund (“OHRF Loan”); and

WHEREAS, the Commission desires to approve the use of OHRF funds for the OHRF Loan, which will be repaid to OHRF from development proceeds upon redevelopment of the site; and

WHEREAS, because the CIP Grant and DHCA Loan are not yet available for disbursement, staff requests a bridge loan of up to \$2,500,000 from HOC’s PNC Real Estate Line of Credit (“RELOC”) to bridge the receipt of CIP Grant and DHCA Loan.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves the selection of Berg as the demolition contractor for Elizabeth House and approves the demolition budget in the amount of \$2,758,591, which includes the Contract Price of \$2,298,826, and the Contingency of \$459,765.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director, or her designee, to execute a contract with Berg in an amount not to exceed the Contract Price.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the use of the Contingency in the event unforeseen or additional demolition-related expenses are incurred.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves the use of OHRF funds to extend the OHRF Loan and accepts CIP Grant and DHCA Loan to fund the demolition.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes a draw on the RELOC not to exceed \$2,500,000 to bridge the demolition funding of Elizabeth House, with the expectation that the draw will be fully repaid with the proceeds of CIP Grant and DHCA Loan

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

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on April 5, 2023.

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Chelsea J. Andrews
Executive Director

RESOLUTION No.: 23-25b

RE: Approval to Draw up to \$1,000,000 on the PNC Bank, N.A. Real Estate Line of Credit to Demolish Elizabeth House Apartments

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 redevelopment of rental housing properties which provide a public purpose; and

WHEREAS, Elizabeth House Apartments (“Elizabeth House”), located at 1400 Fenwick Lane in Silver Spring, MD, is a former 160-unit senior public housing community, fully owned by HOC; and

WHEREAS, Elizabeth House has reached the end of its useful life cycle and, in order to facilitate the further development of the site, HOC wishes to demolish the property; and

WHEREAS, the demolition will be funded with \$1,500,000 County CIP funds, \$1,000,000 DHCA 0% interest loan (“DHCA Loan”), and up to \$500,000 contribution from the HOC Opportunity Housing Reserve Fund(the “Demolition Funds”); and

WHEREAS, because the DHCA Loan is not yet available for disbursement, HOC wishes to bridge the receipt of DHCA Loan funds with a taxable draw of up to \$1,000,000 from HOC’s PNC Real Estate Line of Credit (“RELOC”), which will be repaid (including accrued interest) from the Demolition Funds.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes a taxable draw on the RELOC in an amount not to exceed \$1,000,000 for the demolition of Elizabeth House for a maximum term of 12 months with interest payable as provided by the RELOC facility, to be repaid from the Demolition Funds.

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

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on April 5, 2023.

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Chelsea J. Andrews
Executive Director

Deliberation and/or Action

**STRATEGIC PLAN: APPROVAL TO SELECT STRATEGIC PLAN
CONSULTANT TO COMPLETE FISCAL YEAR 2023-2028 STRATEGIC
PLAN IN ACCORDANCE WITH RFP #2358**

EXECUTIVE OFFICE



CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

**KEN SILVERMAN, DIRECTOR OF GOVERNMENT AFFAIRS
TIA BLOUNT, DIRECTOR OF PUBLIC AFFAIRS & COMMUNICATIONS
KAYRINE BROWN, DEPUTY EXECUTIVE DIRECTOR**

April 5, 2023

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Executive Summary

Background: For the past five years, HOC has focused its efforts on getting people housed, keeping people housed, and helping customers reach their fullest potential. These key priorities were the foundation of the agency's 2018 – 2022 Strategic Plan. While these tenets continue to ground the agency's core beliefs, HOC will undergo a new strategic planning process in FY 2023.

On January 9, 2023, HOC entered into a formal procurement process via a Request for Proposals ("RFP") from qualified strategic planning firms or contractors ("Consultants") to lead the agency through a streamlined strategic planning process designed to:

- Define the future of the agency by charting a clear path for the next five years. This includes outlining HOC's mission, vision, priorities, goals and objectives for 2023 – 2028.
- Position the agency within the broader affordable and public housing ecosystems. This includes understanding how the plan connects, intersects, and interplays with those on the local, state and federal levels (as applicable), as well as incorporates relevant sector and cross-sector related policies, priorities and strategic guidance.
- Support HOC in addressing Montgomery County's critical affordable housing needs and create positive outcomes for HOC's clients.

Key deliverables from this engagement will include:

- 1) Evaluative Report (*derived from the engagement strategy and ecosystem integration/alignment*)
- 2) Presentation (*PowerPoint or other creative audio-visuals designed to share feedback with key stakeholders*)
- 3) Information Sharing Session(s)
- 4) Five-Year Strategic Plan Document (*outlining HOC's mission, vision, priorities, goals, and objectives for 2023 – 2028*)
- 5) Communications plan for sharing key elements of the strategic plan

Executive Summary

The selected Consultant will solicit input from a diverse array of internal and external stakeholders including, but not limited to: HOC staff, Board of Commissioners, HOC's customers, partner agencies, and other key stakeholder groups. The Consultant is expected to submit the results of this feedback in a formal comprehensive report and presentation. Following engagement with all stakeholders, a formal strategic plan document must be developed, approved and disseminated. Upon successful completion and dissemination of the strategic plan (and upon approval by the Commission), Phase II of the process would involve the creation of an implementation plan designed to support the agency in operationalizing plan outcomes.

To complete this procurement effort, HOC issued the solicitation under RFP #2358, posted it on the Commission's website and emailed it to a range of prospective Consultants with responses due February 8, 2023.

Staff received five (5) responses from Steady State Impact Strategies ("Steady State"), HCl Advisory Group ("HCl"), Public Works LLC ("Public Works"), Oryx Solutions ("Oryx"), and PrimCorp, LLC ("PrimCorp"). Each proposal included a two-phase approach for completing the plan: Phase I is the Development of the plan and Phase II is its Implementation, as required in the RFP.

Each firm was invited to participate in oral interviews with an evaluation team, which included three executive staff members: the Deputy Executive Director, the Director of Legislative and Government Affairs, and the Director of Public Affairs and Communications. Oral proceedings were observed by the Executive Director. All firms except PrimCorp participated in the oral interview portion of the evaluation.

Time to complete the strategic plan was an important consideration for the strategic plan process; therefore, the evaluations team requested a Best and Final Offer, as staff finalized its analysis of the proposal. The two focus areas were time to complete the plan and price.

Executive Summary

- Based upon the responses to the Evaluation Criteria listed on Slide 6 herein, and the final scores by the Evaluation Team, reflected on Slide 12, staff recommends that the Commission approve the selection of Public Works, LLC as the HOC Strategic Plan Consultant.
- Staff also recommends that the Commission authorize the Executive to negotiate and execute a contract with Public Works to develop a 2023-2028 Strategic Plan for \$361,500, in accordance with provisions of the Procurement Policy.
- Staff further recommends approval of an HOC-held contingency of 10% of the contract amount (\$36,150) for incidental expenses incurred during the engagement, bringing the total cost to \$397,650.
- The Commission will be asked to make decisions concerning the implementation of the plan at a later date.

Evaluation Criteria

No minimum criteria were established for the RFP; therefore, HOC staff evaluated Steady State, HCl, Public Works, Oryx, and PrimCorp on the following criteria (total point value is 100) as outlined in the RFP.

Evaluation Criteria	Point Value	Description
Methodology	30	HOC is seeking innovative approaches to the strategic planning process that are the best fit for the agency to develop its goals. That that end, HOC is open to novel tactical approaches that streamline and automate the input process; creative collateral materials that convey findings; and fun and engaging interactions throughout the process that minimize the sometimes burdensome feeling associated with strategic planning.
Related Experience and Professional Qualifications of the Team	20	Provide a high-level company/consultant overview to include the name(s) of the principal(s), an organizational chart (as applicable), number of employees/subcontractors, and a brief company/contractor history. Provide a concise description of your background and prior experience developing strategic (and implementation) plans for organizations similar to HOC in size and scope. Provide a list of organizations for whom you have produced Strategic Plans in the last five years. Identify the key personnel expected to participate in the planning process including their qualifications, background and years of experience.
Offeror's Capacity	15	A declaration that the Respondent has the time and resources available to give this agreement the attention it requires to successfully carry out the services listed herein.
Fees	20	The Respondent must submit a cost proposal that addresses this engagement in two phases—Phase I: Strategic Plan Development; Phase II: Implementation Plan. Consultant must quote a project rate for this engagement, also providing an itemized estimate of the number of hours they believe will be needed for this engagement.
Minority Participation	15	HOC is committed to providing Minority/Female/Disabled (“MFD”) contractors an opportunity to compete in its purchasing environment. HOC promotes the use of MFD contractors in all its procurement opportunities and encourages all vendors to subcontract with organizations with an MFD designation. Furthermore, HOC seeks responses from non-MFD contractors with a record of employing minority persons in positions of responsibility. Respondents are required to submit with their response a statement that supports their commitment to MFD participation. Respondents will be evaluated on the extent and quality of the proposed participation by MFD contractors and record of employing minority persons in positions of responsibility.
TOTAL MAXIMUM POINTS	100	

Qualified Consultants



Steady State Impact Strategies

Steady State Impact Strategies is a family-owned small business recently relocated from Texas to Montgomery County, Maryland

- Founded in 2021, Steady State currently supports 30+ clients in eleven states including public and private sector institutions, social sector nonprofits, and philanthropic institutions
- Steady State has four staff including the CEO, President, Senior Advisor, and Client Engagement & Growth Manager. Steady State proposes to have its CEO lead the engagement with the support of all four staff members
- Steady State pledges that diversity is a core value and 75% of staff is female, but there is currently no minority representation
- Clients include the Racine, Wisconsin Unified School District; the Texas Education Agency; Southwest Colorado Education Collaborative; and United Way of Tarrant County, Texas
- Steady State has no experience with housing in general and affordable housing specifically
- Steady State proposes a four-part process to develop HOC's 2023-2028 Strategic Plan:
 - Organizational Visioning: Internal discussion to create a framework for the plan and planning process
 - Measuring & Aligning Success: Objective research using internal and external data
 - Community Engagement: Creation of committees of community members and stakeholders to present a draft plan and solicit feedback
 - Finalize and Socialize the Strategic Plan

Qualified Consultants



HCi Advisory Group, LLC is headquartered in Washington, DC

- Operating since 2003, HCi provides strategic management, human resources, and technology advisory services to clients across the Country, including a significant number of housing authorities
- HCi has a staff of six consultants and proposes to have its Managing Principal lead the engagement with the support of three consultants and analysts
- HCi is not an MFD-certified firm, but over 50% of its staff are women and 50% are minorities
- Clients include Baltimore Housing Authority, Biloxi Housing Authority, Cambridge Housing Authority, Fresno Housing Authority, INLIVIAN (Charlotte), Home Forward (Portland), and Spartanburg Housing Authority
- HCi proposes a six-step process to develop HOC's 2023-2028 Strategic Plan:
 - Framing and Process Design: Assemble an internal Strategic Planning Committee and review initial data and process design
 - Information Gathering: Stakeholder outreach including meetings with Commissioners; focus groups with community leaders, business & agency partners; online surveys of employees & customers; and individual interviews with key stakeholders.
 - Planning Conference: Prepare a preliminary report and bring stakeholders together for discussion
 - Working Groups: Facilitate 3-5 task forces to explore specific areas of focus
 - Strategic Plan - Priorities, Goals, and Objective: Consultants integrate recommendations produced by task forces into a draft plan
 - Final Plan: Present final plan to Board and communicate it
- While the firm appears to have experience with housing, they expressed during the oral presentation, concerns for beginning and completing the engagement in the timeframe required by the RFP

Qualified Consultants



Public Works, LLC is headquartered in West Chester, Pennsylvania

- Operating since 1995, provides management consulting services to state and local governments across the country, including strategic planning, policy development, and organizational and efficiency reviews
- Public Works has a staff of 50 consultants and proposes to have its president lead the engagement with HOC, with the support of 9 other consultants
- Public Works is not an MFD-certified firm, but 70% of the proposed project team are minorities and half are women
- Clients include West Virginia Governor and Treasurer, Connecticut Secretary of State, California Environmental Protection Agency, Los Angeles County, Baltimore County, Iowa Governor, New York City, among others
- Public Works proposes a five-step process to develop HOC's 2023-2028 Strategic Plan:
 - Pre-planning and Project Launch
 - Needs Assessment: Current state analysis, community profile, and stakeholder engagement, including up to 62 informational interviews, surveys of staff, residents and customers, focus groups and town halls
 - Evaluative Report: SWOC (Strength, Weakness, Opportunities, Challenges) analysis, mission, vision, values and priorities, ecosystem analysis and structural and organizational analysis
 - Dissemination: Meetings with key stakeholders to review findings and draft recommendations
 - Strategic Plan Development and Dissemination

Qualified Consultants



Oryx Solutions has been operating since 2015 and provides capacity building, technical assistance, revenue generation, and management support to nonprofits, MFD enterprises and government entities

- Oryx has a staff of 4 employees consultants and proposes to have its CEO lead the engagement with HOC, with the support of 1 employee and 4 subcontracted consultants
- Oryx is not an MFD-certified firm, but 50% of the proposed project team are minorities and two thirds are women
- Clients supported by at least one team member include DC Housing Authority, Community Crisis Services, Maryland, Friendship Place, City of Dallas, TX, and the San Diego Regional Task Force on Homelessness
- Oryx proposes a seven-step process to develop HOC's 2023-2028 Strategic Plan:
 - Project Design and Planning
 - Stakeholder Engagement and Needs Assessment, including leadership retreat, 4 in-person and 4 virtual feedback sessions for residents and staff, online surveys, and up to 25 1:1 interviews
 - Ecosystem Integration and Alignment
 - Evaluation and Analysis including development of an evaluative report
 - Feedback Dissemination: Presentations of preliminary findings to broad groups including the Commission, the public and elected officials
 - Strategic Plan Development and Dissemination
 - Strategic Plan Finalization and Closeout

Qualified Consultants



PrimCorp, LLC is headquartered in Arlington, Virginia

- Operating since 2011, PrimCorp providing management, business, and administrative services
- PrimCorp has a staff of 70 employees and proposes to have a Program Manager lead the engagement with HOC with the support of 7 other consultants
- PrimCorp is certified as a Service-Disabled Veteran-Owned Small Business by the US Department of Veterans Affairs
- Clients include federal agencies like Health and Human Services, Federal Aviation Administration, Customs and Border Protection, and Department of Defense
- PrimCorp proposes a five-step process to develop HOC's 2023-2028 Strategic Plan:
 - Stakeholder Interviews including up to 43 one-on-one interviews, large group meetings with residents and staff, and online questionnaires.
 - Ecosystem Integration/Alignment: Complex location analysis and strategic research.
 - Evaluative Report which will include history, operating environment, stakeholder perception, functional analysis, SWOT (Strength, Weakness, Opportunities, Threats), priorities, and structure, staffing and budget analysis.
 - Feedback Dissemination
 - Strategic Plan Development and Dissemination

Summary of Scoring

Respondents	TOTAL (100)	Methodology (30)	Related Experience & Professional Qualifications (20)	Offeror's Capacity (15)	Fees (20)	Minority Participation (15)
Public Works	75.17	26.67	18.67	14.33	8.0	7.50
PrimCorp	70.33	11.67	13.67	10.0	20.0	15.0
Onyx	63.33	19.0	9.67	7.0	16.0	11.67
HCi	61.50	18.0	16.67	7.33	12.0	7.50
Steady State	52.17	23.67	14.33	8.83	5.33	0.0

- Public Works presented the strongest proposal for completing the Strategic Planning process, involving a ten-member team for the engagement
- PrimCorp is a close competitor but did not respond to our request for oral presentation
- Steady State's entire firm is comprised of four persons
- Oryx' team members came together solely for this engagement
- HCi stated concerns about commencing and completing the engagement in the requested time frame

Methodology: This category was scored in two parts: written proposal and oral presentation. Public Works presented a strong proposal which it supported with the team's oral presentation. Its closest competitor in terms of experience and team's strength, PrimCorp, did not participate in the oral portion of the process. For this category, the firms were evaluated for their innovation/novel approach to maximizing stakeholder engagement and participation (e.g., focus groups, QR code and real time surveys, town halls, etc.). They were also evaluated on how well-aligned their methodology was to HOC's stated deliverables and intended outcomes from this process.

Related Experience and Professional Qualifications of the Team: While HCi has experience with developing strategic plans for housing authorities, that is where the comparison ends with Public Works, the highest score for this category. The depth and breadth of experience for both teams is disparate, making Public Works more suited for the engagement.

Offeror's Capacity: Public Works proposed the strongest team and supported this by clearly demonstrating each team member's role, time commitments and overall team approach during the oral presentation.

Fees: Bid prices range from \$55,000 to \$361,500; however, the time to complete from 300 to 3,104 hours. For implementation, the range was \$35,850 to \$202,667 and the hours from 220 to 2,088. To normalize the pricing for comparison, hourly rates were computed and scores allocated accordingly. PrimCorp scored the highest due the sheer number of hours it proposes to dedicate to the engagement.

