Reschedule Date: February 24, 2022

Housing Opportunities Commission OF MONTGOMERY COUNTY

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

BUDGET, FINANCE AND AUDIT COMMITTEE

February 24, 2022
4:45 p.m.
YouTube Livestream Link: https://youtu.be/tXk3tRtQZ6U

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

December 21, 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 Tuesday, December 21, 2021, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 10:02 a.m. There was a livestream of the meeting held on YouTube, available for viewing here. Those in attendance were:

Present
Richard Y. Nelson, Jr., Chair – Budget, Finance and Audit Committee
Frances Kelleher – Commissioner
Jeffrey Merkowitz - Commissioner

Also Attending

Kayrine Brown, Acting Executive Director
Timothy Goetzinger, Acting Chief Financial Officer
Terri Fowler
Nilou Razeghi
Nathan Bovelle
Zachary Marks
Fozia Malik
Jay Berkowitz
John Broullire
Vivian Ikoro
Paige Gentry
Darcel Cox
Aisha Memon, General Counsel
Eugenia Pascual, Controller
Olutomi Adebo
Francisco Vega
Charnita Jackson
Emma Fiorentino
Christina Autin
Matt Husman
Marcus Ervin
Leidi Reyes
Niketa Patel
Lynn Hayes

IT Support
Aries Cruz

Commission Support
Patrice Birdsong, Spec. Asst. to Commission

Commissioner Nelson opened the meeting with a roll call of Commissioners who participate on the Committee, as well as the Acting Executive Director.

APPROVAL OF MINUTES

The minutes of November 17, 2021, open and closed session, were approved as submitted with a motion by Commissioner Merkowitz and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Nelson, Kelleher, and Merkowitz.

ACTION/DISCUSSION ITEMS

1. **Fiscal Year 2022 (FY'22) First Quarter Budget to Actual Statements:** Presentation of First Quarter FY'22 Budget to Actual Statements

Timothy Goetzinger, Acting Chief Financial Officer, introduced Tomi Adebo, Assistant Budget Officer, who provided the presentation of the FY 22 First Quarter Budget to Actual Statements.

Ms. Adebo reported that the agency ended the quarter with a net deficit. The deficit resulted in a first quarter budget to actual positive variance. Causes were from various expenses in the general fund countered by slightly lower cash flow in some of the unrestricted opportunity housing properties as a result of property performances. An overview of each of the funds was provided. Staff addressed questions regarding renovations at the properties. No action was necessary and no vote was taken.

2. **Fiscal Year 2022 (FY'22) First Quarter Unaudited Financial Statements:** Presentation of the Unaudited Financial Statements for the First Quarter ended September 30, 2021

Timothy Goetzing, Acting Chief Financial Officer, introduced Francisco Vega, Assistant Controller, who provided a presentation of the unaudited financial statements for the first quarter. Mr. Vega provided highlights of the agency financials and net income. Eugenia Pascual, Controller, provided an explanation regarding the capital contributions. No action was necessary and no vote was taken.

3. **Fiscal Year 2022 (FY'22) Second Quarter Budget Amendment:** Presentation of the FY'22 Second Quarter Budget Amendment

Timothy Goetzinger, Acting Chief Financial Officer, introduced Terri Fowler, Budget Officer, who provided a presentation of the FY'22 Second Quarter Budget Amendment.

A motion was made by Commissioner Merkowitz and seconded by Commissioner Kelleher to move forward to full Commission for approval. Affirmative votes were cast by Commissioners Nelson, Kelleher, and Merkowitz.

4. **Uncollectible Tenant Accounts Receivable:** Presentation of Request to Write-off Uncollectible Tenant Accounts Receivable (July 1, 2021 – September 30, 2021)

Timothy Goetzinger, Acting Chief Financial Officer, introduced Nilou Razeghi, Accounting Manager, who provided a presentation to request the Committee's recommendation to move forward to the full Commission authorization to write-off of uncollectible tenant accounts receivable.

A motion was made by Commissioner Kelleher and seconded by Commissioner Merkowitz to move forward to full Commission for approval. Affirmative votes were cast by Commissioners Nelson, Kelleher, and Merkowitz. Commissioner Nelson requested that staff research delinquencies of new home buyers leaving the programs and why this does not affect their ability in purchasing a home.

Kayrine Brown, Acting Executive Director, reported that all real estate transactions have closed that were scheduled to close by year end. They include the three Willow Manor properties, as well as Georgian Court and Shady Grove.

The Commissioners expressed their appreciation of staff's hard work during the year and wished happy holidays to everyone.

Based upon this report and there being no further business to come before this session of the Budget, Finance and Audit Committee, the meeting adjourned at 10:39 a.m.

Respectfully submitted,

Kayrine Brown
Acting Secretary-Treasurer

/pmb

Discussion Items

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County Budget, Finance and Audit Committee

VIA: Kayrine Brown, Acting Executive Director

FROM:	Staff:	Timothy Goetzinger	Division: Finance	Ext. 4836
		Terri Fowler		Ext. 9507
		Tomi Adebo		Ext. 9472

RE: **Fiscal Year 2022 (FY'22) Second Quarter Budget to Actual Statements:** Presentation of Second Quarter FY'22 Budget to Actual Statement

DATE: February 22, 2022

BACKGROUND:
The Acting Executive Director is presenting the quarterly budget to actual statements to the Budget, Finance & Audit Committee for 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 Housing Opportunities Commission ("Agency") for the second quarter of FY'22 against the budget for the same period.

BUDGET IMPACT:
None for FY'22.

TIME FRAME:
For informal discussion at the February 22, 2022 Budget, Finance & Audit Committee meeting. For formal Commission action at the March 2, 2022 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff requests that the Budget, Finance and Audit Committee join its recommendation to the Commission that the Commission accept the Second Quarter FY'22 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'22 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 revenues, 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 FY'22 Second Quarter Operating Budget to Actual Comparison (Attachment A) shows unrestricted net cash flow or deficit for each of the funds. Attachment A also highlights the FY'22 Second Quarter Budget to Actual Comparison for Capital Expenses.

The Agency ended the quarter with a net cash flow surplus of $1,779,225. This surplus resulted in a second quarter budget to actual positive variance of $1,758,871 when compared to the anticipated second quarter net cash flow deficit of $20,354. The primary causes were savings in various expense categories in the General Fund (see General Fund) countered by lower unrestricted cash flow in some of the unrestricted Opportunity Housing Properties as a result of property performance (see Opportunity Housing Fund).

Explanations of Major Variances by Fund

The **General Fund** consists of the basic overhead costs for the Agency. This fund ended the quarter with a deficit of $2,414,801 which resulted in a positive variance of $2,112,279 when compared to the projected deficit of $4,527,080.

As of December 31, 2021, income in the General Fund was $704,807 lower than budgeted and expenses were $2,817,086 lower than budgeted. The negative income variance was primarily the result of a delay in the receipt of Commitment Fee income and lower draws from the Opportunity Housing Reserve Fund (OHRF) for Real Estate personnel and predevelopment costs that was partially offset by fees received from tax credit properties based on the year-end cash flow distributions and the receipt of the final Development Fee from 900 Thayer that was originally budgeted to be received in April 2021. The positive expense variance was primarily the result of lapse in salary and benefits coupled with savings in professional services, computer software, maintenance contracts, COVID-19 expense and transfers to cover capital projects. A portion of these savings is the result of timing issues and staff does not anticipate the full savings to be realized at year end.

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

Income (the bond drawdowns that finance the administrative costs for these funds) is in line with the budget. The positive expense variance in the Bond Funds is a result of small savings in various administrative accounts.

The Opportunity Housing Fund

Attachment B is a chart of the Net Cash Flow for 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'22 Operating Budget. This group ended the quarter with cash flow of $3,428,028 or $203,362 lower than projected.

- **Alexander House Dev Corp** ended the quarter with a negative cash flow variance of $16,001 as a result of higher concessions and bad debt expense that were partially offset by lower vacancy loss and savings in administrative, maintenance and security cost. Cash flow at **The Barclay Dev Corp** was $73,685 higher than anticipated due to savings in bad debt and taxes coupled with lower concessions and vacancy loss that were partially offset by higher administrative, utility and maintenance expenses as well as slightly lower gross tenant income. **Glenmont Crossing Dev Corp** experienced a negative cash flow variance of $26,192 primarily as a result of higher utilities coupled with small overages in administrative and maintenance cost. **Magruder's Discovery Dev Corp** experienced a negative cash flow variance of $96,072 mostly as a result of lower gross rents and slightly higher vacancy coupled with overages in maintenance expenses that were partially offset by savings in administrative costs. Cash flow at **Montgomery Arms Dev Corp** was $72,613 lower than anticipated primarily due to higher bad debt and maintenance expenses coupled with higher concessions. **MPDU 59 Dev Corp** experienced a positive cash flow variance of $28,942 as a result of lower concessions and vacancy loss coupled with savings in administrative and bad debt expense which was partially offset by higher maintenance cost. **Paddington Square Dev Corp** reported a negative variance of $169,180 due to higher debt service payments, as a result of a delay in the planned refinancing, coupled with higher utilities, maintenance and liability insurance as well as higher concessions and lower gross rents. that was partially offset by lower bad debt and administrative cost. **Pooks Hill High-Rise Dev Corp** ended the quarter with a positive cash flow variance of $25,840 as a result of higher gross tenant rents and lower vacancy that was partially offset by higher concession. The property also experienced savings in utility and bad debt expense that was partially offset by overages in most other expenses categories. Cash flow at **Scattered Site One Dev Corp** was $21,159 lower than anticipated due to higher bad debt, maintenance and utility costs coupled with higher vacancy loss that was partially offset by savings in administrative costs and higher gross tenant rents. **Scattered Site Two Dev Corp** reported a positive cash flow variance of $25,702 mostly due to lower bad debt and administrative expenses offset slightly by overages in maintenance costs. **Sligo MPDU III Dev Corp** ended the quarter with a negative cash flow variance of $2,213 as a result of small overages in bad debt and maintenance expense that were partially offset by savings in administrative cost countered by higher gross rents that were almost entirely offset by higher vacancies. Cash flow at **VPC One Dev Corp** was $88,770 higher than anticipated due to lower bad debt, tax and insurance costs coupled with lower vacancy loss and higher gross rents that was partially offset by higher concessions. **VPC Two Dev Corp** experienced a negative variance of $76,390 primarily due to overages in maintenance and administrative expenses countered by savings in utility and insurance costs coupled with lower vacancy loss.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'22 Operating Budget. Cash flow from this group of Development Corporation properties was $1,032,840 more than budgeted for the quarter. **MetroPointe** experienced a negative cash flow variance of $12,186 as a result of higher than anticipated administrative, COVID-19 and bad debt expenses coupled with lower gross rents that were partially offset by lower vacancy loss experienced at the property. Cash flow at the **Oaks at Four Corners Dev Corp** was $78,468 higher than anticipated due to savings in maintenance, administrative and utility costs. The **RAD 6 Dev Corp** properties ended the quarter with a surplus of $625,692 resulting in a positive cash flow variance of $966,558 largely due to the receipt of prior period subsidies. The positive variance in subsidy payments was $890,676. If the additional subsidy income was not received, the portfolio would have experienced a positive cash flow variance of $75,882 ($966,558 - $890,676 = $75,882). The positive variance at **Ken Gar** and **Washington Square** was offset by higher bad debt expense while the positive variance at **Seneca Ridge** was offset by higher maintenance expense at the property.

