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

BUDGET, FINANCE AND AUDIT COMMITTEE

February 23, 2021
10:00 a.m. – via Zoom

Approval of Minutes:

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Minutes

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

Budget, Finance and Audit Committee Minutes

January 29, 2021

For the official record of the Housing Opportunities Commission of Montgomery County, an open meeting of the Budget, Finance and Audit Committee was conducted via an online platform and teleconference on Friday, January 29, 2021, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 10:03 a.m. Those in attendance were:

Present

Richard Y. Nelson, Jr., Chair – Budget, Finance and Audit Committee
Roy Priest - Commissioner
Frances Kelleher – Commissioner

Also Attending

Stacy Spann, Executive Director
Aisha Memon, General Counsel
Terri Fowler
Eugenia Pascual
Ellen Goff
Nicolas Deandreis
Nathan Bovelle
Millicent Anglin

Kayrine Brown, Deputy Executive Director
Cornelia Kent, Chief Financial Officer
Olutomi Adebo
Joan McGuire
Zachary Marks
Charnita Jackson
Jay Berkowitz

Patrice Birdsong, Spec. Asst. to Commission

APPROVAL OF MINUTES

Commissioner Nelson opened the meeting of the Budget, Finance and Audit Committee with a motion to approve the Minutes of December 15, 2020. The minutes were approved as submitted with a motion by Commissioner Priest and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Nelson, Priest, and Kelleher.

Commissioner Nelson introduced the Commissioners who participate on the Committee, Richard Y. Nelson, Jr., Chair, Roy Priest, and Frances Kelleher.

DISCUSSION ITEMS

1. Budget: Discussion of Fiscal Year 2021 Budget Reforecast

Cornelia Kent, Chief Financial Officer, provided a brief explanation of the Budget Reforecast prior to introducing Terri Fowler, Budget Officer. Ms. Kent explained that a reforecast of the remainder of FY'21 was done based on discussions at the December's Budget, Finance and Audit Committee meeting. Rent collections were reviewed for the first six (6) months and were projected out on an average basis for remaining six (6) months of the fiscal year. Operating expenses and other sources of revenue were reviewed and adjustments were made where necessary.

Ms. Fowler reported that the FY'21 Budget was reviewed as adopted and updates were made based on the last development and financing schedule. A detailed explanation was provided. Ms. Fowler also reported that if deemed appropriate the Committee will return with a new reforecast so that the Commission could have an idea of where the year ended.

Commissioner Priest asked for an explanation to understand the current rent charges and inclusion of payments from prior months. Ms. Kent explained that the difference between the 80 percent and 90 percent is that outstanding payments for prior months were received in cash payments in the current month.

The Team went into a detailed discussion on Commissioner Nelson's question regarding development fees for Brooke Park. Kayrine Brown, Deputy Executive Director, explained that the main issue was when the source of funding went from HIF to Home fund and a number of regulatory concerns. Due to the change, things got caught up in the pipeline and it was no longer a County priority.

There was no formal action required for full Commission approval.

2. County Fiscal Year 2022 – 2027 Capital Improvements Program Budget: Discussion to Authorize to Submit Reduced County Fiscal Year 2022 – 2027 Capital Improvements Budget Program

Cornelia Kent, Chief Financial Officer, introduced Terri Fowler, Budget Officer, who provided the presentation.

Ms. Fowler explained that in December the County was expecting a shortfall and provided an updated fiscal status to the Council. Departments were asked to make additional cuts. No request for reductions to the Operating Budget but there was a request to reduce the FY'22 Capital Improvement Program in the subsidized units. The reductions were due to the County in December 2020 but an extension was requested in order for full Commission approval in February.

Ms. Fowler also informed Commissioner Nelson that there may be additional future requests for reduction not only in the Capital Improvement Program but from the Operating Budget.

A motion was made by Commissioner Kelleher and seconded by Commissioner Priest to recommend to the full Commission at the February 3, 2021 monthly Commission meeting. Affirmative votes were cast by Commissioners Nelson, Priest, and Kelleher.

The meeting adjourned at 10:20 a.m. Next scheduled meeting is February 23, 2021.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Discussion Items

M E M O R A N D U M

TO: Housing Opportunities Commission Budget, Finance and Audit Committee

VIA: Stacy L. Spann, Executive Director

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

RE: Fiscal Year 2021 (FY'21) Second Quarter Budget to Actual Statements: Presentation of the FY'21 Second Quarter Budget to Actual Statements

DATE: February 23, 2021

BACKGROUND:
The Executive Director is presenting the quarterly budget to actual statements and amendments to the BF&A for informal review. Staff will present any proposed budget amendments and recommendations to the full Commission for formal action.

ISSUES FOR CONSIDERATION:
To assess the financial performance of the Agency for the second quarter of FY'21 against the budget for the same period.

BUDGET IMPACT:
A second quarter budget amendment will be informally discussed with the Budget, Finance and Audit Committee at the February 23, 2021 meeting. The Commission will be asked to approve the second quarter budget amendment at the March 3, 2021 Commission meeting. Future amendments will be presented to the Commission as necessary.

TIME FRAME:
For informal discussion at the February 23, 2021 Committee meeting. For formal Commission action at the March 3, 2021 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff requests that the Budget, Finance and Audit Committee join its recommendation to the full Commission acceptance of the Second Quarter FY'21 Budget to Actual Statements.

DISCUSSION – SECOND QUARTER BUDGET TO ACTUAL STATEMENTS

This review of the Budget to Actual Statements for the Agency through the second quarter of FY'21 consists of an overall summary and additional detail on the Opportunity Housing properties, the Development Corporation properties, the Public Housing and Housing Choice Voucher (HCV) Programs and all Capital Improvements Budgets.

HOC overall (see Attachment A)

Please note the Agency's Audited Financial Statements are presented on the accrual basis which reflects non-cash items such as depreciation and the mark-to-market adjustment for investments.

The Commission approves the Operating Budget at the fund level based on a modified accrual basis which is similar to the presentation of budgets by governmental organizations. The purpose is to ensure that there is sufficient cash income and short-term receivables available to pay for current operating expenditures.

The Commission approves the revenue and expenses and unrestricted net cash flow from operations for each fund. Unrestricted net cash flow in each fund is what is available to the Commission to use for other purposes. The Budget to Actual Comparison Summary Statement (Attachment A) shows unrestricted net cash flow or deficit for each of the funds. Attachment A also highlights the FY'21 Second Quarter Capital Budget to Actual Comparison.

The Agency ended the quarter with a net cash flow surplus of $2,110,749. This surplus resulted in a second quarter budget to actual positive variance of $1,049,813 when compared to the anticipated second quarter net cash flow surplus of $1,060,936. The primary causes were higher cash flow in some of the unrestricted Opportunity Housing Properties, as a result of property performance (see Opportunity Housing Fund).

As discussed during the First Quarter Budget to Actual presentation, the FY'21 property budgets were developed to account for a COVID-19 Pandemic impact through the first quarter by reducing rental income based on the anticipated non-payments of rent. Any non-receipt of rental income due to COVID-19 is not reflected on the income statements until the payment is over 90 days in arrears at which time an allowance for bad debt is established. Therefore, the income on several of our properties is showing a positive income variance that most likely will be offset by additional bad debt expense.

The Bad Debt expense in the Opportunity Housing portfolio is just under two million dollars which represents an increase of 71% or $833k since the first quarter. The non-receipt of rents has been partially offset through savings in maintenance expenses in many of the properties totaling approximately $726k as well as the deferral of County Loan Payments of almost $358k due to COVID 19. Staff does not anticipate that the full savings in maintenance expenses will be realized at year end.

In light of the continuation of the COVID-19 Pandemic and the continued impact on property performance, staff developed a reforecast for the year that will be included in the FY'21 Second Quarter Budget Amendment that includes the additional anticipated impacts of COVID-19 on Rent Receipts and the corresponding impact to the Allowance for Bad Debt.

Explanations of major variances by fund

The **General Fund** consists of the basic overhead costs for the Agency. This fund ended the quarter with a deficit of $2,723,255, which resulted in a positive variance of $1,383 when compared to the projected deficit of $2,724,638.

As of December 31, 2020, income in the General Fund was $1,624,000 lower than budgeted and expenses were $1,625,383 lower than budgeted. The negative income variance was primarily the result of delayed fee income and lower draws from the Opportunity Housing Reserve Fund (OHRF) for Real Estate personnel and predevelopment costs. The positive expense variance was primarily the result of lapse in salary and benefits coupled with savings in professional services, computer software, utilities and tenant service expenses that were partially offset by overages in maintenance cost. A portion of these savings is the result of timing issues, staff does not anticipate the full savings to be realized at year end.

The **Multifamily Bond Fund** and **Single Family Bond Fund** are budgeted to balance each year. Income (the bond drawdowns that finance the administrative costs for these funds) is in line with the budget. The Multifamily Bond Fund experienced a positive expense variance of $24,509 as a result of small savings in various administrative accounts. The Single Family Bond Fund experienced a negative expense variance of $4,743 as a result of small overages in various administrative accounts.

The Opportunity Housing Fund

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

The first group includes properties that were budgeted to provide unrestricted net cash flow toward the Agency's FY'21 Operating Budget. This group ended the quarter with cash flow of $3,315,093 or $293,248 less than projected.

- **Alexander House Dev Corp** ended the quarter with a negative cash flow variance of $462,481 as a result of slightly lower gross rents coupled with higher concessions, vacancy loss, and bad debt expense. Cash flow at **The Barclay Dev Corp** was $92,829 lower than anticipated due to higher vacancies coupled with overages in utilities, maintenance, and bad debt expenses that were slightly offset by savings in administrative cost. **Glenmont Crossing Dev Corp** experienced a positive cash flow variance of $68,817 as a result of savings in administrative and maintenance expenses that were partially offset by higher than anticipated utility and bad debt expense. **Glenmont Westerly Dev Corp** also experienced a positive cash flow variance of $82,970 as a result of lower maintenance and administrative cost offset by higher utility expense. Cash flow at **Magruder's Discovery Dev Corp** was $8,665 lower than anticipated due to higher maintenance, administrative, utility and insurance cost that were partially offset by higher tenant income. **The Metropolitan Dev Corp** ended the quarter with a positive cash flow variance of $178,180 as a result of savings throughout most expense categories coupled with higher than anticipated income from retail tenants. **Montgomery Arms Dev Corp** and **Pooks Hill High-Rise Dev Corp** experienced positive cash flow variances of $60,418 and $79,602, respectively, as a result of higher tenant income coupled with lower utility and maintenance costs that was offset partially by higher vacancy loss. **Scattered Site One Dev Corp** reported negative cash flow variances of $92,294 primarily attributed to higher bad debt and maintenance expenses that were partially offset by savings in administrative cost. Cash flow at **Sligo Development Corp** was $8,709 lower than anticipated due to lower gross rents and slightly higher vacancies. **VPC One Dev Corps** experienced a negative cash flow variance of $55,566, as a result of higher concessions and bad debt expenses that exceeded the COVID-19 offset that was budgeted for loss of rent. **VPC Two Dev Corps** also experienced negative cash flow variance of $58,819 due to lower gross rents coupled with higher bad debt expense.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'21 Operating Budget. Cash flow from this group of Development Corporation properties was $42,481 greater than budgeted for the quarter. Cash flow at the **Oaks at Four Corners Dev Corp** was $73,757 higher than anticipated due to savings in administrative, tenant services and maintenance costs coupled with higher than anticipated tenant rents that were partially offset by slightly higher bad debt, utilities and vacancy loss. The **RAD 6** properties experienced a negative cash flow variance of $38,006 collectively, as a result of overages in various expense categories offset by higher tenant income. With the exception of **Parkway Woods** all of the RAD 6 properties experienced expense overages. Cash flow at **Ken Gar** was $19,546 lower than anticipated due to lower tenant income and higher bad debt partially offset by small savings in administrative, utility and maintenance expenses. The planned deficit at **Seneca Ridge** was $28,295 lower than anticipated primarily due to higher gross rents and lower than anticipated vacancy loss coupled with savings in utilities that were partially offset by overages in administrative, maintenance and bad debt expenses. **Washington Square** reported a negative cash flow variance of $64,630, primarily attributed to higher bad debt, administrative, utility and maintenance expenses that were partially offset by higher tenant income and lower vacancy.

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

The first group includes properties that were budgeted to provide unrestricted net cash flow toward the Agency's FY'21 Operating Budget. This group ended the quarter with cash flow of $1,518,911 or $1,341,678 more than projected.

- **Barclay Affordable** experienced a positive cash flow variance of $118,705 as a result of lower maintenance and administrative costs coupled with higher tenant income. **Camp Hill Square** reported a negative cash flow variance of $12,282 primarily attributed to higher security and maintenance costs partially offset by higher tenant income. Cash flow at **Fairfax Court** was $21,643 lower than anticipated due to slightly lower tenant rent and higher concessions coupled with overages in maintenance expenses. **Holiday Park** reported a negative cash flow variance of $42,396 primarily attributed to higher than anticipated maintenance, bad debt and utility costs. Cash flow at the three **Manor** properties was collectively $68,122 ($24,423 + $31,669 + $12,030) higher than anticipated due to saving related to the refinancing of loans on the properties coupled with higher gross rents that were partially offset by higher vacancies. **McHome** experienced a positive cash flow variance of $20,436 as a result of savings in maintenance costs and slightly higher tenant income. **Metropolitan Affordable, MHLP VII, MHLP X, Shady Grove Apt, Westwood Towers** and **The Willows** experienced a positive cash flow variance of $111,107, $58,600, $108,769, $106,877, $266,090 and $192,794 respectively, as a result of saving in various expense categories and higher tenant income. **MHLP IX Scattered Sites** reported a positive cash flow variance of $34,340 as a result of savings in various expense categories offset by lower tenant income. **Pooks Hill Mid-Rise** experienced a positive cash flow variance of $33,440 as a result of savings in maintenance cost and debt payments partially offset by higher utilities cost. Cash flow at **Stewartown Affordable** was $155,948 higher than anticipated due to higher gross rents and lower vacancies coupled with savings in administrative, tenant services and maintenance costs that were offset partially by higher utilities. **TPP LLC Timberlawn** experienced a positive cash flow variance of $109,040 primarily as a result of higher gross rents coupled with savings in administrative and maintenance costs. **Strathmore Court** experienced a negative cash flow variance of $50,651 as a result of higher security cost, bad debt and maintenance expenses.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'21 Operating Budget. Some of these properties have legal restrictions on the use of cash flow; others may have needs for the cash flow. Cash flow for this group of properties was $134,171 less than budgeted. The demolition of **The Ambassador** was completed in April of 2020. The property experienced expenses of $8,000 mainly driven by costs associated with the transfer of the property to Wheaton Gateway and taxes coupled with interest paid on the outstanding debt on the PNC Real Estate Line of Credit (RELOC). There are sufficient reserves at the property to cover the costs. **Cider Mill** reported a negative cash flow variance of $116,809 primarily due to higher than anticipated bad debt, utilities, security cost and concessions that were largely offset by higher rents and lower vacancies coupled with savings in maintenance costs. The **Day Care at 9845 Lost Knife Roade** experienced a negative cash flow variance of $25,007 as a result of taxes that were not included in the budget. **Diamond Square** ended the quarter with a positive cash flow variance of $89,058 largely the result of higher gross rents coupled with savings throughout most expense categories offset by higher bad debt expense. Cash flow at **Elizabeth House Interim RAD** was $168,789 higher than anticipated due to higher subsidy payments that included the receipt of vacant unit subsidies that were partially offset by overages throughout most expense categories. **Georgian Court Affordable,** the **NCI units** and the **NSP units** experienced positive cash flow variances of $102,259, $20,178 and $13,539, respectively, as a result of savings in most expense categories coupled with higher tenant income. **Holly Hall Interim RAD** which was vacated in November 2019 and therefore not budgeted has continued to experience maintenance costs for the building as well as cost for securing the vacant building totaling $312,828. Cash flow at **Paint Branch** was $16,049 lower than anticipated due to lower rents and higher vacancy loss coupled with higher administrative and maintenance costs. **Southbridge** ended the quarter with a negative cash flow variance of $11,367 as a result of higher vacancies coupled with overages in maintenance and security costs that were partially offset by savings in administrative expenses. **State Rental Combined** reported a negative cash flow variance of $43,363 primarily attributed to higher vacancy loss and bad debt expense that were partially offset by higher gross rents coupled with savings in administrative and maintenance cost.

