REVISED: 10/3/2017

Housing Opportunities Commission OF MONTGOMERY COUNTY

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

EXPANDED AGENDA

October 4, 2017

			Res. #
3:30 p.m.	**ADMINISTRATIVE SESSION – HOC BOARD (Closed)** Pursuant to Section 3-305(b)(1) of the General Article of the Annotated Code of the State of Maryland, this Administrative Session will be called to order to discuss personnel matter		
4:00 p.m.	**DEVELOPMENT CORPORATION MEETING**		
Page 5	**Chevy Chase Lake Development Corporation** 1. Authorization to Transfer Chevy Chase Lake Development Corporation Renovation Escrow Funds to Various Agency Accounts		17-003 (pg. 11)
	ADJOURN		
4:05 p.m.	**I. CONSENT ITEMS**		
Page 15 22	A. Approval of Minutes of September 15, 2017 Special Session B. Approval of New Participating Lenders for the Single Family Mortgage Purchase Program		17-64 (pg. 26)
4:10 p.m.	**II. INFORMATION EXCHANGE**		
Page 29 33	A. Report of the Executive Director • Video Presentation B. Calendar C. Commissioner Exchange D. Resident Advisory Board		
4:20 p.m.	**III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**		
36 53 57 63 75	**A. Budget, Finance and Audit Committee – *Com. Nelson, Chair*** 1. Acceptance of Fourth Quarter FY'17 Budget to Actual Statements 2. Approval of FY'17 Fourth Quarter Budget Amendment 3. Approval of Service Contract for Housing Quality Standards Inspections **B. Development and Finance Committee – *Com. Simon, Chair*** 1. Approval to Select Whiting-Turner as General Contractor, Authorization for Executive Director to Negotiate a Contract for the Elizabeth House III and the South County Regional Recreation and Aquatic Center ("SCRRAC") Transaction and Authorization for The Executive Director to Execute a Contract with Whiting-Turner for Pre-Construction Services **C. Legislative and Regulatory Committee – *Com. Byrd, Chair*** 1. Strategic Plan for FY 2018-2022		17-65 (pg. 46) 17-66 (pg. 56) 17-67 (pg. 61) 17-68 (pg. 72) 17-69 (pg. 77)
4:25 p.m.	**IV. INFORMATION EXCHANGE (continued)** A. Community Forum 1. General 2. Open Hearing – The Commission invites community members to provide their comments on matters related to HOCs Interest in Westwood Tower property in the Westbard area of Bethesda		
5:30 p.m.	**ADJOURN**		

NOTES:

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

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

Administrative Session

Chevy Chase Lake Development Corporation

AUTHORIZATION TO TRANSFER FUNDS FROM CHEVY CHASE LAKE DEVELOPMENT CORPORATION'S RENOVATION ACCOUNT TO VARIOUS COMMISSION ACCOUNTS

October 4, 2017

- The Chevy Chase Lake site ("CCL Site") originally comprised of four (4) land parcels, of which one parcel is being developed by HOC into a 200-unit mixed income apartment building with construction financing provided by United Bank ("Multifamily Development").

- The Commission approved predevelopment expenses for the CCL Site to be drawn under the Commission's $60 million Line of Credit with PNC Bank, N.A. (PNC LOC) and taxable draws under the $90 million Real Estate Line of Credit with PNC Bank, N.A. (PNC RELOC) to fund its equity contribution for the Multifamily Development.

- The other three (3) land parcels were sold to EYA LLC ("EYA") for the development of 62 townhomes (including 10 MPDUs). As part of the sale, the Chevy Chase Lake Development Corporation (the "Corporation") received $2.0 million upfront and provided a $14.64 million seller note which is being paid from proceeds of townhome sales with the funds deposited into the Corporation's Renovation Escrow account.

- The Corporation currently holds approximately $2.8 million in its Renovation Escrow account representing net proceeds of the initial land funds from EYA, reimbursements at the Multifamily Development construction closing, miscellaneous accrued interest and administrative expense reimbursements, and proceeds from six (6) townhome settlements, net of settlement costs.

- These funds belong to the Commission and are available for transfer with no impact to HOC's FY 2018 operating budget.

- Staff recommends that the Corporation's Board of Directors authorize:
    1) The transfer of $2,785,476.61 of funds held in the Chevy Chase Lake Development Corporation Renovation Escrow account as follows:
        (a) $1,364,985.67 to the OHRF;
        (b) $1,250,395.32 to repay funds borrowed under the PNC LOC; and,
        (c) $170,095.62 to the General Fund.
    2) The application of future townhome sale proceeds to repay amounts borrowed for the CCL Site, first under the PNC LOC and secondarily the PNC RELOC.

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Division: Real Estate/Finance
Staff: Dixon/Marks/Brown/Willison Ext: 8981/9613/9589/9480

RE: Authorization to Transfer Funds from the Chevy Chase Lake Development Corporation's Renovation Escrow Account to Various Commission Accounts

DATE: October 4, 2017

STATUS: Consent: ___ Deliberation __X__ Status Report ______ Future Action ____

OVERALL GOAL & OBJECTIVE:
To obtain authorization of Chevy Chase Lake Development Corporation's (the "Corporation") Board of Directors to (1) transfer funds of $2,785,476.61 from the Corporation's Renovation Escrow account to various accounts of the Housing Opportunities Commission ("HOC" or "Commission"); and (2) establish procedures for application of future townhome sale proceeds.

BACKGROUND:
The original Chevy Chase Lake Apartments site comprised of four (4) land parcels (the "CCL Site") of which one is in the process of being developed into a 200-unit multifamily Development known as The Lindley (the "Multifamily Development"), and the other three (3) adjacent land parcels were sold in 2016 to an affiliate of EYA LLC ("EYA") for the development of townhomes.

On January 23, 2014, the Corporation authorized the sale of three (3) land parcels to EYA for development of townhomes. After final negotiations, a purchase and sale agreement was executed on April 4, 2014, requiring an upfront payment of $2,000,000 with future payments required from the sale of individual townhomes estimated to total $18.2 million.

On November 6, 2016, the Corporation approved an amendment to the final development and financing Plan, and authorized the execution of an operating agreement for the Multifamily Development.

Authorized Fundings:
Between August 6, 2014 and November 3, 2015, the Commission approved a predevelopment loan to the Corporation for up to $2,682,195 from the Opportunity Housing Reserve Fund (OHRF) via three (3) loan installments for predevelopment expenses of which $2,245,127 was ultimately drawn and fully repaid.

On October 7, 2015, the Commission authorized using $750,000 of the $2 million earnest deposit from the land sale to EYA, plus interest earned, for predevelopment expenses of the Multifamily Development which has been fully repaid.

On October 7, 2015, the Commission also authorized a tax-exempt draw of up to $6,875,000 from the $60 million Line of Credit with PNC Bank, N.A. (PNC LOC) in order to pay off existing debt associated with the CCL Site of which $6,794,170 was drawn and currently remains outstanding.

On July 13, 2016, the Commission authorized taxable draws of up to $11,008,930 under the Commission's $90 million Real Estate Line of Credit with PNC Bank, N.A. (PNC RELOC) to fund the Commission's equity contribution for construction of the Multifamily Development of which $8,680,447 has been drawn, as of September 9, 2017.

The current outstanding amount owed to the Commission under the PNC LOC and PNC RELOC totals $15,474,617. Repayment of which is expected from townhome sales.

Funding Sources	**Approved**	**Drawn**
OHRF	$ 2,682,195	$ (2,245,127)
EYA	$ 2,000,000	$ (750,812)
$60MM (PNC LOC)	$ 6,875,000	$ (6,794,170)
$90MM (PNC RELOC)	$ 11,008,930	$ (8,680,447)
Accrued OHRF Interest		*$ (21,661)*
Total	$ 22,566,125	$ (18,492,216)

Repayment Sources:
On February 5, 2016, the Corporation sold the three (3) land parcels to EYA for the development of townhomes, pursuant to a Purchase and Sale agreement, requiring an upfront land payment of $2,000,000 with future payments required from the sale of individual townhomes estimated to total $18.2 million.

It was contemplated that the land settlement proceeds of $2 million from EYA would be paid to the OHRF to replenish the fund, whereas future proceeds from townhome sales would be used to repay the amount drawn under the PNC LOC.

Net of settlement costs, on February 5, 2016, the Corporation recognized proceeds of $1,364,986 from EYA for the land (inclusive of the previously received $750,000 earnest deposits). These proceeds were deposited into and have been held in the Corporation's Renovation Escrow account. Over time interest has accrued in this account and other administrative expense reimbursements have been received totaling $170,096.

The November 7, 2016 closing of construction debt and equity for the Multifamily Development resulted in net proceeds of $4,433,158, which were used to payoff an existing loan of $1,250,000 from the Department of Housing and Community Affairs (DHCA) and reimburse $3,183,158 of predevelopment expenses to the Corporation.

As of September 5, 2017, six (6) townhome sales have occurred resulting in net proceeds of $1,250,395, which were remitted to the Corporation and are currently held in the Renovation Escrow account.

To date, the Corporation has received combined repayments of $6,603,649 of which $3,648,076 has been used to reimburse expenses and pay settlement costs, leaving a net amount of $2,785,476.61 currently held in the Corporation's Renovation Escrow account.

Chevy Chase Lakes Development	Repayment Sources				
Funding Sources	Prior Interest & Reimbursements	EYA 2/15/2016	Construction Debt/Equity 11/7/2016	TH Settlements to date 9/5/2017	Combined
OHRF			$ 2,410,686		$ 2,410,686
EYA		$ 750,812			$ 750,812
$60MM (PNC LOC)					$ -
$90MM (PNC RELOC)					$ -
Accrued OHRF Interest			*$ 21,661*		$ 21,661
Settlement Costs		*$ 635,014*			$ 635,014
Held in Corporation Cash Account	$ 170,096	$ 614,174	$ 750,812	$ 1,250,395	$ 2,785,477
Total	$ 170,096	$ 2,000,000	$ 3,183,158	$ 1,250,395	$ 6,603,649

<u>Summary:</u>
As of September 5, 2017, the Corporation's Renovation Escrow account currently holds a total of $2,785,476.61 available for transfer.

Chevy Chase Lakes Development Corporation			Payments			
Funding Sources	Approved	Drawn	EYA 2/15/2016	Construction Debt/Equity 11/7/2016	TH Settlements to date 9/5/2017	Net Balances
OHRF	$ 2,682,195	$ (2,245,127)		$ 2,410,686		$ 165,559
EYA	$ 2,000,000	$ (750,812)	$ 750,812			$ -
$60MM	$ 6,875,000	$ (6,794,170)				$ (6,794,170)
$90MM	$ 11,008,930	$ (8,680,447)				$ (8,680,447)
Accrued OHRF Interest		*$ (21,661)*		*$ 21,661*		*$ -*
Settlement Costs		*$ (635,014)*	*$ 635,014*			*$ -*
Held in Corporation Cash Account		$ 170,096	$ 614,174	$ 750,812	$ 1,250,395	$ 2,785,477
Total	$ 22,566,125	$ (18,957,135)	$ 2,000,000	$ 3,183,158	$ 1,250,395	$ (12,523,581)

Staff hereby requests approval to transfer the funds currently held in the Renovation Escrow as follows, (a) $1,364,985.67 to the OHRF, (b) $1,250,395.32 to repayment of acquisition funds borrowed under the $60,000,000 PNC LOC, and (c) $170,095.62 to the General Fund.

Staff also hereby requests approval for future proceeds from townhome sales be used to fully repay remaining amounts borrowed first under the PNC LOC for the CCL Site and secondarily under the PNC RELOC.

Proceeds from the sale of townhomes are estimated to total approximately $18,200,000 million, sufficient to fully repay the amounts drawn under the PNC lines of credit.

ISSUES FOR CONSIDERATION:

1. Does the Corporation's Board of Directors wish to accept the recommendation of the Budget and Finance Committee to authorize the transfer of $2,785,476.61 of funds held in the Corporation's Renovation Escrow account as follows:

   (a) $1,364,985.67 to the OHRF,
   (b) $1,250,395.32 to repay funds borrowed under the PNC LOC, and
   (c) $170,095.62 to the General Fund?

2. Does the Corporation's Board of Directors wish to accept the recommendation of the Budget and Finance Committee to approve the application of future townhome sale proceeds to repay amounts borrowed for the CCL Site, first under the PNC LOC and secondarily under the PNC RELOC?

PRINCIPALS:
Chevy Chase Lake Development Corporation
Housing Opportunities Commission of Montgomery County
EYA LLC

BUDGET/FISCAL IMPACT:
There is no impact for the Corporation's FY18 operating budgets. The cash received up to June 30, 2017 and projections for future townhome sales have already been incorporated into the budgets.

TIME FRAME:
For action at the October 4, 2017 meeting of the Chevy Chase Lake Development Corporation.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends the Corporation's Board of Directors accept the recommendation of the Budget and Finance Committee and approve:

1. The transfer of $2,785,476.61 of funds held in the Corporation's Renovation Escrow account as follows:

   (a) $1,364,985.67 to the OHRF,
   (b) $1,250,395.32 to repay funds borrowed under the PNC LOC, and
   (c) $170,095.62 to the General Fund.

2. The application of future townhome sale proceeds to repay amounts borrowed for the CCL Site, first under the PNC LOC and secondarily the PNC RELOC.