Attachment C is a chart of the Net Cash Flow for 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'22 Operating Budget. This group ended the quarter with cash flow of $784,040 or $132,020 less than projected. Cash flow at **MPDU I (64)** was $54,113 higher than anticipated as a result of lower debt service payments, due to the payoff of the mortgage in March 2021 that was not incorporated into the budget, and savings in administrative cost that was partially offset by overages in maintenance and bad debt expense coupled with slightly higher vacancy loss. **Avondale Apartments** reported a negative cash flow variance of $99,794 primarily due to higher maintenance, bad debt and administrative expense coupled with higher vacancy loss and concessions. **Barclay Affordable** experienced a negative cash flow variance of $157,639 as a result of lower gross rents and higher vacancies coupled with overages in utilities and maintenance costs. **Camp Hill Square** experienced a negative cash flow variance of $86,628 as a result of higher administrative, bad debt and maintenance expenses coupled with higher vacancy loss that was partially offset by slightly higher gross rents. **Chelsea Towers** experienced a positive cash flow variance of $30,078 due to lower debt service payments and savings in Housing Association ("HOA") Fees. **Elizabeth House Interim RAD** ended the quarter with positive cash flow variances of $129,787 as a result of higher gross rents countered by overages in various expense categories. At the time of the development of the FY22 Budget **Georgian Court Affordable** , the three **Manors** and **Shady Grove Apartments** were budgeted with four months of operations; however, due to the delay in the conversion the properties, the properties experienced an additional two months of operating income and expenses. The additional rental income at **Georgian Court** and **Shady Grove** exceeded the additional expenses resulting in positive variances at both properties. The three **Manor** properties ended the quarter with negative variances due to higher vacancies to support the upcoming renovations coupled with overages in maintenance expenses at **Fair Hill Farm** and **Cloppers Mill** and utility overages at **Colesville** in the first quarter coupled with the additional debt service payments that exceeded the additional two months of rental income. **Holiday Park** reported a negative cash flow variance of $12,125 primarily due to overages in maintenance and utility costs that were partially offset by lower bad debt expense. **Jubilee Hermitage** experienced a negative cash flow variance of $12,803 largely due to the payment for utility bills from prior periods. Cash flow for **Jubilee Woodedge** was $6,567 lower than projected mainly resulting from lower tenant income offset by savings in maintenance expense. **Manchester Manor** reported a negative variance of $68,427 due to overages throughout most expense categories coupled with lower subsidy payments. **McHome** experienced a negative cash flow variance of $7,057 as a result of higher vacancy loss coupled with overages in administrative costs offset by savings in maintenance and bad debt expenses. Cash flow at **McKendree** was $26,917 higher than anticipated due to lower bad debt expense partially offset by slightly higher maintenance costs. **Metropolitan Affordable** ended the quarter with a positive variance of $60,884 as a result of higher gross tenant rents and lower vacancy loss coupled with savings in maintenance, utility and administrative expenses. Cash flow at **MHLP VII** was $14,936 higher than anticipated due to savings in debt service and maintenance expense offset by higher administrative expense coupled with lower gross rents and higher vacancy loss. **MHLP VIII** experienced a negative variance of $49,081 due to lower gross rents and higher vacancies coupled with overages in administrative, maintenance and utility costs that were partially offset by lower bad debt expense. **MHLP IX Pond Ridge** reported a $40,957 positive variance due to savings in maintenance, tax, administrative and bad debt expense that were partially offset by higher vacancy loss. **MHLP IX Scattered Sites** experienced positive cash flow variances of $33,626 mainly due to savings in real estate tax resulting from the state PILOT agreement that has been established for the property resulting in a savings in taxes that was offset by overages in maintenance, administrative and utility costs coupled with lower gross rents and higher vacancy loss. **MHLP X** experienced positive cash flow variance of $119,491 mainly due to savings in real estate tax resulting from the state PILOT agreement that has been established for the property coupled with savings in administrative and maintenance expenses that were partially offset by greater than anticipated bad debt expense and vacancy loss. **Pooks Hill Mid-Rise** experienced a negative cash flow variance of $20,441 as a result of higher vacancy loss and concession coupled with higher COVID-19 and bad debt expenses that were partially offset by savings in administrative and maintenance. **Strathmore Court** experienced a negative cash flow variance of $25,661 as a result of higher maintenance, COVID-19, and bad debt expense coupled with lower gross rents that were partially offset by lower vacancy loss and savings in administrative and utility expenses. **TPP LLC Pomander Court** experienced a negative cash flow variance of $36,028 primarily as a result of higher bad debt and maintenance expense. Cash flow for **TPP LLC Timberlawn** was $88,957 lower than budget primarily as a result of overages in maintenance, utility and COVID-19 expenses that were partially offset by savings in administrative and bad debt expenses coupled with lower vacancy loss and slightly higher gross rents. **Westwood Towers** experienced a negative cash flow variance of $173,595 as a result of higher administrative, tenant services, maintenance, security and utility expenses coupled with higher concessions that were partially offset by lower vacancy loss coupled with higher gross rents and parking income. Cash flow at **The Willows** was $61,677 higher than anticipated mostly due to higher gross rents.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'22 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 $152,101 more than budgeted. The demolition of **The Ambassador** was completed in April of 2020. The property experienced expenses of $6,808 mainly driven by interest paid on the outstanding debt on the PNC Real Estate Line of Credit ("RELOC") and taxes. There are sufficient reserves at the property to cover the costs. **Bradley Crossing** ended the quarter with a negative variance of $227,813 as a result of higher vacancy loss partially offset by savings in administrative costs that were countered by overages in maintenance expense. **Brooke Park** experienced a negative cash flow variance of $85,361 largely resulting from a delay in occupying the units post renovation. Cash flow at **Brookside Glen** was $86,251 lower than anticipated due to higher bad debt, security and maintenance costs. **Cider Mill** reported a positive cash flow variance of $486,223 due to lower vacancy loss and higher gross tenant rents coupled with lower bad debt expense offset by higher utility, and maintenance costs. **Diamond Square** ended the year with a positive cash flow variance of $37,104 as a result of savings in utilities offset by overages in maintenance, security and administrative cost. **Holly Hall Interim RAD**, which was vacated in November 2019 and therefore not budgeted, has continued to experience a small amount of expense for utilities, maintenance and solid waste tax expense of $18,026 which will be covered by unrestricted cash in the Opportunity Housing portfolio. **Paint Branch** experienced a negative cash flow variance of $23,956 due to higher maintenance costs coupled with higher vacancy loss. **Southbridge** ended the year with a positive cash flow variance of $18,555 due to savings in utility and administrative costs coupled with lower vacancy loss that were partially offset by small overages in maintenance. **State Rental Combined** experienced a positive cash flow variance of $79,712 as a result of lower concessions and vacancy loss coupled slightly higher gross tenant rents and savings in administrative cost that were countered by overages in maintenance expenses. **Stewartown Affordable**, which converted to the tax credit portfolio on June 30, 2021, incurred additional operating costs in early FY'22 related to pre-conversion expenses that will be covered by funds in the old property.

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

- The FY'22 Budget was developed with no Public Housing property budgets. **Elizabeth House** receive additional Rental Assistance Demonstration ("RAD") vacant unit subsidies last fiscal year that were subsequently transferred to the Elizabeth House RAD property in the first quarter of FY'22. A small amount of expenses continued at **Emory Grove** for communication costs and solid waste tax.

- The Housing Choice Voucher Program ("HCVP") ended the quarter with a surplus of $1,225,668. The surplus was comprised of an administrative surplus of $1,434,126 countered by Housing Assistance Payment ("HAP") payments that exceeded HAP revenue by $208,458. The HAP shortfall will be covered by a draw from the HCVP reserve known as the Net Restricted Position ("NRP"), which includes funds received in prior years that were recognized but not used. The administrative surplus was the result of higher than anticipated administrative fee income coupled with savings in administrative expenses due largely to staff turnover. The higher administrative fee income was primarily the result of a higher proration factor of 84.7% compared to the budgeted rate of 83.832% coupled with the administrative fee income received to support the emergency and COVID 19 vouchers.

Tax Credit Partnerships
The Tax Credit Partnerships have a calendar year end.

The Capital Budget (Attachment E)
Attachment E is a chart of the Capital Improvements Budget for FY'22. 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.

Avondale Apartments exceeded the capital budget due to roof and emergency pipe replacement. **Ken Gar** overspent the capital budget by a nominal amount due to work related to tree removal and the replacement of parking lot LED lamps. **MHLP IX - Pond Ridge** exceeded its capital budget as a result of appliance replacements for four vacant units as well as six occupied units requiring an appliance to be replaced. **MHLP X** overspent its capital budget due to flooring and appliance replacement. **Paint Branch** nominally exceeded its capital budget due to HVAC and appliance replacement. **State Rental** has exceeded its FY'22 capital budget as a result of flooring/carpet and appliance replacement coupled with plumbing and kitchen work. **Stewartown Affordable** which converted to the tax credit portfolio on June 30, 2021, experienced a small capital charge due to delayed billing for a charge related to flooring/carpeting work at the property prior to conversion.

As stated previously, the conversion of **Georgian Court Affordable** and the three **Manor** properties was delayed which has resulted in the properties exceeding their respective capital budget. **Georgian Court Affordable** has exceeded its FY'22 capital budget by $11,938 mainly as a result of flooring/carpeting work and kitchen refinishing. The **Manor at Cloppers Mill** has overspent its FY'22 capital budget due to HVAC and plumbing replacements. The **Manor at**

Colesville exceeded the capital budget due to work related to dryer vent cleaning and the replacement of the waste caddy and office copier. The **Manor at Fair Hill Farm** overspent as a result of unanticipated plumbing and HVAC expenditures and replacement of the trash compactor.

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 2022 Second Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow (6 Months) Budget	(6 Months) Actual	Variance
General Fund			
General Fund	($4,527,080)	($2,414,801)	$2,112,279
Administration of Multifamily and Single Family Fund			
Multifamily Fund	$986,603	$1,104,993	$118,390
Draw from / (Restrict to) Multifamily Bond Fund	($986,603)	($1,104,993)	($118,390)
Single Family Fund	$143,609	$244,845	$101,236
Draw from / (Restrict to) Single Family Bond Fund	($143,609)	($244,845)	($101,236)
Opportunity Housing Fund			
Opportunity Housing Properties	$916,060	$766,014	($150,046)
Development Corporation Property Income	$3,631,374	$3,428,012	($203,362)
OHRF			
OHRF Balance	$2,514,269	$1,839,783	($674,486)
Excess Cash Flow Restricted	($2,514,269)	($1,839,783)	$674,486
Draw from existing funds	$0	$0	$0
Net -OHRF	**$0**	**$0**	**$0**
SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing	**$20,354**	**$1,779,225**	**$1,758,871**
Public Fund			
Public Housing Rental (1)	$0	($75,659)	($75,659)
Housing Choice Voucher Program HAP (2)	$1,515,168	($208,458)	($1,723,626)
Housing Choice Voucher Program Admin (3)	$91,212	$1,434,126	$1,342,914
Total -Public Fund	**$1,606,380**	**$1,150,009**	**($456,371)**
Public Fund - Reserves			
(1) Public Housing Rental - Draw from / Restrict to Program	$0	$75,659	$75,659
(2) Draw from / Restrict to HCV Program Cash Reserves	($1,515,168)	$208,458	$1,723,626
(3) Draw from / Restrict to HCV Program Excess Admin Fee	($91,212)	($1,434,126)	($1,342,914)
SUBTOTAL - Public Funds	**$0**	**$0**	**$0**
TOTAL - All Funds	**$20,354**	**$1,779,225**	**$1,758,871**

FY 2022 Second Quarter Operating Budget to Actual Comparison

	(12 Months) Budget	Capital Expenses (6 Months) Actual	Variance
General Fund			
880 Bonifant	$277,000	$51,613	$225,387
East Deer Park	$95,000	$3,321	$91,679
Kensington Office	$160,000	$0	$160,000
Information Technology	$844,580	$402,189	$442,391
Opportunity Housing Fund	$7,386,785	$3,339,955	$4,046,830
TOTAL - All Funds	**$8,763,365**	**$3,797,078**	**$4,740,900**

FY 2022 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	($202,575)	($49,776)	$33,775	($218,576)	($16,001)
The Barclay Dev Corp	($80,007)	$17,553	$56,132	($6,322)	$73,685
Glenmont Crossing Dev Corp	$182,903	$7,524	($33,716)	$156,711	($26,192)
Glenmont Westerly Dev Corp	$53,371	$26,738	($14,543)	$65,566	$12,195
Magruder's Discovery Dev Corp	$418,432	($84,483)	($11,589)	$322,360	($96,072)
The Metropolitan Dev Corp	$1,025,782	($35,283)	$56,607	$1,047,106	$21,324
Montgomery Arms Dev Corp	$162,625	($13,250)	($59,364)	$90,012	($72,613)
MPDU II (59) Dev Corp	$168,491	$17,768	$11,174	$197,433	$28,942
Paddington Square Dev Corp	$279,477	($51,017)	($118,163)	$110,297	($169,180)
Pooks Hill High-Rise Dev Corp	$191,186	$29,310	($3,470)	$217,026	$25,840
Scattered Site One Dev Corp	$100,638	$50,924	($72,083)	$79,479	($21,159)
Scattered Site Two Dev Corp	($43,606)	($296)	$25,998	($17,904)	$25,702
Sligo MPDU III Dev Corp	($8,891)	$5,233	($7,445)	($11,104)	($2,213)
VPC One Dev Corp	$805,374	$17,166	$71,604	$894,144	$88,770
VPC Two Dev Corp	$578,174	$33,044	($109,433)	$501,784	($76,390)
Subtotal	**$3,631,374**	**($28,845)**	**($174,516)**	**$3,428,012**	**($203,362)**
Properties with restricted cash flow (external and internal)					
MetroPointe Dev Corp	($122,888)	$23,696	($35,883)	($135,074)	($12,186)
Oaks at Four Corners Dev Corp	($38,895)	($5,351)	$83,819	$39,573	$78,468
RAD 6 Dev Corp Total	**($340,866)**	**$964,640**	**$1,918**	**$625,692**	**$966,558**
Ken Gar Dev Corp	($29,769)	$112,894	($3,991)	$79,134	$108,903
Parkway Woods Dev Corp	$538	$128,126	$11,326	$139,990	$139,452
Sandy Spring Meadow Dev Corp	($21,260)	$173,784	$35,708	$188,232	$209,492
Seneca Ridge Dev Corp	($196,572)	$264,267	($18,212)	$49,483	$246,055
Towne Centre Place Dev Corp	($30,229)	$231,043	$11,234	$212,048	$242,277
Washington Square Dev Corp	($63,574)	$54,526	($34,147)	($43,195)	$20,379
Subtotal	**($502,649)**	**$982,985**	**$49,854**	**$530,191**	**$1,032,840**
TOTAL ALL PROPERTIES	**$3,128,725**	**$954,140**	**($124,662)**	**$3,958,203**	**$829,478**