<u>The Public Fund</u> (Attachment D)

- The FY'21 Budget was developed with no Public Housing property budgets. A small amount of expenses continued at **Emory Grove** for communication costs, utilities and solid waste tax.

- The Housing Choice Voucher Program (HCVP) ended the quarter with a shortfall of $877,606. The shortfall was comprised of Housing Assistance Payment (HAP) payments that exceeded HAP revenue by $1,557,960 offset by an administrative surplus of $680,354. The HAP shortfall was funded from the HCVP reserve (NRP), which includes funds received in prior years that were recognized but not used. The program ended the period with a positive administrative variance of $680,354 when compared to the projected surplus of $17,236 as a result of higher than anticipated administrative fee income coupled with a positive variance in administrative expenses due largely to the timing of contract expenses. The higher administrative fee income was the result of a higher proration factor of 80% compared to the budgeted proration factor of 79% and higher administrative fees received on incoming portables coupled with the Department of Housing and Urban Development (HUD) providing additional administrative fees in July and September 2020 as a result of the reconciliation of fees earned based on actual utilization from January 1 through June 30 2020.

<u>Tax Credit Partnerships</u>

The Tax Credit Partnerships have a calendar year end.

<u>The Capital Budget</u> (Attachment E)

Attachment E is a chart of the Capital Improvements Budget for FY'21. The chart is grouped in two sections – General Fund and Opportunity Housing properties. This report is being presented for information only. Most of the variances in the capital budgets reflect timing issues. Capital projects are long-term; therefore, it is very difficult to analyze each project on a quarterly basis. We will keep the Commission informed of any major issues or deviations from the planned Capital Improvements Budget.

The **CDBG units** exceeded the capital budget due to carpet replacement. **Georgian Court Affordable** has exceeded its FY'21 capital budget by $208,966 mainly as a result of window replacements that will be funded by residual receipts held at the property. **Holiday Park** exceeded the capital budget due to work related to the hardwiring of Smoke and Carbon monoxide detectors that was required by County Inspectors. **Jubilee Hermitage** exceeded its capital budget due to grounds and landscaping work at the property that was not anticipated.

McKendree overspent its capital budget as a result of HVAC work that was more than anticipated. **Scattered Site One Dev Corp** exceeded its capital budget due to flooring and HVAC replacement. **VPC Two** nominally exceeded its capital budget for the year as a result of a needed HVAC replacement. **Washington Square** has exceeded its FY'21 capital budget as a result of delayed billing for supplies and materials.

The majority of the properties have sufficient property reserves to cover the overages. Where this is not the case, staff is reviewing the obligations from the Opportunity Housing Property Reserve (OHPR) to ensure sufficient funds are available to cover the balance of the overages.

FY 21 Second Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow (6 Months) Budget	(6 Months) Actual	Variance
General Fund			
General Fund	($2,724,638)	($2,723,255)	$1,383
Administration of Multifamily and Single Family Fund			
Multifamily Fund	$556,801	$581,310	$24,509
Draw from / (Restrict to) Multifamily Bond Fund	($556,801)	($581,310)	($24,509)
Single Family Fund	$253,996	$249,253	($4,743)
Draw from / (Restrict to) Single Family Bond Fund	($253,996)	($249,253)	$4,743
Opportunity Housing Fund			
Opportunity Housing Properties	$177,233	$1,518,911	$1,341,678
Development Corporation Property Income	$3,608,341	$3,315,093	($293,248)
OHRF			
OHRF Balance	$2,597,302	$593,689	($2,003,613)
Excess Cash Flow Restricted	($2,597,302)	($593,689)	$2,003,613
Draw from existing funds	$0	$0	$0
Net -OHRF	**$0**	**$0**	**$0**
SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing	**$1,060,936**	**$2,110,749**	**$1,049,813**
Public Fund			
Public Housing Rental (1)	$0	($6,552)	($6,552)
Housing Choice Voucher Program HAP (2)	$2,032,625	($1,557,960)	($3,590,585)
Housing Choice Voucher Program Admin (3)	$17,236	$680,354	$663,118
Total -Public Fund	**$2,049,861**	**($884,158)**	**($2,934,019)**
Public Fund - Reserves			
(1) Public Housing Rental - Draw from / Restrict to Program	$0	$6,552	$6,552
(2) Draw from / Restrict to HCV Program Cash Reserves	($2,032,625)	$1,557,960	$3,590,585
(3) Draw from / Restrict to HCV Program Excess Admin Fee	($17,236)	($680,354)	($663,118)
SUBTOTAL - Public Funds	**$0**	**$0**	**$0**
TOTAL - All Funds	**$1,060,936**	**$2,110,749**	**$1,049,813**

FY 21 Second Quarter Operating Budget to Actual Comparison

	Capital Expenses (12 Months) Budget	(6 Months) Actual	Variance
General Fund			
880 Bonifant	$255,000	$2,236	$252,764
East Deer Park	$195,000	$49,821	$145,179
Kensington Office	$50,000	$20,568	$29,432
Information Technology	$532,440	$229,509	$302,931
Opportunity Housing Fund	$7,643,469	$2,600,714	$5,042,755
TOTAL - All Funds	**$8,675,909**	**$2,902,848**	**$5,520,297**

FY 21 Second Quarter Operating Budget to Actual Comparison

Development Corp Properties - Net Cash Flow

	(6 Months) Net Cash Flow Budget	Variance Income	Variance Expense	(6 Months) Net Cash Flow Actual	Variance
Properties with unrestricted cash flow for FY21 operating budget					
Alexander House Dev Corp	($85,010)	($368,717)	($93,764)	($547,491)	($462,481)
The Barclay Dev Corp	($608)	($19,780)	($73,049)	($93,437)	($92,829)
Glenmont Crossing Dev Corp	$140,624	($5,664)	$74,481	$209,441	$68,817
Glenmont Westerly Dev Corp	$43,800	$6,515	$76,455	$126,770	$82,970
Magruder's Discovery Dev Corp	$327,445	$27,946	($36,611)	$318,780	($8,665)
The Metropolitan Dev Corp	$889,733	$56,783	$121,398	$1,067,913	$178,180
Montgomery Arms Dev Corp	$135,881	$31,148	$29,271	$196,299	$60,418
TPM - MPDU II (59) Dev Corp	$170,741	$18,934	($9,235)	$180,440	$9,699
Paddington Square Dev Corp	$154,215	$56,536	($56,726)	$154,025	($190)
Pooks Hill High-Rise Dev Corp	$201,274	$21,699	$57,903	$280,876	$79,602
Scattered Site One Dev Corp	$172,512	$14,411	($106,704)	$80,218	($92,294)
Scattered Site Two Dev Corp	($18,585)	($1,381)	$8,000	($11,966)	$6,619
Sligo MPDU III Dev Corp	$15,333	($8,775)	$66	$6,624	($8,709)
VPC One Dev Corp	$873,407	$126,783	($182,348)	$817,841	($55,566)
VPC Two Dev Corp	$587,579	($24,761)	($34,058)	$528,760	($58,819)
Subtotal	**$3,608,341**	**($68,323)**	**($224,921)**	**$3,315,093**	**($293,248)**
Properties with restricted cash flow (external and internal)					
MetroPointe Dev Corp	($135,194)	$13,303	($6,573)	($128,464)	$6,730
Oaks at Four Corners Dev Corp	($32,358)	$19,691	$54,066	$41,399	$73,757
RAD 6 Dev Corp Total	**($224,715)**	**$116,896**	**($154,904)**	**($262,721)**	**($38,006)**
Ken Gar Dev Corp	$11,833	($14,206)	($5,340)	($7,713)	($19,546)
Parkway Woods Dev Corp	$1,662	($11,016)	$19,409	$10,056	$8,394
Sandy Spring Meadow Dev Corp	($8,538)	$8,416	($2,289)	($2,411)	$6,127
Seneca Ridge Dev Corp	($201,136)	$54,539	($26,245)	($172,841)	$28,295
Towne Centre Place Dev Corp	($7,965)	$48,113	($44,759)	($4,611)	$3,354
Washington Square Dev Corp	($20,571)	$31,050	($95,680)	($85,201)	($64,630)
Subtotal	**($392,267)**	**$149,890**	**($107,411)**	**($349,786)**	**$42,481**
TOTAL ALL PROPERTIES	**$3,216,074**	**$81,567**	**($332,332)**	**$2,965,307**	**($250,767)**

FY 21 Second Quarter Operating Budget to Actual Comparison

For Opportunity Housing Properties - Net Cash Flow

	(6 Months) Net Cash Flow Budget	Variance Income	Variance Expense	(6 Months) Net Cash Flow Actual	Variance
Properties with unrestricted cash flow for FY21 operating budget					
MPDU I (64)	$3,525	$6,778	($5,293)	$5,010	$1,485
Avondale Apartments	$80,121	($2,440)	$6,287	$83,968	$3,847
Barclay Affordable	($1,764)	$26,171	$92,533	$116,941	$118,705
Brooke Park	$0	$0	($671)	($670)	($670)
Camp Hill Square	$111,739	$33,236	($45,518)	$99,457	($12,282)
Chelsea Towers	($28,878)	$6,240	$46,647	$24,009	$52,887
Fairfax Court	$42,602	($12,767)	($8,875)	$20,959	($21,643)
Holiday Park	($13,224)	$33	($42,430)	($55,620)	($42,396)
Jubilee Falling Creek	$3,066	($3,268)	$4,184	$3,982	$916
Jubilee Hermitage	($3,455)	($305)	$5,581	$1,821	$5,276
Jubilee Horizon Court	($1,603)	$6,345	$3,775	$8,517	$10,120
Jubilee Woodedge	($160)	($4,024)	$3,560	($623)	($463)
Manchester Manor	($5,372)	$2,920	($9,760)	($12,212)	($6,840)
The Manor at Cloppers Mill	$34,729	$7,129	$17,294	$59,152	$24,423
The Manor at Colesville	$34,610	$3,430	$28,239	$66,279	$31,669
The Manor at Fair Hill Farm	$25,065	($285)	$12,316	$37,095	$12,030
McHome	$37,060	$6,602	$13,834	$57,496	$20,436
McKendree	$21,851	$8,976	($13,302)	$17,526	($4,325)
Metropolitan Affordable	($312,703)	$22,298	$88,809	($201,596)	$111,107
MHLP VII	($12,439)	$23,550	$35,050	$46,161	$58,600
MHLP VIII	$39,244	($13,366)	($7,186)	$18,691	($20,553)
MHLP IX Pond Ridge	($29,472)	($18,839)	$30,040	($18,271)	$11,201
MHLP IX Scattered Sites	($125,230)	($35,609)	$69,949	($90,890)	$34,340
MHLP X	($57,970)	$44,741	$64,028	$50,799	$108,769
MPDU 2007 Phase II	$5,727	$8,429	$4,446	$18,602	$12,875
Pooks Hill Mid-Rise	$74,919	$79	$33,361	$108,359	$33,440
Shady Grove Apts	$81,951	$35,959	$70,918	$188,828	$106,877
Stewartown Affordable	($22,709)	$76,101	$79,847	$133,239	$155,948
Strathmore Court	$327,070	($3,744)	($46,906)	$276,419	($50,651)
Strathmore Court Affordable	($290,565)	$18,443	$132	($271,990)	$18,575
TPP LLC Pomander Court	$41,559	($7,154)	$7,205	$41,610	$51
TPP LLC Timberlawn	$200,966	$59,460	$49,580	$310,006	$109,040
Westwood Tower	$139,071	$58,321	$207,769	$405,161	$266,090
The Willows	($222,098)	$44,777	$148,017	($29,304)	$192,794
Subtotal	**$177,233**	**$398,217**	**$943,460**	**$1,518,911**	**$1,341,678**
Properties with restricted cash flow (external and internal)					
The Ambassador	$0	$0	($8,000)	($8,000)	($8,000)
Brookside Glen (The Glen)	$28,217	$27,513	($15,347)	$40,383	$12,166
CDBG Units	$4,598	($4,797)	($2,233)	($2,432)	($7,030)
Cider Mill Apartments	($39,457)	$417,180	($533,989)	($156,266)	($116,809)
Day Care at 9845 Lost Knife Road	$18,226	$0	($25,007)	($6,781)	($25,007)
Dale Drive	$5,490	($55)	$2,508	$7,943	$2,453
Diamond Square	$116,688	$47,071	$41,987	$205,746	$89,058
Elizabeth House Interim RAD	($55,378)	$376,505	($207,716)	$113,411	$168,789
Georgian Court Affordable	$9,666	$52,782	$49,477	$111,925	$102,259
Holly Hall Interim RAD	$0	($125)	($312,703)	($312,828)	($312,828)
NCI Units	($35)	$5,846	$14,332	$20,143	$20,178
NSP Units	($1,029)	$2,737	$10,802	$12,510	$13,539
Olney Sandy Spring Road	($3,620)	$0	($974)	($4,594)	($974)
King Farm Village	$2,300	($144)	($1,042)	$1,114	($1,186)
Paint Branch	$34,751	($13,651)	($2,398)	$18,702	($16,049)
Southbridge	$22,755	($6,732)	($4,636)	$11,388	($11,367)
State Rental Combined	($29,247)	($26,473)	($16,891)	($72,610)	($43,363)
Subtotal	**$113,925**	**$877,657**	**($1,011,830)**	**($20,246)**	**($134,171)**
TOTAL ALL PROPERTIES	**$291,158**	**$1,275,874**	**($68,370)**	**$1,498,665**	**$1,207,507**

FY 21 Second Quarter Operating Budget to Actual Comparison
For HUD Funded Programs

	(6 Months) Budget	(6 Months) Actual	Variance
Public Housing Rental			
Revenue	$0	$26	$26
Expenses	$0	$6,578	($6,578)
Net Income	**$0**	**($6,552)**	**($6,552)**
Housing Choice Voucher Program			
HAP revenue	$50,359,244	$51,393,707	$1,034,463
HAP payments	$48,326,619	$52,951,667	$4,625,048
Net HAP	**$2,032,625**	**($1,557,960)**	**($3,590,585)**
Admin.fees & other inc.	$3,981,333	$4,345,543	$364,210
Admin. Expense	$3,964,097	$3,665,189	$298,908
Net Administrative	**$17,236**	**$680,354**	**$663,118**
Net Income	**$2,049,861**	**($877,606)**	**($2,927,467)**

Attachment D

FY 21 Second Quarter Operating Budget to Actual Comparison

For Public Housing Rental Programs - Net Cash Flow

	(6 Months) Net Cash Flow Budget	Variance Income	Variance Expense	(6 Months) Net Cash Flow Actual	Variance
Elizabeth House	$0	$0	$0	$0	$0
Holly Hall	$0	$0	$0	$0	$0
Emory Grove	$0	$26	($6,578)	($6,552)	($6,552)
TOTAL ALL PROPERTIES	**$0**	**$26**	**($6,578)**	**($6,552)**	**($6,552)**