Minority Participation: PrimCorp is the only certified Disabled Veterans business enterprise; therefore, full points were awarded. All others except Steady State were awarded points based on the minority composition of their team. Steady State's small size of four and make up of the team, put it at a disadvantage for this category.

Anticipated Schedule

Public Works Proposed Schedule

	April				May					June				July				
	3	10	17	24	1	8	15	22	29	5	12	19	26	3	10	17	24	31
Project Charter and Research Questions	█																	
Document and data research		█	█	█														
Informational Interviews		█	█	█														
Surveys: staff, resident, and client surveys		█	█	█	█													
Focus Groups						█												
Community Profile		█	█															
Current State Analysis							█	█	█									
Draft Needs Assessment											█							
Tollgate 1										█								
Town Hall 1											█							
SWOC Analysis		█	█	█														
Mission, Vision, Values, and Priorities			█	█														
Leadership Visioning Session									█									
Finalized SWOC; Mission, Vision, Values											█							
Ecosystem Analysis							█	█										
Organizational and Structural Analysis							█	█										
Draft Evaluative Report											█	█	█					
Tollgate 2													█					
Draft Strategic Plan														█	█	█		
Town Hall 2																█		
Final Strategic Plan and Dissemination																	█	█

If the Commission approves the selection of Public Works at its April 5, 2023 meeting, contract negotiations would occur in April with a project kickoff in late April, delaying the proposed schedule by 2-4 weeks. This would put the project on track for completion by the end of August. To ensure maximum public and stakeholder engagement, staff intends to work with Public Works to ensure that public-facing activities are not planned between mid-July and the end of August. Notwithstanding the start and completion dates outlined in the proposal, Public Works proposes to complete the strategic plan within four months.

Conclusion

Summary of Key Decision Factors

Proposed Strategic Plan Consultant: Staff proposes the selection of Public Works, LLC as the Consultant to develop the FY2023 to FY2028 strategic plan (Phase I) and authorize the Executive Director to negotiate and execute a contract for up to \$361,500.

Staff unanimously found that Public Works' proposal provided the best combination of capacity, expertise, and capability for innovation - both in the strategic planning process and in the recommendations that are developed.

Public Works' oral presentation made clear that they take the public and stakeholder engagement seriously and have the expertise to reach a wide range of stakeholders, including those that are harder to meaningfully engage with through more traditional methods.

Experience & Qualifications: Public Works' proposed project team includes several members who are experienced in data analysis, including a former Director of Innovation for the Pennsylvania Governor's Office and a PhD statistician, giving staff confidence that Public Works can assist in gathering, analyzing and developing meaningful insights from the various streams of data HOC owns. Furthermore, Public Works team members demonstrated a keen understanding of Montgomery County's ecosystem, political environment, stakeholders and affordable housing needs with proposed team members who were knowledgeable about Montgomery County government and nonprofit sectors and housing policy.

Proposed Cost and Budget: While Public Works total cost estimate was above average, on an hourly basis the proposals were all quite close. Public Works proposed significantly more person-hours for the project, which increased staff's confidence that they have a clear understanding of the scope of the assignment and can deliver a strategic plan timely and that is of the highest quality. The proposed project cost is within the amount previously budgeted for strategic planning. If approved, staff will negotiate further with Public Works and fine tune the scope of work and cost estimate.

Public Works' proposal includes the development of an Implementation Plan (Phase II) for an additional estimated cost of \$87,000. Staff's recommended action does not include approval of Phase II at this time; we recommend the Commission reserve the right to evaluate implementation options at the completion of the Strategic Plan.

Summary and Recommendation

Issues for Consideration

Does the Commission wish to accept staff's recommendation to approve the selection of Public Works as the Consultant to develop HOC's strategic planning for FY2023 to FY2028?

Does the Commission wish to authorize the Executive Director to negotiate and execute a contract with Public Works for \$361,500 and fund an Commission-held contingency of 10% of the contract or \$36,150, thereby approving a total budget of \$397,650?

Fiscal / Budget Impact

There is no fiscal impact to HOC and no impact to the FY 2023 operating budget, as the FY2023 included \$200,000 for completing the strategic plan and an additional \$200,000 is included in the Executive Director's recommended Budget for FY 2024.

Time Frame

For formal action by the Commission at its monthly meeting on April 5, 2023.

Staff Recommendation & Commission Action Needed

Staff recommends that the Commission approve the selection of Public Works, LLC as the Consultant to develop the FY2023 to FY2028 Strategic Plan (Phase I), and reserve the right to enter into the Implementation Plan (Phase II) upon the Board's determination of successful completion of Phase I.

RESOLUTION No. 23-26

RE: Approval to Select and Negotiate a Contract with Public Works, LLC for the Development of HOC's Fiscal Years 2023-2028 Strategic Plan, in Accordance with RFP #2358

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") operates pursuant to the values, vision, and mission developed in the agency's 2018-2022 Strategic Plan, which focused HOC's efforts on getting people housed, keeping people housed, and helping customers reach their fullest potential; and

WHEREAS, HOC is ready to chart a path for the next five years by soliciting input from a diverse array of internal and external stakeholders, mapping HOC's place in the broader housing ecosystem, and updating and refining HOC's vision, mission, priorities, goals, and objectives for the next five years; and

WHEREAS, the Commission desires to select a consultant to lead the agency through a strategic planning process and therefore issued a Request for Proposals ("RFP") for strategic planning services ("RFP #2358"); and

WHEREAS, five firms responded to the RFP, detailing their qualifications, experience and methodology pursuant to which they would deliver a comprehensive Strategic Plan that would guide HOC's operations and decisions over the next five years; and

WHEREAS, Public Works, LLC received the highest score among respondents to RFP #2358 and is determined to have met the requirements outlined in the RFP and is deemed to possess the experience in a qualified team to deliver a strategic plan timely and of the highest quality; and

WHEREAS, the Commission desires to select Public Works, LLC as the consultant for the 2023-2028 Strategic Plan and authorize the Executive Director to negotiate a contract with Public Works, LLC.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the selection of Public Works, LLC as the consultant for the development of the 2023-2028 Strategic Plan and authorizes the Executive Director to negotiate and execute a contract with Public Works, LLC for up to \$361,500.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves a 10% Commission-held contingency of \$36,150.

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

I **HEREBY CERTIFY** that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on April 5, 2023.

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Chelsea J. Andrews
Executive Director

**APPROVAL OF FIRMS SELECTED TO SERVE ON THE COMMISSION'S
BOND UNDERWRITING TEAM IN ACCORDANCE WITH RFP #2353
AND APPROVAL OF THE STRUCTURE OF THE TEAM**

MORTGAGE FINANCE DIVISION



CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

EVALUATION TEAM

MONTE STANFORD, DIRECTOR OF MORTGAGE FINANCE

JENNIFER H. WASHINGTON, ASST. DIRECTOR OF BOND MANAGEMENT

April 5, 2023
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Executive Summary

In January 2019, the Housing Opportunities Commission of Montgomery County (“Commission” or “HOC”) appointed a new bond underwriting team. The contract with each firm expires on May 28, 2023. The following table shows the firms currently on the team, their respective roles, and the amount of HOC bonds sold from 2019-2022.

Firm	Role	HOC Bonds Sold 2019-2022 (\$'000)	% of Bonds	*Bonds Sold to Retail (\$'000)	% of Bonds Sold to Retail
Bank of America Securities	Senior Manager	\$193,607	40.3%	\$48,050	48.0%
PNC Capital Markets, LLC	Co-Senior Manager	57,373	11.9%	355	0.4%
Jefferies, LLC	Co-Manager	11,108	2.3%	100	0.1%
Morgan Stanley & Co., LLC	Co-Manager	28,833	6.0%	5,640	5.6%
RBC Capital Markets, LLC	Co-Manager	33,863	7.0%	3,930	3.9%
Wells Fargo Securities	Co-Manager	122,302	25.4%	14,015	14.0%
Others	Selling Group	33,529	7.0%	28,070	28.0%
Totals/Percentages		\$480,615	100.0%	\$100,160	100.0%

**The more bonds sold to retail, the lower the borrowing cost (interest rate) to the Commission.*

In accordance with the Procurement Policy, on October 31, 2022, the solicitation for Managing Underwriter services (Request for Proposal (“RFP”) #2353) was published and emailed to 32 investment banking firms. Responses were received from the following firms on the requested date (November 22, 2022):

Existing Team Member	New Applicants
Bank of America Securities (“BoA”)	D.A. Davidson & Co. (“D.A. Davidson”)
PNC Capital Markets, LLC (“PNC CM”)	Loop Capital Markets (“Loop”)
Jefferies, LLC (“Jefferies”)	Mesirow Financial Inc. (“Mesirow”)
RBC Capital Markets, LLC (“RBC CM”)	Stifel, Nicolaus & Company, Inc. (“Stifel”)
Morgan Stanley & Co., LLC (“Morgan Stanley”)	TD Securities (“TD”)
Wells Fargo Securities (“Wells”)	Truist Securities, Inc. (“Truist”)

An Evaluation Team comprised of two (2) Commissioners, the Executive Director, the Deputy Executive Director, staff from the Mortgage Finance, Finance and Real Estate divisions, and Caine Mitter & Associates Incorporated (Financial Advisor), was established to review the proposals, conduct interviews, and recommend a new team and its structure to the full Commission.

Executive Summary

The bond underwriting team helps to structure HOC's bond issues and markets the bonds to obtain the most favorable pricing so that the loans made with the proceeds of the bonds promote the financial feasibility of HOC's single family and multifamily financing programs. They commit to the Commission to purchase HOC bonds at an agreed upon price whether or not they have successfully placed the bonds with investors prior to the time of the commitment.

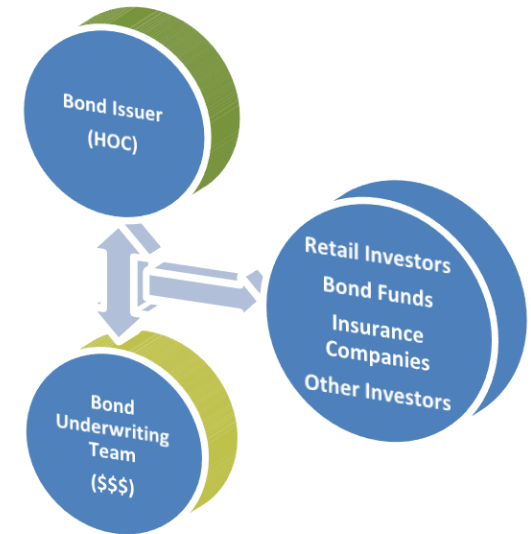
The Senior Manager leads the syndicate and, with the Co-managers, sets the prices for the different series of bonds, takes orders from Co-managers and selling group and allocates the bonds to investors and the underwriting team. This is known as "running the book" or managing the syndicate. All of the managers and selling group are expected to sell bonds and are compensated by receiving a fee known as the "takedown" for the bonds they actually place with investors. Institutional investors generally place orders through the senior manager and designate which manager(s) will receive the takedown. In addition, the senior manager receives a management fee and is reimbursed for certain expenses. The managers also are expected to present new financial structures and ideas that will enhance the Commission's ability to fund mortgage loans.

Historically, the underwriting team's structure has included a single Senior Manager and four (4) or five (5) Co-Managers. Bank of America Securities, previously Bank of America Merrill Lynch, has served the Commission, as its Senior Manager, throughout most of its history. In 2018, PNC Capital Markets, LLC was elevated to Co-Senior Manager due to its tremendous support and contribution to HOC's financing activities; however, any member of the team which brings unique financing ideas that enhance the Commission's programs is able to assume the role of Senior Manager for a bond issuance.

Over the past 20 years there has been consolidation in the commercial banking and investment banking segments of the financial industry. This process accelerated during the financial crisis. Now some, but not all, firms offer a number of financial services, in addition to the sale of bonds, that are important to the Commission, including construction lending, liquidity for variable rate bonds and derivative products. For some firms, the services are entirely separate; for others, there is a link between services which may be needed to be taken into consideration in the underwriter review process.

In accordance with RFP #2353, in order to qualify for the Managing Underwriter engagement, respondents were required to: 1) provide evidence of at least seven (7) years of continuous experience as an underwriter in public finance, and at least five (5) years of experience as an underwriter for one or more state or local Housing Finance Agencies ("HFA"); 2) demonstrate that it has the capacity to perform the volume and type of services required by the Commission; 3) demonstrate capability for completing cash flow analyses for indentures, arbitrage yield and arbitrage rebate; and, 4) provide proof of insurance at the levels required by HOC during the contract period. Two (2) respondents, Mesirow and Truist, were not deemed qualified for this engagement, due to the lack of required experience with state or local HFAs.

A summary of each of the qualified respondents are included on pages 16-25.



Executive Summary

Pricing: All firms provided pricing for a typical bond transaction. As no specific structure was given, each firm assumed its own structure for illustrative purposes. There were three (3) categories of pricing: 1) Management Fee, 2) Takedown, and 3) Expenses. Management fee is paid only to the senior managing underwriter; however, if there are co-senior managers, the fee is split. The management fee will be determined as part of this underwriter review process. Takedown is the fee paid to co-managers and selling group for selling the bonds. Since takedown is market driven, it is always determined based on current market conditions and negotiated at the time of a bond sale. Since each firm used its own bond structure, the proposed takedowns cannot be compared for scoring purposes. Expenses include underwriter’s counsel and pass through expenses typical of a bond issue. Therefore, the scores for fees are herein determined by comparing each firm’s proposal of **management fee only**.

On January 24, 2023, the Evaluation Team met to review the proposals received and the scores from staff of Mortgage Finance, Finance and Real Estate in accordance with the Evaluation Criteria listed in RFP #2353 (see page 7). And, based upon preliminary scores, all respondents that received 70% and above (see below) were interviewed on February 7 and February 8, 2023, by the Evaluation Team. TD Securities is the only firm not currently a member of the bond underwriting team.

Company Name	Location	Coverage	Current Role with HOC
1. Bank of America Securities	New York, NY	National	Senior Manager, Swap Provider, Direct Purchase
2. Jefferies LLC	New York, NY	Regional	Co-Manager
3. Morgan Stanley & Co., LLC	New York, NY	National	Co-Manager
4. PNC Capital Markets, LLC	Pittsburgh, PA	National	Co-Senior Manager, Lender, Liquidity, LOC Provider
5. RBC Capital Markets, LLC	New York, NY	Regional	Co-Manager, Swap Provider
6. TD Securities	New York, NY	National	Liquidity Provider
7. Wells Fargo Securities	New York, NY	National	Co-Manager

Following the interviews, the Evaluation Team met on March 3, 2023 to discuss the final scores, which included a score for presentation, and select the final make up of the bond underwriting team, along with its structure.

Staff recommends that the Commission accept the recommendation of the Evaluation Team and select all seven (7) firms: Bank of America Securities; Jefferies LLC; Morgan Stanley & Co., LLC; PNC Capital Markets, LLC; RBC Capital Markets LLC; TD Securities; and, Wells Fargo Securities, to serve as its bond underwriting team for an initial contract term of two (2) years with two (2) additional one-year extensions to be approved by the Commission.

Staff also recommends that the Commission approve the proposed structure, which initially includes a Senior Manager (Bank of America Securities), a Co-Senior Manager (PNC Capital Markets, LLC) and between zero and six (5) Co-Managers that would be determined for each bond issuance.

Minimum Qualifications

On October 31, 2022, HOC issued a RFP for Managing Underwriter with responses due on November 22, 2022. Each firm was required to meet the minimum qualifications outlined below. Of the 12 firms that responded, two (2) firms, Mesirow and Truist (the new bank entity, as a result of the merger of BB&T and SunTrust banks), were deemed not to have met the minimum requirements, specifically as it relates to housing finance agency experience, and therefore, were not scored.

Qualification Criteria	Requirement	Status
Prior Experience	The offeror must have at least seven (7) years of continuous experience as an underwriter in public finance, and at least five (5) years of experience as an underwriter for one or more State or local housing finance agencies with programs comparable to those of the Commission.	✓ Ten (10) of the 12 firms met this requirement. Mesirow and Truist do not have the housing finance agency experience necessary for this procurement.
Offeror's Capacity	Each offeror must demonstrate the capacity to perform the potential volume and type of services that are required by HOC and described in Part 3 (Scope of Services) below and must be available at all times to render services required under the contract.	✓ All firms included a proposed team with experience to carry out requirements of this engagement. Staff's analysis concluded that the firms possessed breadth and depth of staff that could be available throughout the engagement.
Technology	Must demonstrate capabilities for completing cash flow analyses for open and closed indentures, arbitrage yield, and arbitrage rebate.	✓ The Commission's quantitative analyses, including cash flows are prepared by its financial advisor. However, firms were required to provide evidence of this capability through the use of technology.
Professional Liability Insurance	The offeror shall provide documentary evidence of professional liability insurance including for malpractice in the structuring of financing that are sensitive to both the Securities and Exchange Commission ("SEC") and the Internal Revenue Service ("IRS") regulatory authority, detailing coverage and deductible amounts.	✓ All firms provided evidence of liability insurance and while coverages span a broad range for amounts, the requirement was met. Staff will determine the adequacy of coverages prior to engaging the firms.