FY 2022 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 FY22 operating budget					
MPDU I (64)	$24,235	($8,158)	$62,271	$78,348	$54,113
Avondale Apartments	$66,749	($39,745)	($60,049)	($33,045)	($99,794)
Barclay Affordable	$46,064	($79,045)	($78,595)	($111,575)	($157,639)
Camp Hill Square	$95,453	($38,831)	($47,798)	$8,825	($86,628)
Chelsea Towers	($22,835)	$1,935	$28,143	$7,243	$30,078
Day Care at Lost Knife Road	($25,542)	$12,575	$1,634	($11,333)	$14,209
Elizabeth House Interim RAD	$22,826	$163,249	($33,461)	$152,613	$129,787
Fairfax Court	$30,430	$10,198	($8,672)	$31,957	$1,527
Georgian Court Affordable	$108,992	$233,564	($162,309)	$180,247	$71,255
Holiday Park	($37,648)	($2,172)	($9,953)	($49,773)	($12,125)
Jubilee Falling Creek	($11,122)	$0	($1,961)	($13,083)	($1,961)
Jubilee Hermitage	($1,794)	$54	($12,857)	($14,597)	($12,803)
Jubilee Horizon Court	($2,966)	$0	($67)	($3,033)	($67)
Jubilee Woodedge	$1,155	($10,566)	$3,999	($5,412)	($6,567)
Manchester Manor	($2,342)	($13,305)	($55,122)	($70,769)	($68,427)
The Manor at Cloppers Mill	$33,627	$180,466	($186,347)	$27,747	($5,880)
The Manor at Colesville	$50,290	$167,657	($184,479)	$33,467	($16,823)
The Manor at Fair Hill Farm	$50,489	$195,040	($259,121)	($13,592)	($64,081)
McHome	$47,436	($17,434)	$10,377	$40,379	($7,057)
McKendree	$8,214	$1,164	$25,753	$35,131	$26,917
Metropolitan Affordable	($247,696)	$36,021	$24,862	($186,812)	$60,884
MHLP VII	($244)	($16,554)	$31,490	$14,692	$14,936
MHLP VIII	$17,898	($42,625)	($6,455)	($31,183)	($49,081)
MHLP IX Pond Ridge	($101,084)	($30,285)	$71,242	($60,127)	$40,957
MHLP IX Scattered Sites	($162,039)	($56,690)	$90,316	($128,413)	$33,626
MHLP X	($64,817)	($10,518)	$130,009	$54,674	$119,491
MPDU 2007 Phase II	$3,334	$0	$7,597	$10,931	$7,597
Olney Sandy Spring Road	($3,960)	($1,462)	($757)	($6,179)	($2,219)
Pooks Hill Mid-Rise	$102,139	($15,129)	($5,312)	$81,698	($20,441)
Shady Grove Apts	$304,812	$363,935	($224,052)	$444,695	$139,883
Strathmore Court	$306,086	$10,465	($36,127)	$280,425	($25,661)
Strathmore Court Affordable	($261,958)	$1,501	($4,624)	($265,081)	($3,123)
TPP LLC Pomander Court	$26,297	$2,158	($38,186)	($9,731)	($36,028)
TPP LLC Timberlawn	$287,963	$47,561	($136,517)	$199,006	($88,957)
Westwood Tower	$248,813	$138,445	($312,040)	$75,218	($173,595)
The Willows	($21,195)	$69,694	($8,017)	$40,482	$61,677
Subtotal	**$916,060**	**$1,253,163**	**($1,385,185)**	**$784,040**	**($132,020)**
Properties with restricted cash flow (external and internal)					
The Ambassador	$0	$0	($6,808)	($6,808)	($6,808)
Bradley Crossing	$481,336	($300,319)	$72,506	$253,523	($227,813)
Brooke Park	$46,205	($96,410)	$11,049	($39,156)	($85,361)
Brookside Glen (The Glen)	$74,873	($2,372)	($83,880)	($11,378)	($86,251)
CDBG Units	($6)	$0	$5,976	$5,970	$5,976
Cider Mill Apartments	($64,660)	$542,011	($55,788)	$421,563	$486,223
Dale Drive	$4,035	($54)	$4,360	$8,341	$4,306
Diamond Square	$161,533	$3,379	$33,726	$198,637	$37,104
Holly Hall Interim RAD	$0	$1	($18,027)	($18,026)	($18,026)
NCI Units	$5,138	($3,168)	$9,337	$11,308	$6,170
NSP Units	$5,681	($6,020)	$7,374	$7,035	$1,354
King Farm Village	$2,254	$0	$287	$2,541	$287
Paint Branch	$32,258	($6,403)	($17,554)	$8,302	($23,956)
Southbridge	$8,287	$4,855	$13,700	$26,842	$18,555
State Rental Combined	($130,195)	$65,694	$14,018	($50,483)	$79,712
Stewartown Affordable	$0	$135	($39,506)	($39,371)	($39,371)
Subtotal	**$626,739**	**$201,329**	**($49,230)**	**$778,840**	**$152,101**
TOTAL ALL PROPERTIES	**$1,542,799**	**$1,454,492**	**($1,434,415)**	**$1,562,880**	**$20,081**

Attachment C

FY 2022 Second Quarter Operating Budget to Actual Comparison
For HUD Funded Programs

	(6 Months) Budget	(6 Months) Actual	Variance
Public Housing Rental			
Revenue	$0	$532	$532
Expenses	$0	$76,191	($76,191)
Net Income	**$0**	**($75,659)**	**($75,659)**
Housing Choice Voucher Program			
HAP revenue	$54,609,534	$53,656,118	($953,416)
HAP payments	$53,094,366	$53,864,576	$770,210
Net HAP	**$1,515,168**	**($208,458)**	**($1,723,626)**
Admin.fees & other inc.	$4,360,226	$6,142,629	$1,782,403
Admin. Expense	$4,269,014	$4,708,503	($439,489)
Net Administrative	**$91,212**	**$1,434,126**	**$1,342,914**
Net Income	**$1,606,380**	**$1,225,668**	**($380,712)**

FY 2022 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	$532	($69,661)	($69,129)	($69,129)
Emory Grove	$0	$0	($6,530)	($6,530)	($6,530)
TOTAL ALL PROPERTIES	**$0**	**$532**	**($76,191)**	**($75,659)**	**($75,659)**

Attachment D-1

FY 2022 Second Quarter Operating Budget to Actual Comparison

For Capital Improvements

	(12 Months) Budget	(6 Months) Actual	Variance
General Fund			
880 Bonifant	$277,000	$51,613	$225,387
East Deer Park	$95,000	$3,321	$91,679
Kensington Office	$160,000	$0	$160,000
Information Technology	$844,580	$402,189	$442,391
Subtotal	**$1,376,580**	**$457,123**	**$919,457**
Opportunity Housing			
Alexander House Dev Corp	$36,196	$17,264	$18,932
Avondale Apartments	$31,390	$49,440	($18,050)
The Barclay Dev Corp	$132,423	$54,987	$77,436
Barclay Affordable	$105,372	$55,979	$49,393
Bradley Crossing	$80,323	$17,385	$62,938
Brookside Glen (The Glen)	$88,752	$86,171	$2,581
Camp Hill Square	$48,312	$37,326	$10,986
CDBG Units	$10,320	$0	$10,320
Chelsea Towers	$16,050	$5,068	$10,982
Cider Mill Apartments	$1,617,656	$469,486	$1,148,170
Day Care at 9845 Lost Knife Road	$6,000	$0	$6,000
Dale Drive	$8,916	$1,303	$7,613
Diamond Square	$635,524	$0	$635,524
Elizabeth House Interim RAD	$5,950	$253	$5,697
Fairfax Court	$49,596	$41,118	$8,478
Georgian Court Affordable	$3,420	$15,358	($11,938)
Glenmont Crossing Dev Corp	$368,845	$50,425	$318,420
Glenmont Westerly Dev Corp	$150,924	$36,266	$114,658
Holiday Park	$19,983	$1,463	$18,520
Jubilee Falling Creek	$9,650	$0	$9,650
Jubilee Hermitage	$8,600	$2,497	$6,103
Jubilee Horizon Court	$9,219	$8,680	$539
Jubilee Woodedge	$8,560	$0	$8,560
Ken Gar Dev Corp	$15,271	$15,824	($553)
King Farm Village	$2,300	$0	$2,300
Magruder's Discovery Dev Corp	$69,147	$41,649	$27,498
Manchester Manor	$31,092	$22,154	$8,938
Manor at Cloppers Mill	$25,040	$60,770	($35,730)
Manor at Colesville	$15,740	$31,130	($15,390)
Manor at Fair Hill Farm	$40,300	$174,117	($133,817)
McHome	$74,500	$26,072	$48,428
McKendree	$31,250	$10,280	$20,970
MetroPointe Dev Corp	$673,671	$26,718	$646,953
The Metropolitan Dev Corp	$62,728	$33,528	$29,200
Metropolitan Affordable	$26,888	$13,722	$13,166
Montgomery Arms Dev Corp	$84,017	$39,277	$44,740
MHLP VII	$43,346	$29,535	$13,811
MHLP VIII	$49,000	$38,153	$10,847
MHLP IX - Pond Ridge	$71,034	$100,180	($29,146)
MHLP IX - Scattered Sites	$76,250	$70,451	$5,799
MHLP X	$93,600	$100,708	($7,108)
MPDU 2007 Phase II	$10,296	$5,426	$4,870
617 Olney Sandy Spring Road	$2,268	$0	$2,268
MPDU I (64)	$64,604	$42,912	$21,692
MPDU II (59) Dev Corp	$82,670	$40,362	$42,308
Oaks at Four Corners Dev Corp	$183,826	$34,906	$148,920
NCI Units	$49,920	$17,419	$32,501
NSP Units	$9,558	$1,155	$8,403
Paddington Square Dev Corp	$101,356	$72,680	$28,676
Paint Branch	$7,796	$8,170	($374)
Parkway Woods Dev Corp	$26,316	$5,382	$20,934
Pooks Hill High-Rise Dev Corp	$56,204	$8,243	$47,961
Pooks Hill Mid-Rise	$49,904	$23,133	$26,771
Sandy Spring Meadow Dev Corp	$15,352	$7,779	$7,573
Scattered Site One Dev Corp	$211,150	$157,677	$53,473
Scattered Site Two Dev Corp	$47,000	$24,429	$22,571
Seneca Ridge Dev Corp	$51,204	$30,799	$20,405
Shady Grove Apts	$12,734	$10,535	$2,199
Sligo MPDU III Dev Corp	$23,550	$17,557	$5,993
Southbridge	$28,176	$6,143	$22,033
State Rental Combined	$201,350	$239,463	($38,113)
Stewartown Affordable	$0	$1,149	($1,149)
Strathmore Court	$163,280	$118,309	$44,971
Strathmore Court Affordable	$88,058	$37,758	$50,300
Towne Centre Place Dev Corp	$15,964	$2,476	$13,488
TPP LLC Pomander Court	$23,222	$1,904	$21,318
TPP LLC Timberlawn	$85,656	$37,739	$47,917
VPC One Dev Corp	$210,400	$160,976	$49,424
VPC Two Dev Corp	$191,400	$113,533	$77,867
Washington Square Dev Corp	$56,236	$17,418	$38,818
Westwood Tower	$196,800	$192,772	$4,028
The Willows	$183,380	$117,014	$66,366
Subtotal	**$7,386,785**	**$3,339,955**	**$4,046,830**
TOTAL	**$8,763,365**	**$3,797,078**	**$4,966,287**