FY 21 Second Quarter Operating Budget to Actual Comparison

For Capital Improvements

	(12 Months) Budget	(6 Months) Actual	Variance
General Fund			
880 Bonifant	$255,000	$2,236	$252,764
East Deer Park	$195,000	$49,821	$145,179
Kensington Office	$50,000	$20,568	$29,432
Information Technology	$532,440	$229,509	$302,931
Subtotal	**$1,032,440**	**$302,134**	**$730,306**
Opportunity Housing			
Ambassador	$0	$0	$0
Alexander House Dev Corp	$41,570	$11,965	$29,605
Avondale Apartments	$27,900	$1,643	$26,257
The Barclay Dev Corp	$83,900	$70,272	$13,628
Barclay Affordable	$71,640	$8,559	$63,081
Brooke Park	$0	$0	$0
Brookside Glen (The Glen)	$57,000	$48,591	$8,409
Camp Hill Square	$54,400	$16,603	$37,797
CDBG Units	$500	$3,002	($2,502)
Chelsea Towers	$15,550	$0	$15,550
Cider Mill Apartments	$794,092	$411,406	$382,686
Day Care at 9845 Lost Knife Road	$0	$1,825	($1,825)
Dale Drive	$8,949	$0	$8,949
Diamond Square	$398,180	$56,000	$342,180
Elizabeth House Interim RAD	$10,100	$0	$10,100
Fairfax Court	$56,800	$26,932	$29,868
Georgian Court Affordable	$41,130	$250,096	($208,966)
Glenmont Crossing Dev Corp	$485,500	$57,955	$427,545
Glenmont Westerly Dev Corp	$235,400	$27,732	$207,668
Holiday Park Interim RAD	$27,500	$34,510	($7,010)
Jubilee Falling Creek	$0	$0	$0
Jubilee Hermitage	$500	$4,300	($3,800)
Jubilee Horizon Court	$0	$0	$0
Jubilee Woodedge	$500	$0	$500
Ken Gar Dev Corp	$6,500	$1,730	$4,770
King Farm Village	$1,800	$0	$1,800
Magruder's Discovery Dev Corp	$68,630	$11,789	$56,841
Manchester Manor	$22,332	$16,540	$5,792
Manor at Cloppers Mill	$66,017	$38,521	$27,496
Manor at Colesville	$136,726	$38,883	$97,843
Manor at Fair Hill Farm	$89,579	$84,886	$4,693
McHome	$100,000	$13,180	$86,820
McKendree	$14,650	$19,810	($5,160)
MetroPointe Dev Corp	$483,760	$20,556	$463,204
The Metropolitan Dev Corp	$556,084	$111,795	$444,289
Metropolitan Affordable	$269,893	$55,482	$214,411
Montgomery Arms Dev Corp	$113,726	$10,760	$102,966
MHLP VII	$22,000	$2,334	$19,666
MHLP VIII	$44,500	$22,420	$22,080
MHLP IX - Pond Ridge	$69,516	$23,531	$45,985
MHLP IX - Scattered Sites	$41,000	$21,600	$19,400
MHLP X	$70,036	$30,752	$39,284
MPDU 2007 Phase II	$4,000	$475	$3,525
617 Olney Sandy Spring Road	$0	$0	$0
MPDU I (64)	$57,355	$14,331	$43,024
TPM - MPDU II (59) Dev Corp	$62,024	$28,342	$33,682
Oaks at Four Corners Dev Corp	$306,892	$66,609	$240,283
NCI Units	$2,000	$905	$1,095
NSP Units	$2,000	$116	$1,884
Paddington Square Dev Corp	$108,880	$71,159	$37,721
Paint Branch	$5,900	$0	$5,900
Parkway Woods Dev Corp	$45,040	$3,955	$41,085
Pooks Hill High-Rise Dev Corp	$197,200	$19,791	$177,409
Pooks Hill Mid-Rise	$66,100	$7,949	$58,151
Sandy Spring Meadow Dev Corp	$21,500	$7,404	$14,096
Scattered Site One Dev Corp	$63,000	$142,549	($79,549)
Scattered Site Two Dev Corp	$40,204	$25,575	$14,629
Seneca Ridge Dev Corp	$33,345	$16,131	$17,214
Shady Grove Apts	$107,105	$26,086	$81,019
Sligo MPDU III Dev Corp	$22,492	$7,895	$14,597
Southbridge	$25,904	$3,408	$22,496
State Rental Combined	$177,996	$68,918	$109,078
Stewartown Affordable	$21,994	$12,416	$9,578
Strathmore Court	$258,463	$114,579	$143,884
Strathmore Court Affordable	$91,343	$14,315	$77,028
Towne Centre Place Dev Corp	$27,060	$149	$26,911
TPP LLC Pomander Court	$16,796	$0	$16,796
TPP LLC Timberlawn	$118,943	$67,721	$51,222
VPC One Dev Corp	$103,512	$70,066	$33,446
VPC Two Dev Corp	$71,860	$73,762	($1,902)
Washington Square Dev Corp	$18,500	$22,601	($4,101)
Westwood Tower	$744,580	$133,851	$610,729
The Willows	$233,621	$23,696	$209,925
Subtotal	**$7,643,469**	**$2,600,714**	**$5,042,755**
TOTAL	**$8,675,909**	**$2,902,848**	**$5,773,061**

M E M O R A N D U M

TO: Budget, Finance and Audit Committee

VIA: Stacy L. Spann, Executive Director

FROM:	Staff:	Cornelia Kent	Division:	Finance	Ext. 9754
		Eugenia Pascual		Finance	Ext. 9478
		Francisco Vega		Finance	Ext. 4873
		Claudia Wilson		Finance	Ext. 9474
		Niketa Patel		Finance	Ext. 9584
		Nilou Razeghi		Finance	Ext. 9494

RE: Fiscal Year 2021 (FY'21) Second Quarter Un-Audited Financial Statements

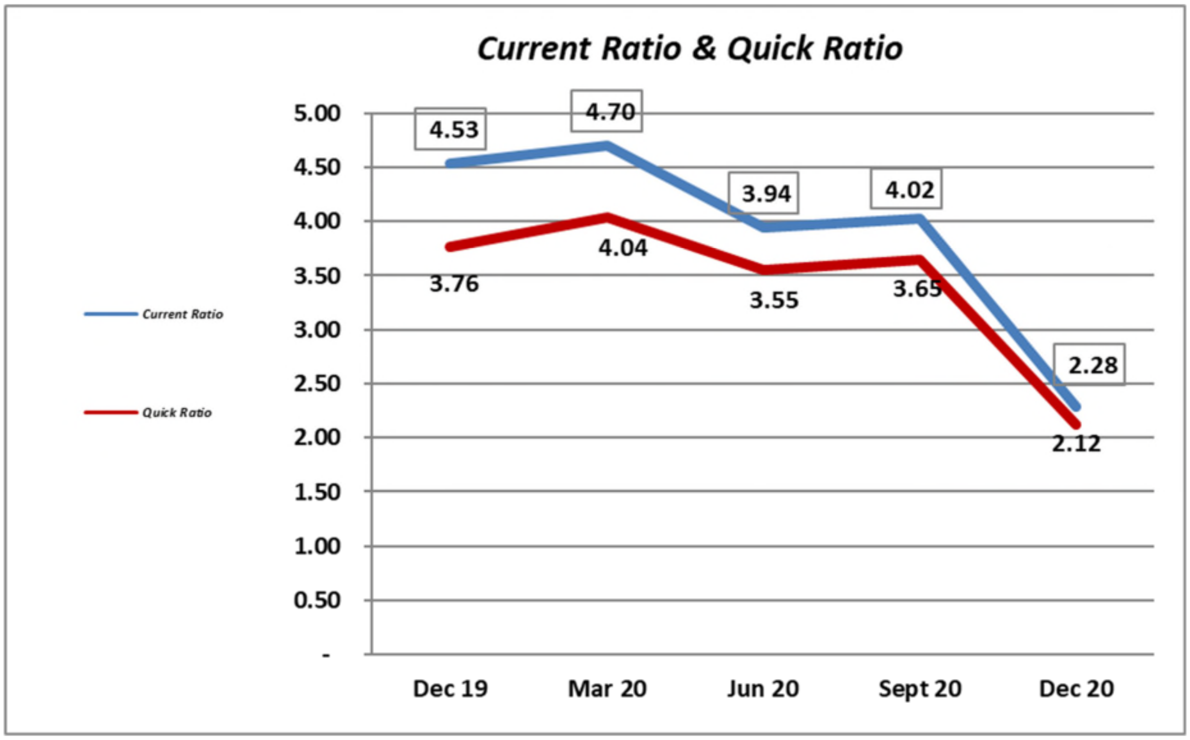
DATE: February 23, 2021

Attached, please find the un-audited consolidated financial statements for the Housing Opportunities Commission (HOC) as of the second quarter ended December 31, 2020.

Financial Highlights

- The Commission's net position increased by $9.3 million or about 4.32% attributed primarily to $14.9 capital contributions from the Bauer Park Apartment closing partially offset by a net loss of $5.6 million for the first half of FY'21.

- The Commission's current ratio (ratio of current assets to current liabilities) decrease from 3.94 in June 2020 to 2.28 in December 2020. The quick ratio (the ratio of current assets that can be converted to cash within 90 days to current liabilities) also decreased from 3.55 in June 2020 to 2.12 in December 2020. The decrease is mainly attributed to an increase in current mortgage liabilities due to a $100 million draw from the PNC Recycling Facility in connection the Westside Shady Grove closing. The PNC Recycling Facility was retired on January 28, 2021 using the proceeds from the MHDB Series 2021-A bonds. The current liabilities within the Multifamily Bond Fund also increased due to bond proceeds not yet drawn for Bauer Park.



- The Commission's total assets excluding the deferred outflows of resources increased by $133.8 million or 8.81% since June 30, 2020. This is largely due to an increase in restricted cash and cash equivalents, mortgage and construction loans receivable and unrestricted cash and cash equivalents, partially offset by a decrease in restricted long-term investments.

- The increase in restricted cash and cash equivalents is primarily due to $100 million loan proceeds from the PNC Recycling Credit Facility for the Westside Shady Grove transactions, and the issuance of 2020 Series A- bonds related to Bauer Park Apartments acquisition within the Multi Family Bond Fund.

- The increase in mortgage and construction loans receivable is driven by a tax-exempt mortgage loan, Seller Note and Seller Sponsor loan to Bauer Park Apartments LP, in connection with the acquisition, renovation and lease up of Bauer Park Apartments. This increase is partially offset by the repayment of the 900 Thayer LP draws from PNC Bank Real Estate Line of Credit (RELOC) using the Federal Financing Bank ("FFB") loan proceeds and the LIHTC investor equity. Furthermore, the Single Family Bond Fund also registered a decrease in single-family mortgage loans receivable due to amortizations.

- The increase in the unrestricted cash and cash equivalents is due to the receipt of the settlement proceeds from Bauer Park Apartments and 900 Thayer ("Fenton Silver Spring").

The Single Family Bond Fund and the Multifamily Bond Fund likewise remitted a portion of the FY21 operating budget contribution to the General Fund.

- The decrease in restricted long-term investments are due to The Single Family Bond Fund driven by scheduled payments and thirty-six mortgage –backed securities (MBS) closings. The Multifamily Bond Fund also contributed a small amount to the decrease.

- The decrease in capital assets is mainly due to normal accumulated depreciation of assets partially offset by predevelopment expenses at Westside Shady Grove and renovation expenses at Brooke Park Apartments.

- The Single Family Bond Fund redeemed bonds totaling $10.1 million through December 31, 2020. This included $7.1 million from the 1979 Indenture, $1.8 million from the 2009 Indenture, and $1.2 million under the 2019 Indenture.

- The Multifamily Bond Fund redeemed and retired bonds for $35.5 million from the Multifamily Housing Development Bonds (1996 Indenture), $15.4 million under Multiple Purpose Bonds (2002 Indenture), $0.5 million under a stand-alone bond (1998 Issue), $0.3 million under the Multifamily Housing Revenue Bonds (1984 Indenture) and $0.1 million from the Multifamily Housing Bonds (2009 Indenture).

- The amount of U.S. Department of Housing and Urban Development (HUD) Housing Choice Voucher Program, Housing Assistance Revenue received by the Commission increase by 2.68% from $56.3 million in FY'20 to $57.8 million in FY'21.

Overall Agency Net Income (Loss)

HOC has a net income of $9.3 million as of the second quarter-ended December 31, 2020 compared to net loss of $13.4 million for the same period ending December 31, 2019. However, after adjusting the net income (loss) for the recording of capital contributions, unrealized (gain)/loss on investments and equity transfers to component units, HOC ended the period with a net loss of $3.9 million as compared to a net income of $7.2 million for the same period last fiscal year.

		FY 2021		FY 2020
Net Income (Loss)	$	9,293,817	$	(13,395,159)
Less:				
Capital Contributions		(14,879,275)		(1,351,422)
Unrealized (Gain)/Loss on Investments		1,712,603		(709,246)
Real estate equity transfer In /(out)		-		22,671,847
Adjusted Net Income (Loss)	$	(3,872,855)	$	7,216,020
Amount of Increase (Decrease)	$	(11,088,875)		

The unrealized (gains)/losses on investments in both bond funds reflect the hypothetical (gains)/losses on investments that would have been received or lost if those investments had been sold on the last day of the reporting period. HOC does not actively trade in securities; however, if planned properly or held to maturity, no recognized gain or loss should result from the investments.

Major contributors to HOC's adjusted net loss of $3.9 million as of the second quarter ending December 31, 2020 are as follows:

	FY 2021	FY 2020 (in millions)	Variance
Housing Assistance Payments (HAP) Income	$ 57.8	$ 56.3	$ 1.5
Other Federal/State & County Grants	7.1	9.0	(1.9)
Investment Income	3.8	6.2	(2.4)
Interest on Mortgage and Construction Loans Receivable Income	3.2	4.1	(0.9)
Dwelling Rental Income	48.3	47.8	0.5
HAP Expense	(60.1)	(54.9)	(5.2)
Administration Expense	(20.4)	(24.7)	4.3
Maintenance Expense	(11.8)	(12.8)	1.0
Utilities Expense	(3.5)	(3.1)	(0.4)
Fringe Benefits	(5.6)	(6.4)	0.8
Interest Expense	(16.0)	(16.8)	0.8
Depreciation and amortization	(10.3)	(9.2)	(1.1)
Other Income Net of Other Expenses	3.8	11.9	(8.1)
Adjusted Net Income (Loss)	$ (3.9)	$ 7.2	$ (11.1)

The increase in Housing Assistance Payments (HAP) – revenue is mainly attributed to an increase to the subsidy as a result of Covid-19 in the Main Voucher Program, and the 2017 Mainstream Program and the incoming portables. The increase in HAP - Expense is largely due to new programs, an increase in the number vouchers and the average cost per unit per voucher.

The decrease in the State and County grants is attributed primarily to the County Main Grant and the County Capital Improvement Program (CIP), partially offset by an increase in the Community Choice Homes Initiative.

The decrease in investment income is driven by the Multifamily Bond Fund due to the negative arbitrage received in FY’20 for the 2019 Series A-1 & A-2 bond issuance for Elizabeth House III LP. No similar income was received in FY’21. The Single Family Bond Fund contributed as well due to a decrease in MBS purchases (mortgage-backed securities) and lower interest rates.

The decrease in interest on mortgage and construction loans receivable is attributable primarily to a decrease in the average mortgage loan receivable balance in both the Single Family Bond Fund and the Multifamily Bond Fund.