Evaluation Criteria

Each qualified firm was evaluated on the following criteria as outlined in the RFP.

Evaluation Criteria	Point Value	Description
Firm's Prior Experience in Public Finance and Related Areas	25	An evaluation of the quality and quantity of the offeror's significant experience and expertise in the area of public finance and related areas as required by this RFP, with emphasis on: <ol style="list-style-type: none"> 1. Quality and relevance of prior experience in the field of housing finance, particularly with state and local housing finance agencies; 2. Quality and relevance of prior experience in or knowledge of public finance and the syndication and sale of bonds; and 3. Quality and relevance of knowledge of the programs and financing of the Commission.
Price	20	The reasonableness of the offeror's rate and fee proposal.
Managing Underwriter Team (Specific Individuals Responsible for Performance of Contract)	25	An evaluation of the qualifications, expertise, general reputation and ability to work with HOC of the individuals who will be responsible for the performance of the services as required by and responsiveness this RFP. Included in this evaluation will be the managing underwriter team's expertise in the fields of municipal finance in general, and housing financing in particular. The managing underwriter team's availability for consultation with or advice to HOC during the next four (4) years will also be evaluated. Each offeror is expected to demonstrate knowledge of HOC's programs and financing methods.
Minority/Female/Disabled Participation (MFD)	10	An evaluation of the extent and quality of the proposed participation by minority owned firms and minority persons in non-minority owned firms. If joint proposals are submitted, an evaluation of the management and cost effectiveness of the joint venture.
Presentation	20	An evaluation of the clarity, completeness, of the offeror's written proposal and oral presentation as required by this RFP (10 points each for written and oral presentation).
TOTAL	100	

Proposal Summary of Certain Information

RFP #2353 requested information to determine if the firms met the minimum threshold for consideration. It also included the requirement to submit information on which the firms would be evaluated. Additionally, certain information was requested to help the Evaluation Team to determine the overall strength of the firms and their ability to provide services to the Commission beyond traditional bond structures. The following summary of the certain information of each of the respondents was prepared by Caine Mitter and Associates Incorporated (“CMA”).

Firm Name	Underwriter Role Requested (1)	Current Underwriter Role	Additional Roles Available (2)	Current Additional Roles	Swap/Liquidity Entity	Long Term Counterparty Rating	Short Term Counterparty Rating
Bank of America	Senior	Senior	Swap/Liquidity/Direct Purchase/Lender	Swap/Direct Purchase	Bank of America, N.A.	Aa2/A+/AA	P-1/A-1/F1+
D.A. Davidson	Senior						
Jefferies	Senior	Co			Jefferies Financial Services, Inc.	Baa2/BBB/BBB	
Loop	Senior						
Mesirow	Co						
Morgan Stanley	Senior	Co	Swap/Forward Direct Purchase		Morgan Stanley Capital Services	Aa3/A+/NR	P-1/A-1/NR
PNC CM	Senior	Co-Senior	Swap/Liquidity/Lender/LOC	Liquidity/Lender/LOC	PNC Bank, N.A.	A1/A/A+	P-1/A-1/F1+
RBC CM	Senior	Co	Swap/Liquidity	Swap	Royal Bank of Canada	Aa1/AA-/AA	P-1/A-1+/F1+
Stifel	Senior						
TD Securities	Senior		Swap/Liquidity/Direct Purchase	Liquidity	Toronto-Dominion Bank	Aa2/AA-/AA	P-1/A-1+/F1+
Truist Securities	Co		Swap/Liquidity/Direct Purchase		Truist Bank	A2/A/NR	P-1/A-1/NR
Wells Fargo	Senior	Co	Swap/Liquidity/Lender		Wells Fargo Bank, N.A.	AA1/A+/AA-	P-1/A-1/F1+
(1) Applicants for Senior Manager would accept Co-Manager position							
(2) Subject to credit approval of transaction							

Historical Allotment by HOC Bond Issue (2019 to 2022)

The following schedule was prepared by CMA to show performance of the 10 qualifying firms on its bond issuances. Its purpose is to highlight the performance of the existing and prospective team, as the Commission considers the composition of a new team, as well as potential changes to the existing structure.

Individual retail (Column A) is important because these investors are willing to accept lower rates on their bonds enabling HOC to have a lower borrowing cost. Even though they may get a lower rate, individual retail investors earn more because they are not paying fees to portfolio managers or bond fund managers and administrators. This is why individual retail orders have the highest priority. Columns A, B, C, D and E below represent the priorities in which orders are typically filled.

Underwriter	(A) Individual Retail Allotments	(B) Professional Retail Allotments	(C) Net Designated Allotments	(D) Group Net Allotments	(E) Member Allotments	Total Bonds		SF Bonds		MF Bonds	
Current Underwriting Team:											
BoA, Sr. Manager	\$ 15,510	\$ 32,540	\$ 80,237	-	\$ 65,320	\$ 193,607	40%	\$ 52,228	46%	\$ 141,380	39%
PNC CM, Co-Sr. Manager	355	-	21,975	34,813	230	57,373	12%	23,266	20%	34,106	9%
Wells Fargo, Co-Manager	5,590	8,425	25,074	74,438	8,775	122,302	25%	9,051	8%	113,250	31%
Jefferies, Co-Manager	100	-	11,008	-	-	11,108	2%	3,775	3%	7,334	2%
M&T <i>(see note below)</i>	8,470	-	5,460	-	-	13,930	3%	3,932	3%	9,999	3%
Morgan Stanley, Co-Manager	5,640	-	23,068	-	125	28,833	6%	9,008	8%	19,825	5%
RBC CM, Co-Manager	3,930	-	29,933	-	-	33,863	7%	6,551	6%	27,312	7%
Selling Group:											
Baird	50	-	-	-	-	50	0%	-	0%	50	0%
BB&T	135	-	-	-	-	135	0%	-	0%	135	0%
Citi	10,175	-	-	-	-	10,175	2%	3,835	3%	6,340	2%
Folger Nolan Fleming	1,250	-	-	-	-	1,250	0%	1,100	1%	150	0%
Janney	1,640	-	-	-	-	1,640	0%	310	0%	1,330	0%
Lafayette	710	-	-	-	-	710	0%	285	0%	425	0%
Raymond James	2,550	-	-	-	-	2,550	1%	230	0%	2,320	1%
Stifel	200	125	-	-	-	325	0%	125	0%	200	0%
UBS	2,765	-	-	-	-	2,765	1%	415	0%	2,350	1%
Total	\$ 59,070	\$ 41,090	\$ 196,755	\$ 109,250	\$ 74,450	\$ 480,615	100%	\$ 114,110	100%	\$ 366,505	100%

Historical Allotment by HOC Bond Issue (2019 to 2022)

Please see the following notes and/or comments regarding the schedule prepared on page 9.

Underwriter	(A) Individual Retail Allotments	(B) Professional Retail Allotments	(C) Net Designated Allotments	(D) Group Net Allotments	(E) Member Allotments	Total Bonds	SF Bonds	MF Bonds
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NOTES:

(A) **Individual Retail Allotments** – bonds purchased by an individual investor directly from the Managers or Selling Group Members; the takedown goes to the Manager or Selling Group Member placing the order.

(B) **Professional Retail Allotments** – bonds purchased by a firm that manages, for a fee, portfolios for individual investors; the takedown goes to the Manager or Selling Group Member placing the order; virtually all orders are by the Bookrunning Senior Manager.

(C) **Net Designated Allotments** – bonds purchased by institutional investors, primarily bond funds, property and casualty insurance companies and banks; the Managers receiving the takedown are designated by the investors based on rules agreed to by HOC.

(D) **Group Net Allotments** – bonds purchased by investors, typically institutional investors; all takedowns are divided among the managers based on percentages agreed to by HOC.

(E) **Member Allotments** – bonds not placed with investors that are not purchased by Managers or Selling Group Members; typically purchased by the Bookrunning Senior Manager to clean up the bond issue; unlike other allotments, the Manager is at risk of losing money.

M&T left the municipal bond business in mid-2020 and is not included in the remaining takeaways.

BoA had the largest amount of individual retail allotments.

Citi, Morgan Stanley, Wells Fargo, RBC and UBS followed BoA in individual retail allotments.

PNC and Jefferies had the least amount of individual retail allotments, among the managers, because they do not have strong retail networks.

BoA had the largest amount of professional retail allotments because of the structure of the bond issues for which they ran the books.

BoA had the largest amount of net designated allotments because of the structure of the bond issues for which they ran the books.

Wells Fargo had the largest amount of group net allotments because of the structure of the bond issues for which they ran the books.

BoA had the largest amount of member allotments which demonstrates their willingness to go at risk to support HOC bond issues by underwriting unsold bonds.

Respondents' Pricing

All firms responded to the request to provide pricing for a typical bond transaction. As no specific structure was given, each firm assumed its own structure for illustrative purposes. There are three (3) categories of managing underwriting pricing: 1) Management Fee, 2) Takedown, and 3) Expenses. Staff assumed overall pricing based upon a conventional bond issuance of \$50 million.

- Management fee is paid only to the senior managing underwriter; however, if there are co-senior managers, the fee is split. The management fee will be determined as part of this underwriter review process.
- Takedown is the fee paid to co-managers and the selling group for selling the bonds. Since takedown is market driven, it is always determined based on current market conditions and negotiated at the time of a bond sale. While each firm used its own bond structure, its difficult to utilize or compare proposed takedowns for scoring purposes. However, each firm's fixed rate takedowns for serials ranged from 1-24+ years were averaged to obtain an estimate.
- Expenses include underwriter's counsel (most firms provided an estimate but the amount could change based upon size and/or complexity of a transaction) and pass through expenses typical of a bond issue. These expenses were sized based upon a \$50 million issuance.

Scores for fees are herein determined by comparing each firm's proposal of **management fee only**. The below chart is sorted by *Proposed Management Fee*, given that the Takedown and Expenses are estimates.

Firm	Proposed Management Fee	Estimated Takedown	Estimated Expenses	Estimated Total
\$1/1,000				
Jefferies	\$0.00	\$5.31	\$0.77	\$6.08
TD Securities	\$0.00	\$5.25	\$0.68	\$5.93
PNC Capital Markets	\$0.25	\$4.82	\$1.56	\$6.63
Bank of America	\$0.50	\$5.39	\$1.71	\$7.60
D.A. Davidson	\$0.50	\$4.06	\$1.09	\$5.65
RBC Capital Markets	\$0.50	\$5.60	\$0.99	\$7.09
Stifel	\$0.50	\$5.42	\$1.33	\$7.25
Wells Fargo	\$0.50	\$5.31	\$1.10	\$6.91
Loop Capital Markets	\$0.75	\$4.38	\$1.02	\$6.14
Morgan Stanley	\$0.75	\$4.38	\$0.56	\$5.68
Estimate Based on \$50MM Bond Issuance				
Jefferies	\$0	\$265,344	\$38,460	\$303,804
TD Securities	\$0	\$262,500	\$34,050	\$296,550
PNC Capital Markets	\$12,500	\$241,100	\$77,950	\$331,550
Bank of America	\$25,000	\$269,500	\$85,500	\$380,000
D.A. Davidson	\$25,000	\$203,125	\$54,418	\$282,543
RBC Capital Markets	\$25,000	\$280,000	\$49,450	\$354,450
Stifel	\$25,000	\$271,200	\$66,400	\$362,600
Wells Fargo	\$25,000	\$265,625	\$55,000	\$345,625
Loop Capital Markets	\$37,500	\$218,750	\$50,800	\$307,050
Morgan Stanley	\$37,500	\$218,750	\$27,850	\$284,100

Interviews

On January 24, 2023, the Evaluation Team met to review the proposals received and the scores from staff of Mortgage Finance, Finance and Real Estate in accordance with the Evaluation Criteria (see page 7). And, based upon preliminary scores, all respondents that received 70% and above (BoA, Jefferies, Morgan Stanley, PNC CM, RBC CM, TD, and Wells) were interviewed on February 7 and February 8, 2023, by the Evaluation Team.

In addition to the proposals submitted by each firm, the supplemental information on historical performance on HOC prior bond issuances in the past four (4) years, and the evaluation of certain other information for each firm, the Evaluation Team prepared a list of questions to which each firm was asked to respond during the interview, along with any other related questions posed by the Evaluation Team. All firms were provided the same questions in advance of the interviews. The questions included topics covering:

1. **MARKETING BOND ISSUES**, including the firm's strategy for distributing HOC bonds to (1) maximize the volume of retail orders and (2) maximize the number of institutions placing orders; the difference in the firm's efforts and success selling to professional and non-professional retail investors; and the firm's willingness to commit capital to the underwriting of HOC's bonds.
2. **OTHER FINANCIAL SERVICES** the firm may provide to HOC including real estate lending for construction and/or permanent financing of developments, a line of credit, acting as a counterparty for derivative products, and whether services are separate product lines or interrelated.
3. **STRUCTURING**, including the funding of down payment assistance as an important part of HOC's single family programs using both bonds and the secondary market for MBS', recommendations on how HOC can maximize the amount of down payment assistance offered with its mortgage products. Firms were also asked to provide recommendations for how HOC can maintain its programs while minimizing the use of volume cap, given the large pipeline and limited volume cap HOC receives annually, along with ways HOC can reduce its borrowing costs in the current market environment of high interest rates and rising construction costs.
4. **ADDITIONAL TOPICS** included discussions on leveraging federal appropriations to increase affordable housing and strategies for attracting environmental, social and governance or ESG investors.

The firm's oral presentation along with its written proposal accounted for 20 points.

Scores – Summary and Ranking

Rank	Firm Name	Applicant's Desired Role	Experience 25	Price 20	Team 25	MFD 10	Presentation 20	TOTAL 100	%
1	Bank of America	Senior Manager	23	10	23	9	16	81	81.0%
2	Jefferies	Senior Manager	19	20	20	6	15	81	81.0%
3	PNC CM	Senior Manager	20	15	20	8	16	79	78.7%
4	Wells Fargo	Senior Manager	20	10	22	8	18	79	78.7%
5	Morgan Stanley	Senior Manager	23	5	22	7	17	75	74.7%
6	RBC CM	Senior Manager	22	10	20	6	16	74	74.0%
7	TD Securities	Senior Manager	17	20	16	7	12	72	72.3%
8	Stifel	Senior Manager	20	10	17	3	7	57	56.7%
9	D.A. Davidson	Senior Manager	13	10	17	6	6	52	51.7%
10	Loop	Senior Manager	15	3	14	6	6	44	44.0%
N/A	Mesirow Financial	Co-Manager	-	-	-	-	-	-	-
N/A	Truist	Co-Manager	-	-	-	-	-	-	-

- Staff from Mortgage Finance, Finance and Real Estate participated in scoring. The above represents average scores of each criteria.
- Bank of America and Jefferies tied for the highest overall score, and the lowest overall score was awarded to Loop. Mesirow and Truist were not scored, as part of this evaluation, as previously mentioned. Jefferies received a full 20 points for Price due to its proposed management fee of \$0.00 per \$1,000 of bonds issued.
- Firm's Prior Experience in Public Finance and Related Areas, and its proposed Managing Underwriter Team accounted for 50% of the score.
- Minority/Female/Disabled criterion, though only allocated 10 points, was heavily evaluated by the scoring team. The team not only considered the minority and female percentage employed by the firm, but also that of the number of minority and female professionals employed.
- Presentation score includes the written proposal and interviews. Those deemed qualified but not selected for an interview could only earn 10 points.

Proposed Team

After considering each proposal, the presentation of interview topics, the proposed team from each firm, and the aggregate scores, staff proposes that the Commission considers the following seven (7) firms to serve as its bond underwriters for a new contract period. All firms scored above 70% and staff believes they possess the capabilities to assist the commission with the structuring and marketing of its bonds to meet its financing goals. The firms, which were retained from the current team, have demonstrated their underwriting and marketing capabilities, as well as their willingness and ability to meet ad hoc financing needs, including commercial lending and capital markets products.

The new applicant brings fresh perspectives and potentially new pool of investors to purchase HOC's bonds. The firm may also bring new ideas and give the Commission access to banking and capital market products from which it may benefit.

Existing Team Members:

Bank of America Securities, New York, NY
Jefferies LLC, New York, NY
Morgan Stanley, New York, NY
PNC Capital Markets, Pittsburgh, PA
RBC Capital Markets, New York, NY
Wells Fargo Securities, San Francisco, CA

New Applicant:

TD Securities, New York, NY

The existing team members have sold \$447.1 million of total bonds (\$480.6 million) issued by HOC between 2019 to 2022, representing 93%.