RESOLUTION No.:17-003 **RE: Authorization to Transfer Funds from Chevy Chase Lake Development Corporation's Renovation Escrow Account to Various Commission Accounts**

WHEREAS, Chevy Chase Lake Development Corporation (the "Corporation"), an entity wholly controlled by the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission"), was the owner of a 68-unit development in Chevy Chase known as Chevy Chase Lake Apartments located on four (4) parcels of land (approximately 205,300 square feet) at 3719 Chevy Chase Lake Drive, Chevy Chase, MD 20815 (the "CCL Site"); and

WHEREAS, on July 30, 2013, the Montgomery County Council approved the redevelopment plan for the CCL Site based on a proposed joint development for mixed-use housing providing between 20-40 affordable rental units and 30-40 workforce units in a 150-200 mixed income mid-rise building (the "Multifamily Building") in addition to 50-60 for-sale townhomes (the "Townhouses"), of which 15% are required to be Moderately Priced Dwelling Units (MPDUs) pursuant to Article 25A of the Montgomery County Code; and

WHEREAS, on January 23, 2014, the Corporation approved entering into a Purchase and Sale Agreement with Eakin Youngentob and Associates ("EYA") to sell three (3) of the land parcels for the development of townhouses (the "Townhouse Site"), consisting of approximately 142,278 square feet with the remainder of the CCL Site to be owned by the Corporation or another Commission-controlled entity for the development of the Multifamily Building; and

WHEREAS, on April 4, 2014 the Corporation entered into a Purchase and Sale Agreement with EYA requiring the initial deposit of $750,000 (the "Initial Deposit") at execution with an additional $1,250,000 paid at closing which occurred on February 5, 2016 and which proceeds were deposited net of settlement costs into the Corporation's Renovation Escrow account (collectively the "Settlement Proceeds"); and

WHEREAS, between August 6, 2014 and November 3, 2015, the Commission authorized three (3) predevelopment loans from the Opportunity Housing Reserve Fund ("OHRF") to the Corporation totaling $2,682,195, including 4.5% interest on the initial installment of $600,000 (collectively, the "HOC Predevelopment Loan") to pay for predevelopment expenses related to the CCL Site; and, with the expectation that reimbursement would occur at the time of the closing on the sale of the CCL Site; and

WHEREAS, on October 7, 2015 the Commission acknowledged approval to use the Initial Deposit for predevelopment costs and approved the tax-exempt draw of up to $6,875,000 under the Commission's $60 million Line of Credit with PNC ("PNC LOC") to repay existing debt; and

WHEREAS, on November 3, 2015, the Commission and Corporation approved the final development plan of the Multifamily Building which required the ownership transfer of one parcel of the land to a wholly owned entity called CCL Multifamily LLC (“Owner” for a cash payment of $1,250,000; and

WHEREAS, on July 13, 2016, the Commission approved the Final Development and Finance Plan for the redevelopment of the Multifamily Building as a 200- unit mixed-income building with 40 affordable units and 40 workforce housing units, including taxable draws of up to $11,008,930 under the Commission’s $90 million Line of Credit with PNC (“PNC RELOC”) for purposes of making its capital contribution to the Owner; and

WHEREAS, the Commission is the managing member of CCL Multifamily LLC, the entity that currently owns, will develop, and operate the Multifamily Building; and

WHEREAS, as of September 5, 2017, the Corporation’s Renovation Escrow account holds $2,785,476.61, representing $1,250,395.32 of net proceeds from the sale of individual townhomes by EYA, $1,364,985.67 of Settlement Proceeds (net of closing costs) from EYA, and $170,095.62 of accrued interest and other administrative expense reimbursements (collectively referred to as “Corporation Cash”); and

WHEREAS, the Corporation Cash belongs to the Commission and is therefore transferrable to an account of the Commission at its sole discretion.

NOW, THEREFORE, BE IT RESOLVED by the Corporation’s Board of Directors that it hereby authorizes the transfer of Corporation Cash totaling $1,250,395.32 to repay amounts drawn under the Commission’s PNC LOC.

BE IT FURTHER RESOLVED that the Corporation’s Board of Directors authorizes the transfer of Corporation Cash totaling $1,364,985.67 to the Commission’s OHRF account.

BE IT FURTHER RESOLVED that the Corporation’s Board of Directors authorizes the transfer of Corporation Cash totaling $170,095.62 to the Commission’s General Fund.

BE IT FURTHER RESOLVED that the Corporation’s Board of Directors authorizes that future proceeds from the sale of individual townhomes by EYA to be applied first to repay amounts borrowed for the CCL Site under the PNC LOC and secondly to any amounts borrowed under the PNC RELOC.

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

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County**,** acting for itself and for and on behalf of the Chevy Chase Lake Development Corporation as its sole member, at a regular meeting conducted on October 4, 2017.

Patrice M. Birdsong
Special Assistant to the Commission

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Consent Items

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

Special Session Minutes

September 15, 2017

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted on Friday, September 15, 2017 at 10400 Detrick Avenue, Kensington, Maryland beginning at 11:41 a.m. Those in attendance were:

Present
Jackie Simon, Chair
Christopher Hatcher, Vice Chair
Richard Y. Nelson, Jr., Chair Pro Tem
Margaret McFarland

Via Conference Call
Edgar Rodriguez

Absent
Pamela Byrd
Linda Croom

Also Attending

Stacy Spann, Executive Director
Kayrine Brown
Gail Willison
Jim Atwell
Nowelle Ghahhari, Acting General Counsel
Zachary Marks
Shauna Sorrells
Hyunsuk Choi

Commission Support
Patrice Birdsong

1. **Approval of a Financing Plan for the Construction of 900 Thayer and Approval to Fund up to $35 million from Various HOC Sources (Revolving Fund $5million)**

Kayrine Brown, Chief Investment and Real Estate Officer, and Zachary Marks, Assistant Director of New Development, were presenters.

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

RESOLUTION No.: 17-62

RE: Approval of a Financing Plan for the Construction of 900 Thayer and Approval to Fund up to $35 million from Various HOC Sources (Revolving Fund-$5 million, PNC Bank RELOC- $25 million, OH Bond Fund-$5 million)

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

WHEREAS, on March 16, 2016, the Commission acquired 900 Thayer, located on approximately 0.65 acres (28,526 square feet) of land at 8240 Fenton Street, Silver Spring, MD ("900 Thayer"); and

WHEREAS, on August 9, 2017, the Commission approved 900 Thayer as a 124-unit, mixed-income, new construction, family community containing 73 one-bedroom and 51 two-bedroom units ("Final Development Plan"); and

WHEREAS, also as part of the Final Development Plan, 900 Thayer will contain 84 Project Based Rental Assistance ("PBRA") units – 42 one-bedroom units and 42 two-bedroom units – through conversion and transfer of assistance of 84 Public Housing units at Holly Hall via the Rental Assistance Demonstration ("RAD") program and 40 market rate units; and

WHEREAS, the Commission authorized, in conjunction with its approval of the Development Plan, a predevelopment loan of $2,182,500; and, in conjunction with its approval of the Final Development Plan, an additional predevelopment loan of $700,000 to begin work to place existing utilities underground; and

WHEREAS, the total costs to construct 900 Thayer are $30,600,575 – including the not-to-exceed amount of $26,000,000 for the construction contract, as approved by the Commission on August 9, 2017; a 10% construction contingency; other construction-related costs; and some operating reserves ("Construction Period Plan"); and

WHEREAS, HOC wishes to pursue a 9% Low Income Housing Tax Credit ("LIHTC") allocation to fund the construction of 900 Thayer; however, the next 9% LIHTC application round is expected to occur in February 2018; and

WHEREAS, HOC has an urgent need to begin the construction of 900 Thayer to be able to complete its conversion via the RAD program of both HOC's Holly Hall Public Housing property and HOC's full Public Housing portfolio; and

WHEREAS, any secured capital used to fund construction work as part of a RAD conversion must have a term of no less than 18 years; and

WHEREAS, the Opportunity Housing Bond Fund, Moderately Priced Dwelling Unit and Property Acquisition Fund, and Real Estate Line of Credit are unsecured sources of capital in sufficient availability to fund the construction of 900 Thayer; and

WHEREAS, the Commission wishes to deliver new housing for the existing residents of Holly Hall, which is obsolescent, in a timely fashion; and

WHEREAS, the Commission will have an opportunity to increase the County's inventory of newly constructed affordable housing by redeveloping the Holly Hall property; however, to do so, all existing residents must first be permanently relocated; and

WHEREAS, staff will present a plan for permanent financing at the July 2018 meeting of the Commission.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the construction financing plan for the construction of 900 Thayer as outlined to the Commission on the date hereof.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes draws of $5,000,000 from the Opportunity Housing Bond Fund, $5,000,000 from the Moderately Priced Dwelling Unit and Property Acquisition Fund, and $20,600,575 from the PNC Real Estate Line of Credit ($90MM) to fund the construction of 900 Thayer.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes a loan of $10,000,000 to 900 Thayer for no interest and a loan of $20,600,575 to 900 Thayer at 2% interest for the construction of 900 Thayer, all to be repaid from permanent financing expected to include Low Income Housing Tax Credit equity, a permanent senior mortgage, and a draw on the Opportunity Housing Reserve Fund.

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

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it presently intends and reasonably expects to finance certain property improvements to 900 Thayer (the "Project") with moneys currently contained in its Opportunity Housing Bond Fund, certain revolving funds, and a line of credit, as described and set forth to the Commission on the date hereof in the Commission's approval of construction period financing of the Project.

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

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed $20,000,000 will be applied to reimburse the Commission for its expenditures in connection with the Project.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that all prior acts and doings of the officials, agents and employees of the Commission which are in conformity with the purpose and intent of this Resolution, and in furtherance of the Project, shall be and the same hereby are in all respects ratified, approved and confirmed.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that all other resolutions of the Commission or parts of resolutions, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.

The following resolution was approved, as amended, upon a motion by Chair Pro Tem Nelson and seconded by Vice Chair Hatcher. Affirmative votes were cast by Commissioners Simon, Hatcher, Nelson, and Rodriguez. Commissioner McFarland temporarily stepped away and did not participate in the vote. Commissioners Byrd and Croom were necessarily absent and did not participate in the vote.

RESOLUTION No.: 17-62a **RE: Approval to Draw up to $25,000,000 from the PNC Bank, N.A. Real Estate Line of Credit to Fund a Loan for the Construction of 900 Thayer in Accordance with the Approved Development and Construction Financing Plans**

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

WHEREAS, on March 16, 2016, the Commission acquired 900 Thayer, located on approximately 0.65 acres (28,526 square feet) of land at 8240 Fenton Street, Silver Spring, MD ("900 Thayer"); and

WHEREAS, on August 9, 2017, the Commission approved 900 Thayer as a 124-unit, mixed-income, new construction, family community containing 73 one-bedroom and 51 two-bedroom units ("Final Development Plan"); and

WHEREAS, also as part of the Final Development Plan, 900 Thayer will contain 84 Project Based Rental Assistance ("PBRA") units – 42 one-bedroom units and 42 two-bedroom units – through conversion and transfer of assistance of 84 Public Housing units at Holly Hall via the Rental Assistance Demonstration ("RAD") program and 40 market rate units; and

WHEREAS, the Commission authorized, in conjunction with its approval of the Development Plan, a predevelopment loan of $2,182,500; and, in conjunction with its approval of the Final Development Plan, an additional predevelopment loan of $700,000 to begin work to place existing utilities underground; and

WHEREAS, the total costs to construct 900 Thayer are $30,600,575 – including the not-to-exceed amount of $26,000,000 for the construction contract, as approved by the Commission on August 9, 2017; a 10% construction contingency; other construction-related costs; and some operating reserves ("Construction Period Plan"); and

WHEREAS, HOC wishes to pursue a 9% Low Income Housing Tax Credit ("LIHTC") allocation to fund the construction of 900 Thayer; however, the next 9% LIHTC application round is expected to occur in February 2018; and

WHEREAS, HOC has an urgent need to begin the construction of 900 Thayer to be able to complete its conversion via the RAD program of both HOC's Holly Hall Public Housing property and HOC's full Public Housing portfolio; and

WHEREAS, any secured capital used to fund construction work as part of a RAD conversion must have a term of no less than 18 years; and

WHEREAS, the Commission has approved funding of $5,000,000 from its own cash resources, Opportunity Housing Bond Fund, and the use of $5,000,000 from the County Revolving Moderately Priced Dwelling Unit and Property Acquisition Fund (together, "Local Funds"), to fund the construction of 900 Thayer; and

WHEREAS, in addition to the approved Local Funds, the Commission wishes to make a loan to 900 Thayer by a draw on the $90 million PNC Bank, N.A. Real Estate Line of Credit "(RELOC to complete the capital stack needed to complete the funding of the construction for 900 Thayer until the permanent financing projected for 2018, is in place; and

WHEREAS, the Commission may make draws on the RELOC at a taxable rate equal to an interest rate at an optional London Interbank Offered Rate (LIBOR) (1-month, 3-month, 6-month, or 12-month) plus 58 basis points.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes taxable draw on the RELOC totaling up to $25,000,000 to complete the construction funding for 900 Thayer and that draws on the RELOC may only be made after all Local Funds have been expended.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the funds be loaned to 900 Thayer and the interest will accrue and be paid at a rate sufficient to pay the interest cost of the RELOC, herein estimated to be 2% annually and shall remain outstanding for a term of 12 months.

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

Based upon this report and there being no further business to come before this Special Session of the Commission, the meeting adjourned at 12:23 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

APPROVAL OF NEW PARTICIPATING LENDERS FOR THE SINGLE FAMILY MORTGAGE PURCHASE PROGRAM

October 4, 2017

- The Commission has approved continuous lender participation in the Mortgage Purchase Program (MPP) and continuous lender solicitation for new lender participation. Currently, 34 lenders are approved for participation in the MPP.

- The criteria for participation in the MPP are: 1) the lender is not a mortgage broker and can close loans in its own name; and, 2) the lender is approved to do business with Freddie Mac and/or Fannie Mae, or the lender is an approved FHA originating lender. New lenders are also required to be approved by U.S. Bank, N.A. (U.S. Bank), HOC's master servicer for the Mortgage Backed Securities (MBS) program.

- The approved MPP lenders are the only lenders who have access to the Revolving County Closing Cost Assistance Program.

- Fidelity Bank Mortgage and WashingtonFirst Mortgage have both applied for participation in the MPP, and meet the criteria for participation.

- Staff recommends approval of both Fidelity Bank Mortgage and WashingtonFirst Mortgage, as new a MPP participating lenders.

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Division: Mortgage Finance
Staff: Kayrine Brown, Chief Investment and Real Estate Officer Ext. 9589
Jennifer Hines Arrington, Assistant Director of Bond Management Ext. 9760
Paulette Dudley, Program Specialist II Ext. 9596

RE: Approval of New Participating Lenders for the Single Family Mortgage Purchase Program

DATE: October 4, 2017

STATUS: Consent __X__ Deliberation ___ Status Report ___ Future Action _____

OVERALL GOAL & OBJECTIVE:
For the Housing Opportunities Commission (HOC or "Commission") to approve new mortgage lenders that will market the Single Family Mortgage Purchase Program (MPP) and provide MPP mortgage loans to low-to-moderate income first-time homebuyers in Montgomery County at below market rates.

BACKGROUND:
The Commission has approved the continuous participation of lenders and an ongoing admission of new lenders to the MPP. Lenders must apply for participation in the MPP by submitting application to the Commission's Single Family staff for approval. Increasing lender participation broadens the exposure and marketing of the Commission's Single Family mortgage products, as well as the County's Revolving Closing Cost Assistance Program (RCCAP), as RCCAP loans must be used in conjunction with an MPP first mortgage.

The criteria for participation in the MPP are: 1) the lender is not a mortgage broker and can close loans in its own name; and, 2) the lender is approved to do business with Freddie Mac and/or Fannie Mae, or the lender is an approved FHA originating lender. New lenders are also required to be approved by U.S. Bank, N.A. (U.S. Bank), HOC's master servicer for the Mortgage Backed Securities (MBS) program.

Fidelity Bank Mortgage and Washington First Mortgage has submitted a request to participate in the MPP. Both mortgage companies meet the criteria for approval.

Currently, the MPP has 34 lenders approved for participation (see Exhibit 1). Approved lenders receive training from HOC staff and U.S. Bank before they are allowed to begin originating and closing loans in the MPP. Under the MBS program, HOC underwrites for program compliance and the lenders underwrite for credit worthiness.

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

FIDELITY BANK dba FIDELITY BANK MORTGAGE

Fidelity Bank Mortgage (FBM) was founded in 1974 and is owned by Fidelity Southern Corporation, one of the largest bank holding companies based in Atlanta with $4.5 billion in assets and over 1,500 employees. With offices in Maryland, Georgia, Florida, Alabama, South Carolina, North Carolina, Tennessee, and Virginia, its mortgage division has grown to over 30 mortgage offices and 150 loan officers throughout the Southeast and Mid-Atlantic regions. FBM branches will take applications and process HOC MPP loans primarily in Maryland and at some Virginia Branches.