M E M O R A N D U M

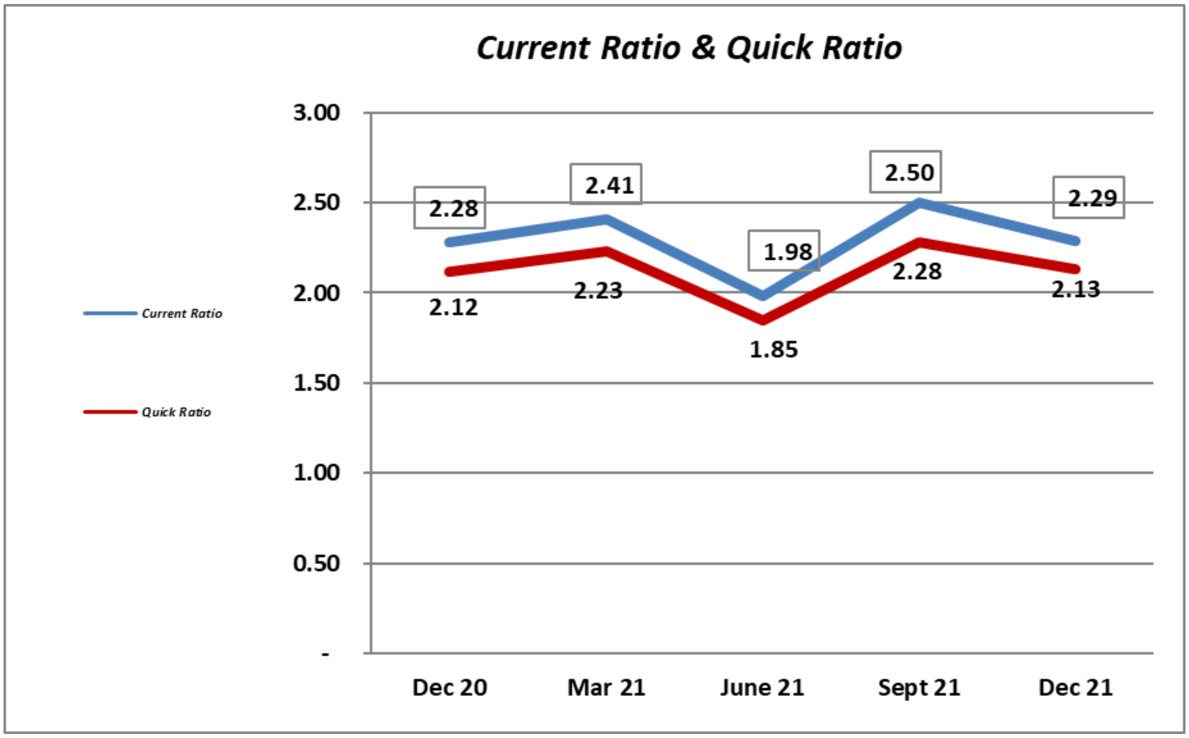
TO:	Housing Opportunities Commission of Montgomery County Budget, Finance and Audit Committee		
VIA:	Kayrine Brown, Acting Executive Director		
FROM:	Staff: Timothy Goetzinger	Division: Finance	Ext. 4836
	Eugenia Pascual	Finance	Ext. 9478
	Francisco Vega	Finance	Ext. 4873
	Claudia Wilson	Finance	Ext. 9474
	Niketa Patel	Finance	Ext. 9584
	Nilou Razeghi	Finance	Ext. 9494
RE:	Fiscal Year 2022 (FY'22) Second Quarter Un-Audited Financial Statements: Presentation of the Unaudited Financial Statements for the Second Quarter Ended December 31, 2021		
DATE:	February 22, 2022		

Attached, please find the un-audited consolidated financial statements for the Housing Opportunities Commission of Montgomery County ("HOC") for the second quarter ended December 31, 2021.

Financial Highlights

- The Commission's net position increased by $71.4 million or 30.3%, attributed primarily to the gain on sale of Shady Grove, Georgian Court and the three Manor Properties (The Manor at Colesville LLC, The Manor at Cloppers Mill LLC and The Manor at Fair Hill Farm LLC) to their respective new owners special purpose entities.

- The Commission's current ratio (ratio of current assets to current liabilities) increased from 1.98 in June 2021 to 2.29 in December 2021. The quick ratio (the ratio is an indicator of liquidity, reflecting current assets that can be converted to cash within 90 days) also increased from 1.85 in June 2021 to 2.13 in December 2021. The increase is driven by an increase in current assets within the Multifamily Bond Fund ("Multifamily Fund") attributed to the new bond proceeds coupled with a decrease in current maturing bonds payable within the Single Family Bond Fund ("Single Family Fund").



- The Commission's total assets excluding the deferred outflows of resources increased by $138 million or 7.4% since June 30, 2021. This is largely due to an increase in mortgage and construction loans receivable, restricted cash and cash equivalents, and unrestricted cash and cash equivalents partially offset by a decrease in net capital assets.

- The overall net increase in total mortgage and construction loans receivable is mainly attributed to the related Multifamily Fund mortgage receivables on the Multifamily Housing Development Bonds ("MHDB") 2021 Series-C&D for HOC at Willow Manor LLC, HOC at Georgian Court LLC and HOC at Shady Grove LLC, as well as the Housing Production Fund for HOC at Westside Shady Grove LLC. The Opportunity Housing Fund also increased largely due to the Seller Notes provided in connection with the Georgian Court, Shady Grove and the three Manor Properties real estate transactions. The increase is partially offset by a decrease in the Single Family Bond Fund due to thirty-one (31) mortgage loan payoff and prepayments as well as scheduled amortization of principal under both the Single Family and the Multifamily Fund.

- The increase in restricted cash and cash equivalents is mainly due to the bond proceeds not yet drawn from the new MHDB bonds and Housing Production Fund within the Multifamily Fund.

- The increase in unrestricted cash and cash equivalents is attributed primarily to the receipt of proceeds from the Shady Grove, Georgian Court and the three Manor Properties transactions along with operating expense reimbursements from the Single Family Fund and Multifamily Fund. This increase is partially offset by the repayment of the Bradley County loans and additional draws for Hillandale predevelopment expenses from the OHRF, the FY'22 Self Insurance and OPEB contribution as well as rental license fees and real estate tax payments to the County.

- The decrease in net capital assets is mainly due to the sale of Shady Grove, Georgian Court and the three Manor Properties as well as the normal depreciation of assets for the second quarter of the fiscal year.

- The Multifamily Bond Fund outstanding bonds payable increased due to the issuance of MHDB 2021 Series C&D for $111 million related to the HOC at Willow Manor, LLC, HOC at Shady Grove, LLC, and HOC at Georgian Court, LLC transactions. The 2021 Housing Production Fund ("HPF") Limited Obligation Bond was also issued for $50 million that will provide construction bridge financing for residential rental developments in the HOC's pipeline. A draw of $14.3 million was made in late December from the HPF for the Westside Shady Grove development.

- The Multifamily Fund redeemed and retired bonds for $10.5 million under the Multifamily Housing Development Bonds (1996 Indenture), $0.6 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 SF Bond Fund redeemed and retired bonds of about $16.7 million under the 1979 Indenture, $20.4 million under the 2009 Indenture, and $3.8 million under the 2019 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 4.4% from $57.8 million in FY'21 to $60.4 million in FY'22.

Overall Agency Net Income (Loss)

The Housing Opportunities Commission ("HOC") has a net income of $71.4 million as of second quarter ending December 31, 2021 compared to a net income of $9.3 million for the same period last year. However, after adjusting the net income (loss) for the recording of capital contributions, unrealized (gain)/loss on investments, and gain (loss) on sale of assets, HOC ended the period with a net income of $4.2 million as compared to a net loss of $3.9 million for the same period last fiscal year.

		FY 2022		FY 2021
Net Income (Loss)	$	71,366,896	$	9,293,817
Less:				
Capital Contributions		62,793		(14,879,275)
Unrealized (Gain)/Loss on Investments		1,708,840		1,712,603
Gain/(Loss) on sale of assets-Non-operating		(68,911,989)		-
Adjusted Net Income (Loss)	$	4,226,540	$	(3,872,855)
Amount of Increase (Decrease)	$	8,099,395		

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 income of $4.2 million as of the second quarter ending December 31, 2021 are as follows:

		FY 2022 (in millions)		FY 2021 (in millions)		Variance
Housing Assistance Payments (HAP) Income	$	60.4	$	57.8	$	2.6
Other Federal/State & County Grants		10.5		7.1		3.4
Investment Income		4.4		3.8		0.6
Interest on Mortgage and Construction Loans Receivable Income		2.9		3.2		(0.3)
Dwelling Rental Income		53.4		48.3		5.1
HAP Expense		(61.5)		(60.2)		(1.3)
Administration Expense		(22.7)		(20.5)		(2.2)
Maintenance Expense		(14.8)		(11.8)		(3.0)
Utilities Expense		(3.9)		(3.5)		(0.4)
Fringe Benefits		(6.2)		(5.6)		(0.6)
Interest Expense		(16.0)		(16.0)		-
Depreciation and amortization		(10.9)		(10.3)		(0.6)
Other Income Net of Other Expenses		8.6		3.8		4.8
Adjusted Net Income (Loss)	$	4.2	$	(3.9)	$	8.1

The higher Housing Assistance Payments (HAP) – revenue in FY2022 as compared to FY2021 is primarily attributed to an increase the HCV Main Program as well as the incoming Portables, partly offset by a decrease in the earned HAP revenue under the COVID-19 HCV Main Program. The increase in the Main Program HAP revenue is primarily attributed to a reduced funding in FY2021, due to the pull back against the July 2020 HAP payment of the $2.6 million excess HAP revenue as of December 31, 2019. All of the scheduled HAP funding were received for the first six months of FY'22. The HAP expense increased due to increase in leasing and leasing costs within HCV Vouchers, HCV Incoming Portables, and Non-Elderly Persons with Disabilities payments.

The increase in the Other Federal/State/County grants is mainly due to new Emergency Housing Vouchers as well as an increase in the Fatherhood Initiative Program, County Main Program, Capital Improvement Program (CIP) and Community Choice Homes Initiative Program.

The investment income from bond proceeds not yet drawn from the MHDB 2021 Series-A for Westside Shady Grove LLC largely accounted for the increase in this period's investment income. This is partly reduced by a decrease in the Single Family Fund due to a decrease in MBS (mortgage-backed securities) purchases and lower interest rates.

The increase in dwelling rental income is driven by Bradley Crossing, LLC, which was acquired in June 2021. The increase from the RAD 6 properties (Seneca Ridge, Towne Centre Place, Sandy Spring Meadow, Parkway Woods, and Ken Gar), Shady Grove Apartments LP, Elizabeth House RAD Interim property, and Alexander House Dev Corp also contributed to higher rental income in FY2022. The increase was offset by Bad Debt expense in the Opportunity Housing portfolio. Bad debt expense for the six-month period July 2021 to December 2021 amounts to about $1.4 million. As of December 31, 2021, the tenant receivable balance has increased by $498,485 from June 30, 2021, totaling $6,422,083. 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-19.

The increase in administrative expense is mainly driven by an increase in Public Fund administrative salaries, incentives to Landlords for COVID-19 partnership with HOC, Fatherhood Program tuition assistance, and other operating services contract. The General Fund administrative expenses also increased mainly due to the cost of issuance for Housing Production Fund indenture, data scoring product development cost, administrative salaries and consulting fees. The Opportunity Housing properties also contributed to the increase attributable to rental license fees and Westwood legal services and miscellaneous operating expenses.

The increase in maintenance expense is largely due to an increase in the Opportunity Housing Fund expenses for paint wallcoverings, flooring/carpeting, plumbing equipment/contracts, appliance equipment contract, cleaning and janitorial contracts, grounds and landscaping contracts, roofing/gutter, electrical/HVAC salaries and other miscellaneous contract. The Public Fund also increased mainly due to procurement of software and hardware solutions to address COVID-19 including front office automation and Rent Café PHA Portal Package. The IT expenses within the General Fund also contributed to the increase attributed largely to payments of licenses and support services.

The increase in fringe benefits is largely due to FY'22 amortization of unfunded actuarial accrued pension liability paid to the County, partially offset by a decrease in accrued leave expense.

The increase in other income is primarily due to an increase in HAP administrative fees and management fees partially offset by decrease in non-operating interest on mortgage and construction loans receivable.

Adjusted Operating Revenue

The revenues from operations, when adjusted for HAP income and unrealized (gain)/loss on investments, increased by $12.7 million for the second quarter ending December 31, 2021, when compared to second quarter ending December 31, 2020.

		FY 2022		FY 2021
Total Operating Revenue	$	141,976,359	$	126,726,760
Less:				
Housing Assistance Revenue		(60,366,991)		(57,798,006)
Unrealized (Gain)/Loss on Investments		1,708,840		1,712,603
Adjusted Total Operating Revenue	$	83,318,208	$	70,641,357
Amount of Increase (Decrease)	$	12,676,851		

All of the income categories contributed to the increase in the total adjusted operating revenue, except interest on mortgage and construction loans receivable. The dwelling rental income totaled $53.5 million in FY'22 compared to $48.3 million FY'21 and accounted for 41% of the overall net increase in the total adjusted operating revenue.