The current team members have sold \$72.1 million of total bonds sold to retail investors (\$100.2 million) between 2019 and 2022, representing 72%.

The new team member, which was designated Senior Manager for the Residences on the Lane, 2023 Multifamily Housing Development Bonds Series A issuance (\$28.5 million), due to its role as liquidity provider, is expected to bring innovative ideas, marketing and structuring capabilities, commercial lending products and capital market products to enhance the Commission's financing programs.

Proposed Team Structure

Having determined the composition of the team, the Evaluation Team proposes a structure that 1) puts in place a strong team to structure and market the Commission's bonds; 2) gives the Commission the most flexibility for a team that would be assigned for each bond issuance; and, 3) creates incentives among all the firms to bring the best ideas/innovation that maximizes the bond program's effectiveness.

With the proposed structure below, each firm has the opportunity to be the Senior Manager for a transaction; however, its ability to market the bonds, and the proposed structure for each bond issues will be closely evaluated. Further, the performance of a firm when it is not the Senior Manager will be weighed significantly as well as the other services such as capital market and lending products that each firm provides to the Commission.

Role	Firms	Comments
Senior Manager	Bank of America Securities	For each bond issuance, staff and the Executive Director, in consultation with the Commission's Financial Advisor, will create the team from the group of seven (7) firms. However, staff proposes that Bank of America Securities be designated as the initial Senior Manager. Thereafter, each firm would be evaluated on its proposed structure for a bond issuance, innovation for the structure that is optimal for the issue, market capabilities including to retail and institutional investors, past performance, and relationship with the Commission.
Co-Senior Manager	PNC Capital Markets	Initially, PNC Capital Markets would be designated as the Co-Senior Manager and would work with BoA on the structuring and marketing of the bonds.
Co-Managers	Jefferies LLC Morgan Stanley RBC Capital Markets TD Securities Wells Fargo Securities	Each bond issuance could be assigned zero (0) or up to five (5) co-managers. The designation would be made by staff and the Executive Director in consultation with the Commission's Financial Advisor. The number of co-managers would depend mainly on the size and structure (amount of short-term and long-term bonds), as well as the firms' ability to market the bonds.
Elevation Rules	Any co-manager with a unique idea may be elevated to senior manager for bond issuance.	This is intended to create incentives for firms that are not designated as senior manager or co-senior manager to bring forth ideas to enhance the Commission's bonds programs with the knowledge that they would be rewarded.
Book Runner	Single and Senior Manager	One (1) book runner is necessary to set price for the bonds with input from co-manager. The book runner takes orders and allocate bonds in an orderly manner to the underwriters.

Summary of Qualified Firms



Firm’s Experience in Public Finance and Related Area: Bank of America Securities’ (“BoA”) Municipal Banking and Markets group, located in New York, NY, is one of the most experienced municipal finance departments in the industry and has been the #1 ranked senior manager for all municipal issuances since 2012. During this period, the firm senior managed more than \$596 billion of municipal bonds across all sectors and types of issuers. Of that total, 69% of bonds were negotiated bond offerings. BoA’s Municipal Banking and Markets Group is dedicated to fully providing municipal finance investment banking services both nationally and in Maryland. BoA has been served the Commission as its senior managing underwriter for the past 41 years (formerly as Merrill Lynch). Since 1981, as an active participant in the development and execution of the Commission’s single family and multifamily financings, BoA has senior managed nearly \$4 billion of HOC’s housing bonds. Over the past four (4) years, BoA, as Senior Manager for HOC alone, sold \$52.2 million and \$141.4 million of single family and multifamily bonds, respectively.

Managing Underwriter’s Team:

Team Member/Title	Role	Experience	% Allocation to HOC
Barbara Feldman, Managing Director	Manager, Housing Finance Department	Manager of BoA’s Housing Finance Department. 35+ years investment banking experience; 28 years at BoA. Past appointments include Assistant Director of New York State HFA and Deputy Director of State of New York Mortgage Agency.	30%
David Notkin, Managing Director	Primary Banking	30 years housing finance experience; 25 years at BoA Merrill Lynch. Previously an AVP at Standard & Poor’s responsible for rating single and multi-family housing bonds, and developing analytic models.	20%
Michelle Kim, Director	Sr. Investment Banker	11 years of municipal investment banking experience for housing issuers. Housing Clients: MD CDA, MA HFA, MI SHDA, HOC, OR HCSD, VA HDA.	20%
Annie Lee, Vice President	Sr. Investment Banker	22 years housing finance experience; Ms. Lee recently joined the Housing team after working at J.P. Morgan/Bear Stearns since 2000 where she focused on structuring cash flow projections for single and multifamily transactions.	20%
Kevin Lane, Associate	Financial Analytics and Logistics Support	Joined the Housing team in 2019 after interning with BoA’s Public Sector Banking Team. Provides analytic support to all of the Firm’s housing clients on an as needed basis.	5%
Vincent Cortese, Analyst	Financial Analytics and Logistics Support	Joined the Housing team in 2022 after serving on the Firm’s New York City team for 1 year. Provides analytic support to all of the Firm’s housing clients on an as needed basis.	5%

BoA Securities proposes to allocate as needed, two (2) members of its Underwriting, Sales, Trading and Marketing group and one (1) from its Public Sector Bank group to support the above team that is allocated to HOC. The majority are senior managers with more than 20 years of experience in Municipal Finance.

Minority/Female/Disabled Participation: The firm’s 2021 employment data shows 165,773 employed of which 49% are minorities and 53% are women. Of the 64,000 professionals employed, 38% are minorities and 38% are women.

Presentation: The firm provided a complete proposal that addresses all areas of the RFP, including all required information.

Summary of Qualified Firms



Firm’s Experience in Public Finance and Related Area: Jefferies LLC (“Jefferies” or the “Firm”) is the largest full-service independent investment bank in the U.S. and is also one of the largest in the world. Founded in 1962 and headquartered in New York, Jefferies has been serving its clients for 60 years. The Firm has 5,000 employees in 40 cities worldwide, operating across the Americas, Europe and Asia. Our full-service platform provides clients with capital markets and financial advisory services, institutional brokerage and securities research, as well as wealth management. The Firm provides research and execution services in equities, fixed income, foreign exchange, futures and commodities markets, and a full range of investment banking services including underwriting, mergers and acquisitions, restructuring and recapitalization, and other advisory services. The Municipal Securities Group was established in 2009 and the Public Finance Housing and Real Estate Group in 2016; however, the Housing bankers have over 50 years in aggregate of housing underwriting experience. Since 2018, Jefferies has led over \$12 billion in housing financings, including \$3.7 billion in single family transactions and \$8.3 million in multifamily transactions.

Managing Underwriter’s Team:

Team Member/Title	Experience	% Allocation to HOC
Alan Jaffe, Managing Director and Head of Public Finance Housing and Real Estate	21 yrs of experience serving as a housing banker, leading over \$45 billion in financing for numerous issuers including MDCDA, NYCHDC, MassHousing, NYSHFA, CalHFA, IHDA, AK HFC, DC HFA, PA Housing, RIHousing, CO HFA, IAFA, and TX DHCA	30%
Rawn Williams, Managing Director	30+ yrs of banking experience involving the full spectrum of credits and structures including multifamily housing. \$44 billion of financings as lead banker for various issuers.	10%
Bob Foggio, Senior Vice President	30 yrs of housing experience, specializing in single and multi-family housing; \$25+BN of Senior Managed municipal housing finance experience; senior managed issues for 22 State HFAs, including AK HFC, CalHFA, Guam, IHDA, MI SDHA, NJ HMFA, NYSAHFA, and TX DHCA	15%
Samphas Chhea, Senior Vice President	18 years of experience in municipal finance; investment banking services to issuers across a variety of sectors, including state housing finance agencies. Senior managed experience includes \$5.6BN of which \$3.2BN (68 issues) were housing transactions	25%
Nihara Gunasekera, Associate	6 yrs of experience, having structured \$10 billion of financings, including structuring for NYS HFA, AK HFC, CA CHA, and Freddie Mac securitizations.	5%
Jack Kingston, Associate	4 years experience supporting transactions for state HFA and housing clients, as well as multifamily Freddie Mac securitizations.	5%
Sach Iyer, Analyst	2 years experience supporting transactions for state HFA and housing clients, as well as multifamily Freddie Mac securitizations.	5%
Finnegan Cleary	2 years experience supporting transactions for state HFA and housing clients.	5%

Jefferies proposes to allocate as needed, two (2) members of its Underwriting, Sales, Trading and Marketing groups to support the above team that is allocated to HOC. All are senior managers with more than 25 years of experience in Municipal Finance.

Minority/Female/Disabled Participation: The firm’s 2021 employment data shows 3,010 employed of which 33% are minorities and 25% are women. Of the 1,934 professionals employed, 38% are minorities and 25% are women.

Presentation: The firm provides a complete proposal that addresses all areas of the RFP, including all required information.

Summary of Qualified Firms

Morgan Stanley

Firm's Experience in Public Finance and Related Area: Morgan Stanley is a global financial services firm with headquarters in New York, NY. Morgan Stanley & Co. LLC provides a wide range of investment banking, securities, investment management and wealth management services. The firm employs more than 77,000 in 41 countries throughout 765 offices, and serves clients worldwide including corporations, governments, institutions and individuals. Since 2018, Morgan Stanley has senior managed over \$160 billion in par of municipal debt. In the housing sector, since 2018, the firm has senior managed \$8.1 billion in negotiated and competitive housing bonds (\$4.4 billion single family and \$3.8 billion multifamily). Morgan Stanley serves as senior manager to 17 state HFAs, as well as co-manager to 13 state HFAs, and has committed capital to underwrite \$540.7 million bonds for its senior managed long-term fixed-rate housing negotiated transactions. Morgan Stanley currently serves on the Commission's bond underwriting team, as co-manager.

Managing Underwriter's Team:

Team Member/Title	Role	Experience	% Allocation to HOC
Geoff Proulx, Managing Director	Overall Account Management / Senior Housing Banking and Financing Execution	28 years of housing banking and legal experience. Technical banker with experience in complex single and multifamily tax plans, including taxable/tax-exempt blending, yield swapping, Section 8 and Section 236 refunding's and restructurings.	20%
Alex Vlamis, Vice President	Senior Banking	10 years experience; performs complex single family and multifamily parity cash flow analysis; extensive single family financing expertise including volume cap preservation strategies, complex yield blending, and restarting parity indentures post credit crisis.	17.5%
Elizabeth Harris, Vice President	Senior Banking	15 years of housing/legal/non-profit experience; extensive experience working with state and local HFAs	17.5%
Esther Feliz, Associate	Analysis / Deal Execution	3 years of public finance experience. Joined the Morgan Stanley Housing Group full-time after being an Analyst for the NY State Homes and Community Renewal Fellowship. Provides analytic and execution support for housing issuers.	15%
Will Beckford, Executive Director	Senior Banking	20 years of infrastructure financing experience; expert in economic development financing with a focus on infrastructure, mixed-use and commercial development, specifically in Maryland.	15%
Taylor Ryan, Associate	Underwriting	5 years of public finance experience with Morgan Stanley; executed recent transactions with NYSHFA, NYCHDC, MassHousing, CT HFA, VT Housing, RI Housing, among others.	10%
Robert Riglietti, Executive Director	Sales / Distribution	28 years of municipal securities sales experience. Coordinate in-person retail roadshows to generate retail participation for many issuers.	5%

Minority/Female/Disabled Participation: The firm's 2021 employment data shows 48,634 employed of which 32% are minorities and 40% are women. Of the 20,689 professionals employed, 38% are minorities and 53% are women.

Presentation: The firm provides a complete proposal that addresses all areas of the RFP, including all required information.

Summary of Qualified Firms



Firm’s Experience in Public Finance and Related Area: PNC is a national full-service provider of banking services including capital markets, credit products, treasury management services, derivative products and investment management services. The company employs approximately 60,000 individuals in the United States and abroad, maintains approximately 2,600 retail branches, and operates 9,500 ATM machines. The PNC Public Finance Group (“PNC Public Finance”) is uniquely organized to provide investment banking services through PNC Capital Markets LLC (“PNC CM” or the “Firm”), a limited liability company organized in the Commonwealth of Pennsylvania, is an indirect wholly-owned subsidiary of PNC. Since 2015, PNC has underwritten over 2,900 series of bonds throughout the nation, totaling over \$252 billion in par of municipal bonds. And since 2018, has underwritten 75 series of bonds, totaling approximately \$4 billion in par of housing bonds. The majority of its activity has been as Co-Manager or Co-Senior Manager. PNC serves the Commission, as its main bank, and delivers traditional and specialized financial services when needed. It also is currently serving on the Commission’s bond underwriting team, as co-Senior Manager.

Managing Underwriter’s Team:

Team Member/Title	Role	Experience	% Allocation to HOC
Antonio Misiti, Managing Director	Primary Contact/Sr. Technical Banker	25+ yrs experience in Public Finance, including structuring over \$11.5 billion in sole/senior managed municipal debt for PNCCM clients.	70%
Rebecca Mulvay, Senior Associate	Transaction Support	23 years of experience in Public Finance. Her experience includes document preparation and review, procurement of ratings and municipal bond insurance, and closing coordination.	10%
Robbie Graham, Senior Associate	Transaction Support	Joined PNCCM in 2022 and provides quantitative analysis and support in structuring bond underwritings through transaction modeling platforms.	10%
Hamza Elfilali, Analyst	Transaction Support	Joined PNCCM in 2021 and provides quantitative analysis and support in structuring bond underwritings through transaction modeling platforms.	10%
Mark DeNick, Managing Director	Municipal Trading	23+ years experience of trading and underwriting; involved in the pricing and selling of all municipal bond issues including the secondary trading of municipal bonds nationwide.	30%
Adam Maisano, Managing Director	Municipal Trading	20+ years experience underwriting and trading; involved in the pricing and selling of all municipal bond issues including the secondary trading of municipal bonds nationwide.	20%
Anthony Taormina, Managing Director	Municipal Trading	Joined PNCCM in 2011 and is a taxable and general market tax-exempt trader; involved in the pricing, underwriting and trading of all municipal bond issues.	20%
Matthew Schiavi, Managing Director	Municipal Trading	Joined PNCCM in 2008; manages the analytical, operational, and regulatory aspects of PNCCM’s trading desk; specializes in the trading and underwriting of bank qualified bonds.	10%
Robert Leppert, Managing Director	Municipal Sales Manager	32+ year experience in municipal bond industry and has sold billion in par; team is responsible for providing investor feedback to the underwriter and selling securities to investors.	20%

PNC also includes, as part of its team, three (3) Relationship Managers under its Public Finance Group: Jeffery Humber, Sr. Vice President; Michael Gentile, Assistant Vice President; and, Reco Collins, Credit Product Senior Manager. Mr. Humber has more than 35 years experience in public finance, and Presently has overall responsibility for PNC’s banking relationships with major governmental, non-profit and university clients in Washington, D.C., Maryland and Virginia.

Minority/Female/Disabled Participation: The firm’s 2021 employment data shows 58,599 employed of which 34% are minorities and 60% are women. Of the 23,900 professionals employed, 25% are minorities and 48% are women.

Presentation: The firm provided a complete proposal that addresses all areas of the RFP, including all required information.

Summary of Qualified Firms



Firm's Experience in Public Finance and Related Area: RBC Capital Markets (RBC CM) is a national corporate and investment banking firm with headquarters in New York, NY. RBC CM currently serves as senior manager to 25 state HFAs, including Maryland CDA, as well as several local HFAs and Public Housing Authorities around the country. Between 2018 and 2022, the firm has senior managed 2,171 issues of negotiated municipal offerings, totaling \$121.1 billion of par value. In 2022 alone, it senior managed 270 issues totaling \$24.4 billion. In housing, specifically, RBC CM has lead managed 349 negotiated municipal housing offerings totaling approximately \$22.06 billion of aggregated par value. This year alone, it senior managed 63 housing offerings totaling approximately \$4.15 billion. Through its parent, the Royal Bank of Canada ("RBC," or the "Bank"), RBC also served as the swap counterparty to HOC on Alexander House, executed in January 2017 for \$70.5 million, and on Upton II, executed in July 2019 for \$27 million. RBC is currently serving on the Commission's bond underwriting team. And in the last four (4) years, RBC was allotted \$3,930,000 in retail orders and \$29,933,000 in net designated orders of the Commission's bonds totaling \$33,863,000 in par value or 7% of total bonds sold.