FBM offers an extensive list of mortgage loan programs to help people realize the dream of owning their own home. FBM is willing to market any affordable housing programs that work in conjunction with the MPP. FBM maintains a satisfactory Community Reinvestment Act (CRA) rating from the FDIC and prides itself on this commitment to true community lending.

FBM voluntarily offers classes and presentations on a wide variety of banking, credit, and financial topics. And, its employees present these classes to children and adults in venues throughout the communities it serves including schools, businesses, churches, and community centers.

FBM is an approved lender with Maryland's Community Development Administration (CDA), Virginia Housing Development Authority (VHDA), D.C. Open Doors, and participates in the Federal Home Loan Bank of Atlanta (FHLB) grant program.

Fidelity Bank Mortgage is an FHA/VA direct endorsed lender, and a seller/servicer approved by Fannie Mae and Freddie Mac. FBM is also an approved lender with U.S. Bank's Mortgage Revenue Bond Program (MRBP) division, our Master Servicer.

WASHINGTONFIRST MORTGAGE

WashingtonFirst Mortgage (WFM) is a leading residential mortgage lender committed to providing outstanding service and financing options. WFM was established in 2009 and is a subsidiary of WashingtonFirst Bank headquartered in Reston, Virginia with office locations in Virginia, Maryland and the District of Columbia. As a direct lender, WFM processes, underwrites, and closes loans in-house.

WFM is a leader in this area and has been approved by government agencies in Maryland, D.C., and Virginia to help individuals realize the American dream of owning a home. WFM will be offering a $200 lender credit on loans closing through HOC's MPP.

WFM is an approved lender with Maryland's Community Development Administration (CDA), VHDA, D.C. Open Doors, and participates in the FHLB grant program. WFM is an FHA/VA direct endorsed lender and a seller/servicer approved by Fannie Mae and Freddie Mac. They are also an approved lender with U.S. Bank's MRBP division, our Master Servicer.

WFM is willing to market any affordable housing programs that work in conjunction with lending programs at HOC. WFM maintains a satisfactory CRA rating from the FDIC and prides itself on this commitment to true community lending. WFM loan officers are in the top 1% of loan officers by originations nationwide, and have added staff that have experience in originating HOC and CDA mortgages. WFM has application forms available in Spanish, and several staff are multilingual.

SERVICING

Under the HOC MBS Program, lenders will release servicing and receive a loan origination fee of between 2% and 0% based on the time lapse between loan origination and purchase. Lenders receive a higher origination fee the earlier the loan is purchased. Servicing is handled through U.S. Bank, which the Commission has approved as the Master Servicer.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve Fidelity Bank Mortgage and WashingtonFirst Mortgage for participation in the Single Family Mortgage Purchase Program?

PRINCIPALS:

Housing Opportunities Commission
Fidelity Bank Mortgage
Washington First Mortgage

BUDGET IMPACT:

None.

TIME FRAME:

Action at the October 4, 2017 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends approval of Fidelity Bank Mortgage and WashingtonFirst Mortgage for participation in HOC’s Mortgage Purchase Program.

RESOLUTION No: 17-64 **RE: Approval of New Participating Lenders for the Single Family Mortgage Purchase Program**

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

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

WHEREAS, the Commission has approved an ongoing process for adding new lenders to the Mortgage Purchase Program; and

WHEREAS, Fidelity Bank Mortgage and Washington First Mortgage have applied for participation in the Mortgage Purchase Program; and

WHEREAS, Fidelity Bank Mortgage and Washington First Mortgage have satisfied the required criteria for admittance to the Mortgage Purchase Program.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Fidelity Bank Mortgage and Washington First Mortgage is approved for participation in the Mortgage Purchase Program, effective immediately.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on October 4, 2017.

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Patrice M. Birdsong
Special Assistant to the Commission

Exhibit 1

Approved HOC/U.S. Bank Lenders	
1.	ACADEMY MORTGAGE CORPORATION
2.	APEX HOME LOANS, INC.
3.	BAY CAPITAL MORTGAGE CORPORATION
4.	C & F MORTGAGE CORPORATION
5.	CALIBER FUNDING LLC
6.	CORRIDOR MORTGAGE GROUP
7.	EAGLE BANK
8.	EAGLE HOME MORTGAGE LLC fka UNIVERSAL AMERICAN MORTGAGE CO.
9.	EMBRACE HOME LOANS
10.	FIRST HOME MORTGAGE
11.	FIRST MARINER BANK
12.	HOMEBRIDGE FINANCIAL SERVICES, INC.
13.	HOMESIDE FINANCIAL, LLC
14.	HOMESTEAD FUNDING CORP.
15.	HOWARD BANK MORTGAGE
16.	INTEGRITY HOME MORTGAGE CORPORATION
17.	K. HOVNANIAN AMERICAN MORTGAGE, LLC
18.	loanDepot.com LLC dba MORTGAGE MASTER, INC.
19.	MOVEMENT MORTGAGE, LLC
20.	NEW AMERICA FINANCIAL CORPORATION
21.	NVR MORTGAGE
22.	PEOPLES HOME MORTGAGE, a division of Peoples Bank
23.	PRESIDENTIAL BANK, FSB
24.	PRIMELENDING
25.	PROSPECT MORTGAGE
26.	PROSPERITY HOME MORTGAGE, LLC (PHM)
27.	SANDY SPRING BANK
28.	SOUTHERN TRUST MORTGAGE
29.	STEARNS LENDING, INC.
30.	THE WASHINGTON SAVINGS BANK
31.	TOWNEBANK MORTGAGE
32.	UNION MORTGAGE
33.	WEICHERT FINANCIAL SERVICES
34.	WELLS FARGO HOME MORTGAGE

INFORMATION EXCHANGE

Report of the Executive Director
Stacy L. Spann
October 4, 2017

FSS Program Celebrates Newest Graduates

On Thursday, September 21, HOC's Family Self-Sufficiency (FSS) program held a graduation ceremony celebrating the achievements of 63 graduates from its 2016 and 2017 participant classes.

HOC's FSS Program has transformed the lives of hundreds of families by providing career development support that helps HOC customers achieve increased self-sufficiency. The comprehensive five to seven year program provides case management and service connections so HOC customers gain and improve employment through one-on-one assessments, goal setting, referrals, skills training, and education. Since the inception of HOC's program in 1993, we have proudly graduated 938 participants.

This year's graduates achieved many milestones. While 52 percent of participants were unemployed at the time of enrollment, all had been employed for a minimum of 12 consecutive months upon graduation. As a group, their average earned income more than quadrupled—from $8,106 to $37,393 annually. Nearly 20 percent increased their earnings enough to become independent of housing assistance and 5 participants became homeowners.

Commission Chair Jackie Simon provided the welcome address. Councilmember Craig Rice delivered the keynote address and presented the FSS program with a County Council proclamation honoring their achievements. Graduate Sharonda Horton delivered a speech detailing her personal experiences with the program and extolling the efforts of staff that supported her along the way. In all, it was an evening filled with inspiring stories of determination, and it was a privilege to celebrate the hard work of FSS staff and the graduates.

HOC Delivers Testimony on FSS Program to Congress

On Wednesday, September 27, 2017, I was invited by the House of Representatives Subcommittee on Housing and Insurance in Washington, D.C. to present testimony on the Family Self-Sufficiency (FSS) program. I, along with a distinguished panel of folks from across the country, provided the Subcommittee with data, customer stories, and recommendations on how to make the program more effective for participants and more efficient for local entities to administer.

Other hearing panelists included Aaron Gornstein, President and CEO at Preservation of Affordable Housing; Jeffrey Lubell, Director of Housing and Community Initiatives at Abt Associates; Kristin Siglin, Senior Vice President for Policy at Housing Partnership Network; and Sherry Riva, Executive Director at Compass Working Capital.

My testimony to the Subcommittee focused on three main points. First, self-sufficiency is a continuum, and in order to do the very deep and personal work required with our customers, we must be willing to meet people where they are and spend the time needed to move them forward. Second, our successes cannot be measured in quantity, but quality. The number of people who pass through the doors is not an accurate program measure. We should be focusing on the quality of services we connect customers to, and the specific, personal goals we help them achieve along the way. Third, it takes a holistic and family-oriented approach to end inter-generational poverty. When we connect the entire family to our basket of services, we ensure that the participant, as well as the next generation, is supported on the journey toward independence.

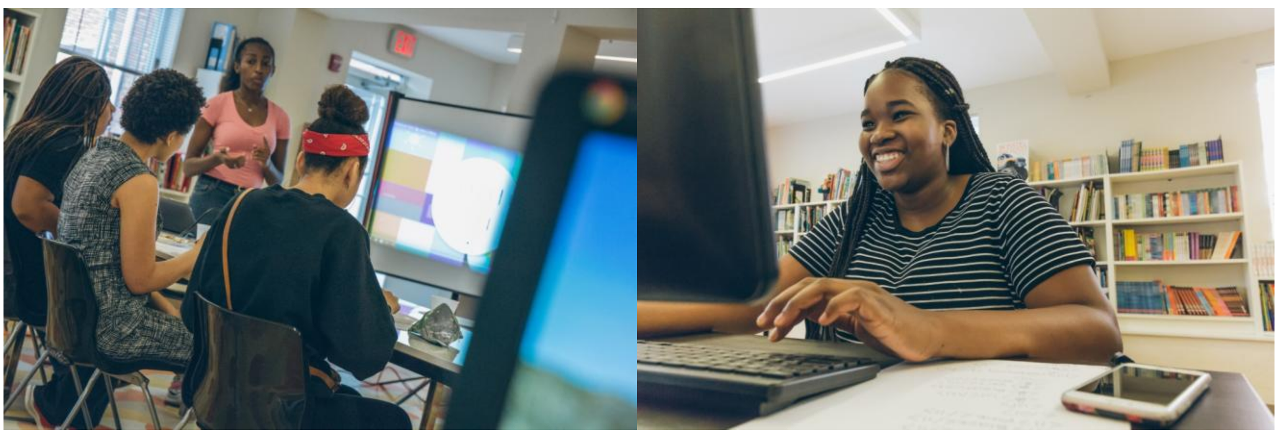
It was an honor to share the experiences of our customers and FSS staff with the Subcommittee and encouraging hearing members express a genuine interest in expanding and improving the program.

On-Site ESOL Classes Resume

On Wednesday September 6, 2017, on-site English for Speakers of Other Languages (ESOL) courses resumed at the Washington Square community in Gaithersburg. HOC residents will continue to meet on Monday and Wednesday evenings throughout the year, learning basic English language and life skills for those who are not native speakers. The courses will run through the end of June, 2018. The on-site classes are funded by a grant from the Montgomery Coalition for Adult English Literacy (MCAEL).

HOC Youth Learn to Code

On September 21-22, 2017, HOC Academy’s “Girls Got IT!” program resumed for the school year with a two-day seminar. HOC teen girls met at the Tanglewood community in Silver Spring to learn the mechanics of building a website. Deja Lindsey, a senior IT student at Georgetown University, facilitated the seminar. HOC partnered with the National Center for Women and Information Technology (NCWIT) to offer “Girls Got IT!” to HOC school-aged girls. The program uses a near-peer model, in which high school and college-aged women teach computer skills to younger girls, boosting confidence and fostering mentorship.



Fatherhood Initiative Expands Recruitment

At the end of September, the Fatherhood Initiative graduated its 7th cohort (Eta), with a combination of both fathers and mothers participating. In June 2017, HOC committed to opening Fatherhood Initiative and HOC Academy programs to individuals on the HOC Housing Path Wait List. This cohort served several of those families, and will continue to do so into the future.

The Fatherhood Initiative is recruiting and preparing for its 8th cohort (Theta), to begin in October 2017. So far, interest and recruitment has well-exceeded its planned capacity. Thirty-three individuals will partake in all the service connection and training opportunities the program has to offer.

In addition, on September 29, 2017 the Fatherhood Initiative staff presented to Pre-K and Early Head Start Program staff for Montgomery County on the benefits and features of Fatherhood Initiative programs. Because the Fatherhood Initiative and Early Head Start Programs service many of the same families, this new relationship will provide social workers and teachers with a referral point for our programs and open the pipeline for recruitment of more families across the county.

HOC Families Enjoy Outdoor Movie Night

On Friday, September 22, 2017 the Fatherhood Initiative hosted another relationship-building activity for its families with a “Movie on the Lawn.” Participants and their families enjoyed an evening of family-oriented activities and took in a screening of Dreamworks’ “Captain Underpants.” The Fatherhood Initiative team, HOC Academy, Information Technology, and Maintenance staff were present to deliver a fun-filled event with dinner and snacks. In addition, vendors from the different agencies and programs across Montgomery County were present to provide families with information, including Together Program—an educational workshop for couples focusing on: Communication and Problem Solving, Stress Management, and Financial Management—the Early Head start and Pre-K Programs, and Montgomery College.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

October 2017

4	HOC Regular Meeting (*All*)	4:00 p.m.
16	Resident Advisory Board *(Croom)*	6:00 p.m.
17	Budget, Finance and Audit Committee Meeting *(Nelson, Simon, Hatcher)*	10:00 a.m.
20	Development and Finance Committee Meeting *(Simon, McFarland, Nelson)*	10:00 a.m.
20	Status/Lunch Meeting w/Executive Director *(All)* – HOC – Commission Lounge	12:00 noon
23	Agenda Formulation *(Simon, Byrd)*	12:00 noon
26	Town Center Board Meeting *(Simon, Rodriguez)*	2:30 p.m.

November 2017

1	Budget, Finance and Audit Committee Meeting *(Nelson, Simon, Hatcher)*	2:00 p.m.
1	HOC Regular Meeting (*All*)	4:00 p.m.
17	Development and Finance Committee Meeting *(Simon, McFarland, Nelson)*	10:00 a.m.
20	Resident Advisory Board *(Croom)*	6:00 p.m.
21	Legislative and Regulatory Committee Meeting *(Byrd, Croom, Rodriguez)*	4:00 p.m.
23-24	Thanksgiving Holiday Observed *(HOC Offices Closed)*	
27	Agenda Formulation *(Simon, Byrd)*	

December 2017

6	Public Hearing *(Simon)*	3:30 p.m.
6	HOC Regular Meeting (*All*)	4:00 p.m.
12	Budget, Finance and Audit Committee Meeting *(Nelson, Simon, Hatcher)*	10:00 a.m.
15	Development and Finance Committee Meeting *(Simon, McFarland, Nelson)*	10:00 a.m.
15	Status/Lunch Meeting w/Executive Director *(All)* – Location TBD	12:00 noon
18	Agenda Formulation *(Simon, Byrd)*	12:00 noon
18	Resident Advisory Board *(Croom)*	6:00 p.m.
25	Christmas Holiday *(HOC Offices Closed)*	

January 2018

1	New Year's Day Holiday *(HOC Offices Closed)*	
10	HOC Regular Meeting (*All*)	4:00 p.m.
16	Legislative and Regulatory Committee Meeting	4:00 p.m.
19	Development and Finance Committee Meeting (Simon, McFarland, Nelson)	10:00 a.m.
29	Agenda Formulation *(Simon, Rodriguez)*	12:00 noon

February 2018

7	HOC Regular Meeting (*All*)	4:00 p.m.
20	Budget, Finance and Audit Committee Meeting *(Nelson, Simon, Hatcher)*	10:00 a.m.
23	Development and Finance Committee Meeting (Simon, McFarland, Nelson)	10:00 a.m.
23	Status/Lunch Meeting w/Executive Director *(All)* – Location TBD	12:00 noon

Activities of Interest

1 – Follow-up Meeting w/Housing for People with Disabilities Group
2 – Property Tour

Committee Reports and Recommendations for Action

Budget, Finance & Audit Committee

ACCEPTANCE OF FOURTH QUARTER FY'17 BUDGET TO ACTUAL STATEMENTS

October 4, 2017

- The Agency ended the year with a net cash deficit of $2,550,897, which equates to 1.05% of the total operating budget and 1.67% of the total operating budget less Housing Assistance Payments (HAP).