The increase in dwelling rental income is primarily driven by the addition of the five former tax credit properties (Strathmore Court LP, Metropolitan of Bethesda LP, Georgian Court Silver Spring LP, Barclay One Associates LP and MV Affordable Housing LP) to the Opportunity Housing Fund in November of 2019. The increase was offset by Bad Debt expense in the Opportunity Housing portfolio. As of December 31, 2021, Bad debt expense is just under two million dollars, which represents an increase of 71% or $833k since the first quarter. At December 31, 2020, the tenant receivable balance has increased almost $1.7 million from June 30, 2020, totaling $5,138,585. Staff does anticipate that a portion of this amount will result in additional allowances and the potential for additional allowances to be set up in subsequent months to reflect the continuation of non-payments during the COVID pandemic.

The decrease in administrative expense is primarily driven by a decrease in cost of issuance, rental license fees, and temporary agency services within the Opportunity Housing Fund and operating professional services within the General Fund.

The decrease in maintenance is mainly attributed to a decrease within the Opportunity Housing properties expenses that includes roofing/gutter, paint/wall coverings, and floor carpeting, partially offset by an increase in plumbing contracts and asphalt/concrete contracts. Expenses for computer equipment and computer software as well as miscellaneous contracts also decreased.

The increase in utilities is largely due to electricity and water expenses at the Cider Mill Apartments, Elizabeth House RAD Interim Property, and the five transferred properties.

The decrease in fringe benefits is mainly due to the timing of the pension expense payment for the Employees Retirement System’s (ERS) unfunded actuarial accrued liability (Non-Grip) payment for

FY’21, and a decrease in other post-employment benefits and retired employee benefits, as a result of an actuarial study which has HOC fully paid through FY21.

The decrease in interest expense is primarily attributed to a decrease in the Single Family Bonds payable due to scheduled and early redemptions.

The increase in other expense is largely due to COVID 19 expenses within the General Fund and various Opportunity Housing Properties. In addition, the five transferred properties also contributed to the increase.

Adjusted Operating Revenue

The revenues from operations, when adjusted for HAP income and unrealized (gain)/loss on investments, decreased by $6.7 million as of the second quarter ended December 31, 2020 when compared to the same period last fiscal year.

		FY 2021		FY 2020
Total Operating Revenue	$	126,726,760	$	134,374,603
Less:				
Housing Assistance Revenue		(57,798,006)		(56,290,176)
Unrealized (Gain)/Loss on Investments		1,712,603		(709,246)
Adjusted Total Operating Revenue	$	70,641,357	$	77,375,181
Amount of Increase (Decrease)	$	(6,733,824)		

The decrease in the adjusted total operating revenue is mainly due to a decrease in investment income, management fees and other income, and county and other federal grants as well as interest on mortgage and construction loans receivable. This is partially offset by an increase in dwelling rental revenue.

Adjusted Operating Expenses

The operating expenses, when adjusted for HAP expense decrease by $3.1 million as of the second quarter ended December 31, 2020 when compared to the same period last fiscal year.

		FY 2021		FY 2020
Total Operating Expenses	$	133,776,853	$	131,634,428
Less:				
Housing Assistance Payments (HAP)		(60,193,589)		(54,923,323)
Adjusted Total Operating Expenses	$	73,583,264	$	76,711,105
Amount of Increase (Decrease)	$	(3,127,841)		

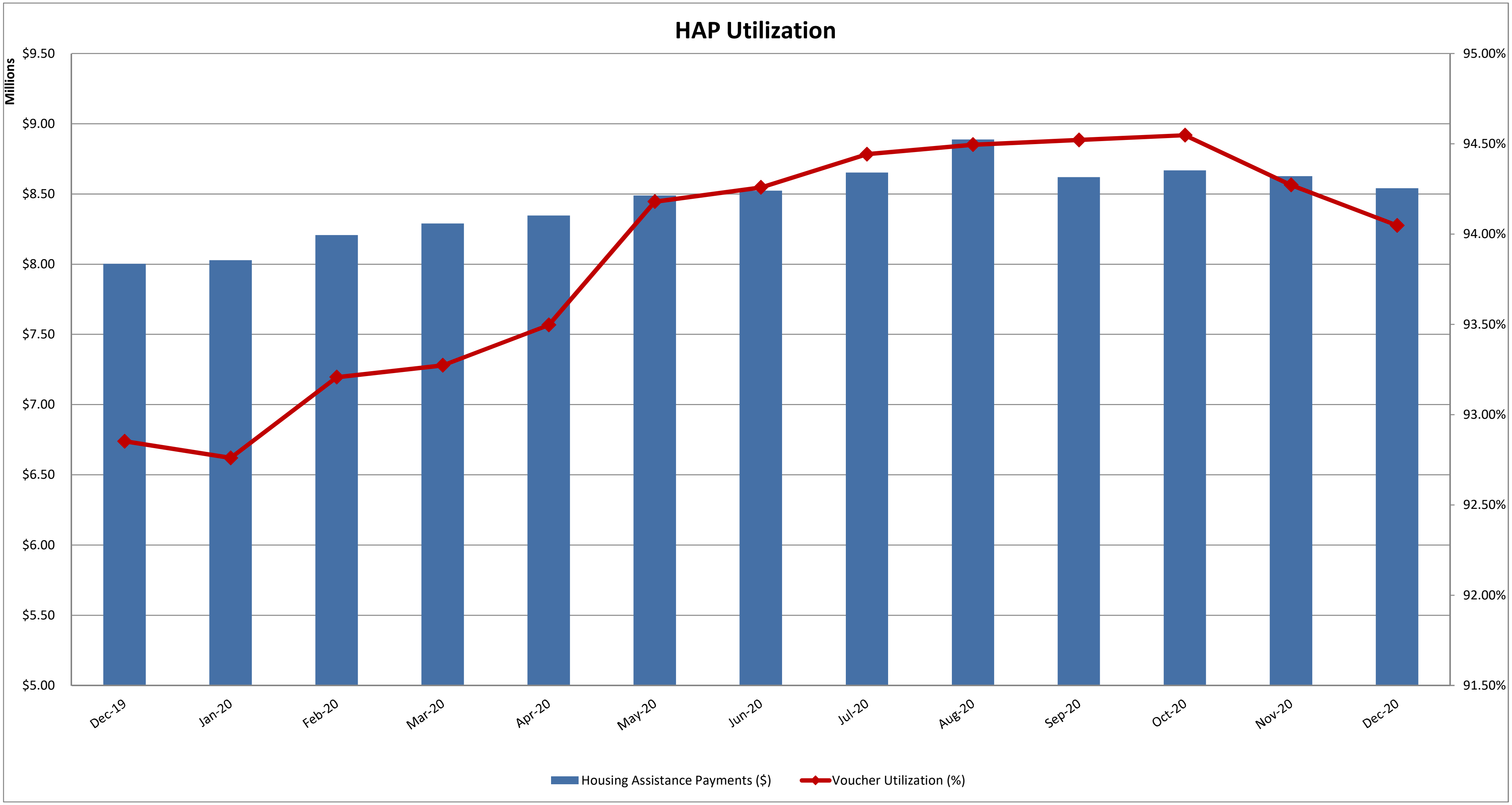
The decrease in administration expense, maintenance expense, fringe benefits and interest expense accounted for the lower operating expense in FY'21. Other expense, depreciation and amortization, and utilities reflected an increase compared to last year.

Non-Operating Revenues (Expenses)

Non-operating revenues net of non-operating expense totaled $1.5 million as of the second quarter ended December 31, 2020 as compared to net non-operating revenue of $5.2 million for the same period last year. If we back out the gain on sale of the Chevy Chase Lake townhouse units in FY20, the net non-operating revenue in FY'21 reflect a slight decrease when compared to same period in FY'20.

		FY 2021		FY 2020
Total Non-Operating Revenues (Expenses)	$	1,464,635	$	5,185,092
Less:				
Gain/(Loss) on sale of assets-Non-operating		-		(3,663,240)
Adjusted Total Non-Operating Revenues (Expenses)	$	1,464,635	$	1,521,852
Amount of Increase (Decrease)	$	(57,217)		

	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Housing Assistance Payments ($)	$8,002,972	$8,028,387	$8,207,411	$8,289,268	$8,346,604	$8,489,206	$8,522,788	$8,652,893	$8,887,455	$8,619,755	$8,668,612	$8,626,193	$8,541,232
Voucher Utilization (%)	92.85%	92.76%	93.21%	93.27%	93.50%	94.18%	94.26%	94.44%	94.49%	94.52%	94.55%	94.27%	94.05%
UNITS under LEASE	7,067	7,060	7,094	7,099	7,116	7,168	7,174	7,188	7,192	7,194	7,196	7,175	7,158
HUD Authorized BASE LINE	7,611	7,611	7,611	7,611	7,611	7,611	7,611	7,611	7,611	7,611	7,611	7,611	7,611



Housing Opportunities Commission of Montgomery County, Maryland
Combined Statements of Net Position
As of December 31, 2020 and June 30, 2020

	Note Num.	FY21	FY20	Dollar Variance	Percentage Variance
Assets and Deferred Outflows					
Current Assets					
Unrestricted:					
Cash and cash equivalents	-1.a.-	$ 96,825,078	$ 83,502,630	$ 13,322,448	15.95%
Advances to component units	-1.b.-	8,799,796	8,232,446	567,349	6.89%
Accounts receivable and other assets	-1.c.-	21,392,758	19,637,938	1,754,820	8.94%
Accrued interest receivable	-1.d.-	11,632,688	10,671,846	960,842	9.00%
Mortgage and construction loans receivable - current	-1.e.-	11,095,852	7,526,532	3,569,320	47.42%
Total unrestricted current assets		149,746,171	129,571,392	20,174,779	15.57%
Restricted cash and cash equivalents and investments:					
Restricted cash and cash equivalents	-1.f.-	234,540,454	108,382,929	126,157,525	116.40%
Restricted short-term investments	-1.g.-	7,705,208	9,892,645	(2,187,437)	(22.11%)
Cash for current bonds payable	-1.h.-	39,612,223	34,305,709	5,306,514	15.47%
Customer deposits		4,568,255	4,436,092	132,163	2.98%
Total restricted cash and cash equivalents and investments		286,426,140	157,017,375	129,408,765	82.42%
Total current assets		436,172,311	286,588,767	149,583,545	52.19%
Noncurrent Assets					
Restricted long-term investments	-1.i.-	177,799,353	200,684,143	(22,884,790)	(11.40%)
Mortgage and construction loans receivable	-1.e.-	395,735,704	382,084,627	13,651,077	3.57%
Capital assets, net of depreciation	-1.j.-	627,549,506	634,700,195	(7,150,688)	(1.13%)
Investment in Real Estate Partnerships		13,872,257	13,320,803	551,454	4.14%
Swap Asset		-	-	-	
Total noncurrent assets		1,214,956,820	1,230,789,768	(15,832,948)	(1.29%)
Total Assets		1,651,129,131	1,517,378,534	133,750,597	8.81%
Deferred Outflows of Resources					
Derivatives	-1.k.-	21,902,486	22,534,773	(632,287)	(2.81%)
Fair value of hedging derivatives	-1.k.-	12,559,350	15,099,583	(2,540,234)	(16.82%)
Employer -Related Pension Activities	-1.k.-	22,499,379	22,499,379	-	0.00%
Employer -Related OPEB Activities	-1.k.-	9,746,187	9,746,187	-	0.00%
Total Assets and Deferred Outflows		$ 1,717,836,533	$ 1,587,258,457	$ 130,578,076	8.23%
Liabilities and Net Position					
Current Liabilities					
Accounts payable and accrued liabilities	-1.l.-	$ 32,060,519	$ 20,266,171	$ 11,794,349	58.20%
Accrued interest payable	-1.n.-	10,347,265	9,453,773	893,491	9.45%
Loans payable to Montgomery County - current		357,190	378,006	(20,816)	(5.51%)
Mortgage notes and loans payable - current	-1.m.-	105,236,392	5,548,014	99,688,378	1796.83%
Fair Value of Hedging Derivatives		-	-	-	0.00%
Total current unrestricted liabilities		148,001,366	35,645,964	112,355,403	315.20%
Current Liabilities payable from restricted assets:					
Customer deposit payable		3,705,818	3,606,252	99,567	2.76%
Accrued interest payable	-1.o.-	8,378,075	8,970,621	(592,547)	(6.61%)
Bonds payable - current	-1.p.-	31,234,148	25,335,088	5,899,060	23.28%
Total current liabilities payable from restricted assets		43,318,041	37,911,961	5,406,080	14.26%
Total current liabilities		191,319,408	73,557,925	117,761,483	160.09%
Noncurrent Liabilities					
Bonds payable	-1.p.-	514,563,255	515,028,476	(465,221)	(0.09%)
Mortgage notes and loans payable	-1.m.-	542,961,739	546,675,559	(3,713,819)	(0.68%)
Loans payable to Montgomery County		109,823,045	104,827,616	4,995,430	4.77%
Deferred revenue	-1.q.-	27,487,510	21,944,106	5,543,403	25.26%
Escrow and other deposits		16,144,001	16,440,785	(296,784)	(1.81%)
Net Pension liability		6,318,486	6,318,486	-	0.00%
Net OPEB liability		19,797,919	19,797,919	-	0.00%
Derivative investment - hedging		12,559,350	15,099,583	(2,540,234)	(16.82%)
Total noncurrent liabilities		1,249,655,306	1,246,132,530	3,522,776	0.28%
Total Liabilities		1,440,974,713	1,319,690,455	121,284,258	9.19%
Deferred Inflows of Resources					
Unamortized Pension Net Difference	-1.k.-	33,218,096	33,218,096	-	0.00%
Deferred Inflows - OPEB	-1.k.-	19,459,021	19,459,021	-	0.00%
Total Deferred Inflows of Resources		52,677,117	52,677,117	-	0.00%
Net Position					
Net investment in capital assets		(115,688,791)	(108,608,231)	(7,080,560)	6.52%
Restricted		226,542,938	125,209,337	101,333,601	80.93%
Unrestricted		113,330,555	198,289,779	(84,959,224)	(42.85%)
Total Net Position		224,184,702	214,890,885	9,293,817	4.32%
Total Liabilities and Net Position		$ 1,717,836,533	$ 1,587,258,457	$ 130,578,076	8.23%

Housing Opportunities Commission of Montgomery County, Maryland

Combined Statements of Revenues and Expenses

As of December 31, 2020 and December 31, 2019

	Note Num.	FY21	FY20	Dollar Variance	Percentage Variance
Operating Revenues					
Dwelling rental	-1.aa.-	$ 48,267,397	$ 47,768,598	$ 498,798	1.04%
Investment income	-1.bb.-	3,770,602	6,152,680	(2,382,078)	(38.72%)
Unrealized gains (losses) on investment	-1.cc.-	(1,712,603)	709,246	(2,421,850)	(341.47%)
Interest on mortgage and construction loans receivable	-1.dd.-	3,188,840	4,065,546	(876,706)	(21.56%)
Management fees and other income	-1.ee.-	4,010,344	6,277,314	(2,266,970)	(36.11%)
U.S. Department of Housing and Urban Development grants:					
Housing Assistance Payments (HAP)	-1.ff.-	57,798,006	56,290,176	1,507,830	2.68%
HAP administrative fees		4,307,325	4,144,685	162,640	3.92%
Other grants		2,719,522	2,954,770	(235,248)	(7.96%)
State and County grants	-1.gg.-	4,377,328	6,011,587	(1,634,259)	(27.19%)
Total operating revenues		**126,726,760**	**134,374,603**	**(7,647,843)**	(5.69%)
Operating Expenses					
Housing Assistance Payments (HAP)	-1.ff.-	60,193,589	54,923,323	(5,270,267)	(9.60%)
Administration	-1.hh.-	20,498,798	24,716,816	4,218,018	17.07%
Maintenance	-1.ii.-	11,841,735	12,751,062	909,327	7.13%
Depreciation and amortization		10,267,902	9,206,742	(1,061,161)	(11.53%)
Utilities	-1.jj.-	3,479,410	3,110,694	(368,716)	(11.85%)
Fringe benefits	-1.kk.-	5,559,297	6,419,753	860,456	13.40%
Interest expense	-1.ll.-	15,990,607	16,782,055	791,448	4.72%
Other expense	-1.mm.-	5,945,514	3,723,984	(2,221,530)	(59.65%)
Total operating expenses		**133,776,853**	**131,634,428**	**(2,142,424)**	(1.63%)
Operating income (loss)		**(7,050,092)**	**2,740,174**	**(9,790,266)**	(357.29%)
Nonoperating Revenues (Expenses)					
Investment Income		397,934	953,962	(556,028)	(58.29%)
Interest on mortgage and construction loans receivable		2,624,279	1,016,230	1,608,049	158.24%
Interest expense		(1,700,479)	(529,194)	(1,171,285)	221.33%
Other grants		142,901	80,854	62,047	76.74%
Gain/(Loss) on Sale of Assets		-	3,663,240	(3,663,240)	(100.00%)
Total nonoperating revenues (expense)		**1,464,635**	**5,185,092**	**(3,720,457)**	(71.75%)
Income (loss) before capital contributions		**(5,585,458)**	**7,925,266**	(13,510,723)	(170.48%)
Transfer from Discrete Component Units		-	(22,671,847)	22,671,847	(100.00%)
Capital contributions		14,879,275	1,351,422	13,527,853	1001.01%
Net income (loss)		**9,293,817**	**(13,395,159)**	**22,688,977**	(169.38%)