Managing Underwriter's Team:

Team Member/Title	Role	Experience	% Allocation to HOC
Mitch Gallo, Director	Lead Senior Banker	Mitch Gallo joined RBC Capital Markets in 2005. Since 1999, he has been involved in financings for governmental and for-profit organizations, primarily consisting of housing finance agencies, public housing authorities, and real estate developers. He has experience with multiple fixed income executions, credit enhancement alternatives, derivative strategies, and structured products.	30%
Jeff Sula, Managing Director	Co-Lead Banker, Single Family	30 years of municipal investment banking experience, specializing in the structuring of both taxable and tax-exempt single family and multifamily mortgage revenue bond transactions for state HFAs.	25%
McDaniel Jeantus, Associate	Analytical and Banking Support	3 years experience in municipal finance with responsibilities including transaction due diligence, analytical and research support, internal compliance logistics and monitoring continuing disclosure.	10%
Ian Phelps, Analyst	Analytical and Banking Support	1 year experience in municipal finance with responsibilities including transaction due diligence, analytical and research support, internal compliance logistics and monitoring continuing disclosure.	10%
Dave Grad, Director	Fixed Rate Underwriting	32 years experience and has underwritten nearly all of RBC CM's housing offerings.	5%
Mike Ridenour, Director	Fixed Rate Underwriting	15 years experience, all at RBC CM, in which he trades municipal bonds in the secondary market for the firm's HFA clients.	5%
Craig Laraia, Managing Director	Variable Rate Underwriting/Remarketing	32 years experience in structuring, underwriting, trading and remarketing of a complete range of short-term debt instruments. Has underwritten and remarketed over 500 short-term issues, representing \$16+ billion.	5%
Laurent Mastey, Director	Municipal Credit Products	24 years experience in public finance, and has worked and developed extensive knowledge of various products and structures including Letters of Credit, Standby Purchase Agreements, Tender Option Bonds/Floating Rate Notes, and Swaps.	5%
Jeff Lindquist, Director	Municipal Derivatives	18 years experience in the municipal finance industry, as a financial products marketer; develops, structures and implements innovative financial products to help issuers reduce borrowing costs and maximize return.	5%

Minority/Female/Disabled Participation: The firm's 2021 employment data shows 8,967 employed of which 23% are minorities and 38% are women. Of the 2,858 professionals employed, 36% are minorities and 35% are women.

Presentation: The firm provided a complete proposal that addresses all areas of the RFP, including all required information.

Summary of Qualified Firms



Firm's Experience in Public Finance and Related Area: TD Securities has been successfully executing municipal transactions for issuers throughout the U.S., serving as a managing underwriter on 79 housing transactions aggregating approximately \$13 billion since 2018. TD's parent, the Toronto Dominion Bank Group ("TDBG"), is one of the largest and strongest financial institutions in the world, with some of the highest ratings in the industry (Aa1/AA-/AA-). TD is prepared to commit capital to HOC's transactions on the day of pricing and has internal approval to underwrite a bond issue of up to \$1 billion. TD currently serves as a remarketing agent on \$36 million of VRDBs for the Commission, a role TD has had since December 2011. TD Securities has a strong institutional sales force that effectively reaches all of the 300+ active institutional accounts, which purchase public sector bonds. Additionally, TD has an exclusive Distribution Agreement with TD Ameritrade, one of the country's five largest discount brokerage firms. Through TD Ameritrade, TD Securities has access to a substantial retail investor base with over 257,000 Maryland accounts.

Managing Underwriter's Team:

Team Member/Title	Role	Experience	% Allocation to HOC
Jon Biango, Director	Relationship Manager	Joined TD Securities in May of 2016 to expand our quantitative capabilities. Previously, VP at Lamont Financial and worked with state clients and HFAs gaining extensive transaction structuring, quantitative analytics and processing experience. Since joining, he has executed taxable and tax-exempt municipal bond transactions for HFA clients across the U.S.	40%
Ken Gambone, Head of Governments & Infrastructure	General banking support	30+ yrs of municipal finance experience; substantial experience with the public sector including general obligation and revenue credits, as well as with the not-for-profit sector	15%
Julie Xing, Associate	General banking support	3 years experience supporting various transactions; works as a coverage and quantitative analytics banker for borrower across the U.S.	5%
Stacey Campbell, Analyst	General banking support	Joined TD Securities in 2019; provides banking and coverage support for borrowers across the U.S.	5%
Marilyn Pereboom, Analyst	General banking support	Joined TD Securities in 2022; provides banking and coverage support for borrowers across the U.S.	5%
Rick Fogliano, Managing Director	Sales	21 yrs experience in municipal sales, including 10 years at Bear Stearns & Co. Mr. Fogliano will personally direct the syndication and underwriting for the proposed financing.	15%
Phil Wright, Director	Underwriting and Trading	13+ years of municipal experience; serves as the main negotiated and competitive underwriter; responsible for underwriting and trading of tax-exempt and taxable municipal securities; will provide market information/color, price views and structuring ideas.	15%

Minority/Female/Disabled Participation: The firm's 2021 employment data shows 848 employed of which 35% are minorities and 31% are women. Of the 272 professionals employed, 43% are minorities and 33% are women.

Presentation: The firm provided a complete proposal that addresses all areas of the RFP, including all required information.

Summary of Qualified Firms



Firm’s Experience in Public Finance and Related Area Wells Fargo & Company (“Wells Fargo & Co.” or “WFC”) is headquartered in San Francisco, California and is a nationwide, diversified financial services company providing banking, insurance, investments, mortgage and consumer finance, asset and wealth management, and investment banking products and services. Today, Wells Fargo is one of the nation’s premier financial institutions with \$1.9 trillion in assets, 249,000+ team members across 90+ businesses, and is the third largest U.S. bank measured by market value (\$179.6 billion as of November 14, 2022). Via Wells Fargo Securities (“WFS”) the firm has the capacity to underwrite and assist the Commission in all aspects of structuring and implementing its financing activities. Since 2018, WFS has senior and co-managed \$94.3 billion and \$326.2 billion, respectively, in municipal bond transactions. In the housing sector, specifically, since 2018, WFS has senior and co-managed \$7.7 billion and \$45.3 billion, multifamily and single family housing revenue bond transactions. For HOC, over the last four year, WFS was elevated from co-manager to book running senior manager for two of HOC’s largest and most complex financing based on innovative ideas brought to the Commission (\$99.25 million Westside Shady Grove and \$55 million Elizabeth House III communities). The firm was also appointed co-senior manager on the Commission Housing Production Fund. Beyond underwriting services, Wells Fargo Bank has served as derivative counterparty to hedge the construction loan for Elizabeth House III and contributed over \$38.7 million of LIHTC equity for three (3) transactions (Upton II, 900 Thayer and MetroPointe).

Managing Underwriter’s Team:

Team Member/Title	Role	Experience	% Allocation to HOC
Rebecca Reape, Director	Primary Day to Day Contact	24+ years experience in structuring and executing transactions for housing clients; has structure a myriad of innovative single family and multifamily taxable and tax-exempt financings incorporating refundings, variable rate bonds, publicly offered and direct purchase of floating rate notes, synthetic fixed rate bonds, PAC bonds, front-loaded debt structures and mandatory tender term bonds.	50%
Patrice Mitchell, Director	Primary Day to Day Contact	10 years experience in affordable housing bond investment banking; has executed a wide variety of housing bond financing structures and has substantial expertise in structuring and managing bond transactions.	20%
Ben Killion, Vice President	Additional Team Support	6 years experience in affordable housing industry; previously worked at Caine Mitter serving as a municipal advisor to over 20 state HFAs, including HOC; provides a wide range of quantitative analysis for both single and multifamily housing, including bond structuring, refunding analysis, consolidated cash flows and tax law yield analysis.	20%
Mallie Clay, Associate	Additional Team Support	5+ years experience; worked with numerous HFA’s providing quantitative analysis, cash flow modeling and transaction support for issuers.	10%
Amanda Amaro, Director	Long-Term Underwriting	14+ years of municipal underwriting experience, serving as senior manager on near \$25 billion of various financings; provides pricing, marketing, and distribution services for both tax-exempt and taxable fixed rate financings.	as needed
Julie Chavez, Director	Short-Term Underwriting	12+ years experience; manages a portfolio of approximately \$20 billion consisting of tax-exempt VRDNs, Tender Option Bonds and taxable and tax-exempt commercial paper.	as needed

In addition to the proposed team for the engagement, Wells offers four (4) additional support from its firm, whose experience range from 17 to 34+ years of experience in derivatives sales and marketing, and Wells Fargo Government & Institutional Banking (national housing practice and Maryland Government Banking).

Minority/Female/Disabled Participation: The firm’s 2021 employment data shows 212,091 employed of which 45% are minorities and 56% are women. Of the 78,500 professionals employed, 34% are minorities and 44% are women.

Presentation: The firm provided a complete proposal that addresses all areas of the RFP, including all required information.

Summary of Qualified Firms



Firm's Experience in Public Finance and Related Area: Established in 1935, D.A. Davidson Companies is a nationwide, employee-owned financial services holding company with corporate headquarters in Great Falls, Montana. Nationally, D.A. Davidson has served as underwriter for 2,866 financings totaling \$68.7 billion since January 2018, and has acted as sole or senior manager on 2,043 of those financings totaling \$23 billion. The firm has served as managing underwriter or placement agent on 62 affordable housing issues totaling \$2.284 billion since 2018. Senior managed HFA clients include Indiana Housing, Mississippi Home Corporation, Ohio Housing. Co-managed HFA clients include Colorado Housing, Idaho Housing, Montana Board of Housing, Nebraska Investment, Pennsylvania Housing. The firm has a retail trader devoted to affordable housing bonds, and is actively involved in the pre-marketing of new affordable housing bond sales.

Managing Underwriter's Team:

Team Member/Title	Role	Experience	% Allocation to HOC
Gregory Brunner, Managing Director	Lead Banker	35+ years of municipal finance experience; served as senior investment banker on deals totaling over \$10 billion, including over \$5 billion in affordable housing and real estate finance. Served as senior banker for various state (PA, TX, MD, IL) and local housing agencies. Previously with M&T, and served on HOC's managing underwriting team during engagement.	50%
Amy Anastasoff, Managing Director	Underwriting/Pricing Support	23+ years of experience in the municipal bond industry. As Chief Operating Officer of Fixed Income Capital Markets, coordinates firm's financing. Since 2011, Amy has been involved in the underwriting of over 615 projects with a total par amount of over \$8.6 billion.	10-15%
Brian Courtney, Managing Director	Underwriting/Pricing Support	25+ years experience in the municipal bond industry. Responsible for coordination of sales and trading desk including live-market commentary upon structure, timing and pricing. Since 2017, the department he helps to oversee has underwritten more than 2,000 financings with a total par amount of over \$23.380 billion.	10-15%
Don Ginnetti, Sr. Vice President	Sales & Trading	30+ years of experience in the investment industry; responsible for the supervision of sales team composed of 50 fixed income professionals. Prior to joining D.A. Davidson in 2009, worked at RBC Capital Markets.	10%
Alouette Chicoine, Vice President	Sales & Trading	33+ years in securities industry. Focus is trading national municipal bonds for both transactional and advisory retail accounts with particular focus on housing issues.	10%
Charles Bankard, Asst. Vice President	Quantitative Analysis and Transaction Support	A public finance analyst who provides various qualitative and quantitative analyses. Joined firm in 2020 after previously working for M&T Bank as an investment banking analyst and associate in their public finance practice.	25%
Maura Lentini, Sr. Vice President	Credit Analysis & Strategy	Joined firm in 2002 after working as an analyst and rating committee member in the public finance sector at Moody's Investors Service in New York. Primary focus is on credit rating strategy and presentations for general municipal clients, authorities and school districts.	0-5%

Minority/Female/Disabled Participation: The firm's 2021 employment data shows 1,462 employed of which 9% are minorities and 43% are women. Of the 871 professionals employed, 7% are minorities and 23% are women.

Presentation: The firm provided a complete response to the RFP, but based upon scores is not recommended for an interview.

Summary of Qualified Firms



Firm’s Experience in Public Finance and Related Area: Loop Capital Markets was founded in 1997 and is the largest minority-owned investment bank and broker-dealer in the U.S. with 21 offices. It provides a wide range of services, including investment banking (corporate and municipal), fixed income sales and trading (taxable and tax-exempt), global equity sales and trading, and analytical services/research to clients around the world. Since its inception, the firm has served on municipal financings totaling over \$1.5 trillion, including \$60 billion as senior manager or joint book-runner. Since 2018, Loop has served as managing underwriter on single family and multifamily bond issuances totaling over \$13.2 billion.

Managing Underwriter’s Team:

Team Member/Title	Role	Experience	% Allocation to HOC
Peter Weiss, Managing Director	Primary Contact	Joined Loop in 2023; 32+ years in HFA spaces, leading \$43 billion of senior managed offerings; served as lead banker for the 2008 overhaul restructuring of Puerto Rico HFA’s debt, which earned <i>The Bond Buyer’s</i> “Deal of the Year”.	30%
Lee Martin, Associate	Banking Support	Joined Loop in 2019 after serving in a municipal credit research role in buy-side investment management; will provide quantitative analysis and transaction support.	20%
Jennifer Donovan, Analyst	Banking Support	Joined Loop in 2021 after working in financial planning and analysis; primary coverage includes housing; will provide quantitative analysis and transaction support.	10%
Kemi Akande, Analyst	Banking Support	Joined Loop in 2021 after serving as credit analyst in commercial lending; primarily supports local government issuers on the East Coast; will provide quantitative analysis and transaction support.	10%
Allan Lopez, Vice President	Housing Underwriter	16+ years experience; substantial experience with all fixed-rate products; co-lead underwriter on billions of dollars in municipal financings for issuers throughout the country.	10%
Fernando Lopez, Managing Director	Head of LT Underwriting	30+ years experience in municipal underwriting; has been lead underwriter for over \$76 billion in senior managed financings; responsible for firm’s underwriting and syndicate activities including market evaluation, bond structuring, marketing, investor networking, pricing and underwriting commitment.	10%
Anna Hsu, Sr. Vice President	Head of ST Underwriting	20+ years experience and is responsible for managing all municipal underwriting, remarketing and sales distribution in various short-term fixed rate and variable products including VRDBs, commercial paper, notes, put bonds and floating rate notes.	10%

Minority/Female/Disabled Participation: The firm’s 2021 employment data shows 263 employed of which 46% are minorities and 21% are women. Of the 229 professionals employed, 42% are minorities and 17% are women.

Presentation: The firm provided a complete response to the RFP but based upon scores is not recommended for an interview.

Summary of Qualified Firms



Firm’s Experience in Public Finance and Related Area: Stifel is a publicly traded broker-dealer providing securities brokerage, investment banking, research, trading, investment advisory, and related financial services to individual investors, professional money managers, businesses, and municipalities throughout the country. Stifel was founded in 1890 and with its affiliated companies has more than 8,000 employees globally with over \$3.5 billion in annual revenue and a market capitalization of over \$5 billion. Stifel benefits from strong net capital and excess net capital positions, and maintained a total net capital of \$571 million on September 30, 2022, providing the ability to underwrite over \$8.1 billion as sole manager. Between 2018 and 2022, Stifel has completed 285 single family mortgage revenue bond transactions totaling \$15.5 billion, and 390 multifamily mortgage revenue bond issuances totaling \$8.5 billion.

Managing Underwriter’s Team:

Team Member/Title	Role	Experience	% Allocation to HOC
Barry Gottfried, Managing Director	Lead contact / Co-lead Banker	Public finance housing business for over 30 years, working for several major investment banks and has executed hundreds of single family and multifamily bond issues for billions of dollars for over half of the state housing finance agencies.	25%
Jason Hubbard, Director	Co-lead Banker	20+ years in housing finance industry as a loan officer, mortgage underwriter, lending manager, operations manager and HFA client manager.	25%
DeDe Cross, Director	Banking Team Support	25+ years experience in public financing, which includes structuring and executing real estate secured financings; military, multifamily and single family housing issues; and general municipal transactions.	5%
David Wu, Associate	Banking Team, analytical, transaction support	Joined Stifel in 2020 and assists housing bankers in coordinating and executing single family housing bond transaction; supports clients through analytics and reporting.	5%
Graham Lindsley, Analyst	Banking Team, analytical, transaction support	Joined Stifel in 2022; supports housing bankers in coordinating and executing single family housing bond transaction; supports clients through analytics and reporting.	5%
Lisa May, Director	Lead Underwriter	15 years experience and serves as lead underwriter on housing transactions; responsible for evaluating the market dynamics to determine optimal structure, timing and price for housing issuers; involved in more than 1,400 senior-managed negotiated transactions.	15%
Marcus Peters, Director	Underwriting and Sales Support	13 years experience working in municipal bonds; has underwritten more than 271 transactions.	5%
Alec Lehrer, Managing Director	Swap Advisor / GIC Bidding Agent	20 years experience in municipal securities and derivatives market; has successfully acted as bidding agent or GIC advisor on more than \$2 billion notional of derivatives contracts.	5%
Jaime De Sena, Director	Swap Advisor / GIC Bidding Agent	7 years experience supporting housing market rate programs, and working as a swap advisor and GIC bidding agent for state HFA clients.	5%
Ellen Cheung, Vice President	Remarkets Variable Rate Debt	10+ years experience working on the underwriting desk; helps manage Stifel’s remarketing book which consists of 66 issues totaling \$1.67 billion.	5%

Minority/Female/Disabled Participation: The firm did not provide an Equal Employment Opportunity (EEO) Report, as requested in the RFP, nor does the firm have an Affirmative Action Plan.