- The primary cause was lower recognizable income in the Opportunity Housing portfolio. There was also lower than anticipated income in the General Fund that was partially offset by savings in expenses.

- At the end of the year, several of the unrestricted properties in the Opportunity Housing fund exceeded budget expectations; however, the overall recognizable cash flow to the Agency did not meet budget due to shortfalls in the majority of the unrestricted properties.

- Staff initiated a targeted lease-up effort for the VPC units, which resulted in increasing occupancy at the VPC units from 84% at the end of May 2017 to 94% at the beginning of September 2017; the FY'18 budget assumed 89% occupancy by September 2017.

- The Public Housing Program ended FY '17 with a surplus primarily as a result of greater than anticipated subsidy due to a higher pro-ration factor coupled with the continued receipt of Asset Repositioning Fees for some of the converted scattered site units. The surplus will be restricted to the program.

- The Housing Choice Voucher Program (HCVP) ended the year with a surplus of $467,028. The surplus was comprised of lower than anticipated Housing Assistance Payments (HAP) coupled with higher than projected HAP revenue. The Housing Choice Voucher Program (HCVP) also experienced higher administrative fees coupled with savings in expenses which resulted in an administrative surplus through June 30, 2017. The surplus will be restricted to the program.

- Staff recommends that $1,665,000 of the $3,824,221 contributed to the Debt Service Reserve (DSR) by the VPC properties be used to fund the portion of the FY'17 Agency deficit that is attributable to the VPC properties. Staff further recommends that the Commission reduce the contribution to the General Fund Operating Reserve (GFOR) from $1,012,012 to $126,115.

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Gail Willison Division: Finance Ext. 9480
Tiffany Jackson Ext. 9512

RE: Acceptance of Fourth Quarter FY'17 Budget to Actual Statements

DATE: October 4, 2017

STATUS: Committee Report : Deliberation [X]

OVERALL GOAL & OBJECTIVE:
Acceptance of the Fourth Quarter FY'17 Budget to Actual Statements.

BACKGROUND:
In accordance with the Commission's budget policy, the Executive Director will present budget to actual statements and amendments to the Budget, Finance and Audit Committee on a quarterly basis. The Budget, Finance and Audit Committee will review any proposed budget amendments and make a recommendation to the full Commission.

ISSUES FOR CONSIDERATION:
To assess the financial performance of the Agency for the Fourth Quarter of FY'17.

BUDGET IMPACT:
Staff recommends that $1,665,000 of the $3,824,221 contributed to the Debt Service Reserve (DSR) by the VPC properties be used to fund the portion of the FY'17 Agency deficit that is attributable to the VPC properties. Staff further recommends that the Commission reduce the contribution to the General Fund Operating Reserve (GFOR) from $1,012,012 to $126,115.

TIME FRAME:
The Budget, Finance and Audit Committee reviewed the Fourth Quarter Budget to Actual Statements at the September 20, 2017 meeting. The Commission action is requested at the October 4, 2017 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
The Budget, Finance and Audit Commission recommends to the full Commission acceptance of the Fourth Quarter FY'17 Budget to Actual Statements.

DISCUSSION – FOURTH QUARTER BUDGET TO ACTUAL STATEMENTS

This review of the Budget to Actual Statements for the Agency through the fourth quarter of FY'17 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 (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 how other governmental organizations present their budgets. The purpose is to ensure that there is sufficient cash income and short-term receivables available to pay for current operating expenditures.

The Commission approves the revenue and expenses and unrestricted net cash flow from operations for each fund. Unrestricted net cash flow in each fund is what is available to the Commission to use for other purposes. The Budget to Actual Comparison Summary Statement (Attachment A) shows unrestricted net cash flow or deficit for each of the funds. Attachment A also highlights the FY'17 Fourth Quarter Capital Budget to Actual Comparison.

The Agency ended the year with a net cash deficit of $2,550,897, which equates to 1.05% of the total operating budget and 1.67% of the total operating budget less Housing Assistance payments (HAP). The primary cause was lower recognizable income in the Opportunity Housing portfolio (see Opportunity Housing Fund). There was also lower than anticipated income in the General Fund that was partially offset by savings in expenses (see General Fund).

Explanations of major variances by fund

The General Fund consists of the basic overhead costs for the Agency. This fund ended the year with a deficit of $3,583,025, which resulted in a negative variance of $2,213,850 when compared to the projected deficit of $1,369,175.

As of June 30, 2017, income in the General Fund was $4,111,687 less than budgeted. This variance is primarily due to delays in the receipt of budgeted development and commitment fees. The FY'17 adopted budget projected $3,723,278 of development and commitment fee income for the year. However, $1,878,069 in development fees and $736,494 in commitment fees to the general fund were not realized in FY'17. Staff projects that $1,524,067 of the unrealized development fees will be recognized in FY'18. Unrealized commitment fees totaling $562,101 are expected to be recognized in FY'18. Furthermore, cash flow to the General Fund in the form of Development Corporation Fees from the unrestricted Development Corporations was $2,169,926 less than projected (See Opportunity Housing). Additionally, the FY'17 adopted budget included ground rent of $98,247 to be generated by the scattered site tax credit properties. As a result of deficits in the tax credit portfolio, we were unable to recognize this income.

Expenses in the General Fund were $1,897,837 less than budgeted. The positive variance was primarily the result of savings in administrative salaries and benefits, which ended the year with a positive variance of $1,344,564.

<u>The Multifamily Bond Fund</u> and <u>Single Family Bond Fund</u> are budgeted to balance each year.

The Multifamily Bond Fund draw for FY'17 was reduced by the $94,314 of savings left in the fund at FY'16 year-end. As a result of savings in administrative salaries and benefits, the fund ended the year with a positive expense variance of $216,989. This savings in expenses offset by the reduced bond draw results in an addition to the cumulative net savings of $122,675 ($216,989 savings in expenses less $94,314 reduction in draw). Staff is recommending that the budgeted draw for FY'18 for the Multifamily Bond Fund be reduced by the cumulative savings of $216,989.

Multifamily Bond Fund	
Cumulative Surplus	**Amount**
At June 30, 2016	$ 94,314
FY'17 Year End Surplus/(Deficit)	$ 122,675
At June 30, 2017	$ 216,989

The Single Family Bond Fund draw for FY'17 was reduced by the $161,827 of savings left in the fund at FY'16 year-end. As a result of savings in administrative salaries and benefits, the fund ended the year with a positive expense variance of $59,716. This savings in expenses offset by the reduced bond draw results in a reduction of the cumulative net savings of $102,111 ($59,716 savings in expenses less $161,827 reduction in draw). Staff is recommending that the budgeted draw for FY'17 for the Single Family Bond Fund be reduced by the remaining cumulative net savings of $59,716.

Single Family Bond Fund	
Cumulative Surplus	**Amount**
At June 30, 2016	$ 161,827
FY'17 Year End Surplus/(Deficit)	$ (102,111)
At June 30, 2017	$ 59,716

<u>The Opportunity Housing Fund</u>
Attachment B is a chart of the Development Corporation properties. This chart divides the properties into two groups.

- The first group includes properties that we budgeted to provide unrestricted net cash flow toward the Agency's FY'17 Operating Budget. It should be noted that several of these properties also had a portion of operating cash flow restricted for various reasons. For properties that did not meet their total cash flow expectations, and also had partially restricted cash flow – **Alexander House, Pomander Court, Timberlawn, VPC One, and VPC Two –** the Development Corporation fee has been recognized by property, up to the lesser of the amount budgeted or generated, and any remaining cash flow was then restricted. This group ended the year with cash flow of $5,847,555, or $1,843,774 less than projected. It should be noted that we can only recognize revenue up to the amount budgeted for each property. A few of the properties in this portfolio exceeded budgeted cash flow; however, when we exclude the extra income earned on properties exceeding their budgets, the quarter's recognizable cash flow is $5,521,403, or $2,169,926 below budget.

Unrestricted Development Corporations

	(12 Months) Budget	(12 Months) Actual	Variance		(12 Months) Adjusted
Alexander House	$893,795	$893,795	$0		$893,795
The Barclay	$4,682	$75,656	$70,974	(1)	$4,682
Glenmont Crossing	$39,699	$120,641	$80,942	(1)	$39,699
Glenmont Westerly	$115,185	$189,911	$74,726	(1)	$115,185
Magruder's Discovery	$775,184	$645,908	($129,276)		$645,908
The Metropolitan	$1,047,022	$1,047,022	$0		$1,047,022
Montgomery Arms	$388,408	$375,183	($13,225)		$375,183
TPM - 59 MPDUs	$305,121	$206,914	($98,207)		$206,914
Paddington Square	$545,125	$456,467	($88,658)		$456,467
TPM - Pomander Court	$73,560	$67,170	($6,390)		$67,170
Pooks Hill High-Rise	$487,640	$451,488	($36,152)		$451,488
Scattered Site One Dev. Corp.	$501,533	$373,828	($127,705)		$373,828
Scattered Site Two Dev. Corp.	$2,503	$57,535	$55,032	(1)	$2,503
Sligo Development Corp.	$73,481	$68,168	($5,313)		$68,168
TPM - Timberlawn	$311,743	$356,221	$44,478	(1)	$311,743
VPC One Corp.	$1,229,984	$18,068	($1,211,916)		$18,068
VPC Two Corp.	$896,664	$443,580	($453,084)		$443,580
Subtotal	**$7,691,329**	**$5,847,555**	**($1,843,774)**		**$5,521,403**
		Recognizable Cash Flow			**($2,169,926)**

Notes:
(1) - Properties exceeding budgeted cash flow.

The Barclay experienced lower than anticipated concessions and vacancy loss, which contributed to a positive cash flow variance. **Glenmont Crossing** realized savings related to contract management administrative salaries, bad debt expense, liability insurance, and snow removal contracts. **Glenmont Westerly** experienced greater than projected cash flow as a result of savings in maintenance expenses; plans to upgrade kitchen and bathroom lighting fixtures, switches, outlets and breakers have been postponed until FY'18. **Magruder's Discovery** ended the quarter below budget as a result of reallocating contributions from the County for utility funding to other properties with greater need. The negative cash flow variance at **TPM – 59 MPDUs** is attributed to lower rents and higher vacancy coupled with higher than anticipated interest and debt service contributions as a result of delayed permanent financing. **TPM – Pomander Court** and **Pooks Hill High-Rise** ended the year with negative cash flow variances primarily due to lower than projected rents and higher vacancy loss; the negative variance at Pooks Hill High-Rise was partially offset by savings in liability insurance, bad debt expense, advertising, and swimming pool maintenance cost. **Scattered Site One Development Corporation** ended the year with a negative cash flow variance as a result of higher than budgeted vacancy loss coupled with greater than budgeted bad debt expense. **Scattered Site Two Development Corporation** ended the year with a positive cash flow variance, which was driven by savings in maintenance costs and debt service. **VPC One and VPC Two Corporations** ended FY'17 with negative variances of $1,211,916 and $453,084, respectively, primarily as a result of vacancy losses greater than anticipated.

Staff initiated a targeted lease-up effort for the VPC units, which resulted in increasing occupancy at the VPC units from 84% at the end of May 2017 to 94% at the beginning of September; the FY'18 budget assumed 89% occupancy by September 2017.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'17 Operating Budget. Cash flow from this group of Development Corporation properties was $1,302,317 less than budgeted. On a consolidated basis, the **RAD 6** properties ended the quarter with a negative variance of $651,418, which consisted primarily of variances at **Ken Gar, Sandy Spring Meadow**, **Seneca Ridge,** and **Towne Centre Place**. **KenGar** generated less rental income than projected. **Sandy Spring Meadow** ended the fourth quarter with a negative cash flow variance of $150,867 primarily due to actual gross rents that are $142,000 below budget coupled with vacancy loss approximately $12,000 above budget; the variance in rental income is due to the fact that rent for PBRA units were inadvertently budgeted at market rates. This variance is partially offset by a positive expense variance driven by debt service expense that was lower than budget due to a difference in allocation of RAD 6 debt service to the six properties. **Seneca Ridge** experienced a negative variance of $283,187 driven by a combination of lower than projected rents coupled with expenses that exceeded budget by $148,331; expense variances were related to higher than projected administrative personnel costs, temporary staffing costs, utilities expenses, and maintenance costs; specifically, cleaning, landscaping, painting and extermination.

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

- The first group consists of properties whose unrestricted net cash flow will be used for the Agency's FY'17 Operating Budget. This group ended the fourth quarter with cash flow of $1,473,498 or $100,818 less than budgeted. As noted above for the Development Corporations, we can only recognize revenue up to the amount budgeted for each property. When we exclude the extra income earned on those properties exceeding budget, the quarter's recognizable cash flow for this group is $1,400,018 or $174,298 below budget.

Unrestricted Opportunity Housing Properties

	(12 Months) Budget	(12 Months) Actual	Variance		(12 Months) Adjusted
64 MPDUs	$135,529	$89,901	($45,628)		$89,901
Chelsea Towers	$67,163	$51,063	($16,100)		$51,063
Fairfax Court	$101,034	$48,133	($52,901)		$48,133
Holiday Park	$86,286	$66,300	($19,986)		$66,300
Jubilee Falling Creek	$11,254	$1,529	($9,725)		$1,529
Jubilee Hermitage	$9,768	$10,748	$980	(1)	$9,768
Jubilee Horizon Court	$4,967	$8,813	$3,846	(1)	$4,967
Jubilee Woodedge	$10,991	$11,966	$975	(1)	$10,991
McHome	$129,698	$135,429	$5,731	(1)	$129,698
McKendree	$27,692	$67,699	$40,007	(1)	$27,692
MHLP VII	$146,332	$150,749	$4,417	(1)	$146,332
MHLP VIII	$239,396	$217,948	($21,448)		$217,948
MPDU 2007 Phase II	$35,482	$34,482	($1,000)		$34,482
Pooks Hill Mid-Rise	$185,871	$198,340	$12,469	(1)	$185,871
Strathmore Court	$382,853	$375,343	($7,510)		$375,343
Subtotal	**$1,574,316**	**$1,473,498**	**($100,818)**		**$1,400,018**
		Recognizable Cash Flow			**($174,298)**

Notes:
(1) - Properties exceeding budgeted cash flow.