Housing Opportunities Commission of Montgomery County

Combined Statement of Net Position
As of December 31, 2020

Assets	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi Family Fund	Elimination	FY 2021 Total Funds with Elimination	FY 2020 Total Funds with Elimination
Current Assets								
Unrestricted:								
Cash and Cash Equivalents	$ 24,903,007	$ 63,058,551	$ 6,866,543	$ 323,805	$ 1,673,172	$ -	$ 96,825,078	$ 83,502,630
Interfund Receivable	-	16,151,105	2,170,305	80,442	605,968	(19,007,819)	-	-
Advances to Component Units	7,868,092	931,704	-	-	-	-	8,799,796	8,232,446
Accounts Receivable and Other Assets	5,171,107	10,945,922	5,031,099	241,571	3,058	-	21,392,758	19,637,938
Accrued Interest Receivable	6,845,311	3,653,241	-	915,366	1,208,081	(989,311)	11,632,688	10,671,846
Mortgage & Construction Loans Receivable, Current	4,327,286	155,182	-	7,176,140	9,820,237	(10,382,993)	11,095,852	7,526,532
Total Unrestricted Current Assets	**49,114,803**	**94,895,704**	**14,067,947**	**8,737,324**	**13,310,516**	**(30,380,123)**	**149,746,171**	**129,571,392**
Restricted Cash and Cash Equivalents nd Investments:								
Restricted Cash and Cash Equivalents	101,417,897	48,416,417	5,139,774	54,279,104	25,287,263	-	234,540,454	108,382,929
Restricted Short-Term Investments	-	-	-	7,705,208	-	-	7,705,208	9,892,645
Restricted for Current Bonds Payable	-	-	-	23,560,320	16,051,903	-	39,612,223	34,305,709
Restricted for Customer Deposits	-	3,204,116	1,364,139	-	-	-	4,568,255	4,436,092
Total Restricted Cash and Cash Equivalents for Investments	**101,417,897**	**51,620,533**	**6,503,913**	**85,544,632**	**41,339,166**	**-**	**286,426,140**	**157,017,375**
Total Current Assets	**150,532,699**	**146,516,237**	**20,571,860**	**94,281,956**	**54,649,682**	**(30,380,123)**	**436,172,311**	**286,588,767**
Noncurrent assets:								
Restricted Long - Term Investments	-	-	-	112,560,054	65,239,299	-	177,799,353	200,684,143
Mortgage & Construction Loans Receivable, Net of Current Portion	463,015,850	109,172,487	2,005,615	46,996,637	267,307,691	(492,762,576)	395,735,704	382,084,627
Capital Assets, Net of Depreciation	10,324,762	608,567,194	8,657,551	-	-	-	627,549,506	634,700,195
Investment in Component Units	2,073,221	11,799,036	-	-	-	-	13,872,257	13,320,803
Total Noncurrent Assets	**475,413,833**	**729,538,717**	**10,663,165**	**159,556,691**	**332,546,990**	**(492,762,576)**	**1,214,956,820**	**1,230,789,768**
Deferred Outflows of Resources								
Derivatives	-	21,902,486	-	-	-	-	21,902,486	22,534,773
Fair Value of Hedging Derivatives	-	3,293,348	-	936,325	8,329,677	-	12,559,350	15,099,583
Employer -Related Pension Activities	11,530,901	2,437,452	8,531,026	-	-	-	22,499,379	22,499,379
Employer -Related OPEB Activities	6,740,338	609,588	2,396,261	-	-	-	9,746,187	9,746,187
Total Assets and Deferred Outflows	**644,217,771**	**904,297,828**	**42,162,312**	**254,774,972**	**395,526,348**	**(523,142,699)**	**1,717,836,532**	**1,587,258,457**

Housing Opportunities Commission of Montgomery County

Combined Statement of Net Position

As of December 31, 2020

Liabilities and Net Position	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi Family Fund	Elimination	FY 2021 Total Funds with Elimination	FY 2020 Total Funds with Elimination
Liabilities								
Current Liabilities								
Accounts Payable and Accrued Liabilities	7,077,022	11,270,631	1,460,269	824,332	11,428,265	-	32,060,519	20,266,171
Interfund Payable	19,007,819	-	-	-	-	(19,007,819)	-	-
Accrued Interest Payable	-	11,336,575	-	-	-	(989,311)	10,347,265	9,453,773
.Loans Payable to Montgomery County - Current	-	357,190	-	-	-	-	357,190	378,006
.Mortgage Notes and Loans Payable-Current	103,723,428	11,895,956	-	-	-	(10,382,993)	105,236,392	5,548,014
.Derivative Investment - Hedging	-	-	-	-	-	-	-	-
Total Current Unrestricted Liabilities	**129,808,269**	**34,860,353**	**1,460,269**	**824,332**	**11,428,265**	**(30,380,123)**	**148,001,366**	**35,645,964**
Current Liabilities Payable from Restricted Assets:								
Customer Deposits Payable	-	2,809,266	896,552	-	-	-	3,705,818	3,606,252
.Accrued Interest Payable	-	-	-	2,880,320	5,497,755	-	8,378,075	8,970,621
Bonds Payable-Current	-	-	-	20,680,000	10,554,148	-	31,234,148	25,335,088
Total Current Liabilities Payable from Restricted Assets	**-**	**2,809,266**	**896,552**	**23,560,320**	**16,051,903**	**-**	**43,318,041**	**37,911,961**
Total Current Liabilities	**129,808,269**	**37,669,619**	**2,356,822**	**24,384,652**	**27,480,168**	**(30,380,123)**	**191,319,408**	**73,557,925**
Non-Current Liabilities								
Bonds Payable	-	-	-	190,832,948	323,730,307	-	514,563,255	515,028,476
Mortgage Notes and Loans payable	388,294,986	647,429,329	-	-	-	(492,762,576)	542,961,739	546,675,559
Loans payable to Montgomery County	26,267,224	83,555,821	-	-	-	-	109,823,045	104,827,616
Unearned Revenue	14,063,775	6,325,904	7,097,830.03	-	-	-	27,487,510	21,944,106
Escrow and Other Deposits	13,871,296	-	-	-	2,272,705	-	16,144,001	16,440,785
Net Pension liability	3,102,700	790,734	2,425,052	-	-	-	6,318,486	6,318,486
Net OPEB liability	9,189,871	1,171,712	9,436,335	-	-	-	19,797,919	19,797,919
Derivative Investment - Hedging	-	3,293,348	-	936,325	8,329,677	-	12,559,350	15,099,583
Total Noncurrent Liabilities	**454,789,853**	**742,566,849**	**18,959,218**	**191,769,273**	**334,332,689**	**(492,762,576)**	**1,249,655,306**	**1,246,132,530**
Total Liabilities	**584,598,123**	**780,236,468**	**21,316,039**	**216,153,925**	**361,812,857**	**(523,142,699)**	**1,440,974,713**	**1,319,690,455**
Deferred Inflows of Resources								
Unamortized Pension Net Difference	21,064,475	2,564,037	9,589,584	-	-	-	33,218,096	33,218,096
Deferred Inflows - OPEB	11,383,497	1,530,431	6,545,093	-	-	-	19,459,020	19,459,021
Total Deferred Inflows of Resources	32,447,972	4,094,468	16,134,677	-	-	-	52,677,117	52,677,117
Net Position								
Net investment in Capital assets	10,324,762	(134,671,103)	8,657,551	-	-	-	(115,688,791)	(108,608,231)
Amounts Restricted for:								
Debt Service	-	48,416,417	-	38,297,241	32,040,320	-	118,753,978	119,132,001
Customer deposits and other	-	394,850	5,607,361	-	-	-	6,002,211	5,097,932
Closing cost assistance program	101,786,749	-	-	-	-	-	101,786,749	979,404
Unrestricted (deficit)	(84,939,834)	205,826,728	(9,553,316)	323,805	1,673,172	-	113,330,555	198,289,779
Total net position	**27,171,676**	**119,966,892**	**4,711,596**	**38,621,046**	**33,713,492**	**-**	**224,184,702**	**214,890,885**
Total Liabilities, Deferred Inflows and Net Position	**644,217,771**	**904,297,828**	**42,162,312**	**254,774,972**	**395,526,348**	**(523,142,699)**	**1,717,836,532**	**1,587,258,457**

Housing Opportunities Commission of Montgomery County

Combined Statement of Net Position

For the Six Months Ended December 31, 2020 (with comparative totals for the Six Months Ended December 31, 2019)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi Family Fund	Elimination	FY 2021 Total Funds with Elimination	FY 2020 Total Funds with Elimination
Operating Revenues								
Dwelling Rental	$ 120	$ 47,901,868	$ 365,409	$ -	$ -	$ -	$ 48,267,397	$ 47,768,598
Investment Income	-	-	-	2,659,365	1,111,236	-	3,770,602	6,152,680
Unrealized Gains (Losses) on Investments	-	-	-	(1,596,197)	(116,407)	-	(1,712,603)	709,246
Interest on Mortgage & Construction Loans Receivable	-	-	-	1,169,101	6,235,193	(4,215,454)	3,188,840	4,065,546
Management Fees and Other Income	7,905,440	1,316,326	46,519	-	-	(5,257,943)	4,010,344	6,277,314
U.S. Department of Housing and Urban Developement Grants:								
Housing Assistance Payments (HAP)	-	-	57,798,006	-	-	-	57,798,006	56,290,176
HAP Administrative Fees	-	-	4,307,325	-	-	-	4,307,325	4,144,685
Other Grants	-	-	2,719,522	-	-		2,719,522	2,954,770
State and County Grants	-	-	4,377,328	-	-	-	4,377,328	6,011,587
Total Operating Revenues	**7,905,560**	**49,218,194**	**69,614,111**	**2,232,269**	**7,230,023**	**(9,473,397)**	**126,726,760**	**134,374,603**
Operating Expenses								
Housing Assistance Payments	-	-	60,193,589	-	-	-	60,193,589	54,923,323
Administration	6,714,912	7,591,794	8,060,598	510,063	1,020,572	(3,399,141)	20,498,798	24,716,816
Maintenance	1,405,451	10,421,660	14,624	-	-	-	11,841,735	12,751,062
Depreciation and amortization	126,916	9,993,906	147,081	-	-	-	10,267,902	9,206,742
Utilities	70,466	3,235,402	173,542	-	-	-	3,479,410	3,110,694
Fringe Benefits	2,388,519	1,689,405	1,282,836	81,484	117,053	-	5,559,297	6,419,753
Interest expense	-	11,940,943	-	2,525,482	5,739,637	(8,329,905)	11,876,156	16,782,055
Other Expense	775,864	6,226,662	618,322	183,468	-	(1,858,802)	5,945,514	3,723,984
Total operating expenses	**11,482,128**	**51,099,771**	**70,490,592**	**3,300,497**	**6,877,262**	**(13,587,848)**	**129,662,402**	**131,634,428**
Operating Income (loss)	**(3,576,568)**	**(1,881,577)**	**(876,481)**	**(1,068,228)**	**352,762**	**4,114,451**	**(2,935,641)**	**2,740,175**
Nonoperating Revenues (Expenses)								
.Investment Income	225,287	170,770	1,877	-	-		397,934	953,962
Interest on Mortgage and Construction Loans Receivable	6,372,487	366,243	-	-	-	(4,114,451)	2,624,279	1,016,230
.Interest Expense	(5,182,643)	(632,287)	-	-	-	-	(5,814,930)	(529,194)
Other Grants	-	142,901	-	-	-	-	142,901	80,854
Gain/(Loss) on Sale of Assets	-	-	-	-	-	-	-	3,663,240
Total nonoperating revenues (expenses)	**1,415,131**	**47,627**	**1,877**	**-**	**-**	**(4,114,451)**	**(2,649,816)**	**5,185,092**
Income (loss) before capital contributions and transfers	**(2,161,438)**	**(1,833,951)**	**(874,604)**	**(1,068,228)**	**352,762**	**-**	**(5,585,458)**	**7,925,267**
Transfer To/(From) Discrete Component Units	-	-	-	-	-	-	-	(22,671,847)
Capital contributions/(distributions)	-	15,327,045	-	-	(447,770)	-	14,879,275	1,351,422
Operating transfers in (out)	(553,959)	553,959	-	-	-	-	-	-
Change in Net Position	**$ (2,715,397)**	**14,047,054**	**$ (874,604)**	**$ (1,068,228)**	**$ (95,008)**	**$ -**	**$ 9,293,817**	**$ (13,395,159)**

Note 1 – Discussion of specific lines of the Combined Statements of Net Position and the Combined Statements of Revenue and Expenses

		FY'21	FY'20	Dollar Variance	Percentage Variance
-1.a. -	**Cash and cash equivalents**	**96,825,078**	**83,502,630**	**13,322,448**	**15.95%**

The increase in cash and cash equivalents is primarily due to the receipt of the settlement proceeds from Bauer Park Apartments and 900 Thayer ("Fenton Silver Spring") closing as well as the Single Family Bond Fund and the Multifamily Bond Fund operating budget contributions. The increase is partially offset by a transfer to 900 Thayer LP of the excess closing proceeds from the LIHTC equity and a repayment to the County of two MPDU/PAF draws for the HOC/HOP Program.

- 1.b. -	**Advances to Component Units**	**8,799,796**	**8,232,446**	**567,349**	**6.89%**

The increase is primarily due to the increase in Arcola Towers LP, Waverly House LP and CCL Multifamily LLC partially offset by a decrease in Bauer Park Apartments LP, Banor Housing Inc. and Elizabeth House III LP.

- 1.c. -	**Accounts receivable and other assets**	**21,392,758**	**19,637,938**	**1,754,820**	**8.94%**

The increase in accounts receivable and other assets is mainly due to a deposit made for the purchase and sale of the Bradley Boulevard properties as well as an increase in prepaid insurance and other miscellaneous receivables in both the General Fund and the Opportunity Housing Fund.

- 1.d. -	**Accrued Interest receivable**	**11,632,688**	**10,671,846**	**960,842**	**9.00%**

The increase in accrued interest receivable is mainly due to accrued interest on the seller notes from Arcola House RAD LP and Waverly House RAD LP as well as interest held by US Bank on the Federal Financing Bank loans of Alexander House, TPP-Timberlawn/Pomander, Glenmont properties, MV Gateway LLC (Cider Mill) and CCL Multifamily LLC (The Lindley).