Adjusted Operating Expenses

The operating expenses, when adjusted for HAP expense increased by $5.1 million for the second quarter ending December 31, 2021 when compared to the same period last fiscal year.

		FY 2022		FY 2021
Total Operating Expenses	$	140,187,868	$	133,776,853
Less:				
Housing Assistance Payments (HAP)		(61,480,364)		(60,193,589)
Adjusted Total Operating Expenses	$	78,707,504	$	73,583,264
Amount of Increase (Decrease)	$	5,124,240		

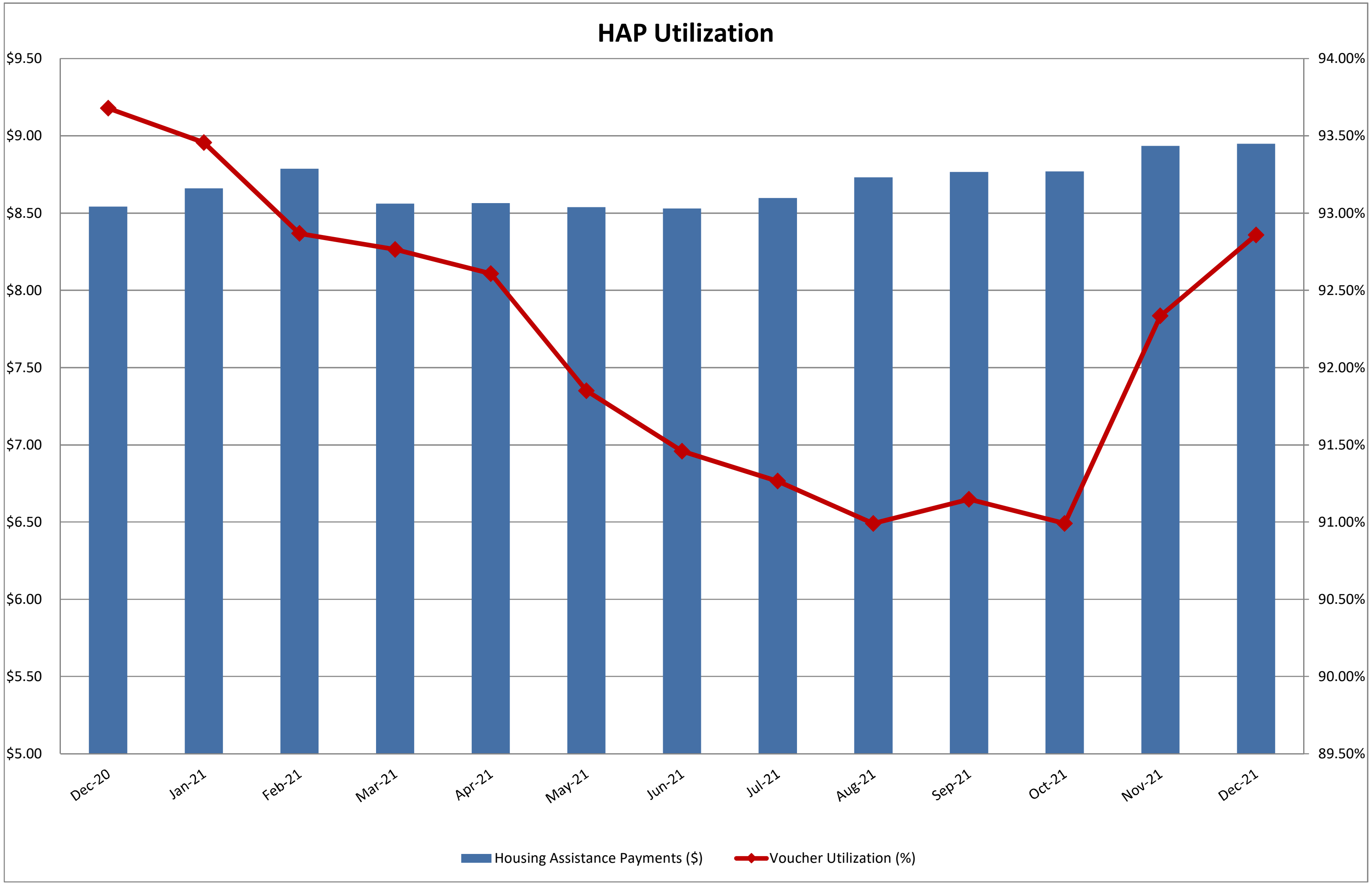
All of the expense categories contributed to the increase in the total adjusted operating expenses except other expenses, which decreased this year compared to last year. Other Expenses were higher in FY'21 mainly due to a change in the accounting treatment of Alexander House Development Corporation prior period-capitalized construction interest expense.

Non-operating Revenues (Expenses)

The non-operating revenues net of non-operating expenses totaled $70 million for the second quarter ending December 31, 2021 as compared to $1.4 million for the same period last year. However, after adjusting for the gain on sale of assets from Shady Grove, Georgian Court and the three Manor properties, the net non-operating revenues decreased by $0.7 million as compared to the same period last fiscal year. The decrease in non-operating interest income on mortgage and construction receivable partly reduced by an increase in investment income accounted for this variance.

		FY 2022		FY 2021
Total Non-Operating Revenues (Expenses)	$	69,641,198	$	1,464,635
Less:				
Gain/(Loss) on sale of assets-Non-operating		(68,911,989)		-
Adjusted Total Non-Operating Revenues (Expenses)	$	729,209	$	1,464,635
Amount of Increase (Decrease)	$	(735,426)		

	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Housing Assistance Payments ($)	$8,541,232	$8,659,612	$8,786,922	$8,560,105	$8,563,257	$8,538,786	$8,529,026	$8,597,176	$8,730,402	$8,765,958	$8,769,803	$8,934,438	$8,948,332
Voucher Utilization (%)	93.68%	93.46%	92.87%	92.76%	92.61%	91.85%	91.46%	91.27%	90.99%	91.15%	90.99%	92.34%	92.86%
UNITS under LEASE	7,158	7,141	7,097	7,103	7,091	7,033	7,003	6,990	6,969	6,981	6,969	7,072	7,112
HUD Authorized BASE LINE	7,641	7,641	7,642	7,657	7,657	7,657	7,657	7,659	7,659	7,659	7,659	7,659	7,659



Housing Opportunities Commission of Montgomery County, Maryland
Combined Statements of Net Position
As of December 31, 2021 and June 30, 2021

Assets and Deferred Outflows	Note Num.	12/31/2021	6/30/2021	Dollar Variance	Percentage Variance
Current Assets					
Unrestricted:					
Cash and cash equivalents	-1.a.-	$ 140,643,179	$ 114,255,018	$ 26,388,161	23.10%
Interfund receivable (payable)		-	-	-	
Advances to component units	-1.b.-	7,054,795	2,292,242	4,762,553	207.77%
Accounts receivable and other assets	-1.c.-	27,527,625	29,193,066	(1,665,441)	(5.70%)
Accrued interest receivable	-1.d.-	11,377,349	10,229,505	1,147,844	11.22%
Mortgage and construction loans receivable - cur	-1.e.-	7,868,991	8,404,989	(535,998)	(6.38%)
Total unrestricted current assets		194,471,938	164,374,820	30,097,118	18.31%
Restricted cash and cash equivalents and investments:					
Restricted cash and cash equivalents	-1.f.-	257,380,941	223,822,777	33,558,164	14.99%
Restricted short-term investments	-1.g.-	4,949,334	6,590,395	(1,641,061)	(24.90%)
Cash for current bonds payable	-1.h.-	40,646,701	62,991,620	(22,344,919)	(35.47%)
Customer deposits		5,284,822	5,165,927	118,895	2.30%
Total restricted cash and cash equivalents and investments		308,261,798	298,570,719	9,691,079	3.25%
Total current assets		502,733,736	462,945,539	39,788,197	8.59%
Noncurrent Assets					
Restricted long-term investments		167,159,430	167,277,397	(117,967)	(0.07%)
Mortgage and construction loans receivable	-1.e.-	672,198,644	511,248,638	160,950,006	31.48%
Capital assets, net of depreciation	-1.i.-	627,668,621	691,208,857	(63,540,236)	(9.19%)
Investment in Component Units	-1.j.-	34,689,707	33,441,589	1,248,118	3.73%
Total noncurrent assets		1,501,716,402	1,403,176,481	98,539,921	7.02%
Total Assets		2,004,450,137	1,866,122,020	138,328,117	7.41%
Deferred Outflows of Resources					
Derivative Instrument	-1.k.-	21,270,199	21,902,486	(632,287)	(2.89%)
Fair value of hedging derivatives	-1.k.-	7,611,106	9,606,640	(1,995,534)	(20.77%)
Employer -Related Pension Activities	-1.k.-	43,170,695	43,170,695	(0)	0.00%
Employer -Related OPEB Activities	-1.k.-	6,329,917	6,329,917	(0)	(0.00%)
Total Assets and Deferred Outflows		$ 2,082,832,054	$ 1,947,131,758	$ 135,700,296	6.97%
Liabilities and Net Position					
Current Liabilities					
Accounts payable and accrued liabilities	-1.l.-	$ 33,418,933	$ 22,879,628	$ 10,539,305	46.06%
Undrawn Mortgage Proceeds Payable	-1.m.-	107,452,224	103,957,909	$ 3,494,315	3.36%
Interfund Payable		-	-	-	
Accrued interest payable	-1.n.-	7,406,424	9,753,133	(2,346,709)	(24.06%)
Loans payable to Montgomery County - current	-1.q.-	447,591	445,585	2,006	0.45%
Mortgage notes and loans payable - current	-1.o.-	26,209,660	26,284,984	(75,324)	(0.29%)
Total current unrestricted liabilities		174,934,833	163,321,239	11,613,594	7.11%
Current Liabilities payable from restricted assets:					
Customer deposit payable		4,265,592	4,240,817	24,775	0.58%
Accrued interest payable		7,868,167	7,896,462	(28,295)	(0.36%)
Bonds payable - current	-1.p.-	32,778,534	55,095,158	(22,316,624)	(40.51%)
Total current liabilities payable from restricted assets		44,912,293	67,232,437	(22,320,144)	(33.20%)
Total current liabilities		219,847,126	230,553,676	(10,706,550)	(4.64%)
Noncurrent Liabilities					
Bonds payable	-1.p.-	743,468,892	612,121,337	131,347,555	21.46%
Mortgage notes and loans payable	-1.o.-	576,550,892	608,388,948	(31,838,056)	(5.23%)
Loans payable to Montgomery County	-1.q.-	80,020,605	104,585,051	(24,564,446)	(23.49%)
Unearned Revenue	-1.r.-	29,845,924	28,374,987	1,470,937	5.18%
Escrow and other deposits		17,717,842	17,098,349	619,493	3.62%
Net Pension liability		21,355,806	21,355,806	0	0.00%
Net OPEB liability		19,893,437	19,893,437	0	0.00%
Derivative investment - hedging		7,611,106	9,606,640	(1,995,534)	(20.77%)
Total noncurrent liabilities		1,496,464,505	1,421,424,555	75,039,950	5.28%
Total Liabilities		1,716,311,631	1,651,978,231	64,333,400	3.89%
Deferred Inflows of Resources					
Unamortized Pension Net Difference	-1.k.-	44,832,002	44,832,002	0	0.00%
Unamortized OPEB Net Difference	-1.k.-	14,459,638	14,459,638	(0)	(0.00%)
Total Deferred Inflows of Resources		59,291,640	59,291,640	(0)	(0.00%)
Net Position					
Net investment in capital assets		(132,337,644)	(131,205,426)	(1,132,218)	0.86%
Restricted		117,973,613	114,389,842	3,583,771	3.13%
Unrestricted		321,592,814	252,677,471	68,915,343	27.27%
Total Net Position		307,228,783	235,861,887	71,366,896	30.26%
Total Liabilities and Net Position		$ 2,082,832,054	$ 1,947,131,758	$ 135,700,296	6.97%

Housing Opportunities Commission of Montgomery County, Maryland
Combined Statements of Revenues and Expenses
As of December 31, 2021 and December 31, 2020