- **64 MPDUs** ended the year with a negative cash flow variance of $45,628 as a result of lower than projected gross rents coupled with unanticipated mold remediation costs in December 2016. **Chelsea Towers** ended the quarter with higher than anticipated vacancy loss. **Fairfax Court's** negative cash flow variance reflects gross rents that were lower than projected and overspending on interior painting; the budget anticipated the painting of seven units, however, the scope of the work expanded to include all interior hallways. **Holiday Park** experienced higher than anticipated vacancy coupled with lower gross rent, which resulted in a negative cash flow variance. **Jubilee Falling Creek** experienced a leak, which resulted in higher than budgeted water expenses and required mold remediation, which led to maintenance expenses in excess of budget. **McHome** ended the year with lower than projected vacancy loss, which resulted in a positive cash flow variance. **McKendree** experienced significant savings in maintenance and utilities, thus ending the year with a positive cash flow variance. **MHLP VIII** also reported a negative cash flow variance of $21,448; this variance was due to a higher than budgeted payment in lieu of taxes (PILOT) for the units in HUB W. **Pooks Hill Mid-Rise** experienced lower than anticipated concessions, vacancy loss, and operating expenses, resulting in a positive cash flow variance. **Strathmore Court** ended the quarter with a negative cash flow variance of $7,510 as a result of lower than anticipated gross rents due to YieldStar pricing adjustments, higher than projected vacancy as a result of increased supply in the North Bethesda submarket; the negative income variances are offset by lower than projected expenses, including a reduction of approximately $56,000 in the cash flow restriction to cover the loss on the tax credit units.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'17 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 $61,554 less than budgeted as of the close of the fourth quarter. **The Ambassador** experienced a greater than anticipated cash flow deficit due to the property being decommissioned sooner than anticipated; the property is not generating any income to fund operating expenses. **Avondale Apartments** reported a negative cash flow variance of $53,454. This is primarily attributed to a higher than budgeted vacancy loss. **Diamond Square** generated $34,707 less than budgeted cash flow as result of higher than anticipated security contract costs. **Greenhills Apartments** had a negative cash flow variance of $13,789 as a result of higher than projected vacancy and lower than anticipated maintenance expenses as the property is preparing to undergo renovations. **State Rental Combined** had a negative cash flow variance of $196,639 driven by negative variances in rental income and vacancy loss coupled with higher than budgeted maintenance expenses. Finally, **Westwood Tower** ended the year with a positive cash flow variance of $343,135. This variance is attributed to lower than anticipated vacancy combined with savings related to maintenance expenses. It should be noted that Staff is proposing a fourth quarter budget amendment to increase the FY'17 replacement reserve contributions at Westwood Tower by $140,315, which will reduce the cash flow by the same.

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

- The Public Housing Rental Program ended FY'17 with a surplus of $567,902. Income was $1,357,910 more than budgeted largely due to the receipt of higher than anticipated operating subsidy. Several factors impacted the positive variance. The budget assumed a pro-ration of 87.85% for CY'16. The actual pro-ration for CY'16 was increased to 89.76%. In addition, the Agency continued to receive subsidy for some of the scattered sites that converted to the **VPC One** and **VPC Two Corporations**. The majority of this subsidy was received as Asset Repositioning Fees (ARF). Finally, the funding to pay for the vouchers at the **Arcola Towers and Waverly House** was received as operating subsidy through December 2016 resulting in continued income at the former Public Housing properties. There is a corresponding expense recorded to reflect the subsidy being moved to the tax credit properties as voucher revenue which is the primary cause for the negative expense variance of $790,008.

- The Housing Choice Voucher Program (HCVP) ended the year with a surplus of $467,028. The surplus was comprised of lower than anticipated Housing Assistance Payments (HAP) coupled with higher than projected HAP revenue. The program ended the period with an administrative surplus of $1,009,015. The positive variance is due to greater than projected administrative revenue as a result of an increased administrative proration through the first half of the year. The budget was developed assuming a proration of 81%; HUD set the proration at 84% through December 2016 and reduced it to 75% in the fourth quarter of

FY'17. All savings are restricted to the program. The HCVP also experience lower than anticipated expenses for FY'17. The surplus is restricted to the program.

Budget Impact – FY'17

- As explained in this memo, the Agency ended the year with a $2,550,897 deficit primarily as a result of lower than anticipated cash flow in the unrestricted Development Corporations, particularly VPC One and VPC Two, as a result of property performance that is reflected as fee income in the General Fund.

- The FY'17 budget included contributions totaling $1,841,834 by the VPC properties to the Debt Service Reserve (DSR); the budget also relied on draws totaling $899,607 to balance the VPC budgets. As a result of a delay in permanent financing, the VPC properties continued to make contributions to the Debt Service Reserve for a total of $3,824,221 in FY'17.

- The FY'17 budget also projected a surplus of $1,012,012 to be contributed to the General Fund Operating Reserve (GFOR).

- Staff recommends that $1,665,000 of the $3,824,221 contributed to the DSR by the VPC properties be used to fund the portion of the FY'17 Agency deficit that is attributable to the VPC properties. Staff further recommends that the Commission reduce the contribution to the GFOR from $1,012,012 to $126,115.

The Capital Budget **(Attachment E)**
Attachment E is a chart of the Capital Improvements Budget for FY'17. The chart is grouped in two sections – General Fund and Opportunity Housing properties. Several properties exceeded their budget due to unanticipated physical needs at the properties. On properties where sufficient reserves are available, they will be used to cover the overages. Several properties were dependent upon the Opportunity Housing Property Reserve (OHPR) for FY'17. Total expenditures for the portfolio did not exceed the authorized amount allocated from the OHPR for FY'17. Capital Budgets from projects with positive variances will be rolled forward as requested.

Following is an explanation of properties that have exceeded their annual capital budget. There are sufficient property reserves to cover the overages at all of the properties except **Ambassador, Jubilee Falling Creek, MHLP VII, 64 MPDU, Pomander Court,** and **Timberlawn**. The overages at this property will be covered by the OHPR. There are sufficient savings in other capital budgets that were drawing from this reserve to cover the overage at this time.

Several properties that are comprised of older scattered site units that have not undergone any comprehensive renovations (**MHLP VII**, **64 MPDUs**, **MPDU II,** and **State Rental Partnership**) required additional capital improvements to support the lease-up efforts at the properties resulting in overages.

The **Ambassador Apartments** exceeded its capital budget in order to remediate ongoing water issues that caused leaks in the commercial space and the overage will be funded by OHPR. **Chelsea Towers** overspent its capital budget as a result of the additional work needed to turn over the units. The expenditures included the replacement of flooring/carpet, appliances, and plumbing equipment; the overages will be funded by funds in the property's replacement reserve. **Jubilee Falling Creek** required a new HVAC unit and flooring replacement. **Parkway Woods** exceeded its capital budget primarily as a result of additional expense of adding R22 to chiller system to ensure proper cooling. Capital expenditures at **Pomander Court** exceeded budget as a result of the unanticipated need to appliance and electrical panel replacements. **Pooks Hill High-Rise** exceeded its capital budget as a result of higher than anticipated costs associated with the elevator project coupled with replacement of several pipes throughout the buidling. **Timberlawn** exceeded its capital budget as a result of unanticipated expenditures required to remedy Code Enforcement Inspection violations. **Towne Center Place** exceeded its capital budget as a result of a breaker box replacement. A water main break at **Washington Square** required expenditures in excess of the property's capital budget. **Westwood Tower** exceeded its capital budget as a result of elevator expenditures, which were not rolled forward from the FY'16 capital budget.

Resolution No. : 17-65 | **Re: Acceptance of Fourth Quarter FY'17 Budget to Actual Statements**

WHEREAS, the budget policy for the Housing Opportunities Commission of Montgomery County states that quarterly budget to actual statements will be reviewed by the Commission; and

WHEREAS, the Commission reviewed the Fourth Quarter FY'17 Budget to Actual Statements during its October 4, 2017 meeting; and

WHEREAS, the Agency ended Fiscal Year 2017 with an operating deficit of $2,550,897; and

WHEREAS, HOC Budget Policy requires the Agency to end the fiscal year with a balanced budget; and

WHEREAS, the FY'17 budget also projected a surplus of $1,012,012 to be contributed to the General Fund Operating Reserve (GFOR).

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes staff to transfer $1,665,000 from the Opportunity Housing Debt Service Reserve Fund to the General Fund and reduce the contribution to the General Fund Operating Reserve to $126,115 in order to balance the FY'17 Budget.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Fourth Quarter FY'17 Budget to Actual Statements.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, October 4, 2017.

Patrice Birdsong
Special Assistant to the Commission

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FY 17 Fourth Quarter Operating Budget to Actual Comparison

	(12 Months) Budget	Unrestricted Net Cash Flow (12 Months) Actual	Variance
General Fund			
General Fund	($1,369,175)	($3,583,025)	($2,213,850)
Administration of Mutlifamily and Single Family Fund			
Multifamily Fund	$0	$122,675	$122,675
Draw from / (Restrict to) Multifamily Bond Fund	$0	($122,675)	($122,675)
Single Family Fund	$0	($102,111)	($102,111)
Draw from / (Restrict to) Single Family Bond Fund	$0	$102,111	$102,111
Opportunity Housing Fund			
Opportunity Housing Properties	$1,574,316	$1,400,018	($174,298)
Restricted Opportunity Housing Properties	($205,141)	($311,265)	($106,124)
Restricted Development Corporation Properties	$0	($179,300)	($179,300)
OHRF			
OHRF Balance	$4,459,238	$175,880	($4,283,358)
Excess Cash Flow Restricted	($4,459,238)	($175,880)	$4,283,358
Draw from existing funds	$0	$0	$0
Net -OHRF	**$0**	**$0**	**$0**
SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing	**$0**	**($2,550,897)**	**($2,550,897)**

Public Fund			
Public Housing Rental (1)	$0	$567,902	$567,902
Housing Choice Voucher Program HAP (2)	($1,598,538)	($541,987)	$1,056,551
Housing Choice Voucher Program Admin (3)	$0	$1,009,015	$1,009,015
Total -Public Fund	**($1,598,538)**	**$1,034,930**	**$2,633,468**
Public Fund - Reserves			
(1) Public Housing Rental - Draw from / Restrict to Program	$0	($567,902)	($567,902)
(2) Draw from / Restrict to HCV Program Cash Reserves	$1,598,538	$541,987	($1,056,551)
(3) Draw from / Restrict to HCV Program Excess Admin Fee	$0	($1,009,015)	($1,009,015)
Total -Public Fund Reserves	**$1,598,538**	**($1,034,930)**	**($2,633,468)**
SUBTOTAL - Public Funds	**$0**	**$0**	**$0**

TOTAL - All Funds	**$0**	**($2,550,897)**	**($2,550,897)**

FY 17 Fourth Quarter Capital Budget to Actual Comparison

	(12 Months) Budget	Capital Expenses (12 Months) Actual	Variance
General Fund			
East Deer Park	$152,404	$119,604	$32,800
Kensington Office	$249,999	$137,345	$112,654
Information Technology	$1,170,271	$615,615	$554,656
Opportunity Housing Fund	$5,721,116	$3,540,786	$2,180,330
TOTAL - All Funds	**$7,293,790**	**$4,413,350**	**$2,880,440**

FY 17 Fourth Quarter Operating Budget to Actual Comparison

Development Corp Properties - Net Cash Flow

	(12 Months) Budget	Variance Income	Variance Expense	(12 Months) Actual	Variance
Properties with unrestricted cash flow for FY17 operating budget					
Alexander House	$893,795	($241,483)	($80,499)	$893,795	$0
The Barclay	$4,682	$102,633	($31,659)	$75,656	$70,974
Glenmont Crossing	$39,699	($14,112)	$48,389	$120,641	$80,942
Glenmont Westerly	$115,185	($17,667)	$62,265	$189,911	$74,726
Magruder's Discovery	$775,184	($100,709)	($28,566)	$645,908	($129,276)
The Metropolitan	$1,047,022	($60,132)	$14,040	$1,047,022	$0
Montgomery Arms	$388,408	($13,487)	$263	$375,183	($13,225)
TPM - 59 MPDUs	$305,121	($47,197)	($51,010)	$206,914	($98,207)
Paddington Square	$545,125	$14,597	($103,255)	$456,467	($88,658)
TPM - Pomander Court	$73,560	($31,883)	($8,093)	$67,170	($6,390)
Pooks Hill High-Rise	$487,640	($84,920)	$48,768	$451,488	($36,152)
Scattered Site One Dev. Corp.	$501,533	($53,789)	($73,915)	$373,828	($127,705)
Scattered Site Two Dev. Corp.	$2,503	$10,088	$44,945	$57,535	$55,032
Sligo Development Corp.	$73,481	($17,870)	$12,557	$68,168	($5,313)
TPM - Timberlawn	$311,743	($68,014)	$112,492	$356,221	$44,478
VPC One Corp.	$1,229,984	($922,251)	($344,663)	$18,068	($1,211,916)
VPC Two Corp.	$896,664	($474,199)	$6,775	$443,580	($453,084)
Subtotal	**$7,691,329**	**($2,020,395)**	**($371,166)**	**$5,847,555**	**($1,843,774)**
Properties with restricted cash flow (external and internal)					
Alexander House	$540,430	($10,035)	($3,345)	$23,762	($516,668)
Glenmont Crossing	$164,247	($19,213)	$65,880	$164,250	$3
Glenmont Westerly	$128,290	($11,934)	$42,062	$128,290	$0
The Metropolitan	$1,047,022	($60,132)	$14,040	$954,838	($92,184)
RAD 6 Ken Gar	$97,985	($70,653)	($6,523)	$20,808	($77,177)
MetroPointe	($243,339)	($6,103)	$70,142	($179,300)	$64,039
Oaks at Four Corners	$91,474	($18,016)	$10,347	$83,805	($7,669)
TPM - Pomander Court	$73,560	($31,883)	($8,093)	$0	($73,560)
RAD 6 Parkway Woods	$80,956	($57,395)	($3,438)	$20,124	($60,832)
RAD 6 Sandy Spring Meadow	$149,232	($165,576)	$14,709	($1,635)	($150,867)
RAD 6 Seneca Ridge	($24,515)	($134,857)	($148,331)	($307,702)	($283,187)
RAD 6 Towne Centre Place	$145,244	($84,491)	($26,825)	$33,928	($111,316)
RAD 6 Washington Square	$81,088	$62,132	($30,170)	$113,049	$31,961
TPM - Timberlawn	$311,743	($68,014)	$112,492	$356,221	$44,478
VPC One Corp.	$54,998	$0	$0	$0	($54,998)
VPC Two Corp.	$14,340	$0	$0	$0	($14,340)
Subtotal	**$2,712,755**	**($676,170)**	**$102,947**	**$1,410,438**	**($1,302,317)**
TOTAL ALL PROPERTIES	**$10,404,084**	**($2,696,565)**	**($268,219)**	**$7,257,993**	**($3,146,091)**