Presentation: The firm provided a complete response to the RFP with the exception of the EEO report, and based upon scores is not recommended for an interview.

Summary and Recommendations

Issues for Consideration

Does the Commission wish to accept the recommendation of the Bond Underwriter Evaluation Team to appoint Bank of America Securities, Jefferies LLC, Morgan Stanley & Co., LLC, PNC Capital Markets, LLC, RBC Capital Markets, LLC, TD Securities and Wells Fargo Securities, as the seven (7) firms that make up the Commission's Bond Underwriting/Investment Banking team?

Does the Commission wish to approve the team's structure discussed herein, which initially includes a Senior Manager, a Co-Senior Manager and between zero and five (5) Co-Managers that would be determined for each bond issuance?

Does the Commission wish to approve an initial contract term of two (2) years plus two (2) additional one-year extensions that would be approved by the Commission?

Fiscal / Budget Impact

There is no direct impact on HOC's operating budget. Underwriters are compensated from the proceeds of each bond issuance or from the Cost of Issuance budget approved by the Commission (please refer to the Pricing discussion in the Executive Summary of this packet).

Time Frame

For action at the meeting of the Commission on April 5, 2023.

Evaluation Team Findings

The Bond Underwriters Evaluation Team met on January 24, 2023 to review the proposals and select the firms to be interviewed.

The Bond Underwriters Evaluation Team interviewed seven (7) firms over two (2) days on February 7 and February 8, 2023. The Evaluation Team also met on March 3, 2023, to discuss the finalists and the structure of the team (to include a Senior Manager, a Co-Senior Manager and Co-Managers), and recommends that the Commission accept staff's recommendation of the firms to serve on the Commission's Bond Underwriting team, as well as the structure of the team and the terms for contract.

Summary and Recommendations

Staff Recommendation

Staff recommends that Commission accept the recommendation of the Bond Underwriter Evaluation Team and appoint Bank of America Securities; Jefferies LLC; Morgan Stanley & Co., LLC; PNC Capital Markets, LLC; RBC Capital Markets, LLC; TD Securities; and, Wells Fargo Securities, the seven (7) firms that would compete for a place on the Commission's Bond Underwriting/Investment Banking team.

Staff further recommends that the Commission accept the recommendation of the Bond Underwriter Evaluation Team to approve the structure for the bond underwriting team, which initially includes Bank of America Securities as Senior Manager, PNC Capital Markets as Co-Senior Manager and Jefferies LLC, Morgan Stanley, RBC Capital Markets, TD Securities, and Wells Fargo Securities as Co-Managers with between zero and five (5) Co-Managers be determined for each bond issuance.

Staff recommends that Commission accept the recommendation of the Bond Underwriter Evaluation Team to approve an initial contract term of two (2) years plus two (2) additional one-year extensions that would be approved by the Commission.

RESOLUTION No: 23-27

RE: Approval of Firms Selected to Serve on the Commission’s Bond Underwriting Team in Accordance with RFP #2353 and Approval of the Structure of the Team

WHEREAS, to advance its mission and operate a successful bond financing program, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) engages the services of a number of industry professionals, including a team of bond underwriters to help structure HOC’s bond issues and market the bonds to obtain the most favorable pricing; and

WHEREAS, HOC last selected members of the bond underwriting team in 2019, and their contract expires on May 28, 2023; and

WHEREAS, in accordance with the Commission’s Procurement Policy, a request for proposal for Managing Underwriter services was issued on October 31, 2022; and

WHEREAS, an Evaluation Team, comprised of two (2) Commissioners, the Executive Director, the Deputy Executive Director, three (3) staff personnel, and the Commission’s Financial Advisor, reviewed the qualifications of the firms that were considered and recommends that seven (7) firms be contracted for the Commission’s bond underwriting team; and

WHEREAS, historically, the bond underwriting team has included a single Senior Manager and four to five Co-managers, but more recently has included a Senior Manager, a Co-Senior Manager and four to five Co-managers; and

WHEREAS, the Commission wishes to create incentives for firms that are not designated as Senior Manager or Co-Senior Manager to bring forth ideas to enhance the Commission’s bonds programs with the knowledge that they would be rewarded by being elevated to the role of senior manager for a specific bond issuance.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves the below listed firms to act as HOC’s bond underwriting team with the following structure:

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

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director in consultation with the Commission’s Financial Advisor to create a team for each bond issuance.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or her designee, is authorized to negotiate and execute contracts and/or letter agreements with each firm, and that each engagement shall be for an initial two (2) years with two (2) optional one-year renewals for a maximum term of four (4) years.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that any Co-manager with a unique idea may be elevated to Senior Manager for a specific bond issuance, if it is determined by HOC in consultation with the Commission’s Financial Advisor that the idea is unique, enhances the Commission bond program, and does not create undue risk to the Commission or its bond program.

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

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on April 5, 2023.

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Chelsea J. Andrews
Executive Director

**FY 2024 (FY'24) RECOMMENDED BUDGET:
PRESENTATION OF THE EXECUTIVE DIRECTOR'S FY'24
RECOMMENDED BUDGET**

April 5, 2023

- The Executive Director's FY'24 Recommended Budget reflects the Housing Opportunities Commission of Montgomery County's ("HOC", the "Commission", or the "Agency") priorities and strategic objectives.
- The Recommended Operating Budget for FY'24 is \$331.8 million.
- The Recommended Capital Budget for FY'24 is \$255.5 million.

The Budget, Finance and Audit Committee will review this budget proposal in detail and recommend the FY'24 Budget, as amended, to the full Commission for adoption at the June 7, 2023 Commission meeting.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Brown, Executive Director

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

RE: **FY 2024 (FY'24) Recommended Budget:** Presentation of the Executive Director's FY'24 Recommended Budget

DATE: April 5, 2023

OVERALL GOAL & OBJECTIVE:

To present the Executive Director's FY'24 Recommended Budget.

BACKGROUND:

The Path of Resilience During Uncertain Times

HOC's strong foundation has prepared us to sustain a path of resilience during an uncertain time. It has been three years since the World Health Organization declared COVID-19 a global pandemic. While the rates of housing hardship among black and brown communities were arguably high pre-pandemic, this global crisis nearly crippled an already burdened population, leaving many unable to pay rent, utilities, and other basic housing expenses. Moreover, individuals of lower economic status, regardless of race, were impacted most significantly by the pandemic. While the pandemic is waning, the impact it has had on families, jobs, and the economy is ongoing. Recently, HOC joined housing providers across Maryland to advocate at the State Capital for the appropriation of \$175 million in emergency rental assistance funding. We also worked in partnership with local, state and federal government, community partners, and other stakeholders to leverage **new programs and resources to assist residents.**

HOC has also had to navigate "the great resignation," and has struggled to recruit and retain the highest quality employees due to competition, primarily from the private sector. In addition, HOC had to navigate a cultural shift as we moved to a hybrid work environment while operating a service model to meet the needs of our residents. We believe productivity levels have been maintained at a high level, measured by the service we continue to deliver, but this has not been without its challenges.

Nevertheless, HOC remained resilient and has worked over the past year to usher in **new leadership, new technology, and new approaches** to deliver on our mission. Poised to embark

on a **new Strategic Planning process**, HOC is ready to chart a **new course**, give tenants a fresh start, and deploy **new sources of capital** to support increased housing production in the County.

Accomplishments

In recognition of the lingering effects of COVID-19 experienced by HOC customers, HOC is adopting **new methods of expanding Rental Assistance** to reach more residents that have been financially impacted during the pandemic by giving them a fresh start.

For the past two years, due to the pandemic, HOC did not pursue lease enforcement activities for delinquency to avoid displacement of our residents. The fiscal impact has been significant; however, through rental relief from the **Community Development Block Grant (“CDBG”) Rent Relief program**, other rental assistance from Montgomery County’s **Housing Initiative Fund**, the County Executive’s **special allocation**, as well as the **Emergency Rental Assistance Program**, funded by the federal government, these funds will go a long way to ease the housing burden for many of our households and help residents remain stably housed. HOC was also aided by reimbursements from the **Federal Emergency Management Agency (“FEMA”)** for response and recovery costs from the COVID-19 disaster and was approved for \$680K, marking the fifth, and largest award to date. The receipt of this award increases HOC’s total FEMA reimbursements to \$1.33 million.

In our efforts to produce more affordable housing, HOC has received approval for a second tranche of funding for the **Housing Production Fund (“HPF”)**, increasing the authority to \$100 million. This **new financing method** was designed to increase the availability of high-quality affordable housing in Montgomery County. Approved by the County Council in March 2021, the HPF established \$50 million to provide revolving, low-cost, construction-period financing to HOC’s developments. The HPF is utilized in conjunction with additional HOC investment, private investment, and conventional construction debt to finance construction and lease-up phases for **new-construction projects**. Permanent financing repays the initial HPF investment, which is subsequently returned to the fund for investment in the next HPF transaction. The goal of the HPF is to produce 3,500 **newly constructed units** over a twenty-year period. The HPF will revolve every five years resulting in \$250 million of construction loans over a twenty-year period and will provide committed capital for part of HOC’s 5,500-unit pipeline.

HOC has successfully funded the first loan to develop **The Laureate**, a 268-unit, mixed-income, mixed-use **new construction project** located in Rockville, just steps away from the Shady Grove metro. Twenty percent of the units will be set aside for households at 50% of the area median income (“AMI”) and 10% as Moderately Priced Dwelling Units (“MPDUs”). This development is also home to **HOC’s new Up County Service Center**, which will relocate to this building upon completion.

The Leggett is another example of HOC’s ability to **construct new communities while preserving affordability, this time for low-income seniors**. Part of the broader Elizabeth Square investment, The Leggett is a 267-unit, 16-story high-rise development for seniors aged 62 and above. This

mixed-income, mixed-use community is the future home of the County-owned South County Regional Recreation and Aquatics Center and Holy Cross Wellness Center, which will be expanded to serve the broader community, not only the residents of Elizabeth Square. The property will provide 106 Rental Assistance Demonstration replacement units (converted from Public Housing) set aside for current Elizabeth House residents at 30% of the AMI, and the balance serving residents up to 80% of the AMI, except for 29 units with no restrictions (market rate).

Once residents are relocated to their **new homes** at The Leggett, HOC will demolish Elizabeth House, making way for additional mixed-income apartment homes to be built on that site. The \$1.5 million demolition funds approved in the County’s Capital Improvement Program, leveraged with other County and HOC sources, will fully fund the demolition cost and ensure patrons have safe and easy access to the **new County recreation and aquatic center** once it opens.

To celebrate this unique community revitalization effort, HOC will be hosting a grand opening and renaming ceremony at The Leggett in May 2023. The property will be renamed in honor of Isiah Leggett, the first African American to be elected to the Montgomery County Executive office and an ardent supporter of seniors.

Design, entitlement, and permitting continues on several other **new construction projects** including Hillandale Gateway and Garnkirk Farms Apartments. These two buildings will bring 494 affordable units, including 155 age-restricted apartments. The **Hillandale Gateway** project will be the first multifamily building in Maryland constructed to Passive House standards. The **Garnkirk Farms Apartments**, with the support of a significant on-site solar array, is designed to be LEED Platinum and Net Zero Energy Ready with universal design for accessibility for all residents - the first in the Mid-Atlantic region.

HOC continues to develop new, renovate older and **preserve** existing affordable housing through acquisition and rehabilitation of the County’s rental housing stock. Two recent acquisitions—**Bradley Boulevard Apartments and Battery Lane Apartments**—preserved 401 and 212 naturally occurring affordable units respectively, which were at risk of being lost to investors in the Bethesda market. HOC’s acquisition ensures that they are preserved as affordable, rent increases are nominal at the County Executive’s Voluntary Rent Guidelines (“VRG”), and upon future redevelopment, there will be no net loss of affordability.

HOC’s success in executing on new construction, renovation, and preservation initiatives are made possible by our ability to provide mortgage financing through our role as Montgomery County’s designated **Housing Finance Agency**. Our Mortgage Finance Division operates the **Multifamily Lending Program (“Multifamily Program”)** and the Single Family Mortgage Purchase Program (**“Single Family Program”**), together, the (**“Bond Program”**) for the agency, which has issued over \$6 billion in securities since the beginning of the program in the 1970s.

Currently, HOC’s **Multifamily Program** has \$560 million in outstanding bonds for developments we own, or those owned by private or nonprofit developers, that were financed through the issuance of various types of bonds. Through these financing activities, the Mortgage Finance

program contributes Commitment Fees to the operating budget and capital reserves to reinvest in the future production and preservation of affordable housing. In FY 2023, a total of \$28.5 million in tax-exempt, variable rate private activity bonds was issued to finance the permanent financing of **Residences on the Lane** (Rockville), a senior income restricted community with 95% affordable units. Before the close of FY 2023, we anticipate earning \$5.4 million in Commitment Fees in FY 2023. In FY 2024, the Multifamily Program will continue to focus on financing new construction, Low-Income Housing Tax Credit (“LIHTC”) resyndication, and affordable preservation transactions, and expects to issue \$238.7 million in tax-exempt private activity and taxable bonds to fund mortgages for HOC’s developments, namely **Hillandale** (Silver Spring) and **The Metropolitan** (Bethesda).

The **Single Family Program** finances \$30-\$40 million of low-cost, single-family home mortgages and upwards of \$2.5 million in closing cost assistance annually for moderate-income families. These efforts are accomplished through our **Mortgage Purchase Program (“MPP”)**, a key resource for qualified first-time home buyers purchasing in Montgomery County. The MPP is funded through a combination of the Commission’s sale of taxable or tax-exempt mortgage revenue bonds and **Mortgage-Backed Securities (“MBS”)**. Our down payment and closing cost assistance is made possible through three unique programs including our **County Closing Cost Assistance Program, Purchase Assistance Program, and the Montgomery County Homeownership Assistance Fund**. In FY 2022, the Single Family Program completed one (1) bond issuance totaling \$32 million under the 1979 Indenture, which provided new monies to purchase MBS’ and fund **new mortgage loans**. Bond proceeds from the FY 2022 issuance, along with any remaining funds within the Single Family Program, allowed 98 households to become first-time homebuyers. Bond funds were also utilized to issue 17 secondary Down-Payment Assistance loans, which provide borrowers with three percent (3%) of the sales price. This program is critical to ensuring HOC’s fiscal health, but it further increases the **opportunity for homeownership** among moderate-income households, allowing them to remain in the County and contribute to the County’s tax base.

HOC is advocating in support of establishing a **new statewide voucher program** that would provide additional resources to reduce the waiting time for those on the waitlist for Housing Choice Vouchers. Meanwhile, we are delivering **new housing opportunities** through the receipt of **Emergency Housing Vouchers (“EHVs”)**. HOC has an allocation of 118 EHVs for families who are homeless, recently homeless, at risk of homelessness, or fleeing domestic violence, sexual assault, stalking or human trafficking. As of March 2023, 94 families have successfully leased units and 12 families with issued vouchers are searching for suitable units to rent. HOC continues its partnership with the Continuum of Care (“CoC”) at the County’s Department of Health and Housing (“HHS”) to ensure full utilization of this vital resource.

Recognizing the challenge some customers faced in either lacking the equipment, internet service, or the knowledge to use the devices and platforms necessary to receive services effectively in a virtual environment, HOC launched a **new Broadband Initiative** to bridge the

divide in digital inequity.

With the help of HOC's IT consultant working in conjunction with CISCO, our **new Broadband Initiative** was successfully completed. The Digital Equity Roadmap identified three phases: Phase I identified digital equity data and digital equity expertise. Phase II consisted of digital equity leadership, definitions of broadband and digital equity, digital equity goals and metrics, and digital equity policies. Phase III consisted of appropriate broadband devices to HOC customers, digital literacy training materials and curriculum for HOC customers, ability to deliver digital literacy training, and to evaluate potential future broadband capabilities and solutions. On December 3 and December 10, 2022, HOC partnered with Montgomery Connects to provide free computers to qualified County residents and enroll them in the Affordable Connectivity Program ("ACP") for up to \$45 credit in internet services. Free computers were distributed to 382 customers, of which 287 were HOC customers (representing 186 households). Ninety-three percent (93%) of the HOC customers who received a free computer reported not having a laptop prior to the distribution event and 74% of customers were using their smartphone as a computer. With this success, HOC is poised to secure direct funding from the State of Maryland. Plans are now underway for HOC to meet with the Deputy Secretary of Maryland Department of Housing and Community Development to secure direct funding to further its Broadband Initiatives that align with the state's priorities for closing the digital divide.

The **HOC Academy ("HOCA")** connects, in one place, all our services/linkages in adult education, workforce development programs, small business development, counseling resources for adults and several enrichment programs for children of all ages. Thanks to the financial support from HOC's non-profit affiliate, the **Housing Opportunities Community Partners ("HOCP")**, HOCA can implement programs that empower our customers to pursue opportunities that help to improve their quality of life and overall self-sufficiency.