	Note Num.	FY22	FY21	Dollar Variance	Percentage Variance
Operating Revenues					
Dwelling rental	-1.aa.-	$ 53,494,795	$ 48,267,397	$ 5,227,398	10.83%
Investment income	-1.bb.-	4,388,153	3,770,602	617,552	16.38%
Unrealized gains (losses) on investment		(1,708,840)	(1,712,603)	3,764	(0.22%)
Interest on mortgage and construction loans receivable		2,967,194	3,188,840	(221,646)	(6.95%)
Management fees and other income	-1.cc.-	6,605,449	4,010,344	2,595,105	64.71%
U.S. Department of Housing and Urban Development grants:					
Housing Assistance Payments (HAP)	-1.dd.-	60,366,991	57,798,006	2,568,985	4.44%
HAP administrative fees	-1.ee.-	5,368,573	4,307,325	1,061,248	24.64%
Other grants	-1.ff.-	3,436,903	2,719,522	717,381	26.38%
State and County grants	-1.gg.-	7,057,141	4,377,328	2,679,813	61.22%
Total operating revenues		**141,976,359**	**126,726,760**	**15,249,599**	12.03%
Operating Expenses					
Housing Assistance Payments (HAP)	-1.dd.-	61,480,364	60,193,589	(1,286,775)	(2.14%)
Administration	-1.hh.-	22,709,525	20,498,798	(2,210,727)	(10.78%)
Maintenance	-1.ii.-	14,841,844	11,841,735	(3,000,109)	(25.34%)
Depreciation and amortization	-1.jj.-	10,937,982	10,267,902	(670,080)	(6.53%)
Utilities		3,884,629	3,479,410	(405,220)	(11.65%)
Fringe benefits	-1.kk.-	6,173,800	5,559,297	(614,503)	(11.05%)
Interest expense		16,037,464	15,990,607	(46,857)	(0.29%)
Other expense		4,122,259	5,945,514	1,823,255	30.67%
Total operating expenses		**140,187,868**	**133,776,853**	**(6,411,015)**	(4.79%)
Operating income (loss)		**1,788,491**	**(7,050,092)**	**8,838,584**	(125.37%)
Nonoperating Revenues (Expenses)					
Investment Income		794,146	397,934	396,212	99.57%
Interest on mortgage and construction loans receivable		1,556,990	2,624,279	(1,067,289)	(40.67%)
Interest expense		(1,744,636)	(1,700,479)	(44,157)	2.60%
Other grants		122,709	142,901	(20,192)	(14.13%)
Gain/(Loss) on Sale of Assets	-1.ll.-	68,911,989	-	68,911,989	100.00%
Total nonoperating revenues (expense)		**69,641,198**	**1,464,635**	**68,176,563**	4654.85%
Income (loss) before capital contributions		**71,429,689**	**(5,585,458)**	77,015,147	(1378.85%)
Capital contributions		(62,793)	14,879,275	(14,942,068)	(100.42%)
Net income (loss)		**71,366,896**	**9,293,817**	**62,073,079**	667.90%

Housing Opportunities Commission of Montgomery County

Combined Statement of Net Position

As of December 31, 2021

Assets	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi Family Fund	Elimination	12/31/2021 Total Funds with Elimination	6/30/2021 Total Funds with Elimination
Current Assets								
Unrestricted:								
Cash and Cash Equivalents	$ 77,681,629	$ 53,171,407	$ 7,359,590	$ 480,866	$ 1,949,687		$ 140,643,179	$ 114,255,018
Interfund Receivable	-	21,573,629	-	-	786,745	(22,360,374)	-	-
Advances to Component Units	6,956,076	98,719	-	-	-		7,054,795	2,292,242
Accounts Receivable and Other Assets	7,858,231	39,175,517	7,694,321	804,600	3,058	(28,008,102)	27,527,625	29,193,066
Accrued Interest Receivable	5,072,038	4,823,598	-	811,795	1,592,657	(922,739)	11,377,349	10,229,505
Mortgage & Construction Loans Receivable, Current	4,993,587	1,423,792	-	3,319,706	9,544,457	(11,412,552)	7,868,991	8,404,989
Total Unrestricted Current Assets	**102,561,560**	**120,266,662**	**15,053,911**	**5,416,967**	**13,876,605**	**(62,703,766)**	**194,471,938**	**164,374,820**
Restricted Cash and Cash Equivalents nd Investments:								
Restricted Cash and Cash Equivalents	5,099,734	45,222,455	1,050,513	51,497,269	154,510,971		257,380,941	223,822,777
Restricted Short-Term Investments	-	-	-	4,949,334	-		4,949,334	6,590,395
Restricted for Current Bonds Payable	-	-	-	22,737,207	17,909,494		40,646,701	62,991,620
Restricted for Customer Deposits	-	3,327,037	1,957,785	-	-		5,284,822	5,165,927
Total Restricted Cash and Cash Equivalents for Investments	**5,099,734**	**48,549,492**	**3,008,298**	**79,183,810**	**172,420,465**	**-**	**308,261,798**	**298,570,719**
Total Current Assets	**107,661,294**	**168,816,154**	**18,062,208**	**84,600,776**	**186,297,070**	**(62,703,766)**	**502,733,736**	**462,945,539**
Noncurrent assets:								
Restricted Long - Term Investments	-	-	-	98,492,117	68,667,313		167,159,430	167,277,397
Mortgage & Construction Loans Receivable, Net of Current Portion	460,800,571	174,411,371	2,005,615	38,872,409	486,726,744	(490,618,067)	672,198,644	511,248,638
Capital Assets, Net of Depreciation	10,724,752	610,297,972	6,645,898	(0)	-		627,668,621	691,208,857
Investment in Component Units	2,073,221	32,616,486	-	-	-	-	34,689,707	33,441,589
Total Noncurrent Assets	**473,598,544**	**817,325,829**	**8,651,513**	**137,364,526**	**555,394,057**	**(490,618,067)**	**1,501,716,402**	**1,403,176,481**
Deferred Outflows of Resources								
Derivative Instrument	-	21,270,199	-	-	-		21,270,199	21,902,486
Fair Value of Hedging Derivatives	-	1,180,469	-	565,273	5,865,364		7,611,106	9,606,640
Employer -Related Pension Activities	24,568,210	4,210,972	14,391,513	-	-		43,170,695	43,170,695
Employer -Related OPEB Activities	4,577,769	318,331	1,433,817	-	-		6,329,917	6,329,917
Total Assets and Deferred Outflows	**610,405,816**	**1,013,121,954**	**42,539,051**	**222,530,575**	**747,556,491**	**(553,321,833)**	**2,082,832,054**	**1,947,131,758**

Housing Opportunities Commission of Montgomery County

Combined Statement of Net Position

As of December 31, 2021

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi Family Fund	Elimination	12/31/2021 Total Funds with Elimination	6/30/2021 Total Funds with Elimination
Liabilities and Net Position								
Liabilities								
Current Liabilities								
Accounts Payable and Accrued Liabilities	46,458,208	12,534,438	1,306,323	1,036,790	91,276	(28,008,102)	33,418,933	22,879,628
Undrawn Mortgage Proceeds Payable	-	-	-		107,452,224		107,452,224	103,957,909
Interfund Payable	21,849,796	-	426,129	84,449	-	(22,360,374)	-	-
Accrued Interest Payable	-	8,329,163	-	-	-	(922,739)	7,406,424	9,753,133
.Loans Payable to Montgomery County - Current	-	447,591	-	-	-		447,591	445,585
.Mortgage Notes and Loans Payable-Current	4,134,628	33,487,584	-	-	-	(11,412,552)	26,209,660	26,284,984
Total Current Unrestricted Liabilities	**72,442,633**	**54,798,776**	**1,732,451**	**1,121,239**	**107,543,500**	**(62,703,766)**	**174,934,833**	**163,321,239**
Current Liabilities Payable from Restricted Assets:								
Customer Deposits Payable	-	2,825,111	1,440,481	-	-		4,265,592	4,240,817
.Accrued Interest Payable	-	-	-	2,167,207	5,700,960		7,868,167	7,896,462
Bonds Payable-Current	-	-	-	20,570,000	12,208,534		32,778,534	55,095,158
Total Current Liabilities Payable from Restricted Assets	**-**	**2,825,111**	**1,440,481**	**22,737,207**	**17,909,494**	**-**	**44,912,293**	**67,232,437**
Total Current Liabilities	**72,442,633**	**57,623,887**	**3,172,932**	**23,858,446**	**125,452,994**	**(62,703,766)**	**219,847,126**	**230,553,676**
Non-Current Liabilities								
Bonds Payable	-	-	-	163,124,613	580,344,279		743,468,892	612,121,337
Mortgage Notes and Loans payable	393,447,250	673,721,709	-	-	-	(490,618,067)	576,550,892	608,388,948
Loans payable to Montgomery County	27,671,224	52,349,381	-	-	-		80,020,605	104,585,051
Unearned Revenue	18,009,603	10,337,666	1,498,655	-	-		29,845,924	28,374,987
Escrow and Other Deposits	15,521,163	-	-	-	2,196,679		17,717,842	17,098,349
Net Pension liability	12,621,634	2,072,755	6,661,417	-	-		21,355,806	21,355,806
Net OPEB liability	9,250,335	1,179,857	9,463,245	-	-		19,893,438	19,893,437
Derivative Investment - Hedging	-	1,180,469	-	565,273	5,865,364		7,611,106	9,606,640
Total Noncurrent Liabilities	**476,521,209**	**740,841,837**	**17,623,318**	**163,689,886**	**588,406,322**	**(490,618,067)**	**1,496,464,506**	**1,421,424,555**
Total Liabilities	**548,963,842**	**798,465,724**	**20,796,250**	**187,548,332**	**713,859,316**	**(553,321,833)**	**1,716,311,631**	**1,651,978,231**
Deferred Inflows of Resources								
Unamortized Pension Net Difference	28,416,318	3,554,192	12,861,492	-	-		44,832,002	44,832,002
Unamortized OPEB Net Difference	8,218,784	1,104,204	5,136,650	-	-		14,459,637	14,459,638
Total Deferred Inflows of Resources	36,635,102	4,658,396	17,998,142	-	-	-	59,291,640	59,291,640
Net Position								
Net investment in Capital assets	10,724,752	(149,708,294)	6,645,898				(132,337,644)	(131,205,426)
Amounts Restricted for:								
Debt Service	-	45,222,455		34,501,377	31,747,488		111,471,320	110,183,032
Customer deposits and other	-	501,926					501,926	2,337,567
Closing cost assistance program and other	4,432,550		1,567,817				6,000,367	1,869,243
Unrestricted (deficit)	9,649,571	313,981,746	(4,469,056)	480,866	1,949,687		321,592,814	252,677,471
Total net position	**24,806,873**	**209,997,833**	**3,744,659**	**34,982,243**	**33,697,175**	**-**	**307,228,783**	**235,861,887**
Total Liabilities, Deferred Inflows and Net Position	**610,405,816**	**1,013,121,954**	**42,539,051**	**222,530,575**	**747,556,491**	**(553,321,833)**	**2,082,832,054**	**1,947,131,758**

Housing Opportunities Commission of Montgomery County, Maryland

Combining Statement of Revenue and Expenses

For the Quarter Ended December 31, 2021 (with comparative totals for the Quarter Ended December 31, 2020)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi Family Fund	Elimination	12/31/2021 Total Funds with Elimination	12/31/2020 Total Funds with Elimination
Operating Revenues								
Dwelling Rental	$ -	$ 53,148,520	$ 346,275	$ -	$ -		$ 53,494,795	$ 48,267,397
Investment Income	-	-	-	1,668,097	2,720,057		4,388,153	3,770,602
Unrealized Gains (Losses) on Investments	-	-	-	(1,423,474)	(285,366)		(1,708,840)	(1,712,603)
Interest on Mortgage & Construction Loans Receivable	-	-	-	807,026	6,095,865	(3,935,697)	2,967,194	3,188,840
Management Fees and Other Income	9,067,600	3,283,994	39,347	-	-	(5,785,493)	6,605,449	4,010,344
U.S. Department of Housing and Urban Developement Grants:								
Housing Assistance Payments (HAP)	-	-	60,366,991	-	-		60,366,991	57,798,006
HAP Administrative Fees	-	-	5,368,573	-	-		5,368,573	4,307,325
Other Grants	-	-	3,436,903	-	-		3,436,903	2,719,522
State and County Grants	-	-	7,057,141	-	-		7,057,141	4,377,328
Total Operating Revenues	**9,067,600**	**56,432,514**	**76,615,231**	**1,051,648**	**8,530,556**	**(9,721,190)**	**141,976,359**	**126,726,760**
Operating Expenses								
Housing Assistance Payments	-	-	61,480,364	-	-		61,480,364	60,193,589
Administration	7,249,173	8,090,356	8,924,405	692,713	1,326,828	(3,573,951)	22,709,525	20,498,798
Maintenance	1,690,492	12,860,781	290,571	-	-		14,841,844	11,841,735
Depreciation and amortization	204,268	10,633,886	99,828	-	-		10,937,982	10,267,902
Utilities	76,424	3,681,765	126,441	-	-		3,884,629	3,479,410
Fringe Benefits	2,905,617	1,516,352	1,580,298	70,302	101,230		6,173,800	5,559,297
Pension & OPEB Expense	-	-	-	-	-		-	-
Interest expense	-	11,413,916	-	1,436,176	7,123,069	(3,935,697)	16,037,464	15,990,607
Other Expense	675,731	4,938,055	720,015	-	-	(2,211,542)	4,122,259	5,945,514
Total operating expenses	**12,801,705**	**53,135,110**	**73,221,923**	**2,199,192**	**8,551,127**	**(9,721,190)**	**140,187,868**	**133,776,853**
Operating Income (loss)	**(3,734,105)**	**3,297,404**	**3,393,308**	**(1,147,544)**	**(20,571)**	**-**	**1,788,491**	**(7,050,092)**
Nonoperating Revenues (Expenses)								
.Investment Income	281,141	512,605	401	-	-		794,146	397,934
.Interest on Mortgage and Construction Loans Receivable	4,627,615	382,263	-	-	-	(3,452,889)	1,556,990	2,624,279
.Interest Expense	(4,565,238)	(632,287)	-	-	-	3,452,889	(1,744,636)	(1,700,479)
Real Estate Equity Transfer	-	-	-	-	-		-	-
Other Grants	-	122,709	-	-	-		122,709	142,901
.State and County Grants	-	-	-	-	-		-	-
Gain/(Loss) on Sale of Assets	-	68,911,989	-	-	-		68,911,989	-
Total nonoperating revenues (expenses)	**343,518**	**69,297,279**	**401**	**-**	**-**	**-**	**69,641,198**	**1,464,635**
Income (loss) before capital contributions and transfers	**(3,390,586)**	**72,594,682**	**3,393,708**	**(1,147,544)**	**(20,571)**	**-**	**71,429,689**	**(5,585,458)**
Transfer To/(From) Discrete Component Units	-	-	-	-	-	-	-	-
Capital contributions/(distributions)	-	(62,793)	-	-	-	-	(62,793)	14,879,275
Operating transfers in (out)	207,500	-	-	-	(207,500)	-	-	-
Change in Net Position	**$ (3,183,086)**	**72,531,889**	**$ 3,393,708**	**$ (1,147,544)**	**$ (228,071)**	**$ -**	**$ 71,366,896**	**$ 9,293,817**