Attachment B

FY 17 Fourth Quarter Operating Budget to Actual Comparison

For Opportunity Housing Properties - Net Cash Flow

	(12 Months) Budget	Variance Income	Variance Expense	(12 Months) Actual	Variance
Properties with unrestricted cash flow for FY17 operating budget					
64 MPDUs	$135,529	($19,857)	($25,771)	$89,901	($45,628)
Chelsea Towers	$67,163	($19,717)	$3,618	$51,063	($16,100)
Fairfax Court	$101,034	($29,925)	($22,976)	$48,133	($52,901)
Holiday Park	$86,286	($9,713)	($10,274)	$66,300	($19,986)
Jubilee Falling Creek	$11,254	($439)	($9,286)	$1,529	($9,725)
Jubilee Hermitage	$9,768	($747)	$1,726	$10,748	$980
Jubilee Horizon Court	$4,967	($352)	$4,197	$8,813	$3,846
Jubilee Woodedge	$10,991	($1,559)	$2,534	$11,966	$975
McHome	$129,698	$3,975	$1,756	$135,429	$5,731
McKendree	$27,692	$2,265	$37,742	$67,699	$40,007
MHLP VII	$146,332	($2,496)	$6,913	$150,749	$4,417
MHLP VIII	$239,396	$8,267	($29,715)	$217,948	($21,448)
MPDU 2007 Phase II	$35,482	($1,255)	$255	$34,482	($1,000)
Pooks Hill Mid-Rise	$185,871	($2,828)	$15,297	$198,340	$12,469
Strathmore Court	$382,853	($130,647)	$123,137	$375,343	($7,510)
Subtotal	**$1,574,316**	**($205,028)**	**$104,208**	**$1,473,498**	**($100,818)**
Properties with restricted cash flow (external and internal)					
617 Olney Sandy Spring Road	($8,177)	($41)	($7,279)	($15,497)	($7,320)
The Ambassador	($187,175)	($160,076)	$59,918	($287,333)	($100,158)
Avondale Apartments	$148,360	($53,159)	($295)	$94,906	($53,454)
Brooke Park	($9,789)	($10,887)	$12,241	($8,435)	$1,354
Brookside Glen (The Glen)	$243,852	($34,626)	$57,874	$267,101	$23,249
CDBG Units	$0	($520)	($1,671)	($2,191)	($2,191)
Dale Drive	$6,329	($380)	($1,076)	$4,873	($1,456)
Diamond Square	$260,127	$3,230	($37,936)	$225,420	($34,707)
Greenhills Apartments	$271,617	($136,832)	$123,044	$257,828	($13,789)
King Farm Village	$5,474	($181)	($6,156)	($863)	($6,337)
NCI Units	$0	$3,436	$425	$3,862	$3,862
NSP Units	$0	($13,362)	($3,978)	($17,340)	($17,340)
Paint Branch	$39,957	$23,521	($10,678)	$52,799	$12,842
Southbridge	$62,483	($622)	($11,983)	$49,878	($12,605)
State Rental Combined	$288,522	($121,773)	($74,866)	$91,883	($196,639)
Westwood Tower	$47,331	$166,226	$176,910	$390,466	$343,135
Subtotal	**$1,168,911**	**($336,046)**	**$274,494**	**$1,107,357**	**($61,554)**
TOTAL ALL PROPERTIES	**$2,743,227**	**($541,074)**	**$378,702**	**$2,580,855**	**($162,372)**

Attachment C

FY 17 Fourth Quarter Operating Budget to Actual Comparison

For HUD Funded Programs

	(12 Months) Budget	(12 Months) Actual	Variance
Public Housing Rental			
Revenue	$1,763,267	$3,121,177	$1,357,910
Expenses	$1,763,267	$2,553,275	($790,008)
Net Income	**$0**	**$567,902**	**$567,902**
Housing Choice Voucher Program			
HAP revenue	$83,170,572	$83,429,766	$259,194
HAP payments	$84,769,110	$83,971,753	$797,357
Net HAP	**($1,598,538)**	**($541,987)**	**$1,056,551**
Draw From HAP Reserves	**$1,598,538**	**$541,987**	**($1,056,551)**
Admin.fees & other inc.	$6,829,104	$7,047,696	$218,592
Admin. Expense	$6,829,104	$6,038,681	$790,423
Net Administrative	**$0**	**$1,009,015**	**$1,009,015**
Net Income	**$0**	**$467,028**	**$2,065,566**

Attachment D

FY 17 Fourth Quarter Operating Budget to Actual Comparison

For Public Housing Rental Programs - Net Cash Flow

	(12 Months) Budget	Variance Income	Variance Expense	(12 Months) Actual	Variance
Elizabeth House	$0	$35,174	($36,927)	($1,753)	($1,753)
Holly Hall	$0	$31,218	($75,868)	($44,650)	($44,650)
Arcola Towers	$0	$343,935	($344,180)	($244)	($244)
Waverly House	$0	$291,252	($291,249)	$3	$3
Seneca Ridge	$0	$76	$0	$76	$76
Emory Grove / Washington Square	$0	($17,618)	($41,492)	($59,109)	($59,109)
Towne Centre Place / Sandy Spring Meadow	$0	$0	($591)	($591)	($591)
Ken Gar / Parkway Woods	$0	$111	$0	$111	$111
Scattered Sites Central	$0	$1,360	$0	$1,360	$1,360
Scattered Sites East	$0	$1,025	$0	$1,025	$1,025
Scattered Sites Gaithersburg	$0	$239,917	$0	$239,917	$239,917
Scattered Sites North	$0	$429,944	$0	$429,944	$429,944
Scattered Sites West	$0	$1,514	$0	$1,514	$1,514
TOTAL ALL PROPERTIES	**$0**	**$1,357,908**	**($790,008)**	**$567,902**	**$567,902**

FY 17 Fourth Quarter Operating Budget to Actual Comparison

For Capital Improvements

	(12 Months) Budget	(12 Months) Actual	Variance
General Fund			
East Deer Park	$152,404	$119,604	$32,800
Kensington Office	$249,999	$137,345	$112,654
Information Technology	$1,170,271	$615,615	$554,656
Subtotal	**$1,572,674**	**$872,564**	**$700,110**
Opportunity Housing			
Ambassador	$3,900	$10,679	($6,779)
Alexander House	$168,532	$74,777	$93,755
Avondale Apartments	$35,000	$17,344	$17,656
The Barclay	$36,572	$20,876	$15,696
Brooke Park	$840	$0	$840
Brookside Glen (The Glen)	$113,165	$64,668	$0
CDBG Units	$13,500	$4,823	$8,677
Chelsea Towers	$12,000	$16,605	($4,605)
Dale Drive	$7,308	$250	$7,058
Diamond Square	$750,871	$480,262	$270,609
Fairfax Court	$34,808	$20,825	$13,983
Glenmont Crossing	$138,645	$88,772	$49,873
Glenmont Westerly	$175,251	$65,026	$110,225
Greenhills Apartments	$106,580	$5,908	$100,672
Holiday Park	$28,825	$8,011	$20,814
Jubilee Falling Creek	$0	$9,238	$0
Jubilee Hermitage	$1,850	$485	$1,365
Jubilee Horizon Court	$1,000	$0	$1,000
Jubilee Woodedge	$1,000	$0	$1,000
Ken Gar	$10,000	$7,423	$2,577
King Farm Village	$0	$0	$0
Magruder's Discovery	$41,280	$32,677	$8,603
McHome	$81,281	$36,291	$44,990
McKendree	$44,029	$16,510	$27,519
MetroPointe	$61,800	$41,716	$20,084
The Metropolitan	$326,298	$307,294	$0
Montgomery Arms	$59,820	$48,560	$11,260
MHLP VII	$40,750	$53,101	($12,351)
MHLP VIII	$93,449	$47,991	$45,458
MPDU 2007 Phase II	$3,000	$685	$0
617 Olney Sandy Spring Road	$1,000	$345	$655
64 MPDUs	$55,000	$98,498	($43,498)
TPM - 512 MPDUs	$84,830	$96,409	($11,579)
Oaks at Four Corners	$216,057	$154,803	$61,254
NCI Units	$43,200	$21,069	$22,131
NSP Units	$11,600	$21,807	($10,207)
Paddington Square	$92,168	$64,008	$28,160
Paint Branch	$21,400	$9,619	$11,781
Parkway Woods	$2,500	$4,321	($1,821)
TPM - Pomander Court	$2,500	$17,230	$0
Pooks Hill High-Rise	$113,000	$230,156	($117,156)
Pooks Hill Mid-Rise	$111,300	$46,404	$64,896
Sandy Spring Meadow	$5,000	$6,739	($1,739)
Scattered Site One Dev. Corp.	$1,418,459	$211,980	$1,206,479
Scattered Site Two Dev. Corp.	$64,263	$61,447	$2,816
Seneca Ridge	$8,500	$10,896	($2,396)
Southbridge	$29,160	$6,015	$23,145
Sligo Development Corp.	$63,700	$27,379	$36,321
State Rental Combined	$174,100	$258,543	($84,443)
Strathmore Court	$216,675	$88,681	$0
Towne Centre Place	$5,000	$4,653	$347
TPM - Timberlawn	$13,040	$34,966	($21,926)
VPC One Dev. Corp.	$99,220	$65,973	$33,247
VPC Two Dev. Corp.	$62,100	$45,192	$16,908
Washington Square	$4,000	$5,130	($1,130)
Westwood Tower	$411,990	$467,726	($55,736)
Subtotal	**$5,721,116**	**$3,540,786**	**$2,180,330**
TOTAL	**$7,293,790**	**$4,413,350**	**$2,880,440**

APPROVAL OF FY'17
FOURTH QUARTER BUDGET AMENDMENT

October 4, 2017

- The FY'17 Adopted Budget included contributions totaling $228,000 to increase the Replacement Reserve for Westwood tower.

- The property completed elevator upgrades that had been included in the FY'16 Capital Budget but not rolled forward, which resulted in overspending FY'17 capital budget by $55,736.

- $160,000 of Capital projects for FY'17 that were not completed is to roll forward to FY'18.

- Staff recommends amending the FY'17 budget to contribute an additional $140,315 to the replacement reserve.

- The property generated cash flow totaling $390,466 in FY'17, all of which is restricted by the Commission; this amendment will reduce the cash flow by $250,151.

- The total FY'17 Operating Budget for HOC is unchanged, as this amendment represents a shift from one expense, restricted cash flow, to another, replacement reserve contributions.

M E M O R A N D U M

TO:	Housing Opportunities Commission			
VIA:	Stacy L. Spann, Executive Director			
FROM:	Staff:	Gail Willison Tiffany Jackson	Division: Finance	Ext. 9480 Ext. 9512
RE:	Approval of FY’17 Fourth Quarter Budget Amendment			
DATE:	October 4, 2017			

STATUS: Committee Report : Deliberation [X]

OVERALL GOAL & OBJECTIVE:
To amend the FY’17 Budget so that it reflects an accurate plan for the use of the Agency's financial resources for the remainder of the year.

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

ISSUES FOR CONSIDERATION:

<u>Operating Budget Amendment:</u>

- **Increase Westwood Tower Replacement Reserve Contribution:** The FY’17 Adopted Budget included contributions totaling $228,000 to the Replacement Reserve. During FY’17, the property completed elevator upgrades that had been included in the FY’16 Capital Budget but not rolled forward. As a result, the property overspent its FY’17 Capital Budget of $411,990 by $55,736. Additionally, the property has requested to roll forward $160,000 of Capital projects to FY’18 that were not completed in FY’17. The replacement reserve balance at the end of FY’18 is projected to be $75,421. As the chart below shows, the property will need an additional $140,315 in replacement reserves to fund the projected capital needs through FY’18.

FY'17 Capital Budget	$411,990
Less: FY'17 Capital Expenditure	$467,726
Less: FY'17 Requested Capital Rollforward	$160,000
	($215,736)
FY'18 Year End Projected Reserve Balance	$75,421
Reserve Shortfall	($140,315)

Westwood Tower ended the FY’17 with cash flow of $390,466, which is $343,135 greater than projected; all cash flow from the property is restricted. Staff recommends contributing $140,315 from the FY’17 cash flow to the replacement reserve, thereby increasing the FY’17 contribution from $228,000 to $368,315.

BUDGET IMPACT:

The total FY’17 Operating Budget for HOC is unchanged, as this amendment represents a shift from one expense, restricted cash flow, to another, replacement reserve contributions. Approval by the Commission of any budget amendment will revise the FY’17 Budget to reflect an accurate plan for the use of the Agency's resources for the remainder of the year.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the FY’17 Fourth Quarter Budget Amendment at the September 20, 2017 meeting. Action is requested at the October 4, 2017 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full Commission approval of the FY’17 fourth quarter budget amendment at the October 4, 2017 Commission meeting.

Resolution No. : 17-66 **Re: Approval of FY'17 Fourth Quarter Budget Amendment**

WHEREAS, the Housing Opportunities Commission adopted a budget for FY'17 on June 7, 2017; and

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

WHEREAS, the Commission has reviewed several proposed budget amendments to the FY'17 Budget; and

WHEREAS, the total FY'17 Operating budget for HOC is unchanged, as this amendment represents a shift from one expense, restricted cash flow, to another, replacement reserve contribution.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'17 Operating Budget by contributing $140,315 from the FY'17 Westwood Tower cash flow to the property's replacement reserve.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on October 4, 2017.

Patrice Birdsong
Special Assistant to the Commission

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Approval of Service Contract for Housing Quality Standards Inspections

October 4, 2017

- The Housing Opportunities Commission previously solicited bids for conducting Housing Quality Standards (HQS) inspections for approximately 13,000 initial, annual and special inspections and re-inspections which defines “standard housing” and established minimum criteria necessary for the health and safety of program participants.

- Staff recommended and obtained Commission approval for an award to Quality Assurance Inspections, Inc. at the December 7, 2016 Commission meeting.

- After working with Quality Assurance Inspections, Inc. until August 2017, several significant issues arose, forcing HOC to make a change.

- HUD provided names of three companies that could complete inspections and potentially had contracts available for HOC to bridge

- Staff reviewed proposals from CVR Associates, Inc. and McCright & Associates.

- Staff recommends that the Commission authorize the Executive Director to execute a service contract with CVR Associates, Inc. to perform Housing Quality Standards Inspections.

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Renee Harris Division: Office of Client Services Ext. 9641

RE: Approval of Service Contract for Housing Quality Standards Inspections

Date: October 4, 2017

STATUS: Committee Report: Deliberation [X]

OVERALL GOAL & OBJECTIVE:

Approval of service contract with CVR Associates, Inc. for Housing Quality Standards (HQS) inspections.

BACKGROUND:

In July 2016, the Housing Opportunities Commission (HOC) solicited bids for conducting Housing Quality Standards (HQS) inspections estimated to be approximately thirteen thousand (13,000) initial, annual, special inspections and re-inspections which defines "standard housing" and established the minimum criteria necessary for the health and safety of program participants. The subject properties consist of single family, townhouse, multifamily, garden, mid-rise and high-rise dwelling units located throughout the Montgomery County.

An Invitation for Bid (IFB) for Housing Quality Standards inspections at HOC properties was issued in accordance with HOC's Procurement Policy. HOC received responses from four inspection companies – Quality Assurance Inspections, Landmark Inspection Services, US Home Inspection Services and Nan McKay Inspection Services.