In the last year, HOCA's **Adult Education and Workforce Development Program ("AEWD")** provided career and small business development training in collaboration with Career Catchers, WorkSource Montgomery, and ALSTNTEC, LLC. We conducted several cohorts of the 10-week Small Business Strategies Course, which assisted residents with legalizing 29 businesses. HOCA also distributed tuition assistance to AEWD participants, many of whom completed certifications in a variety of vocational programs. HOCA will continue to provide education and career training, tuition assistance and small business development opportunities to HOC customers in FY 2024.

HOCA's **youth enrichment programs** offer a wide variety of STEM and STEAM programming opportunities for children in all school grade levels. Last year, HOCA was able to offer program options for youth programs including a virtual STEM Summer Day Camp and bimonthly field trips to STEM based activities. With support from HOCP, our youth programs made a positive impact on many of our young people – they all demonstrate a better understanding of various STEM subjects, they express increased interest in STEM subjects at school, and the majority report a growing desire to pursue careers in the ever-expanding STEM job market.

Together with HOCP, HOCA will work to enhance our existing programs and will develop **new**

programming for both adults and youth in FY 2024.

HOC's **Fatherhood Initiative Program ("FIP")** continues to produce excellent outcomes for hundreds of fathers and their children each year. HOC is the only public housing authority in the country to receive funding from the US Department of Health and Human Services Office of Fatherhood of Family Assistance (OFA) Fatherhood F.I.R.E Grant (Fatherhood Family-focused, Interconnected, Resilient, and Essential). Our FIP is successful because we partner with leading experts in responsible fatherhood education, healthy marriage training, workforce development and financial literacy to propel more than 350 fathers each year to become better dads, who support their children, emotionally, developmentally, and economically. Since 2015, approximately 1,300 fathers successfully completed the program – gaining education, training, and access to employment opportunities, significantly developing parenting skills and techniques, and building supportive bonds with other fathers. Currently in the middle of our seventh year, HOC is well positioned to continue impacting the lives of many fathers and their families.

HOC's **Family Self Sufficiency ("FSS") Program** continues to help **Housing Choice Voucher ("HCV")** residents build wealth by providing direct financial assistance, savings accounts, employment assistance, financial and homeownership education, career training and assistance, educational opportunities, and more over the course of five years of case management. The education and skills that FSS participants attain significantly help them to compete in the ever-changing post-COVID job market. Currently, 353 HOC customers are actively working toward their individualized milestones and goals outlined in their FSS contract of participation. Each year, many FSS participants successfully graduate and receive the funds they earned and saved in their escrow account which can be used for home purchase, small business development, or any other aspirations of greater self-sufficiency. Later this year, we look forward to congratulating 30 participants on their FSS graduation.

Path Forward

As we look ahead to the future, HOC will continue to face many challenges, but will be afforded many opportunities to continue to deliver a balanced budget and in doing so, accomplish our mission. We will set forth a **new Strategic Plan** that will address macro- and micro-level challenges that will enable us to meet the needs of County residents over the next five years. We believe addressing the County's affordable housing challenge will require focusing on the "three P's": housing production, preservation and protection of subsidy programs.

At a macro-level, the environment in which we operate will impact our ability to deliver housing opportunities by taking advantage of **new and existing housing production tools** that advance goals set forth for Montgomery County. We will do so with the development of Hillandale Gateway, which will break ground in the fall of 2023 for the construction of 463 mixed-income, age-restricted and non-age-restricted units in the East County. The production goals are further advanced with the ongoing planning at Wheaton Gateway, which when completed, will deliver at least 770 units at the intersection of University Boulevard and Veirs Mill Road in Wheaton, the

renaissance of Heritage Emory Grove in Gaithersburg, as well as the Garnkirk Farms project in Clarksburg, and Sandy Spring Missing Middle project in Olney. At the same time, we must work to **preserve housing** that already exists so there is no net loss from our acquisition and redevelopment activities. This means continued reinvesting in our existing assets as well as the acquisition of at-risk multifamily developments that are naturally occurring affordable housing. Finally, with 36,000 applicants on the waitlist, 27,000 of which seeking HCVs, we must double our efforts at the federal level to **protect the number of available vouchers** and continue to support legislation at the state level to introduce subsidy programs for those in need.

At the micro-level, HOC must find **new ways to grow our revenue**, both from real estate and mortgage finance fees, while stabilizing revenue from our properties. Throughout the budget process, we have discerned opportunities whereby stronger management of our properties can result in lower vacancies, lower concessions, and higher net incomes. HOC is uniquely positioned to take advantage of the market because our annual rent increases are limited by the County Executive's VRG, which should attract renters. On the flip side, controlling our expenses, though difficult in a high inflationary environment, will allow us to realize stable cash flow, strengthens our assets, and better serve our residents through some of the Resident Service initiatives funded by our properties.

And while we are focusing squarely on the fiscal aspects of our operations, it is imperative that we use the available financial and educational resources to assist customers to reestablish their housing status and become financially stable. This will enable them to focus more clearly on meeting the needs of their families, repaying delinquent rents that will allow HOC's financial operations to return to normal, and move their families closer to self-sufficiency. Staff are cautiously optimistic that as the environmental effects from the COVID-19 pandemic improve, the risk of evictions from HOC's properties will decrease, allowing our customers to remain housed. If we hope to continue serving our customers and community as effectively and efficiently as possible, HOC will need to continue to be innovative in our service delivery.

Crucial to this work are the partners – big and small; government, private, and nonprofit – who demonstrate an enduring commitment to bettering Montgomery County and serving its residents. Working together, we are able to help more families and communities determine the trajectory of their own lives. Our ability to continue innovating and investing in Montgomery County requires strong partnerships and collaboration with the County Executive and County Council. Finally, with the steady guidance of our Commissioners and the hard work of our staff, HOC will continue to pursue a vision of Montgomery County where individuals can improve their economic status, remain stably housed and reach their definition of success.

Budget Implications for FY 2024

Operationally, HOC's commitment to fund its technology needs, including the protection of our intellectual property; leveraging new systems for process automation; providing residents with easier access to our systems; and guarding against cyber security threats, will ensure a strong IT infrastructure with little or no disruption to our business. At the same time, maintaining a stable

workforce and a changed human resources landscape, with fierce competition for the most talented and productive workforce, has pushed the agency to make hard decisions in the budget. Yet, the budget is balanced with modest increases in property rents that reflect HOC's commitment to adhering to the County Executive's VRG.

Total operating expenses in the FY 2024 Recommended Budget, excluding Housing Assistance Payments ("HAP"), have increased seven percent (7%) over the FY 2023 Amended budget. The increase is not only a reflection of rising costs but also the agency's ongoing commitments to improve housing and services, along with each of the aforementioned areas. We anticipate changes between the recommended and proposed budgets as we evaluate the impacts that applying rental assistance and using lease enforcement, when appropriate, will have on our properties. We are determined to minimize disruption to our customers and may face difficult decisions to contain growing arrearages, but we will continue to fight for resources to maintain a stable operating budget in service to our residents.

On the capital side, groundwork was laid when HOC reimagined itself as a real estate company. It is through this strategy that HOC began to invest our own capital, as well as raise additional capital to produce and preserve affordable housing in the County. This budget is no different in that HOC continues its development and financing activities, and thus is able to contribute fees to operations as well as to reinvest in future affordable housing—both are reflected in the FY 2024 budget. On a smaller scale, ongoing capital investments ensure that HOC's properties are maintained in accordance with our mission statement.

This budget supports these priorities and objectives and strives to honor the support we continue to receive from all our partners.

ISSUES FOR CONSIDERATION:

The Recommended Operating Budget for FY'24 is \$331.8 million. In addition, the Capital Budget for FY'24 is \$255.5 million.

The FY'24 Recommended Budget reflects the Agency's commitment to the use of **new technology, new approaches** to deliver on our mission, and the deployment of **new sources of capital** to support increased housing production in the County. Under our **new leadership**, the Agency budget includes a continued commitment to improving processes, addressing the backlog of deferred maintenance that resulted from the pandemic, and promoting a more robust commitment to one of our most valuable assets – staff.

The rental arrearages and rising costs have presented challenges in balancing the budget; however, the increased county voluntary rent guideline has served to provide the opportunity to generate additional rental revenue to support our efforts. Key to this is assisting our residents reestablish consistent rental payments. It is crucial to stabilize property income going forward by identifying key property metrics to monitor and boost performance. Property Management in conjunction with our newly established Asset Management team will focus on these efforts to

maximize rental receipts and contain costs. HOC will continue to focus efforts here through decisions made in the budget.

We are also looking to invest in technology and systems to create a more agile and data-driven decision-making environment. We expect that these measures will respond to the aforementioned issues and positively impact property and agency financial performance and improve our customers' experience in accessing resources and assistance.

The Agency's development and financing 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. The FY'24 Recommended Budget continues to rely heavily on these fees that are one time in nature to support operations. The amount of these fees and the timing of their receipt is dependent upon the ever changing development landscape which can impact revenue received during a specific fiscal year. Nevertheless, production and preservation must continue to meet HOC's goals as well as those set forth by Montgomery County.

The FY'24 Recommended Budget presented to you this evening is balanced with the use of reserves.

Detailed discussions will be held with the Budget, Finance and Audit Committee during April and May. During these meetings, the specifics of each fund will be discussed. It should be noted that staff anticipates changes between the Recommended Budget and the Adopted Budget.

BUDGET IMPACT:

None for FY'23. This budget, when adopted on June 7, 2023, will set the financial plan for the Agency for FY'24.

TIME FRAME:

During April and May 2023, the Budget, Finance and Audit Committee will informally review this budget proposal in detail. The FY'24 Budget, as amended, will be presented to the full Commission for adoption at the June 7, 2023 meeting. The Commission must adopt a budget for FY'24 before the fiscal year begins on July 1, 2023.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

No action is asked of the Commission at this meeting. The following is the meeting schedule for the review and adoption of the FY'24 Budget:

- April 14, 2023, meeting with the Budget Finance & Audit Committee, and
- May 12, 2023, meeting with the Budget Finance & Audit Committee
- Staff will present the revised FY'24 Budget to the full Commission for adoption at the June 7, 2023 meeting.

Spreadsheets Highlighting FY'24 Recommended Operating and Capital Budgets



Commission Meeting FY 2024 Recommended Budget

April 5, 2023

FY 2024 – Budget Overview

Recommended Budget

Fund Summary Overview	FY 2024 Recommended Budget		
	Revenues	Expenses	Net
General Fund	\$28,833,067	\$33,661,211	(\$4,828,144)
Draw from General Fund Operating Reserve ("GFOR")	\$1,559,302	\$0	\$1,559,302
Multifamily Bond Funds	\$20,083,529	\$20,083,529	\$0
Single Family Bond Funds	\$8,753,600	\$8,753,600	\$0
Opportunity Housing Fund			
Opportunity Housing Reserve Fund ("OHRF")	\$7,062,108	\$1,611,686	\$5,450,422
Restrict to OHRF	\$0	\$5,450,422	(\$5,450,422)
Opportunity Housing & Development Corporation Properties	\$110,433,909	\$107,292,402	\$3,141,507
Draw from GFOR for MetroPointe Deficit	\$127,335	\$0	\$127,335
Public Fund			
Housing Choice Voucher Program ("HCVP")	\$135,453,598	\$135,453,598	\$0
Federal and County Grants	\$19,513,178	\$19,513,178	\$0
TOTAL - ALL FUNDS	\$331,819,626	\$331,819,626	\$0

*** Revenues and Expenses include inter-company Transfer Between Funds**

FY 2024 – Revenue and Expense Summary

Recommended Budget

Operating Budget

Operating Income	
Tenant Income	\$108,826,187
Non-Dwelling Rental Income	\$979,361
Federal Grant	\$141,340,090
County Grant	\$12,419,123
Management Fees	\$32,906,593
Miscellaneous Income	\$163,791
TOTAL OPERATING INCOME	\$296,635,145
Operating Expenses	
Personnel Expenses	\$57,642,338
Operating Expenses - Fees	\$21,139,386
Operating Expenses - Administrative	\$9,004,085
Bad Debt	\$3,453,290
Tenant Services Expenses	\$7,536,549
Protective Services Expenses	\$1,404,562
Utilities Expenses	\$7,646,609
Insurance and Tax Expenses	\$3,513,540
Maintenance Expenses	\$11,114,799
Housing Assistance Payments (HAP)	\$124,451,780
TOTAL OPERATING EXPENSES	\$246,906,938
NET OPERATING INCOME	\$49,728,207

Non-Operating Budget

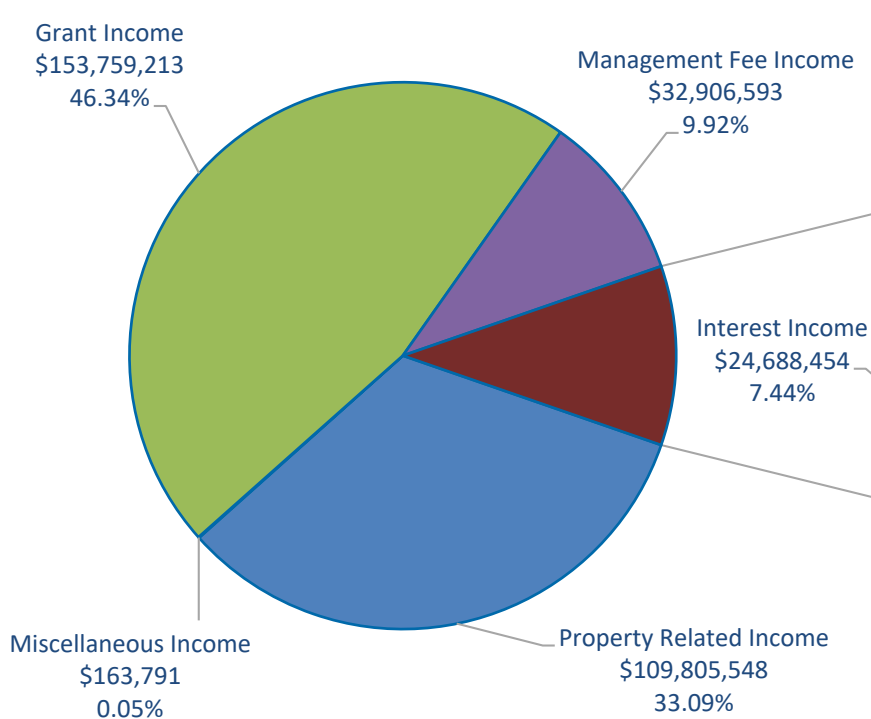
Non-Operating Income	
Investment Interest Income	\$24,688,454
FHA Risk Sharing Insurance	\$1,081,292
Transfer Between Funds	\$9,414,735
TOTAL NON-OPERATING INCOME	\$35,184,481
Non-Operating Expenses	
Interest Payment	\$41,446,611
Mortgage Insurance	\$863,031
Principal Payment	\$11,014,051
Debt Service, Operating and Replacement Reserves	\$11,459,586
Restricted Cash Flow	\$8,641,888
Development Corporation Fees	\$6,040,789
Miscellaneous Bond Financing Expenses	\$865,965
FHA Risk Sharing Insurance	\$1,081,292
Transfer Out Between Funds	\$3,499,475
TOTAL NON-OPERATING EXPENSES	\$84,912,688
NET NON-OPERATING ADJUSTMENTS	(\$49,728,207)