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

		FY'22	FY'21	Dollar Variance	Percentage Variance
-1.a. -	**Cash and cash equivalents**	**140,643,179**	**114,255,018**	**26,388,161**	**23.10%**

The increase in cash and cash equivalents is attributed primarily to the receipt of settlement proceeds from the Shady Grove, Georgian Court and the three Manor Properties (The Manor at Cloppers LLC, The Manor at Colesville LLC and The Manor at Fairhill LLC) real estate transactions. The operating expense reimbursements from the Multifamily Bond Fund and the Single Family Bond Fund contributed as well. This increase in cash is partially offset by the repayment of the Bradley County loans and additional draws for Hilllandale predevelopment expenses from the OHRF, the payment to the County of the FY2022 Self Insurance contribution, rental license fees, real estate taxes and FY2022 OPEB prefunding contribution and the timing of the reimbursements of capital expenses from properties under construction.

		FY'22	FY'21	Dollar Variance	Percentage Variance
- 1.b. -	**Advances to Component Units**	**7,054,795**	**2,292,242**	**4,762,553**	**207.77%**

The increase in advances to component units is mainly due to Elizabeth House III LP, Westside Shady Grove LLC, Bauer Park Apartments LP and 900 Thayer LP due to the timing of the payment and reimbursement of capital expenditures to the General Fund.

		FY'22	FY'21	Dollar Variance	Percentage Variance
- 1.c. -	**Accounts receivable and other assets**	**27,527,625**	**29,193,066**	**(1,665,441)**	**(5.70%)**

The decrease in accounts receivable and other assets is largely due to a decrease in the Opportunity Housing Fund receivables in connection with the Stewartown Homes transactions. The proceeds held by the settlement company was remitted to PNC Bank to pay off the Stewartown Real Estate Line of Credit ("RELOC") draw and the excess funds were transferred General Fund to OHRF. The decrease is partially offset by an increase in receivables within the Public Fund from Incoming Portable vouchers and prepaid insurance and inventory within the General Fund.

		FY'22	FY'21	Dollar Variance	Percentage Variance
- 1.d. -	**Accrued interest receivable**	**11,377,349**	**10,229,505**	**1,147,844**	**11.22%**

The increase is driven by the accrued interest on the Seller Notes in the Alexander House Development Corporation, MV Affordable Housing LP and Greenhills Development LP within the Opportunity Housing Fund and the Multifamily Housing Development Bonds (MHDB) 2019 Series A-1 & A-2 related to Elizabeth House III within the Multifamily Bond Fund.

		FY'22	FY'21	Dollar Variance	Percentage Variance
- 1.e. -	**Mort. & const. loans receivable – current**	**7,868,991**	**8,404,989**	**(535,998)**	**(6.38%)**
- 1.e. -	**Mort. & const. loans receivable – non-current**	**672,198,644**	**511,248,638**	**160,950,006**	**31.48%**
	Total	**680,067,635**	**519,653,627**	**160,414,008**	**30.87%**

The overall net increase in total mortgage and construction loans receivable is mainly due to the related Multifamily Bond Fund mortgage receivables on the MHDB 2021 Series-C&D bond issue for HOC Willow Manor LLC, HOC at Georgian Court LLC and HOC at Shady Grove LLC, and the Housing Production Fund for HOC at Westside Shady Grove LLC. The Opportunity Housing Fund also increased mainly due to the Seller

Notes provided for these real estate transactions. The increase is partially offset by a decrease in the Single Family Bond Fund due to sixteen (31) mortgage loan payoff and prepayments as well as the scheduled principal amortization under both the Single Family Bond Fund and Multifamily Bond Fund.

		FY'22	FY'21	Dollar Variance	Percentage Variance
- 1.f. -	**Restricted cash and cash equivalents**	**257,380,941**	**223,822,777**	**33,558,164**	**14.99%**

The increase in restricted cash and cash equivalents is mainly due to Multifamily Bond Fund attributable to the bond proceeds not yet drawn from the new MHDB 2021 Series BCD bonds and the Housing Production Fund.

- 1.g. -	**Restricted short–term investments**	**4,949,334**	**6,590,395**	**(1,641,061)**	**(24.90%)**

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

- 1.h. -	**Cash for current bonds payable**	**40,646,701**	**62,991,620**	**(22,344,919)**	**(35.47%)**

The decrease in cash for current bonds payable is due to a decrease in current maturing bonds within the Single Family Bond Fund.

-1.i.-	**Capital assets, net of depreciation**	**627,668,621**	**691,208,857**	**(63,540,236)**	**(9.19%)**

The decrease in capital assets is primarily attributed to the sale of Shady Grove, Georgian Court and the three Manor Properties along with the normal depreciation of assets for the second quarter of the fiscal year.

-1.j.-	**Investment in Component Units**	**34,689,707**	**33,441,589**	**1,248,118**	**3.73%**

The increase in investment in component units is primarily attributed to HOC's additional equity contributions to the CCL Multifamily LLC (The Lindley) in connection with the purchase of the previous investor's interest in the company and acceptance of a new investor.

		FY'22	FY'21	Dollar Variance	Percentage Variance
-1.k.-	**Deferred outflows – Derivatives**	**21,270,199**	**21,902,486**	**(632,287)**	**(2.89%)**
-1.k.-	**Deferred outflows – hedging derivatives**	**7,611,106**	**9,606,640**	**(1,995,534)**	**(20.77%)**
-1.k.-	**Deferred outflows – Employer pension**	**43,170,695**	**43,170,695**	**0**	**0.00%**
-1.k.-	**Deferred outflows – OPEB contribution**	**6,329,917**	**6,329,917**	**(0)**	**(0.00%)**
	Total	**78,381,917**	**81,009,738**	**(2,627,821)**	**(3.24%)**

As of December 31, 2021, 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 $565,273 in the Single Family Bond Fund, $5,865,364 in the Multifamily Bond Fund and $1,180,469 in the Opportunity Housing Fund ($255,183 Upton II Construction Loan, $925,286 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 $21,270,199 reported as deferred Outflows of resources as of December 31, 2021.

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**	**33,418,933**	**22,879,628**	**10,539,305**	**46.06%**

The increase in accounts payable and accrued liabilities is largely due to temporary OHRF receivable for funds from the Shady Grove, Georgian Court and the three Manor Properties closing, which was received and temporarily held in the General Fund. The funds will be transferred to OHRF after the reporting period.

-1.m. -	**Undrawn Mortgage Proceeds Payable**	**107,452,224**	**103,957,909**	**3,494,315**	**3.36%**

The increase in undrawn mortgage proceeds payable is largely attributable to bond proceeds not yet drawn for HOC at Shady Grove LLC, HOC at Georgian Court LLC and HOC at Willow Manor LLC, partly offset by bond draws for HOC At Westside Shady Grove LLC, HOC at Stewartown LLC and Bauer Park LP.

-1.n. -	**Accrued interest payable – unrestricted**	**7,406,424**	**9,753,133**	**(2,364,709)**	**(24.06%)**

The decrease in accrued interest payable - unrestricted is largely attributable to the payoff of the accrued interest expense of the three Manor Properties.

		FY'22	FY'21	Dollar Variance	Percentage Variance
- 1.o. -	**Mortgage notes and loans payable - current**	**26,209,660**	**26,284,984**	**(75,324)**	**(0.29%)**
- 1.o. -	**Mortgage notes and loans payable - noncurrent**	**576,550,892**	**608,388,948**	**(31,838,056)**	**(5.23%)**
	Totals	**602,760,552**	**634,673,932**	**(31,913,380)**	**(5.03%)**

The decrease in total mortgage notes and loans payable is largely due to the payoff of the PNC Bank loans of the three Manor Properties as well as the PNC Bank RELOC loan of Stewartown. The scheduled amortization of principal on the Federal Financing Bank ("FFB") loan of several Opportunity Housing and Real Estate Partnership properties also accounted for the decrease. The FFB loan borrowers include 900 Thayer LP, Alexander House (market and tax credit), TPP Timberlawn Pomander LLC, CCL Multifamily LLC ("The Lindley"), Glenmont Crossing Development Corp., Glenmont Westerly Development Corp., Cider Mill and Woodfield Commons. This is partially off-set by partial payment of swap termination fees related to Alexander House LP.

- 1.p. -	**Bonds payable – current**	**32,778,534**	**55,095,158**	**(22,316,624)**	**(40.51%)**
- 1.p. -	**Bonds payable – noncurrent**	**743,468,892**	**612,121,337**	**131,347,555**	**21.46%**
	Totals	**776,247,426**	**667,216,495**	**109,030,931**	**16.34%**

The net increase in the total outstanding bonds payable is primarily due to the issuance of MHDB 2021 Series C&D for $111 million for HOC at Willow Manor, LLC, HOC at Shady Grove, LLC, HOC at Georgian Court, LLC, and Housing Production Fund ("HPF") Series 2021 bonds for $50 million under the Multifamily Bond Fund. The HPF was issued in order to provide construction bridge financing for residential rental developments in HOC's pipeline. This increase is partially offset by the scheduled bond redemptions including bond premium/discount amortization for $40.9 million under the Single Family Bond Fund and $11.5 million under the Multifamily Bond Fund.

- 1.q. -	**Loans payable to Montgomery Co – current**	**447,591**	**445,585**	**2,006**	**0.45%**
- 1.q. -	**Loans payable to Montgomery Co – noncurrent**	**80,020,605**	**104,585,051**	**(24,564,446)**	**(23.49%)**
	Totals	**80,468,196**	**105,030,636**	**(24,562,440)**	**(23.39%)**

The net decrease in the total outstanding loans payable to Montgomery County is mainly due to the payoff of amounts borrowed by the three old Manor Properties, Shady Grove Apartments LP and Georgian Court LP.

1.r.	**Unearned Revenue**	**29,845,924**	**28,374,987**	**1,470,937**	**5.18%**

The increase in unearned revenue is driven by the Opportunity Housing Fund attributed to funds received from Alexander House LP to partially pay the PNC Bank RELOC draw for the swap termination fees. This increase is partly offset by a decrease in the COVID-19 CARES ACT funding for the Housing Choice Vouchers Program.

		FY'22	FY'21	Dollar Variance	Percentage Variance
1.aa.	**Dwelling Rental**	**53,494,795**	**48,267,397**	**5,227,398**	**10.83%**

The increase in dwelling rental income is driven by Bradley Crossing, LLC, which was acquired in June 2021. The increase from the RAD 6 properties (Seneca Ridge, Towne Centre Place, Sandy Spring Meadow, Parkway Woods, and Ken Gar), Shady Grove Apartments LP, Elizabeth House RAD Interim property, and Alexander House Dev Corp also contributed to higher rental income in FY2022. The increase was offset by Bad Debt expense in the Opportunity Housing portfolio. Bad debt expense for the six-month period July 2021 to December 2021 amounts to about $1.4 million. As of December 31, 2021, the tenant receivable balance has increased by $498,485 from June 30, 2021, totaling $6,422,083. 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-19.