Staff previously recommended and obtained Commission approval for an award to Quality Assurance Inspections, Inc. at the December 7, 2016 Commission meeting for inspection services. At that time, HOC received bids after having worked with Nan McKay for several years and experiencing significant customer service and staffing challenges. Quality Assurance Inspections, Inc. submitted the lowest bid, $354, 468 and most solid service record. Staff proposed a service contract with Quality Assurance Inspections, Inc. for a term of two years with three possible one-year renewals.

However, after working with Quality Assurance Inspections, Inc. until August 2017, several significant issues arose, forcing HOC to make a change. Those issues include, but are not limited to;

- Inability to manage the number of inspections required by HOC;
- Significant and frequent staff turnover during the contract term, resulting in missed appointments, customer turmoil, landlord issues, and compromised leasing;
- Inaccurate reporting of information;
- Numerous complaints about no-shows for inspections, proving costly due to the need for re-inspections; and
- Numerous complaints from owners and HCV participants regarding poor service and professionalism during inspections.

In an effort to resolve this problem as quickly and efficiently as possible, HOC requested recommendations from the U.S. Department of Housing and Urban Development (HUD). Based upon housing authority feedback, direct experience and contracts available that HOC could possibly bridge, HUD recommended CVR Associates, Inc., McCright & Associates, and Quadel Consulting and Training, LLC. HOC's Procurement Office contacted the three vendors, however, only CVR Associates, Inc. and McCright & Associates expressed interest.

Staff interviewed CVR Associates, Inc. and McCright &Associates. The selection panel included staff from the Inspection, Housing Resources, IT, Procurement and Executive teams. Although not the lowest bid (see chart below), staff recommends that HOC contract with CVR Associates, Inc. (CVR) to perform the HQS inspections of HOC's properties. CVR submitted a bid demonstrating the ability to satisfy all of the requirements, including the technological functions. McCright & Associates was unable to demonstrate the ability to interface with HOC's Yardi software. Furthermore, CVR has significant experience working with large housing authorities. CVR has a current contract with Miami-Dade Public Housing and Community Development (Miami Dade). Miami Dade has agreed to allow HOC to bridge this contract and CVR has provided comparable terms and conditions.

CVR vs McCright Price Analysis

Description	Number of Inspections	Inspection Rate CVR	Inspection Rate McCright	Total Cost ($) CVR	Total Cost ($) McCright
Initial Annual Inspections	8000	$40	$40	$320,000	$320,000
Schedule and Conduct Initial Move-in Inspection	1800	$40	$40	$72,000	$72,000
Conduct Initial Move-in Inspection (HOC Schedule)	200	$40	$40	$8,000	$8,000
Reinspection**	2500	$32	$35	$80,000	$87,500
No Show Inspection	500	$22	$14	$11,000	$7,000
Schedule and Conduct Special/Emergency Inspection	100	$32	$40	$3,200	$4,000
Conduct Special/Emergency Inspection (HOC Schedule)	100	$32	$40	$3,200	$4,000
Administrative/Customer Service/Scheduling/Call Center/Mailing	Monthly	$3,500	$0	$42,000	$0
GRAND TOTAL				**$539,400**	**$502,500**

**CVR : Owner Certifications of Repairs may subsititute reinspectations $15/Inspection

The current annual contract cost for Quality Assurance Inspections is $354,468, while the annual cost of service for CVR will be $539,400. Although CVR will cost significantly more than the contract with Quality Assurance Inspections, Inc., staff expects that the frequency of re-inspections will fall significantly as well as the customer service challenges and complaints.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve a service contract with CVR Associates, Inc. for Housing Quality Standards inspections services for the term of two years, renewable for up to three additional one-year periods at HOC properties?

PRINCIPALS:

CVR Associates, Inc

HOC

BUDGET IMPACT:

The total cost of the proposed contract for CVR Associates, Inc. is $539,400. The cost of HQS inspections, as performed by Quality Assurance Inspections has been included in the FY'18 Agency Budget. As of June 30, 2017, cumulative administrative surplus totaling $2,546,111 has been restricted to the voucher program and can be drawn from to fund the additional costs of the CVR contract.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the approval of service contract with CVR Associates, Inc. for Housing Quality Standards (HQS) inspections at the September 20, 2017 meeting. Action is requested at the October 4, 2017 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full Commission approval of service contract with CVR Associates, Inc. for Housing Quality Standards inspections.

RESOLUTION NO: 17-67

RE: Approval of Service Contract for Housing Quality Standards Inspections

WHEREAS, the Commission is required to perform Housing Quality Standards (HQS) inspections on all units annually and all new units prior to entering into a Housing Assistance Payment contract; and

WHEREAS, the Housing Opportunities Commission of Montgomery County contacted the Department of Housing and Urban Development HUD) and requested recommendations for inspection companies that could both meet the needs of HOC and provide a contract that HOC could bridge in order to expedite the procurement process; and

WHEREAS, based on a review of the responses and in accordance with the selection criteria, staff determined CVR Associates, Inc. to be the responsive and responsible bidder.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to execute a contract for the term of two years, renewable for up to three additional one-year periods with CVR Associates, Inc. for Housing Quality Standards Inspections at the price and terms stated in the bid.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on October 4, 2016.

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Patrice M. Birdsong
Special Assistant to the Commission

Development and Finance Committee

Approval to Select Whiting-Turner as General Contractor and Authorization for the Executive Director to Negotiate a Contract for the Elizabeth House III and the South County Regional Recreation and Aquatic Center (“SCRRAC”) Transaction

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
BRIAN KIM
HYUNSUK CHOI

October 4, 2017

Table of Contents

Executive Summary

- Elizabeth Square is a 136,032 sq. ft. parcel located in downtown Silver Spring, bounded by Fenwick Street to the north, Second Avenue to the east, WMATA Rail Lines to the west and Apple Street to the south. Elizabeth Square and consists of three discrete properties: Alexander House, owned by Alexander House Development Corporation and Alexander House Limited Partnership (together "Alexander House"); Elizabeth House, owned by the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), and Fenwick Professional Park owned by Acorn Storage No. 1, LLC a subsidiary of Lee Development Group (LDG) subject to a Master Lease to Elizabeth House III Limited Partnership, Elizabeth House III LLC and EH III Recreational Center, LLC.

- The Elizabeth House III ("EH III") development includes 267 age-restricted residential units, of which 120 units will be set aside as affordable units, 167 market rate units, a South County Regional Recreation and Aquatic Center ("SCRRAC") totaling 120,000 square feet, and a 7,500 square feet Senior Resource Center/Primary Care Facility that will be operated by Holy Cross Hospital. The 120 affordable units will be composed of 106 Rental Assistance Demonstration ("RAD") units and 14 Low Income Housing Tax Credit ("LIHTC") units serving residents at or below 60% of the Area Median Income ("AMI").

- On May 26, 2017, HOC issued a two-part request for qualification ("RFQ") #2070 for Contractor Evaluation and Selection Process. The first part of the RFQ issued a request for general contractor prequalification submissions which enabled the staff to develop a list of prequalified general contractors. Each contractor was evaluated based on the following criteria:

  - Experience working with local housing authorities or governments in the DC Metro Area.
  - Demonstrate successful experience with comparable ground-up Multi-family residential, public recreation and wellness centers of similar size in Montgomery County, Maryland or in the surrounding Baltimore Washington Metropolitan area.
  - Contractor must show strong track record of completed affordable housing projects over the past five years utilizing Low Income Housing Tax Credits in Maryland.
  - Projected schedule to complete the development.
  - Demonstrate the financial capacity and stability to undertake the work. Contractor must demonstrate the ability to procure a one hundred percent (100%) Payment and Performance Bond for the project.

- Staff received responses from CBG Building Company ("CBG"), AECOM Tishman, Hensel Phelps, and Whiting-Turner. All four firms met the baseline qualifications outlined in the RFQ #2070 and were notified to participate in the second part of the selection process.

- On August 4, 2017, staff issued part two of the RFQ which solicited information regarding contractor's general conditions and fee structure, list of on-site project team members and their relevant experiences, means and methods of construction, and general contractors proposed breakdown of shared savings.

Executive Summary

- After issuing part two of the RFQ, AECOM Tishman and Hensel Phelps informed HOC that due to other contract obligations and the need to relocate key personnel to those projects, they will not be submitting responses.
- CBG Building Company and Whiting-Turner submitted qualified proposals on August 30, 2017. On September 7 and 8, 2017, staff conducted interviews with CBG Building Company and Whiting-Turner, respectively to further assess their qualifications.
- At the September 15, 2017 meeting of the Development and Finance Committee, staff reviewed the proposals from each firm and recommended the selection of Whiting-Turner as general contractor for the construction of EH III and SCRRAC based on the following criteria:
  - Whiting-Turner experience meets the needs of the development. During the interview, the assigned team members to the development demonstrated a clear and detailed understanding for the complexity of the mixed-used development utilizing an aquatic complex below the podium.
  - Lowest overall fee structure (based on a $120 million budget).
    - Fee: 3.35% versus 3.75% from CBG
    - General Conditions/P&P Bonds/Builder's Risk: 6.4% versus 7.0% from CBG
    - Pre-Construction Services: $160,000 compared to $107,102 from CBG
  - Developed a 32-month construction schedule based on means and methods to accommodate a complex development on a very tight site with limitations due to WMATA and CSX tracks.
  - $500 million bonding capacity per project and aggregate bonding capacity of $4 billion
  - Cost sharing incentive split of 75% to ownership and 25% to contractor.
  - Provide a waiver for fees and general conditions on the first $1M of change orders.
- Pre-Construction Services will be provided by Whiting-Turner during the predevelopment phase and prior to execution of the general contractor contract. Therefore, staff requests approval to increase the predevelopment budget by $160,000 to cover pre-construction costs with funding from the Opportunity Housing Reserve Fund ("OHRF"). Staff also requests approval for the Executive Director to execute a contract with Whiting-Turner for pre-construction for an amount not to exceed $160,000.

Qualification of General Contractors

CBG Building Company

- CBG, headquartered in Arlington, VA has been in business since 1992 and is the former multifamily arm of Clark Construction. CBG's professional construction team builds a diverse portfolio by geographic areas and product types, including luxury, mixed-use, and affordable housing apartments, as well as campus housing, military family communities, senior living facilities and public facilities. Since 1992, they have constructed more than 80,000 housing units.
- Leveraging its relationship with Clark Construction, CBG will combine efforts with Clark Construction to form a joint venture for the project. The Clark team brings together two of the region's largest multifamily builders, as well as the power of the region's largest general contractor.
- Relevant Projects
  - **Studio Plaza (Silver Spring, MD)** - an 11-story, 399-unit apartment building with 10,000 square feet of ground floor retail and a 475-space, below-grade parking garage - $87M
  - **City Center (Washington, DC)** – CityCenterDC is one of the largest urban redevelopment projects in the history of the District of Columbia. This 10-acre mixed-use mega-project boasts two high- end office buildings, two luxury apartment buildings, and two custom condominium buildings. Underground, a four-story, 1,500+ space parking garage runs beneath the entire footprint of the campus. Two stories of retail space surround the base of each of the six buildings, drawing in people from all over the city - $466M
  - **University of Maryland Eppley Recreation Center (College Park, MD)** – Four-story Campus Recreation Center with Indoor Aquatic Center The Campus Recreation Center at the University of Maryland at College Park consists of 240,000 gross square feet ("GSF") of building space and 29,000 GSF of outdoor pool and deck space. The primary focus of this four-story Campus Recreation Center is the indoor aquatic center, consisting of a 50-meter, eight-lane lap pool, and a 25-meter instructional pool. Two, one-meter and two, three-meter diving boards are featured in this venue. The indoor aquatic area provides fixed-spectator seating for 1,000, with concession and restroom facilities sized accordingly - $41M
  - **Montgomery College Bioscience Education Center (Germantown, MD)** – The three-story facility has a structural steel frame supporting composite metal decks and is wrapped in a high-performance masonry, aluminum panel, and curtain wall façade. The new facility's design focuses on applied laboratory skills relevant to the biotechnology industry. Teaching laboratories in the building are designed for biology, biotechnology, chemistry, ecology, genetics, and landscape technology. The building also houses group study rooms, a computer lab, offices, conference space, and a detached greenhouse - $61M

Qualification of General Contractors

Whiting-Turner

- Whiting-Turner, headquartered in Baltimore, MD with DC metro offices in Greenbelt, MD and Chantilly, VA has been in business over 108 years and is a privately held company. The volume of work performed in the DC Metro area is over $1.3 billion and $7 billion nationally. The firm has also completed over $500 million of construction in Montgomery County.

- Relevant Projects
  - **Goodwin House (Falls Church, VA)** – 287,000 SF, 106 unit, independent living tower and a 100,000 SF health and wellness center - $85M
  - **The George (Wheaton, MD)** - 200-unit apartment building with rooftop amenities and a 200-space below-grade parking garage, as well as renovations to a five-story office building, and the seven-story addition of structural steel framing - $26M
  - **MGM Casino & Hotel (National Harbor, MD)** - a new luxury resort with a casino, concert venue and hotel, is located on 23 acres near the Potomac River, including: 23-story, 234-room, 74-suite hotel, 18,000 SF of retail space, a spa and outdoor pool, 12 dining options with several celebrity chef restaurants, a conference center, a 5,000 SF parking garage, 125,000 SF casino with two bars and lounges, and a 3,000-seat concert theater – 1.4B
  - **Georgetown University Thompson Athletic Center (Washington, DC)** - A 135,000 SF, four-story academic building to support Georgetown University's athletic programs, including support spaces, two new practice courts, locker rooms, coaches offices, meeting rooms and lounge areas - $44M
  - **Ross Boddy (Sandy Spring, MD)** - 28,000 SF renovation of an 18,000 SF recreation center with a 10,000 SF addition, including new mechanical, electrical and life safety systems, new architectural, envelope and structural upgrades. The addition includes a new 7,000 SF gymnasium with a regulation sized basketball court, two cross courts, divider curtain and bleachers - $11M

Selection of General Contractor

RFQ# 2070 Part I General Contractor Qualification

All four responses received were considered responsive and prequalified, based on the minimum qualification threshold of 80 points. The scoring team (consisting of staff from Property Management, Finance and Real Estate Development) reviewed the responses for Part I and Part II.

RANK	General Contractor	Experience with Government Agencies and Housing Authorities (in DC Metro Area) (20%)	General Contractor Qualifications (30%)	Estimated delivery schedule (25%)	Financial Strength (10%)	Proposed Team (15%)	Total AVG. (1)
1	Whiting-Turner	20.0	29.3	23.7	10.0	14.0	**97.0**
2	AECOM Tishman	19.7	29.3	23.3	10.0	14.3	**96.0**
3	CBG Building Company	18.3	29.7	22.7	9.3	14.3	**94.3**
4	Hensel Phelps	17.0	30.0	22.7	9.7	13.3	**92.7**

(1) Evaluated by: Property Management, Finance and Real Estate Development

**Minimum of 80 points are required to be prequalified.*

Selection of General Contractor

RFQ #2070 –Part II Fees, Means and Methods, Project Team, and Cost Sharing

RANK	General Contractor	Genera l Conditions and Fees (35%)	Project Team and Experience (30%)	Means and Methods (20%)	Cost Sharing (10%)	Total AVG. (1)
1	Whiting-Turner	32.3	28.0	24.0	10.0	**94.3**
2	CBG Building Company	31.7	28.7	23.7	9.0	**93.0**

(1) Evaluated by: Property Management, Finance and Real Estate Development

Final Combined Scores

General Contractor	Part I	Part II	Final Score
Whiting-Turner (Recommended)	**97.0**	**94.3**	**95.65**
CBG Building Company	94.3	93.0	93.65

Summary and Recommendations

Issues for Consideration

Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve the selection of Whiting-Turner as general contractor for the construction of Elizabeth House III and the South County Regional Recreation and Aquatic Center ("SCRRAC") and authorize the Executive Director to enter into contract negotiations?