FY 2024 – Operating Budget: Source of Funds

Total Income – Proposed – \$331,819,626

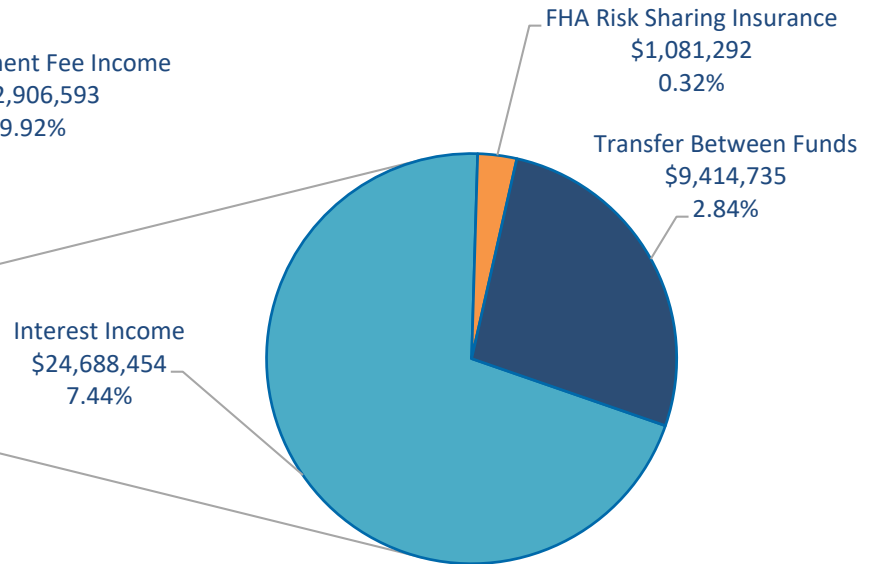
Operating Income

\$296,635,145



Non-Operating Income

\$35,184,481

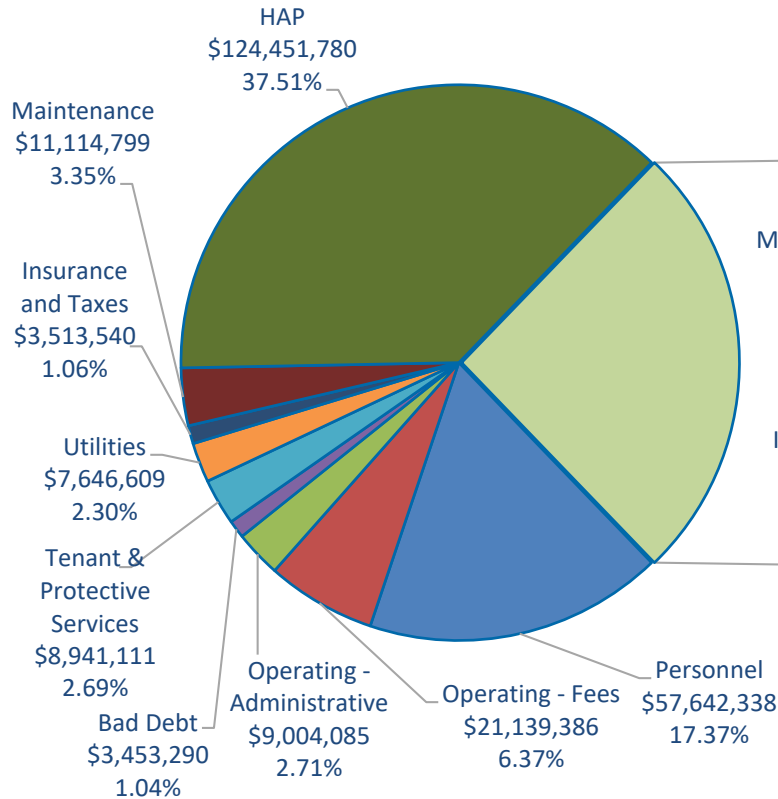


FY 2024 – Operating Budget: Use of Funds

Total Expenses – Proposed – \$331,819,626

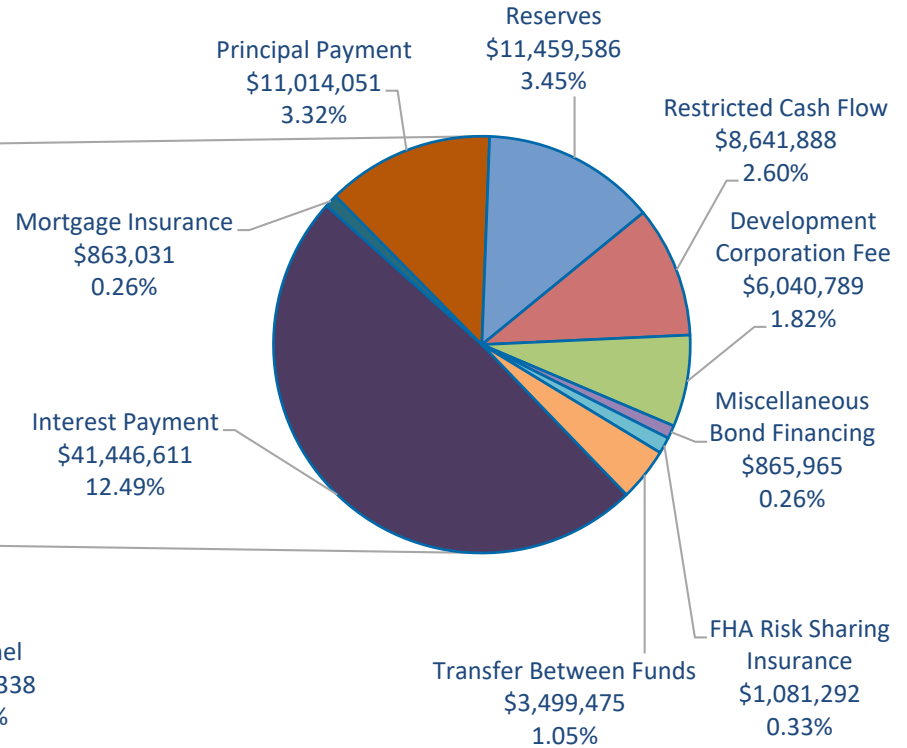
Operating Expenses

\$246,906,938



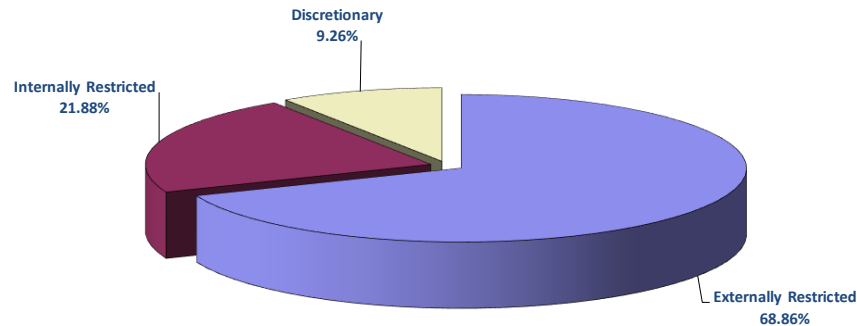
Non-Operating Expenses

\$84,912,688



FY 2024 – Revenue Restrictions

Revenue Restriction (Showing externally placed restrictions)	FY 2024 Recommended Budget			
	Externally Restricted	Internally Restricted	Discretionary	TOTAL
Operating Income				
Property Related Income	\$41,001,320	\$65,535,386	\$3,268,842	\$109,805,548
Federal Grant	\$141,340,090	\$0	\$0	\$141,340,090
County Grant	\$12,419,123	\$0	\$0	\$12,419,123
Management Fees	\$0	\$7,062,108	\$25,844,485	\$32,906,593
Miscellaneous Income	\$113,531	\$0	\$50,260	\$163,791
TOTAL OPERATING INCOME	\$194,874,064	\$72,597,494	\$29,163,587	\$296,635,145
Non-Operating Income				
Interest Income	\$24,681,504	\$0	\$6,950	\$24,688,454
FHA Risk Sharing	\$1,081,292	\$0	\$0	\$1,081,292
Transfer Between Funds	\$7,855,433	\$0	\$1,559,302	\$9,414,735
TOTAL NON-OPERATING INCOME	\$33,618,229	\$0	\$1,566,252	\$35,184,481
TOTAL - ALL REVENUE SOURCES	\$228,492,293	\$72,597,494	\$30,729,839	\$331,819,626



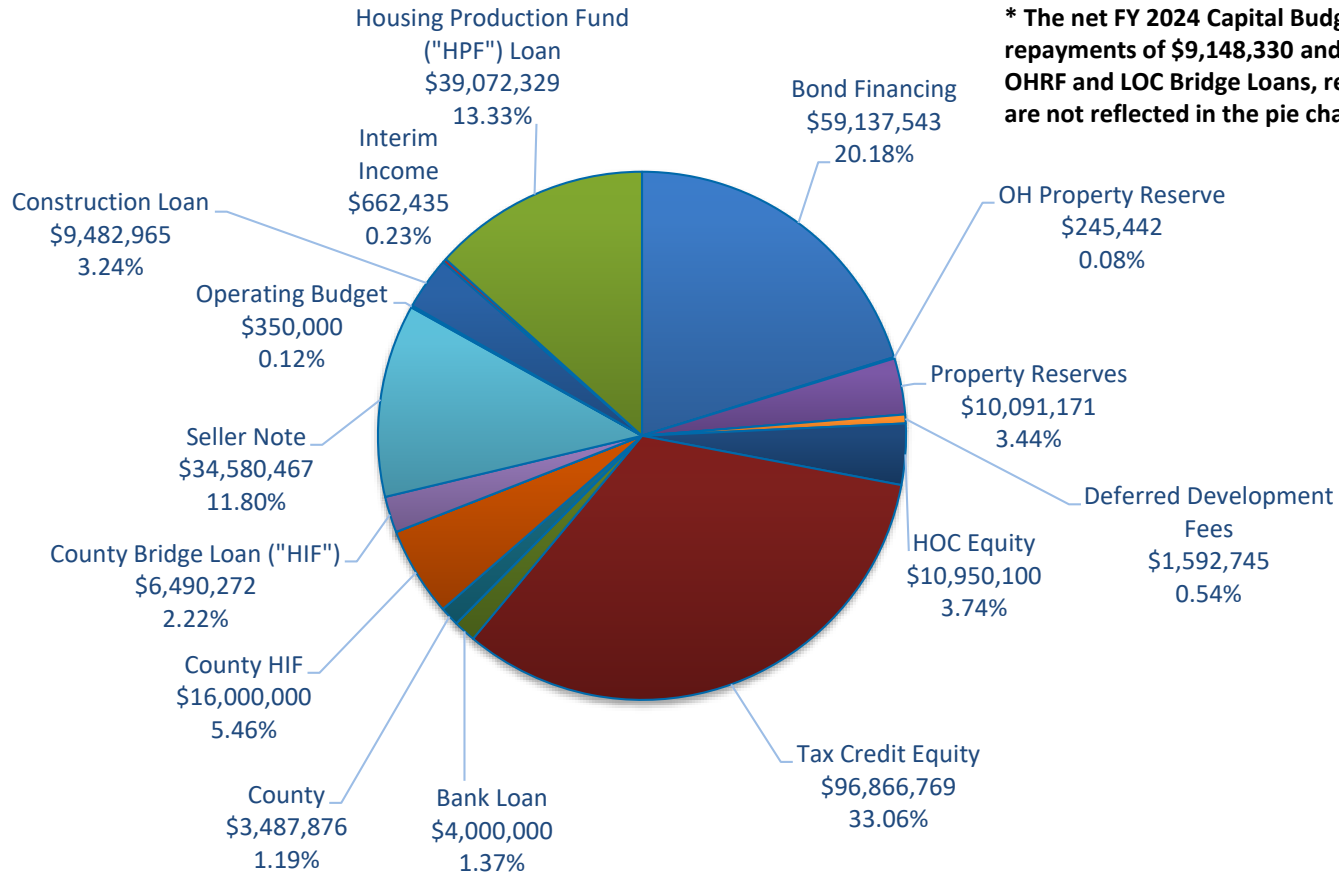
FY 2024 – Capital Budget

Capital Budget Overview

Capital Budget Summary	FY 2024 Recommended Budget
Capital Improvements	
East Deer Park	\$50,000
Kensington Office	\$100,000
880 Bonifant	\$50,000
Information Technology	\$600,000
Opportunity Housing Properties	\$9,886,613
Subtotal	\$10,686,613
Capital Development Projects	
Bauer Park Apartments	\$2,818,331
Deeply Affordable Units	\$1,250,000
Elizabeth House III (now The Leggett)	\$9,776,311
Georgian Court	\$17,486,428
Hillandale Gateway - Senior	\$27,038,333
Hillandale Gateway - Multifamily / Retail (Market)	\$36,084,523
Hillandale Gateway - Multifamily / Retail (Tax Credit)	\$13,915,194
Metropolitan	\$108,988,214
Shady Grove	\$9,140,961
Stewartown Homes	\$3,735,486
Upton II (now Residence on The Lane)	\$250,000
West Side Shady Grove	\$7,797,506
Willow Manor Resyndication	\$6,490,272
Subtotal	\$244,771,559
TOTAL	\$255,458,172

FY 2024 – Capital Budget

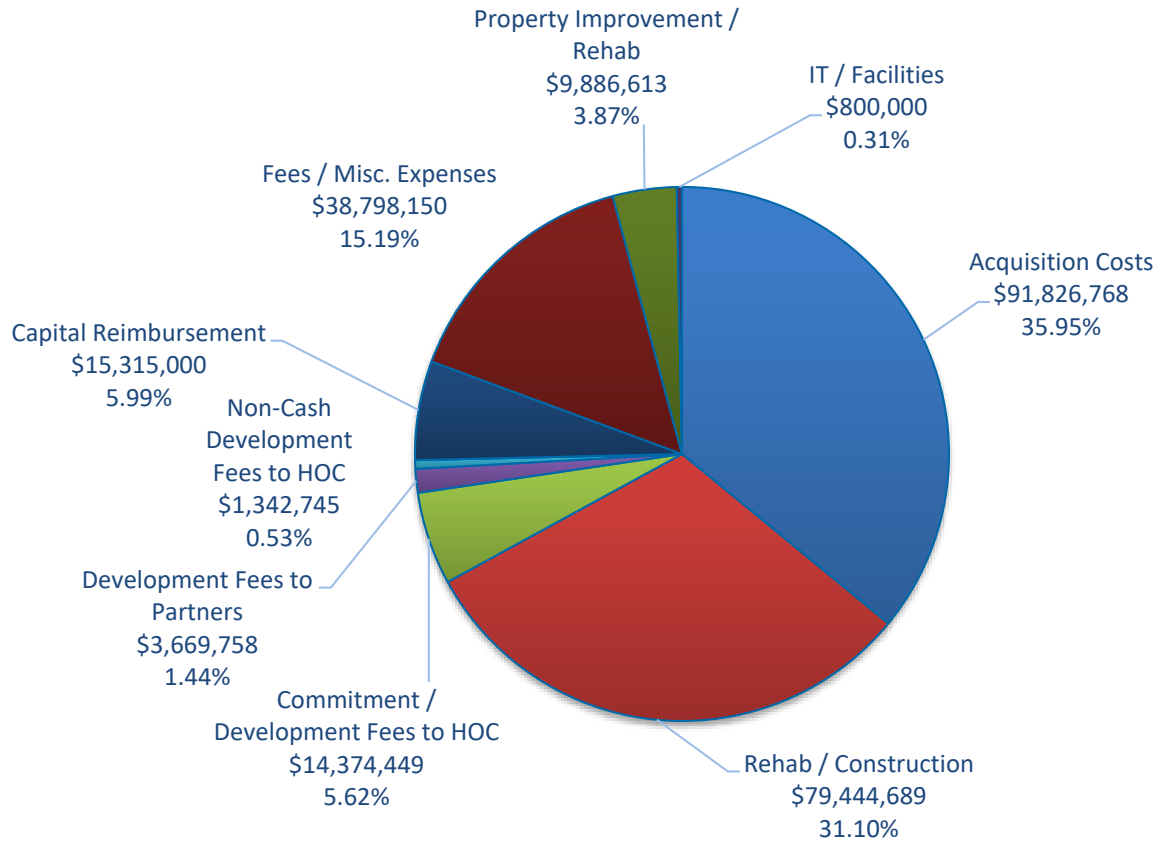
Source of Funds - Recommended – \$255,458,172 *



* The net FY 2024 Capital Budget includes repayments of \$9,148,330 and \$28,403,612 for OHRF and LOC Bridge Loans, respectively, that are not reflected in the pie chart.

FY 2024 – Capital Budget

Use of Funds - Recommended – \$255,458,172



Closing Statement

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

Date: April 5, 2023

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

- 3. “To consider the acquisition of real property for a public purpose and matters directly related thereto;” and
- 13. “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 potential purchase or lease of commercial office space located in Silver Spring, Maryland. [NOTE: This topic was discussed in a closed session on March 8, 2023. This meeting is a continuation of that discussion.]	This must be a closed meeting in order to protect HOC’s ability to purchase/lease property. Public discussion of this item could adversely affect HOC’s ability to negotiate with various third parties, which could result in HOC being unable to purchase/lease property.
§3-305(b)(13)	The confidential commercial and financial terms of a ground lease with a private third-party. [NOTE: This topic was discussed in a closed session on March 8, 2023. This meeting is a continuation of that discussion.]	Section 4-335 of the Maryland Public Information Act prevents disclosure of confidential commercial or financial information obtained from a third party. This must be a closed meeting in order to protect confidential commercial and financial information provided to HOC from a private third party regarding their ground lease terms. All such information is customarily and actually treated as private by the third party, and has been provided to HOC under an assurance of privacy.
§3-305(b)(3)	The potential acquisition/purchase (via either a ground lease or purchase and sale agreement) of real property located in Silver Spring, Maryland for redevelopment into multifamily housing. [NOTE: This topic was last discussed at a closed Commission Meeting on April 6, 2022. This meeting is to continue the discussion.]	The meeting must be closed in order to protect HOC’s ability to purchase the property. Public discussion of this item could harm HOC’s ability to negotiate and/or could result in HOC not being able to purchase the property.

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

D. Recorded vote to close the meeting:

- Date: April 5, 2023 Time: _____

- Location: HOC's Kensington Office (10400 Detrick Avenue, Kensington, MD 20895), Zoom, & Livestream (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