- 1.e. -	**Mort. & const. loans receivable – current**	**11,095,852**	**7,526,532**	**3,569,320**	**47.42%**
- 1.e. -	**Mort. & const. loans receivable – non-current**	**395,735,704**	**382,084,627**	**13,651,077**	**3.57%**
	Total	**406,831,556**	**389,611,159**	**17,220,397**	**4.42%**

The overall net increase in total mortgage and construction loans receivable is largely due to a tax-exempt mortgage loan, Seller Note and Seller Sponsor loan to Bauer Park Apartments LP, in connection with the acquisition, renovation and lease up of Bauer Park Apartments. This increase is partially offset by the repayment of the 900 Thayer LP draws from PNC Bank Real Estate Line of Credit (RELOC) using the Federal Financing Bank ("FFB") loan proceeds and the LIHTC investor equity. Furthermore, the Single Family Bond Fund also registered a decrease in single-family mortgage loans receivable due to amortizations.

		FY'21	FY'20	Dollar Variance	Percentage Variance
- 1.f. -	**Restricted cash and cash equivalents**	**234,540,454**	**108,382,929**	**126,157,525**	**116.40%**

The increase in restricted cash and cash equivalents is primarily due to $100 million loan proceeds from the PNC Recycling Credit Facility for the Westside Shady Grove transactions. The Multifamily Bond Fund also contributed to the increase due to the issuance of 2020 Series A- bonds related to Bauer Park Apartments acquisition. The increase within the Single Family Bond Fund is due primarily to the funds received from mortgage-backed securities (MBS) closing and mortgage loan payoffs. The General Fund also increased due to additional funding for the Montgomery County Homeownership Assistance Fund (MCHAF).

- 1.g. -	**Restricted short–term investments**	**7,705,208**	**9,892,645**	**(2,187,437)**	**(22.11%)**

The Single Family Bond Fund accounted for the decrease in restricted short-term investments.

- 1.h. -	**Cash for current bonds payable**	**39,612,223**	**34,305,709**	**5,306,514**	**15.47%**

The increase in Cash for current bonds payable is due to an increase in current maturing bonds within the Single Family Bond Fund.

-1.i.-	**Restricted long-term investments**	**177,799,353**	**200,684,143**	**(22,884,790)**	**(11.40%)**

The decrease in restricted long-term investments is primarily due to the Single Family Bond Fund driven by scheduled payments and thirty-six mortgage –backed securities (MBS) closings. The Multifamily Bond Fund also contributed a small amount to the decrease.

-1.j.-	**Capital assets, net of depreciation**	**627,549,506**	**634,700,195**	**(7,150,688)**	**(1.13%)**

The decrease in capital assets is primarily attributed to normal accumulated depreciation of assets partially offset by predevelopment expenses at Westside Shady Grove and renovation expenses at Brooke Park Apartments.

		FY'21	FY'20	Dollar Variance	Percentage Variance
-1.k.-	**Deferred outflows – Derivatives**	**21,902,486**	**22,534,773**	**(632,287)**	**(2.81%)**
-1.k.-	**Deferred outflows – hedging derivatives**	**12,559,350**	**15,099,583**	**(2,540,234)**	**(16.82%)**
-1.k.-	**Deferred outflows – Employer pension**	**22,499,379**	**22,499,379**	**-**	**0.00%**
-1.k.-	**Deferred outflows – OPEB contribution**	**9,746,187**	**9,746,187**	**-**	**0.00%**
	Total	**66,707,402**	**69,879,922**	**(3,172,520)**	**(4.54%)**

As of December 31, 2020, all of HOC's interest rate swaps were deemed effective hedges. Therefore, under GASB No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the changes in fair values of hedging derivative instruments are reported as either deferred inflows or outflows in the Statements of Net Position. HOC's interest rate swaps consists of $936,325 in the Single Family Bond Fund, $8,329,677 in the Multifamily Bond Fund and $3,293,348 in the Opportunity Housing Fund ($634,343 Upton II Construction Loan, $2,659,005 Elizabeth House III).

The interest swaps on CCL Multifamily and Alexander House were terminated on September 1, 2019 which required HOC swap termination payment of $12,701,474 and $12,590,000, respectively. These payments are included in the deferred outflows, hedging derivatives and are being amortized to interest expense on a straight-line basis over the 40-year term of the loans with Federal Financing Bank. The unamortized balance of the swap termination payment is reported as deferred Outflows of resources as of December 31, 2020.

In accordance with GASB No. 68, Accounting and Financial Reporting for Pensions, and GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans, HOC is required to report deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits (OPEB).

- 1.l. -	**Accounts payable and accrued liabilities**	**32,060,519**	**20,266,171**	**11,794,349**	**58.20%**

The increase in accounts payable and accrued liabilities is mainly due to an increase in the Multi Family Bond Fund due to bond proceeds not yet drawn for Bauer Park.

- 1.m. -	**Mortgage notes and loans payable-current**	**105,236,392**	**5,548,014**	**99,688,378**	**1796.83%**
- 1.m. -	**Mortgage notes and loans payable-noncurrent**	**542,961,739**	**546,675,559**	**(3,713,819)**	**(0.68%)**
	Totals	**648,198,131**	**552,223,573**	**95,974,558**	**17.38%**

The increase in total mortgage notes and loans payable is largely due to $100 million draws from the PNC Recycling Credit Facility in connection with the 2021-A bond issuance and closing of the Westside Shady Grove transactions on January 28, 2021. This is partly reduced by the repayment of loans from the PNC Bank RELOC for 900 Thayer LP, using a new FFB loan for 900 Thayer LP.

-1.n. -	**Accrued interest payable – unrestricted**	**10,347,265**	**9,453,773**	**893,491**	**9.45%**

The increase in accrued interest payable - restricted is primarily attributable to MV Gateway LLC (Cider Mill), the Manor at Cloppers Mill LLC, The Manor at Colesville LLC and The Manor at Fair Hill Farm LLC.

-1.o. -	**Accrued interest payable – restricted**	**8,378,075**	**8,970,621**	**(592,547)**	**(6.61%)**

The decrease in accrued interest payable - restricted is driven by the Multifamily and Single Family Bond Fund and are due to scheduled and early bond redemptions as well the normal bond amortization.

		FY'21	FY'20	Dollar Variance	Percentage Variance
- 1.p.-	**Bonds payable - current**	**31,234,148**	**25,335,088**	**5,899,060**	**23.28%**
- 1.p.-	**Bonds payable - noncurrent**	**514,563,255**	**515,028,476**	**(465,221)**	**(.09%)**
	Totals	**545,797,403**	**540,363,564**	**5,433,839**	**1.01%**

The increase in the total outstanding bonds payable is a net result of the increase in the Multifamily Bond Fund and partially off-set by a decrease in the Single Family Bond Fund. The increase in the Multifamily Bond Fund is due to the issuance of 2020 Series A bonds for $25.7 million for the acquisition and renovation of Bauer Park Apartments. Multifamily Housing Development Bonds 2020 Series B and C were also issued for $41.7 million to refund 2007 Series A, 2007 series C-1 and 2010 Series A bonds under the 1996 Indenture, as well as 2002 Series A bonds under the Multiple Purpose Indenture.

This increase is partially offset by bond redemptions and scheduled amortization of $35.5 million under the Multifamily Housing Development Bonds (1996 Indenture), $15.4 million under Multiple Purpose Bonds (2002 Indenture), $0.5 million under the Stand Alone Bond 1998 Issue, $0.3 million under the Multifamily Housing Revenue Bonds (1984 Indenture) and $0.1 million under the Multifamily Housing Bonds (2009 Indenture). The decrease in the Single Family Bond Fund is driven by scheduled and early bond redemptions of about $7.1 million under the 1979 Indenture, $1.8 million under the 2009 Indenture, and $1.2 million under the 2019 Indenture.

- 1.k.-	**Deferred inflows - Employer pension**	**33,218,096**	**33,218,096**	**-**	**0.00%**
- 1.k.-	**Deferred inflows – OPEB contribution**	**19,459,021**	**19,459,021**	**-**	**0.00%**
	Totals	**52,677,117**	**52,677,117**	**-**	**0.00%**

In accordance with GASB No. 68, Accounting and Financial Reporting for Pensions, and GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans, HOC is required to report deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits (OPEB). HOC records the effects of GASB 68 and 75 in the fourth quarter of the fiscal year.

-1.q. -	**Deferred Revenue**	**27,487,510**	**21,944,106**	**5,543,403**	**25.26%**

The increase in deferred revenue is due to the receipt of additional HAP funding under the COVID-19 CARES ACT for the Housing Choice Voucher Program.

1.aa.	**Dwelling Rental**	**48,267,397**	**47,768,598**	**498,798**	**1.04%**

The increase in dwelling rental income is primarily driven by the addition of the five former tax credit properties (Strathmore Court LP, Metropolitan of Bethesda LP, Georgian Court Silver Spring LP, Barclay One Associates LP and MV Affordable Housing LP) to the Opportunity Housing Fund in November of 2019. The increase was off-set by Bad Debt expense in the Opportunity Housing portfolio. As of December 31, 2021, Bad debt expense is just under two million dollars which represents an increase of 71% or $833k since the first quarter. At December 31, 2020 the tenant receivable balance has increased almost $1.7 million from June 30, 2020, totaling $5,138,585. Staff does anticipate that a portion of this amount will result in additional allowances and the potential for additional allowances to be set up in subsequent months to reflect the continuation of non-payments during the COVID pandemic.

		FY'21	FY'20	Dollar Variance	Percentage Variance
-1.bb. -	**Investment Income**	**3,770,602**	**6,152,680**	**(2,382,078)**	**(38.72%)**

The decrease in investment income is driven by the Multifamily Bond Fund due to the negative arbitrage received in FY'20 for the 2019 Series A-1 & A-2 bond issuance for Elizabeth House III LP. No similar income was received in FY'21. The Single Family Bond Fund contributed as well due to a decrease in MBS purchases (mortgage-backed securities) and lower interest rates.

-1.cc. -	**Unrealized gains (losses) on investment**	**(1,712,603)**	**709,246**	**(2,421,850)**	**(341.47%)**

Unrealized gains (losses) on investment reflect the hypothetical gains and/or losses on investments HOC would have received if those investments had been sold on the last day of the reporting period. If planned properly and held to maturity, no recognized gain or loss should result from the investments.

-1.dd. -	**Interest on mort. and const. loans receivable**	**3,188,840**	**4,065,546**	**(876,706)**	**(21.56%)**

The decrease in interest on mortgage and construction loans receivable is attributable primarily to a decrease in the average mortgage loan receivable balance in both the Single Family Bond Fund and the Multifamily Bond Fund.

-1.ee. -	**Management fees and other income**	**4,010,344**	**6,277,314**	**(2,266,970)**	**(36.11%)**

The decrease in management fees and other income is primarily due to a decrease in development fee and commitment fee income within the Opportunity Housing Fund and General Fund.

- 1.ff. -	**Housing Assistance Payments – Revenue**	**57,798,006**	**56,290,176**	**1,507,830**	**2.68%**
- 1.ff. -	**Housing Assistance Payments – Expense**	**60,193,589**	**54,923,323**	**5,270,267**	**9.60%**

The increase in Housing Assistance Payments (HAP) – revenue is mainly attributed to an increase to the subsidy as a result of Covid-19 in the Main Voucher Program, and the 2017 Mainstream Program and the incoming portables. The increase in HAP - Expense is largely due to new programs, an increase in the number vouchers and the average cost per unit per voucher.

-1.gg. -	**State and County Grants**	**4,377,328**	**6,011,587**	**(1,634,259)**	**(27.19%)**

The decrease in the State and County grants is attributed to the County Main Grant, the County Capital Improvement Programs (CIP) for Scattered Site units, Holiday Park, Bauer Park and Ambassador as well as County HIF for Town Center Apartments. The decrease is partially offset by an increase in the Community Choice Homes Initiative.

-1.hh. -	**Administration**	**20,498,798**	**24,716,816**	**(4,218,018)**	**(17.07%)**

The decrease in administrative expense is primarily driven by a decrease in cost of issuance, rental license fees, and temporary agency services within the Opportunity Housing Fund, operating professional services within the General Fund.

		FY'21	FY'20	Dollar Variance	Percentage Variance
- 1.ii. -	**Maintenance**	**11,841,735**	**12,751,062**	**(909,327)**	**(7.13)%**

The decrease in maintenance is mainly attributed to a decrease within the Opportunity Housing properties such as roofing/gutter, paint/wall coverings, and floor carpeting, partially offset by an increase in plumbing contracts, and asphalt/concrete contracts. Furthermore, computer equipment and software purchases as well as various divisions' miscellaneous contracts also decreased.

-1.jj.-	**Utilities**	**3,479,410**	**3,110,694**	**368,716**	**11.85%**

The increase in Utilities is largely driven by electricity and water expenses at the Cider Mill Apartments, Elizabeth House RAD Interim Property, and the five transferred properties.

-1.kk.-	**Fringe benefits**	**5,559,297**	**6,419,753**	**(860,456)**	**(13.40%)**

The decrease in fringe benefits is mainly due to the timing of the pension expense payment for the Employees Retirement System's (ERS) unfunded actuarial accrued liability (Non-Grip) payment for FY'21, and a decrease in other post-employment benefits and retired employee benefits, as a result of an actuarial study which has HOC fully paid through FY21.

-1.ll.-	**Interest Expense**	**15,990,607**	**16,782,055**	**(791,448)**	**(4.72%)**

The decrease in interest expense is primarily attributed to a decrease in the Single Family Bonds payable due to scheduled and early redemptions.

- 1.mm -	**Other Expense**	**5,945,514**	**3,723,984**	**2,221,530**	**59.65%**

The increase in other expense is largely due to property insurance and COVID 19 expenses within the General Fund and various Opportunity Housing properties. The change in the accounting treatment of Alexander House Development Corporation prior period-capitalized construction interest expense as well as the addition of the five transferred properties also contributed to the increase in other expense.

M E M O R A N D U M

TO:	Housing Opportunities Commission Budget, Finance and Audit Committee			
VIA:	Stacy L. Spann, Executive Director			
FROM:	Staff:	Cornelia Kent	Division: Finance	Ext. 9754
		Terri Fowler		Ext. 9507
		Tomi Adebo		Ext. 9472
RE:	Fiscal Year 2021 (FY'21) Second Quarter Budget Amendment: Presentation of the FY'21 Second Quarter Budget Amendment			
DATE:	February 23, 2021			

BACKGROUND:
The HOC Budget Policy provides that the Executive Director propose any budget amendments for the Commission to consider, which may better reflect the revenues and expenses for the remainder of the year.

ISSUES FOR CONSIDERATION:

At the December 15, 2020 BF&A meeting, the Committee requested that staff re-forecast the FY'21 budget to address the continued impact of COVID 19 on rental income. Staff prepared a Re-forecast for FY'21 and informally presented it at the January 29, 2021 BF&A meeting. The FY'21 Second Quarter Budget amendment includes this re-forecast as well as the reduction in County funding resulting from the FY'21 County Savings Plan.