-1.bb. -	**Investment Income**	**4,388,153**	**3,770,602**	**617,552**	**16.38%**

The increase is primarily attributed to the investment income from bond proceeds not yet drawn within the Multifamily Bond Fund primarily the MHDB 2021 Series A for Westside Shady Grove LLC. The increase is partly reduced by a decrease in the Single Family Bond Fund due to a decrease in MBS purchases (mortgage-backed securities) and lower interest rates.

-1.cc. -	**Management fees and other income**	**6,605,449**	**4,010,344**	**2,595,105**	**64.71%**

The increase in management fees and other income is mainly due to development fee income from Alexander House LP, 900 Thayer LP, HOC at Stewartown LLC, HOC at Westside Grove LLC, and Greenhills LP.

- 1.dd. -	**Housing Assistance Payments – Revenue**	**60,366,991**	**57,798,006**	**2,568,985**	**4.44%**
- 1.dd. -	**Housing Assistance Payments – Expense**	**61,480,364**	**60,193,589**	**1,286,775**	**2.14%**

The Housing Assistance Payments (HAP) – revenue under the HCV Main Program as well as the incoming Portables increased in FY2022 as compared to FY2021. This increase is partly offset by a decrease in the earned HAP revenue under the COVID-19 HCV Main Program. The increase in the Main Program HAP revenue is primarily attributed to a reduced funding in FY2021, due to the pull back against the July 2020 HAP payment of the $2.6 million excess HAP revenue as of December 31, 2019. All of the scheduled HAP funding were received for the first six months of FY'22. The HAP Expense increased in FY'22 due to an increase in leasing and leasing costs within HCV Vouchers, HCV Incoming Portables, and Non-Elderly Persons with Disabilities payments.

-1.ee. -	**HAP administrative Fees - Income**	**5,368,573**	**4,307,325**	**1,061,248**	**24.64%**

The increase in HAP administrative fees income is largely due to fees earned under the COVID-19 HCV Main Program attributed to increased spending.

-1.ff. -	**Other grants**	**3,436,903**	**2,719,522**	**717,381**	**26.38%**

The increase in other grants is mainly due to the new Emergency Housing Vouchers grant and an increase in the Fatherhood Initiative Program.

-1.gg. -	**State and County Grants**	**7,057,141**	**4,377,328**	**2,679,813**	**61.22%**

The increase in the State and County grants is mainly due to an increase in the County Main Program, Capital Improvement Program (CIP) and Community Choice Homes Initiative Program.

		FY'22	**FY'21**	**Dollar Variance**	**Percentage Variance**
-1.hh. -	**Administration**	**22,709,525**	**20,498,798**	**2,210,727**	**10.78%**

The increase in administrative expense is mainly driven by an increase in Public Fund administrative salaries, incentives to Landlords as token of appreciation for COVID partnership with HOC, Fatherhood Program tuition assistance, and other operating services contract. The General Fund administrative expenses also increased mainly due to the cost of issuance for Housing Production Fund ("HPF") indenture, data scoring product development cost, administrative salaries and consulting fees. The Opportunity Housing properties also contributed to the increase attributable to rental license fees and Westwood legal services and miscellaneous operating expenses.

-1.ii. -	**Maintenance**	**14,841,844**	**11,841,735**	**3,000,109**	**25.34%**

The increase in maintenance expense is largely due to an increase in the Opportunity Housing Fund expenses for paint wallcoverings, flooring/carpeting, plumbing equipment/contracts, appliance equipment contract, cleaning and janitorial contracts, grounds and landscaping contracts, roofing/gutter, electrical/HVAC salaries and other miscellaneous contract. The Public Fund also increased mainly due to procurement of software and hardware solutions to address COVID-19 including front office automation and Rent Café PHA Portal Package. The IT expenses within the General Fund also contributed to the increase attributed largely to payments of licenses and support services.

- 1.jj. -	**Depreciation and amortization**	**10,937,982**	**10,267,902**	**670,080**	**6.53%**

The increase in depreciation and amortization is largely due to the normal scheduled depreciation and amortization of assets.

- 1.kk. -	**Fringe benefits**	**6,173,800**	**5,559,297**	**614,503**	**11.05%**

The increase in fringe benefits is largely due to FY2022 amortization of unfunded actuarial accrued pension liability paid to the County, partially offset by a decrease in accrued leave expense.

- 1.ll. -	**Gain (Loss) on Sale of Assets**	**68,911,989**	**0**	**68,911,989**	**100.00%**

The Shady Grove, Georgian Court and the three Manor properties real estate and mortgage loan transactions accounted for the FY'22 gain on sale of assets.

M E M O R A N D U M

TO:	Housing Opportunities Commission of Montgomery County Budget, Finance and Audit Committee				
VIA:	Kayrine Brown, Acting Executive Director				
FROM:	Staff:	Tim Goetzinger	Division:	Finance	Ext. 4836
		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, 2021 – December 30, 2021)				
DATE:	February 22, 2022				

BACKGROUND:

HOC's current policy is to provide for an allowance for any tenant accounts receivable balance, which are older 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 maintains a relationship with the 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 surety bond, at a low rate, from the firm Sure Deposit, Inc., in lieu of paying a traditional security deposit to HOC. Furthermore, 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 of former tenant accounts receivable balances on January 5, 2022 was for $16,676, which covered the three-month period from July 1, 2021, through September 30, 2021.

The proposed write-off of former tenant accounts receivable balances for the second quarter October 1, 2021 through December 31, 2021 is $77,988.

The $77,988 second quarter write-off is primarily attributable to former tenants within HOC's Opportunity Housing properties, Supportive Housing Properties and LIHTC/RAD Properties – Arcola Towers LP, Seneca Ridge and Town Centre Place. The primary reasons for the write-offs across the properties include tenants who voluntarily left their units, passed away, purchased a home, no longer qualify, skipped, needed more space, failed to complete annual recertification, obtained HCV voucher and/or ported out.

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

	Current	Prior			Fiscal Year 2022	Fiscal Year 2021
	Write-offs	Write-offs	$ Change	% Change	Year-to-Date	Year-to-Date
Property Type	10/01/21 - 12/31/21	07/01/21 - 09/30/21	09/30/21 - 12/31/21	09/30/21 - 12/31/21	07/01/21 - 12/31/21	07/01/20 - 12/31/20
Public Housing	$ -	$0	$ -	0.00%	$ -	370
Opportunity Housing	43,370	$13,684	29,686	216.94%	57,054	86,577
Supportive Housing	2,732	$0	2,732	0.00%	2,732	21,465
LIHTC/RAD Properties	31,886	$230	31,656	13763.48%	32,116	18,876
Rental Asst Sec8 Repays	-	$0	-	0.00%	-	-
236 Properties	-	$2,762	(2,762)	-100.00%	2,762	-
	$ 77,988	$16,676	$ 61,312	367.67%	$ 94,664	127,288

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

Public Fund

	Current	Prior			Fiscal Year 2022	Fiscal Year 2021
	Write-offs	Write-offs	$ Change	$ Change	Year-to-Date	Year-to-Date
	10/01/21 - 12/31/21	07/01/21 - 09/30/21	09/30/21 - 12/31/21	09/30/21 - 12/31/21	07/01/21 - 12/31/21	07/01/20 - 12/31/20
Public Fund						
Former PH Tenants	$ -	$ -	$ -	0.00%	$ -	$ 370
Total Public Fund	**$ -**	**-**	**$ -**	**0.00%**	**$ -**	**$ 370**

Within the public Housing portfolio, there were no write-offs to report in the second quarter of FY '22.

Opportunity Housing Fund

	Current	Prior			Fiscal Year 2022	Fiscal Year 2021
	Write-offs	Write-offs	$ Change	$ Change	Year-to-Date	Year-to-Date
	10/01/21 - 12/31/21	07/01/21 - 09/30/21	09/30/21 - 12/31/21	09/30/21 - 12/31/21	07/01/21 - 12/31/21	07/01/20 - 12/31/20
Opportunity Housing (OH) Fund						
Camp Hill Square	$ -	$0	$ -	0.00%	$ -	3,683
McHome	-	$8,392	(8,392)	-100.00%	8,392	-
MHLP I/64	-	$0	-	0.00%	-	412
MHLP IX - MPDU	847	$2,356	(1,509)	-64.05%	3,203	457
MHLP VII	1,475	$0	1,475	0.00%	1,475	-
MHLP VIII	-	$0	-	0.00%	-	870
MHLP X	14,578	$556	14,022	2521.94%	15,134	-
Scattered Site One Dev Corp	20,332	$0	20,332	0.00%	20,332	11,984
State Rental Partnership	3,220	$2,157	1,063	49.28%	5,377	8,180
TPM Dev Corp - MPDU II (59)	2,918	$0	2,918	0.00%	2,918	21,782
VPC One Corp	-	$223	(223)	-100.00%	223	21
VPC Two Corp	-	$0	-	0.00%	-	39,188
Total OH Fund	**$ 43,370**	**$13,684**	**$ 29,686**	**216.94%**	**$ 57,054**	**86,577**

Within the Opportunity Housing portfolio, the $43,370 write-off amounts were attributable to MHLP IX, MPDU, MHLP VII, MHLP X, Scattered Sites One Development Corporation, State Rental Partnership and TPM Dev Corp – MPDU II (59). The write-offs were mainly due to two tenants who no longer qualify, four tenants who voluntarily vacated their units, four tenants who purchased a home, one tenant who passed away, one tenant who failed to complete the annual recertification, one tenant who needed more space and one tenant who skipped.

Supportive Housing

	Current Write-offs 10/01/21 - 12/31/21	Prior Write-offs 07/01/21 - 09/30/21	$ Change 09/30/21 - 12/31/21	% Change 09/30/21 - 12/31/21	Fiscal Year 2022 Year-to-Date 07/01/21 - 12/31/21	Fiscal Year 2021 Year-to-Date 07/01/20 - 12/31/20
Supportive Housing						
McKinney X - HUD	$ 2,732	$ -	$ 2,732	0.00%	$ 2,732	$ 21,465
Total Supportive Housing	**$ 2,732**	**$ -**	**$ 2,732**	**0.00%**	**$ 2,732**	**$ 21,465**

Within the Supportive Housing Program, the $2,732 write-off amount was due to three tenants who passed away.

LIHTC/RAD Properties

	Current Write-offs 10/01/21 - 12/31/21	Prior Write-offs 07/01/21 - 09/30/21	$ Change 09/30/21 - 12/31/21	% Change 09/30/21 - 12/31/21	Fiscal Year 2022 Year-to-Date 07/01/21 - 12/31/21	Fiscal Year 2021 Year-to-Date 07/01/20 - 12/31/20
LIHTC/RAD Properties						
Arcola Towers LP	$ 3,409	$0	$ 3,409	0.00%	$ 3,409	-
Elizabeth House - Interim RAD	-	$0	-	0.00%	-	1,111
Holly Hall RAD	-	$0	-	0.00%	-	1,663
RAD 6 - Sandy Spring	-	$46	(46)	-100.00%	46	-
RAD 6 - Ken Gar	-	$0	-	0.00%	-	295
RAD 6 - Seneca Ridge	25,786	$0	25,786	0.00%	25,786	15,807
RAD 6 - Towne Centre Place	2,691	$0	2,691	0.00%	2,691	-
Waverly House LP	-	$184	(184)	-100.00%	184	-
Total LIHTC/RAD Properties	**$ 31,886**	**$230**	**$ 31,656**	**13763.48%**	**$ 32,116**	**18,876**

Within the LITHC/RAD properties, the $31,886 write-off amount was due to one tenant who passed away, one tenant who obtained a HCV voucher, one tenant who ported out of the program, one tenant who purchased a home and three tenants who voluntarily vacated their units.

236 Properties

	Current Write-offs 10/01/21 - 12/31/21	Prior Write-offs 07/01/21 - 09/30/21	$ Change 09/30/21 - 12/31/21	$ Change 09/30/21 - 12/31/21	Fiscal Year 2022 Year-to-Date 07/01/21 - 12/31/21	Fiscal Year 2021 Year-to-Date 07/01/20 - 12/31/20
236 Properties						
Town Center Apts	$ -	$ 2,762	(2,762)	-100.00%	$ 2,762	$ -
Total 236 Properties	**$ -**	**$ 2,762**	**$ (2,762)**	**-100.00%**	**$ 2,762**	**$ -**

Within the 236 properties, there were no write-offs to report in the second quarter of FY ’22.

The next anticipated write-off will be for the third quarter of FY'22 covering January 1, 2022 through March 30, 2022. 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 to authorize the write-off of uncollectible tenant accounts receivable for the second quarter of fiscal year 2022, totaling $77,988?

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 discussion at the February 22, 2022 Budget, Finance and Audit Committee meeting. For formal Commission action at the March 2, 2022 meeting.

STAFF RECOMMENDATION:

Staff requests that the Budget, Finance and Audit Committee join its recommendation to the Commission authorizing the write-off of uncollectible tenant accounts receivable of $77,988.