Operating Budget Amendments: Attachment 1 is a detailed chart of the following proposed transactions. Below is a description of the proposed amendment:

- **General Fund:** Income in the General Fund will be decreased by a net $399,125 consequent of increased fee income based on the latest schedule that was more than offset by the additional anticipated loss of revenue from the Development Corporation properties as a result of the continuing impacts on rental income due to COVID 19. (See Opportunity Housing Fund).
    - Commitment and Development Fee Income increased by $936,247 and $934,790, respectively, to reflect changes in the timing and amount of fees projected for FY'21. Forty percent of the change in fees (or $374,499 and $373,916) is reflected in the General Fund. The balance of the increase (or $561,748 and $560,874) is in the OHRF.
    - Development Corporation Fee Income, that represents the cash flow taken from the unrestricted Development Corporation properties, decreased by $1,147,540 to reflect

the additional impact of COVID 19 on rental income.

- **Opportunity Housing Fund:**

  - **Opportunity Housing:** The FY'21 property budgets were developed to account for a COVID-19 Pandemic impact through the first quarter by reducing rental income based on the anticipated non-payment of rent. Any non-receipt of rental income due to COVID-19 is not reflected on the income statements until the payment is over 90 days in arrears at which time an allowance for bad debt is established. This budget amendment incorporates the anticipated impacts of COVID 19 through June 30. In addition, the original budgeted impact has been moved from income to expenses to better reflect how the actual financial transactions are recorded on the income statement.

    - Total Income in Opportunity Housing increased by $3,616,304 to reflect shifting the original $2,870,865 non-receipt of rent from income to bad debt and the increased draws of $817,781 from existing property cash to balance a portion of the additional anticipated impacts of COVID 19 on rental income. In addition, the projected draw from the General Fund Operating Reserve (GFOR) for the planned deficit at MetroPointe has been reduced by $72,342 to reflect the lower anticipated impact of COVID 19 at the property.

    - Total Expenses in Opportunity Housing increased by $4,035,831 to reflect:

      - Shifting the original $2,870,865 non-receipt of rent from income to bad debt and the additional anticipated impact to bad debt of $2,674,171.
      - Reducing Development Corporation Fee expenses, that represent the cash flow paid to the General Fund from the unrestricted Development Corporation properties, by $1,147,540 as a result of the lower income in the Development Corporation properties,
      - Reducing restricted cash by $332,722 as a result of the lower income in the restricted properties, and
      - Reducing operating reserve contributions by $28,943 as a result of the lower income in the foreclosure properties.

  - Revenues increased in the **Opportunity Housing Reserve Fund** (OHRF) by $1,122,622 as a result of increased overall Commitment and Development Fees. (See General Fund)

- **Public Fund:**

  - **County Grant:** The County Executive requested that HOC participate in the FY'21 Revised Spending Plan by identifying opportunities to reduce spending in FY'21. HOC's original Maximum Allowable Request Ceiling (MARC) for FY'21 was $6,824,693. The original request was for six (6) percent or $409,482; however, the County Council reduced the amount to a reduction of $205,000. In order to absorb the reduction, staff supporting the Housing Choice Voucher Program (HCVP) in the Customer Service Centers, that were charged to the County grant, are now being funded by additional HCVP Administrative Fee Income received to support COVID 19 related costs. Both income and expenses in the Public Fund will be decreased by $205,000.

- **Housing Choice Voucher (HCV) Program:** HOC received additional HCVP Administrative Fee Income to pay for costs associated with COVID 19. Since the reductions in the County grant were based on loss of revenue due to COVID, costs related to staff in the Customer Service Centers were moved from the County Grant and are now being funded by the additional administrative fees. This budget amendment increases both income and expenses by $205,000 to reflect the additional cost and funding.

  For display purposes, we have carved out a portion of revenue equivalent to the County Contract funding available for administrative costs related to Customer Service Center staff to better reflect the anticipated federal funding shortfall for the HCVP administrative costs. As a result of the update to the County Grant funding and shifting of costs from the County Contract to the HCVP administrative budget, the required funding from the County to offset anticipated federal deficits was reduced by $205,000 (See County Grants). This is reflected as an increase to revenue of $205,000 resulting from the reduction of the aforementioned carve-out and corresponding decrease to the available contribution line.

BUDGET IMPACT:

The net effect of the FY'21 Second Quarter Budget Amendment is a shortfall of $818,652. The FY'21 Budget currently includes a projected draw of $228,791 from the General Fund Operating Reserve (GFOR) to balance the budget. Staff recommends that the anticipated draw be increased by $818,652 to $1,047,443 in order to maintain a balanced budget.

The total FY'21 Operating Budget for HOC increased from $280,052,393 to $285,210,846. This is an increase of $5,158,453. Approval by the Commission of any budget amendments will revise the FY'21 Budget to reflect an accurate plan for the use of the Agency's resources for the remainder of the year.

TIME FRAME:

For informal discussion at the February 23, 2021 Budget, Finance and Audit Committee meeting. For formal Commission action at the March 3, 2021 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Budget, Finance and Audit Committee join its recommendation to the full Commission approval of the proposed FY'21 Second Quarter Budget Amendment.

FY 2021 Operating Budget Second Quarter Amendment	Revenues	Expenses	First Quarter Budget Amendment	Net Changes to Revenue	Net Changes to Expenses	Revenues	Expenses	Second Quarter Budget Amendment
General Fund								
General Fund	$23,836,639	$26,795,714	($2,959,075)	($399,125)	$0	$23,437,514	$26,795,714	($3,358,200)
Draw from GFOR to Balance Budget	$228,791	$0	$228,791	$818,652	$0	$1,047,443	$0	$1,047,443
Multifamily & Single Family Bond Funds								
Multifamily Fund	$16,281,454	$16,281,454	$0	$0	$0	$16,281,454	$16,281,454	$0
Single Family Fund	$8,977,104	$8,977,104	$0	$0	$0	$8,977,104	$8,977,104	$0
Opportunity Housing Fund								
Opportunity Housing & Dev Corps	$102,114,999	$99,533,817	$2,581,182	$3,688,646	$4,035,831	$105,803,645	$103,569,648	$2,233,997
Draw from GFOR for MetroPointe Deficit	$149,102	$0	$149,102	($72,342)	$0	$76,760	$0	$76,760
Opportunity Housing Reserve Fund	$3,391,138	$1,558,872	$1,832,266	$1,122,622	$0	$4,513,760	$1,558,872	$2,954,888
Restricted to OHRF	$0	$1,832,266	($1,832,266)	$0	$1,122,622	$0	$2,954,888	($2,954,888)
Public Fund								
Housing Choice Voucher Program	$107,292,321	$107,787,731	($495,410)	$410,000	$205,000	$107,702,321	$107,992,731	**($290,410)**
County Contributions towards HCVP Administration	$495,410	$0	$495,410	($205,000)	$0	$290,410	$0	**$290,410**
Federal , State and Other County Grants	$17,285,435	$17,285,435	$0	($205,000)	($205,000)	$17,080,435	$17,080,435	**$0**
TOTAL - ALL FUNDS	**$280,052,393**	**$280,052,393**	**$0**	**$5,158,453**	**$5,158,453**	**$285,210,846**	**$285,210,846**	**$0**

Footnotes - explanation of changes recommended to adopted

GF R $374,499 Increase Commitment Fee Income
GF R $373,916 Increase Development Fee Income
GF R ($1,147,540) Decrease in Development Corporation Fees from properties due to COVID 19
($399,125)

GF E $818,652 Increase draw from GFOR

OHRF R $561,748 Increase Commitment Fee Income
OHRF R $560,874 Increase Development Fee Income
$1,122,622

OHRF E $1,122,622 Restrict additional fees to OHRF

OH R $2,870,865 Shift Impact of COVID 19 from income to bad debt
OH R $817,781 Adjust draws from existing property cash
OH R ($72,342) Increase draw from GFOR for deficit at Metropointe
$3,616,304

OH E $2,870,865 Shift Impact of COVID 19 to bad debt from income
OH E $2,674,171 Add additional impact from COVID 19 on rents
OH E ($1,147,540) Dec.in Dev. Corp. expense on prop. due to COVID 19
OH E ($332,722) Dec. restricted cash on prop. due to COVID 19
OH E ($28,943) Dec. Op. Res. Cont. on Forecl. prop. due to COVID 19
$4,035,831

HCVP R **$205,000** Increase Fatherhood Grant for new Contract
HCVP E $205,000 Increase Fatherhood Grant for new Contract

Grants R **($205,000)** Increase Fatherhood Grant for new Contract
Grants E ($205,000) Increase Fatherhood Grant for new Contract

M E M O R A N D U M

TO:	Budget, Finance and Audit Committee				
VIA:	Stacy L. Spann, Executive Director				
FROM:	Staff:	Cornelia Kent	Division:	Finance	Ext. 9754
		Eugenia Pascual		Finance	Ext. 9478
		Nilou Razeghi		Finance	Ext. 9494
		Charnita Jackson		Property Management	Ext. 9776
RE:	Uncollectible Tenant Accounts Receivable: Presentation of request to Write-Off Uncollectible Tenant Accounts Receivable (October 1, 2020 – December 31, 2020)				
DATE:	February 23, 2021				

BACKGROUND:

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

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

The last approved write-off on December 15, 2020 was for $77,605, which covered the three-month period from July 1, 2020, through September 30, 2020.

The proposed write-off of former tenant accounts receivable balances for the second quarter October 1, 2020 through December 31, 2020 is $49,684.

The $49,684 second quarter write-off is primarily a consequence of delinquent rent payment from tenants of HOC's Opportunity Housing properties. The RAD 6 properties and Supportive Housing also contributed small amounts to the write-offs from former tenants. The primary reasons for the write-offs across the properties include tenants who skipped, voluntarily left their units, passed away, left due to job transfer, transferred within program, purchased a home, or ported out of Montgomery County and no longer qualifies for the unit.

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

Property Type	Current Write-offs 10/01/20 - 12/31/20	Prior Write-offs 07/01/20 - 09/30/20	$ Change 09/30/20 - 12/31/20	% Change 09/30/20 - 12/31/20	Fiscal Year 2021 Year-to-Date 07/01/20 - 12/31/20	Fiscal Year 2020 Year-to-Date 07/01/19 - 12/31/19
Public Housing	-	370	(370)	-100%	370	-
Opportunity Housing	45,974	40,603	5,371	13%	86,577	89,213
Supportive Housing	640	20,825	(20,185)	-97%	21,465	3,477
RAD Properties	3,070	15,807	(12,737)	-81%	18,877	14,758
Rental Asst Sec8 Repays	-	-	-	0%	-	4,108
	49,684	**77,605**	**(27,921)**	**-36%**	**127,289**	**111,556**

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

	Current Write-offs 10/01/20 - 12/31/20	Prior Write-offs 07/01/20 - 09/30/20	$ Change 09/30/20 - 12/31/20	$ Change 09/30/20 - 12/31/20	Fiscal Year 2021 Year-to-Date 07/01/20 - 12/31/20	Fiscal Year 2020 Year-to-Date 07/01/19 - 12/31/19
Public Fund						
Former PH Tenants	$ -	370	(370)	-100%	370	$ -
Total Public Fund	**$ -**	**$ 370**	**$ (370)**	**-100%**	**$ 370**	**$ -**

Within the public Housing portfolio, there were no write-offs to report in the second quarter of FY '21.

	Current Write-offs 10/01/20 - 12/31/20	Prior Write-offs 07/01/20 - 09/30/20	$ Change 09/30/20 - 12/31/20	$ Change 09/30/20 - 12/31/20	Fiscal Year 2021 Year-to-Date 07/01/20 - 12/31/20	Fiscal Year 2020 Year-to-Date 07/01/19 - 12/31/19
Opportunity Housing (OH) Fund						
Camp Hill Square	-	3,683	(3,683)	-100%	3,683	-
MHLP I/64	15	397	(382)	-96%	412	148
MHLP IX - MPDU	457	-	457	0%	457	7,392
MHLP IX - Pondridge	-	-	-	0%	-	2,435
MHLP VII	-	-	-	0%	-	3,404
MHLP VIII	870	-	870	0%	870	110
MHLP X	-	-	-	0%	-	3,766
NCI-1 - 13671 Harvest Glen Way	-	-	-	0%	-	9,104
Scattered Site One Dev Corp	186	11,798	(11,612)	-98%	11,984	2,868
State Rental Partnership	5,237	2,943	2,294	78%	8,180	409
TPM Dev Corp - MPDU II (59)	-	21,782	(21,782)	-100%	21,782	10,680
VPC One Corp	21	-	21	0%	21	41,744
VPC Two Corp	39,188	-	39,188	0%	39,188	7,153
Total OH Fund	**45,974**	**40,603**	**5,371**	**13%**	**86,577**	**89,213**

Within the Opportunity Housing portfolio, the $45,974 write-off amount were largely attributable to VPC Two Corp. and State Rental Partnership. The write-offs were mainly due to one tenant who ported out, two tenants who skipped, two tenants who purchased a home, four tenants who voluntarily vacated their units, one tenant who no longer qualifies, one tenant left due to job transfer and one tenant who passed away.

	Current Write-offs	Prior Write-offs	$ Change	% Change	Fiscal Year 2021 Year-to-Date	Fiscal Year 2020 Year-to-Date
	10/01/20 - 12/31/20	07/01/20 - 09/30/20	09/30/20 - 12/31/20	09/30/20 - 12/31/20	07/01/20 - 12/31/20	07/01/19 - 12/31/19
Supportive Housing						
McKinney X - HUD	$ 640	$ 20,825	$ (20,185)	-97%	$ 21,465	$ 3,477
Total Supportive Housing	**$ 640**	**$ 20,825**	**$ (20,185)**	**-97%**	**$ 21,465**	**$ 3,477**

Within the Supportive Housing Program, the $640 write-off amounts were due to two tenants who passed away.

	Current Write-offs	Prior Write-offs	$ Change	% Change	Fiscal Year 2021 Year-to-Date	Fiscal Year 2020 Year-to-Date
	10/01/20 - 12/31/20	07/01/20 - 09/30/20	09/30/20 - 12/31/20	09/30/20 - 12/31/20	07/01/20 - 12/31/20	07/01/19 - 12/31/19
RAD Properties						
Elizabeth House - Interim RAD	1,111	-	1,111	-	1,111	-
Holly Hall RAD	1,663	-	1,663	-	1,663	57
RAD 6 - Ken Gar	296	-	296	-	296	-
RAD 6 - Seneca Ridge	-	15,807	(15,807)	-100%	15,807	9,236
RAD 6 - Washington Square	-	-	-	-	-	3,258
Waverly House LP	-	-	-	-	-	2,207
Total RAD Properties	**3,070**	**15,807**	**(12,737)**	**-81%**	**18,877**	**14,758**

Within the RAD properties, the $3,070 write-off amounts were mainly due to twelve tenants who transferred within program, one tenant who passed away, one tenant who voluntarily vacated their units.

	Current Write-offs	Prior Write-offs	$ Change	% Change	Fiscal Year 2021 Year-to-Date	Fiscal Year 2020 Year-to-Date
	10/01/20 - 12/31/20	07/01/20 - 09/30/20	09/30/20 - 12/31/20	09/30/20 - 12/31/20	07/01/20 - 12/31/20	07/01/19 - 12/31/19
Rental Asst Sec8 Repays						
Rental Asst Sec8 Repays	$ -	$ -	$ -	-	$ -	$ 4,108
Total Rental Asst Sec8 Repays	**$ -**	**$ -**	**$ -**	**0%**	**$ -**	**$ 4,108**

Within the Rental Assistant Sec8 Repays, there were no write-offs to report in the second quarter of FY ’21.

The next anticipated write-off will be for the third quarter of FY’21, covering January 1, 2021, through March 31, 2021. Upon approval, the write-offs will be processed through Yardi’s write-off function with the tenant detail placed into the uncollectible accounts receivable database.

ISSUES FOR CONSIDERATION:

Will the Budget, Finance and Audit Committee join staff’s recommendation to the Commission that the Commission authorize the write-off of uncollectible tenant accounts receivable?

BUDGET IMPACT:

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

TIME FRAME:
For informal discussion at the February 23, 2021 Budget, Finance and Audit Committee meeting. For formal Commission action at the March 3, 2021 meeting.

STAFF RECOMMENDATION:
Staff requests that the Budget, Finance and Audit Committee join its recommendation to the Commission that the Commission authorize the write-off of uncollectible tenant accounts receivable.

Forest Oak Towers - Property Management Contract: Presentation of request to Renew the Property Management Contract at Forest Oak

February 23, 2021

- The Property Management Contract with Forest Oaks Towers Limited Partnership ("Forest Oaks Towers") is expiring June 30, 2021. The contract provides for additional two-one year renewals.

- Per the Commission's procurement policy, the Commission must approve all property management contract renewals.

- Staff requests that the contract for Forest Oaks Towers be renewed for one (1) year with Habitat America, LLC.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

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

RE: Renewal of the Property Management Contract at Forest Oaks Towers Limited Partnership

DATE: February 23, 2021

BACKGROUND:

Forest Oaks Towers is a High Rise Senior community of 175 HUD and Tax Credit units. The property was built in 1981 and is located in Gaithersburg. This property is located only a short distance away from access to Ride-On Bus services, Lake Forest Shopping Mall, the Gaithersburg Square Shopping Center, and the Montgomery County Fair Grounds. This property is complete with a community center (with full kitchen), fitness center, game room, and picnic area for use on the property. The property received a score of 99A for its most recent REAC inspection in 2018. The property has maintained an average occupancy of 99% over the last two years.

The property management contract for Forest Oaks Towers is expiring on June 30, 2021. Staff wishes to renew the property management contract for Forest Oaks Towers for one (1) year with Habitat America, LLC.

The following table details the property information, including number of units, current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining. The contract renewal will reflect that the management fee will be performance based.

Property	Units	Current Vendor	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Start Date/End Date	Contract Terms (Remaining Renewals)
Forest Oaks	175	Habitat America	$55,800	06/30/201	07/01/2021 to 06/30/2022	1-renewal remaining

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ISSUES FOR CONSIDERATION:

Will the Budget, Finance and Audit Committee join staff's recommendation to the Commission that the Commission approve the renewal of the property management services contract with Habitat America, LLC for property management services at Forest Oaks Towers?

BUDGET IMPACT:

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

TIME FRAME:

For informal discussion at the Budget, Finance and Audit Committee meeting on February 23, 2021; for formal Commission action at the March 4, 2021 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Budget, Finance and Audit Committee join its recommendation to the Commission that the Commission approve the property management contract renewal with Habitat America, LLC. for one year at Forest Oaks Towers.

Diamond Square - Property Management Contract: Presentation of request to Renew the Property Management Contract at Diamond Square

February 23, 2021

- The Property Management Contract with Diamond Square Limited Partnership ("Diamond Square") is expiring June 30, 2021. The contract provides for two one-year renewals.

- Per the Commission's procurement policy, the Commission must approve all property management contract renewals.

- Staff requests that the contract for Property Management Services for Diamond Square be renewed for one (1) year with Residential One Management.

M E M O R A N D U M

TO: Budget, Finance and Audit Committee

VIA: Stacy L. Spann, Executive Director

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

RE: Renewal of the Property Management Contract for Diamond Square Limited Partnership.

DATE: February 23, 2021

BACKGROUND:

Diamond Square is a 124-unit high-rise community consisting of 43 market and 81 units at or below 50% AMI located in Gaithersburg. Diamond square was constructed in 1985 as a mid-rise hotel, and was converted to apartment homes in 1991. The property was renovated from 2000-2005 and upgrades included construction of a community room and garden. Diamond Square offers fully furnished affordable units with income-based rents. The property has maintained an average occupancy of 99% over the last two years.

The property management contract for Diamond Square is expiring on June 30, 2021. Staff wishes to renew the property management contract for Diamond Square Apartments for one year with Residential One Management.

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

Property	Units	Current Vendor	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Start Date/End Date	Contract Terms (Remaining Renewals)
Diamond Square	124	Residential One, LLC	$55,800	6/30/2021	7/1/2021-6/30/2022	1 - Renewal Remaining

ISSUES FOR CONSIDERATION:

Will the Budget, Finance and Audit Committee join staff's recommendation to the Commission that the Commission approve the renewal of the property management services contract with Residential One Management for property management services at Diamond Square?

BUDGET IMPACT:

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

TIME FRAME:

For informal discussion at the Budget, Finance and Audit Committee meeting on February 23, 2021; for formal Commission action at the March 3, 2021 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Budget, Finance and Audit Committee join its recommendation to the Commission that the commission approve the property management contract renewal with Residential One Management for one year at Diamond Square Apartments.

RENEWAL OF PROPERTY MANAGEMENT CONTRACTS FOR ALEXANDER HOUSE, GEORGIAN COURT, STEWARTOWN HOMES, GLENMONT CROSSING, GLENMONT WESTERLY, AND BROOKSIDE GLEN

February 23, 2021

- The property management contracts for Alexander House, Georgian Court, Stewartown Homes, Glenmont Crossing, Glenmont Westerly, and Brookside Glen are expiring **June 30, 2021**. The contracts with Edgewood Management provide for a one-year renewal period through **June 30, 2022**.

- Staff requests that the contracts be renewed through June 30, 2022.

M E M O R A N D U M

TO: Budget, Finance, and Audit Committee

VIA: Stacy L. Spann, Executive Director

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

RE: Renewal of Property Management Contracts for Alexander House, Georgian Court, Stewartown Homes, Glenmont Crossing, Glenmont Westerly, and Brookside Glen

DATE: February 23, 2021

BACKGROUND:

Staff wishes to renew the property management contracts with Edgewood Management for the properties listed below. All projects are well-maintained and have stable occupancy. Edgewood scored 3.05 of 4.00 available points in a resident survey completed in March 2020, which was the fourth highest of the six management companies surveyed. Staff continues to partner with Edgewood to improve operational results and customer service.

Property	Location	Total Units	Affordable Units	AMI Restrictions	Current Occupancy	Latest REAC Score
Alexander House	Silver Spring	308	122	60% AMI	93%	96c
Georgian Court	Silver Spring	147	147	60% AMI	92%*	97b
Stewartown Homes	Gaithers-burg	94	94	60% AMI	93%*	95b
Glenmont Crossing	Wheaton	97	50	50% - 80% AMI	99%	N/A
Glenmont Westerly	Wheaton	102	51	50% - 90% AMI	96%	N/A
Brookside Glen	Wheaton	90	45	35% - 55% AMI	96%	86c
TOTAL		**838**	**509**			

**Vacant units are held vacant to assist with on-site relocation during upcoming renovation.*

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

Property	Current Vendor	Current Vendor Start Date	Annual Renewal Contract Cost	Current Contract End Date	Proposed Renewal Period	Remaining Contract Renewals
Alexander House	Edgewood	Dec 2017	$158,000	6/30/2021	7/1/2021-6/30/2022	One
Georgian Court	Edgewood	Jan 2006	$70,000	6/30/2021	7/1/2021-6/30/2022	One
Stewartown Homes	Edgewood	July 2003	$48,000	6/30/2021	7/1/2021-6/30/2022	One
Glenmont Crossing	Edgewood	July 2019	$50,000	6/30/2021	7/1/2021-6/30/2022	One
Glenmont Westerly	Edgewood	July 2019	$52,000	6/30/2021	7/1/2021-6/30/2022	One
Brookside Glen	Edgewood	July 2019	$43,000	6/30/2021	7/1/2021-6/30/2022	One

ISSUES FOR CONSIDERATION:

Will the Budget, Finance, and Audit Committee join staff's recommendation to the Commission, Alexander House Development Corporation, Glenmont Crossing Development Corporation, Glenmont Westerly Development Corporation, and Brookside Glen Development Corporation to renew the property management services contracts with Edgewood Management for Alexander House, Georgian Court, Stewartown Homes, Glenmont Crossing, Glenmont Westerly, and Brookside Glen (as appropriate)?

BUDGET IMPACT:

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

TIME FRAME:

For informal discussion at the Budget, Finance, and Audit Committee meeting on February 23, 2021. For formal Commission action at the March 3, 2021 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Budget, Finance, and Audit Committee join its recommendation to the Commission, Alexander House Development Corporation, Glenmont Crossing Development Corporation, Glenmont Westerly Development Corporation, and Brookside Glen Development

Corporation to renew the property management contracts with Edgewood Management for Alexander House, Georgian Court, Stewartown Homes, Glenmont Crossing, Glenmont Westerly, and Brookside Glen through June 30, 2022 (as appropriate).

RENEWAL OF PROPERTY MANAGEMENT CONTRACTS FOR WHEATON METRO LP AND WHEATON METRO DEVELOPMENT CORPORATION (METROPOINTE APARTMENTS)

February 23, 2021

- The property management contracts for Wheaton Metro LP and Wheaton Metro Development Corporation (MetroPointe Apartments) expire on **June 30, 2021**. The contracts with Bozzuto Management provide for a one-year renewal period through **June 30, 2022**.

- Staff requests that the contracts be renewed through June 30, 2022.

MEMORANDUM

TO: Budget, Finance, and Audit Committee

VIA: Stacy L. Spann, Executive Director

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

RE: Renewal of Property Management Contracts for Wheaton Metro LP and Wheaton Metro Development Corporation (MetroPointe Apartments)

DATE: February 23, 2021

BACKGROUND:

MetroPointe Apartments is a 173-unit multi-family property located in Wheaton, MD. Amenities include a community room, business center, exercise room, and garage parking. The project includes 53 affordable units up to 50% AMI and 120 market-rate units. The property also includes two commercial spaces, both of which are leased.

Staff wishes to renew MetroPointe Apartments' management contracts with Bozzuto Management. The property is well-maintained and has stable occupancy. Occupancy is currently 95% and has averaged 94% over the past two years. MetroPointe received a 98a on its most recent REAC inspection and Bozzuto scored 3.45 of 4.00 available points in a resident survey completed in March 2020. Bozzuto's score was the second highest of the six management companies surveyed.

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

Property	Current Vendor	Current Vendor Start Date	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Period	Remaining Contract Renewals
Wheaton Metro LP	Bozzuto	May 2008	$49,000	6/30/2021	7/1/2021-6/30/2022	One
Wheaton Metro Dev Corp	Bozzuto	May 2008	$108,000	6/30/2021	7/1/2021-6/30/2022	One

ISSUES FOR CONSIDERATION:

Will the Budget, Finance, and Audit Committee join staff's recommendation to the Commission and the Wheaton Metro Development Corporation to renew the property management services contracts with Bozzuto Management for Wheaton Metro LP and Wheaton Metro Development Corporation respectively?

BUDGET IMPACT:

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

TIME FRAME:

For informal discussion at the Budget, Finance, and Audit Committee meeting on February 23, 2021. For formal Commission action at the March 3, 2021 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Budget, Finance, and Audit Committee join its recommendation to the Commission and the Wheaton Metro Development Corporation to renew the property management contracts with Bozzuto Management for Wheaton Metro LP and Wheaton Metro Development Corporation, respectively, through June 30, 2022.

RENEWAL OF PROPERTY MANAGEMENT CONTRACTS FOR GREENHILLS APARTMENTS AND WESTWOOD TOWER APARTMENTS

February 23, 2021

- The property management contracts for Greenhills Apartments and Westwood Tower Apartments expire on **June 30, 2021**. The contracts with CAPREIT Residential Management provide for a one-year renewal period through **June 30, 2022**.

- Staff requests that the contracts be renewed through June 30, 2022.

M E M O R A N D U M

TO: Budget, Finance, and Audit Committee

VIA: Stacy L. Spann, Executive Director

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

RE: Renewal of Property Management Contracts for Greenhills Apartments and Westwood Tower Apartments

DATE: February 23, 2021

BACKGROUND:

Greenhills Apartments is a 77-unit multi-family property located in Damascus, MD. Amenities include a playground and onsite parking. The project includes 55 affordable units up to 60% AMI and 22 market-rate units.

Westwood Tower Apartments is a 212-unit multi-family property located in Bethesda, MD. Amenities include a 24-hour concierge, shuttle service, community room, business center, fitness center, and garage parking. The project includes 154 market units and 58 affordable units restricted to households earning between 30% AMI and 80% AMI.

Staff wishes to renew the management contracts with CAPREIT Residential Management for Greenhills Apartments and Westwood Tower Apartments. Both properties are well-maintained. Greenhills is currently 96% occupied and has maintained an average occupancy of 96% since the renovation was completed in 2019. Westwood Tower is currently 89% occupied. As residents who were financially impacted by COVID-19 have moved out, Westwood's current occupancy has declined relative to the two-year average occupancy of 95%. Staff is partnering with CAPREIT to increase online advertising and tenant retention efforts. CAPREIT scored 3.56 of 4.00 available points in a resident survey completed in March 2020, which was the highest of the six management companies surveyed.

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

Property	Current Vendor	Current Vendor Start Date	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Period	Remaining Contract Renewals
Greenhills	CAPREIT	July 2019	$44,000	6/30/2021	7/1/2021-6/30/2022	One
Westwood	CAPREIT	July 2019	$131,000	6/30/2021	7/1/2021-6/30/2022	One

ISSUES FOR CONSIDERATION:

Will the Budget, Finance, and Audit Committee join staff's recommendation to the Commission to renew the property management services contracts with CAPREIT Residential Management for Greenhills Apartments and Westwood Tower Apartments?

BUDGET IMPACT:

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

TIME FRAME:

For informal discussion at the Budget, Finance, and Audit Committee meeting on February 23, 2021. For formal Commission action at the March 3, 2021 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Budget, Finance, and Audit Committee join its recommendation to the Commission to approve renewing the property management contracts with CAPREIT Residential Management for Greenhills Apartments and Westwood Tower Apartments through June 30, 2022.

RENEWAL OF PROPERTY MANAGEMENT CONTRACT FOR CIDER MILL APARTMENTS

February 23, 2021

- The property management contract for Cider Mill Apartments expires on **June 30, 2021**. The contract with Grady Management provides for a one-year renewal period through **June 30, 2022**.

- Staff requests that the contract be renewed through June 30, 2022.

M E M O R A N D U M

TO: Budget, Finance, and Audit Committee

VIA: Stacy L. Spann, Executive Director

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

RE: Renewal of Property Management Contract for Cider Mill Apartments

DATE: February 23, 2021

BACKGROUND:

Cider Mill Apartments is an 864-unit multi-family property located in Gaithersburg, MD. Amenities include a playground, onsite services office, swimming pool, and parking. The project includes 345 affordable units up to 60% AMI and 519 market-rate units.

Staff wishes to renew the management contract with Grady Management for Cider Mill Apartments. The property is well-maintained and has stable occupancy. Occupancy is currently 94% and has averaged 91% over the past two years. Grady Management scored 2.69 of 4.00 available points in a resident survey completed in March 2020. Staff is partnering with Grady to improve customer service. Monthly virtual tenant meetings are in place to receive and respond to resident feedback.

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

Property	Current Vendor	Current Vendor Start Date	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Period	Remaining Contract Renewals
Cider Mill	Grady	Jan 2019	$403,000	6/30/2021	7/1/2021-6/30/2022	One

ISSUES FOR CONSIDERATION:

Will the Budget, Finance, and Audit Committee join staff's recommendation to the Commission to renew the property management services contract with Grady Management for Cider Mill Apartments?

BUDGET IMPACT:

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

TIME FRAME:

For informal discussion at the Budget, Finance, and Audit Committee meeting on February 23, 2021. For formal Commission action at the March 3, 2021 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Budget, Finance, and Audit Committee join its recommendation to the Commission to approve renewing the property management contract with Grady Management for Cider Mill Apartments through June 30, 2022.