Does the Commission wish to approve an increase of $160,000 to the predevelopment budget for pre-construction services with funding from the OHRF?

Does the Commission wish to authorize the Executive Director to execute a contract with Whiting-Turner for pre-construction services in an amount not to exceed $160,000?

Time Frame

Action at the October 4, 2017 meeting of the Commission.

Budget/Fiscal Impact

There is no adverse impact for the Agency's FY 2018 operating budget. Funding for pre-construction services of $160,000 will reduce the unobligated balance in the OHRF to $8,659,058 as of September 29, 2017.

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee to approve the selection of Whiting-Turner as general contractor for the construction of Elizabeth House III and the South County Regional Recreation and Aquatic Center ("SCRRAC") and authorize the Executive Director to enter into contract negotiations.

Staff also recommends that the Commission approve an increase of $160,000 to the predevelopment budget for pre-construction services with funding from the OHRF and authorize the Executive Director to execute a pre-construction services contract with Whiting-Turner for an amount not to exceed $160,000.

Staff will return for approval of the final contract and authorization for the Executive Director to execute the general contractor contract with Whiting-Turner when fully negotiated and construction numbers are firm.

RESOLUTION No.: 17-68 **RE: APPROVAL TO SELECT WHITING-TURNER AS GENERAL CONTRACTOR, AUTHORIZATION FOR EXECUTIVE DIRECTOR TO NEGOTIAGE A CONTRACT FOR THE ELIZABETH HOUSE III AND THE SOUTH COUNTY REGIONAL RECREATION AND AQUATIC CENTER ("SCRRAC") TRANSACTION AND AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO EXECUTE A CONTRACT WITH WHITING-TURNER FOR PRE-CONSTRUCTION SERVICES**

WHEREAS, Elizabeth Square is a 136,032 sq. ft. parcel located in downtown Silver Spring, bounded by Fenwick Street to the north, Second Avenue to the east, WMATA Rail Lines to the west and Apple Street to the south and consists of three discrete properties: Alexander House, owned by Alexander House Development Corporation and Alexander House Limited Partnership (combined as "Alexander House"); Elizabeth House, owned by the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), and Fenwick Professional Park owned by Acorn Storage No. 1, LLC a subsidiary of Lee Development Group (LDG) subject to a Master Lease to Elizabeth House III Limited Partnership, Elizabeth House III LLC and EH III Recreational Center, LLC; and

WHEREAS, the Elizabeth House III ("EH III") development includes 267 residential units, of which 120 units will be set aside as affordable units in conformance with the Rental Assistance Demonstration and the Low Income Housing Tax Credit programs, a South County Regional Recreation and Aquatic Center ("SCRRAC") totaling 120,000 square feet to be operated by Montgomery County Department of Recreation, and a 7,500 square feet Senior Resource Center/Primary Care Facility to be operated by Holy Cross Hospital (collectively the "Development"); and

WHEREAS, the revised Sketch Plan, Preliminary Plan, and Site Plan for Elizabeth Square was submitted to the Maryland National Capital Park and Park and Planning Commission in July 2017 with approval projected for November 2017; and

WHEREAS, a permit set of architectural drawings for the Development was completed on September 15, 2017; and

WHEREAS, in preparation for the closing of the construction financing and the start of the construction of the Development in early 2018, staff solicited proposals for general contractor services in two parts; first, pursuant to a request for qualifications ("RFQ") issued on May 26, 2017 to create a pool of qualified firms and second, on August 4, 2017 via a request for proposal ("RFP") #2070 solicited from among the firms qualified through the RFQ process; and

WHEREAS, four firms (CBG Building Company, AECON Tishman, Hensel, Phelps, and Whiting-Turner) submitted proposals and were evaluated based on the qualification criteria in the RFQ and were added to the pool in consideration for part two; and

WHEREAS, after issuing part two of the RFQ, AECOM Tishman and Hensel Phelps informed HOC that due to other contract obligations and the need to relocate key personnel to those projects, they would not submit a response; therefore, staff proceeded to evaluate the two remaining firms and assigned final scores based on part two of the process, which when combined with part one scores resulted in final scores of 95.65% for Whiting-Turner and 93.65% for CBG Building Company; and

WHEREAS, the terms of a general contractor contract are still to be negotiated and the proposed General Contractor must present final construction cost numbers to be incorporated in the final contract for approval when presented to the Commission in the first quarter of 2018; and

WHEREAS, prior to presenting the final terms of a general contract to the Commission, pre-construction services are required and included in Whiting-Turner's proposal to cost of $160,000, which staff is requesting to be funded from the Commission's Opportunity Housing Reserve Fund as a loan to the Development, thereby increasing the approved predevelopment budget by said amount.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves the selection of Whiting-Turner as General Contractor for the construction of Elizabeth House III and the SCRRAC and authorize the Executive Director to enter into contract negotiations.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves an increase in predevelopment funding of $160,000 as a loan to the Development from the Opportunity Housing Reserve Fund to cover pre-construction services by Whiting Turner, which will be repaid from proceeds of the construction financing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the Executive Director to execute a contract for pre-construction services in amount not to exceed $160,000.

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

I HEREBY CERTIFY that the foregoing Resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular meeting on October 4, 2017.

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Patrice M. Birdsong
Special Assistant to the Commission

Legislative and Regulatory Committee

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Shauna M. Sorrells Division: Legislative & Public Affairs Ext. 9461

RE: Approval of 2018 – 2022 Strategic Plan

DATE: October 4, 2017

STATUS: **Consent ____ Deliberation __X__ Status Report _____ Future Action _____**

OVERALL GOAL & OBJECTIVE:

To obtain Commission approval of 2018 – 2022 HOC Strategic Plan.

BACKGROUND:

HOC's most recent strategic plan ended coterminous with fiscal year 2017. HOC embarked on its 2018 - 2022 strategic planning process in February, 2017. The prior strategic plan, covering 2013 – 2017, challenged HOC to reimagine how it serves Montgomery County by focusing on its impact as a real estate company. Beyond housing, the entire agency rededicated itself to a higher standard of excellence.

Building on that success, the 2018 - 2022 Strategic Plan charts HOC's organizational vision; establishes priorities; and aligns limited, invaluable resources over the next five years. Periodically re-assessing the agency's vision for itself and priorities ensures that its business model evolves, as appropriate, given environmental context and the changing needs of Montgomery County's most vulnerable residents.

HOC attempted to build a process that captured the knowledge and expertise across the agency as well as reflects the policy priorities of Commissioners. The agency began the review and revision of its Strategic Plan with a data walk designed to illicit input from all staff. In March, staff convened retreats with executive and management staff. An additional one-day retreat was held with Commissioners as well.

HOC intends to be nothing less than transformational in the affordable housing space. As we renew our strategic vision, we are clear about our mission and our core identity. At HOC, **We Are HOUSERS**. Everything we do and every person in this agency is focused on just three things:

- Getting People Housed

- Keeping People Housed, and
- Helping Customers Reach Their Fullest Potential

Toward that end, the 2018 – 2022 Strategic Plan establishes three measurable goals that will be reported on annually. We believe the metrics provide an answer, in its simplest form, to the question: "How do we know we are successful?" Those goals are as follows:

1. Expand the supply of affordable housing within the county by 1,000 units by 2022,
2. Increase housing stability for vulnerable populations by offering service connections and counseling services for 100% of vulnerable households identified as "At Risk" of losing their housing, and
3. Increase participation in Adult Education, Workforce Development and Youth Education and Enrichment programs by 30%, touching 1,300 households annually

ISSUES FOR CONSIDERATION:
Does the Commission wish to approve the 2018 – 2022 Strategic Plan included herein?

TIME FRAME:
For Commission action at the October 4, 2017 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends that the Commission approve the 2018 – 2022 Strategic Plan.

RESOLUTION NO.: 17-69 **RE: Approval of 2018 – 2022 Strategic Plan**

WHEREAS, the Housing Opportunities Commission of Montgomery County regularly reviews and revises its Strategic Plan; and

WHEREAS, Housing Opportunities Commission staff built a process that captured the knowledge and expertise across the agency that reflects policy priorities of Commissioners; and

WHEREAS, the Commissioners convened in retreat to discuss the 2018 -2022 Strategic Plan prepared by the Agency's senior staff and directed staff to modify the draft according to results of the retreat; and

WHEREAS, the Housing Opportunities Commission intends to be nothing less than transformational in the housing space, and has renewed the vision and priorities of the agency, as appropriate, to ensure we get people housed, keep people housed, and help customers reach their fullest potential throughout Montgomery County.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the 2018 – 2022 Strategic Plan is approved.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission on October 4, 2017.

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Patrice M. Birdsong
Special Assistant to the Commission

Housing Opportunities Commission
OF MONTGOMERY COUNTY

We Are HOUSERS

STRATEGIC PLAN 2018-22

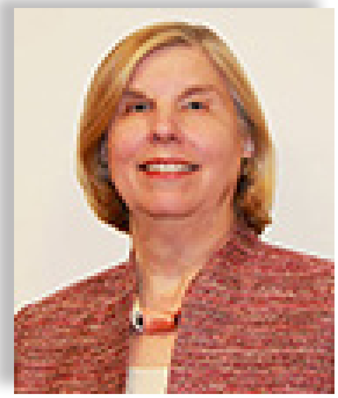
Jackie Simon,
Chair

Christopher Hatcher,
Vice Chair

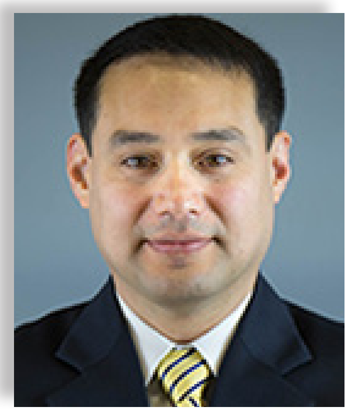
Richard Nelson,
Chair Pro Tem

Pamela Byrd

Linda Croom



Margaret McFarland



Edgar Rodriguez

Photos to be updated

EXECUTIVE STAFF

Stacy L. Spann,
Executive Director

Kayrine Brown,
Chief Real Estate Investment Officer

Nowelle Ghahhari,
General Counsel

Shauna M. Sorrells,
Director of Legislative and Public Affairs

Lynn Hayes,
Director of Housing Resources

Fred Swan,
Director of Resident Services

Ian Williams,
Chief Technology Officer

Arthur Tirsky,
Director of Maintenance Services

Gail Willison,
Chief Financial Officer

Patrick Mattingly,
Director of Human Resources

Photos to be updated

MESSAGE FROM THE CHAIR AND EXECUTIVE DIRECTOR

Five years ago, the Housing Opportunities Commission of Montgomery County looked across the landscape of affordable housing needs and set a path forward. We set out to innovate, deeply invest in our communities, and reinvent our approach to housing and service delivery. The strategic priorities we set for the agency proved both beneficial and prescient.

Because of our work, HOC is more resilient as the agency continues to confront uncertain federal budgets and increasing housing needs. We leveraged every opportunity and resource to improve housing quality and create desirable, amenity rich, mixed income communities at a range of affordability levels. At every turn, serving Montgomery County's most vulnerable residents remains at the center of our work.

Being clear about our mission, as an agency knowing who we are at our core, enables HOC to measure success. By the end of 2018, Montgomery County will realize net-new, community connected, amenity rich, transit oriented, inclusive, affordable housing in Chevy Chase. By 2020 HOC, in partnership with Montgomery County Recreation Department, will deliver 267 new affordable senior units and premier community resources as part of Elizabeth Square's Phase II redevelopment, including a world-class regional aquatic and recreation center in Silver Spring, Maryland. These communities are at the vanguard of what it means to create inclusive, community-connected housing that fosters interaction and brings people together.

Over the last five years, HOC has invested over $230 million dollars toward repositioning its real estate assets in service to our customers. In doing so, the agency increased the supply of affordable housing in Montgomery County and reduced the average age of our housing portfolio from 43 to 14 years – enhancing quality and preserving affordability for many years to come.
As a result, we made Montgomery County's affordable housing infrastructure more durable as we also moved toward more stable federal funding streams. At the same time, HOC preserved our ability to provide deeply affordable housing at levels that can only be achieved through federal subsidies.

HOC found innovative ways to invest in our housing portfolio, create real jobs in the county, enhance the quality of affordable housing and won national recognition for having done so. At the culmination of our 2013 – 2017 Strategic plan, the National Association of Local Housing Finance Agencies (NALHFA) presented HOC with its *Innovation in Multi-Family Finance Award.* Receiving NALHFA's award as we create a vision for the future affirms two things. First, the strategies laid out in HOC's 2013 – 2017 Strategic Plan successfully moved HOC's mission forward and should be continued. Second, as we continue to innovate we must remain clear about our organization's mission.

HOC's pace and entrepreneurial spirit over the past five years, at times, challenged perceptions of what type of organization HOC is becoming. As an agency, we entered new Public/Private partnerships, reinforced our relationships with key stakeholders including the County Executive, the County Council and the Department of Housing and Community Affairs (DHCA). As an agency, HOC pushed the boundaries of affordable housing development, and aggressively pursued efforts to expand the affordable supply in Montgomery County.

HOC intends to be nothing less than transformational in the affordable housing space. As we renew our strategic vision, we are clear about our mission and our core identity. At HOC, **We Are HOUSERS**. Everything we do and every person in this agency is focused on just three things:

- **Getting People Housed**
- **Keeping People Housed, and**
- **Helping Customers Reach Their Fullest Potential**

At HOC, we are creating a performance measurement culture and will track our progress towards achieving our goals, and when necessary, fine-tune our approach Our vision is to ensure amenity rich, community connected housing for all of Montgomery County's residents. As we update our Strategic Plan, what remains true is that no matter how we innovate, our identity as Housers remains constant.

Bold and deliberate action is necessary to reach HOC's vision and to preserve affordable housing in one of the nation's most desirable communities. With steady and strong Commission leadership; committed staff; the help of our partners; and a mission-driven, entrepreneurial spirit we look forward to providing the highest quality service to Montgomery County for many years to come.

VISION

Our vision is that everyone should live with housing dignity. At HOC we believe this can be achieved by ensuring amenity rich, community connected housing for all of Montgomery County's residents where all people can reach their fullest potential. We believe supportive programs, delivered through mission-aligned partnerships, help our customers improve their economic status, remain stably housed and reach the goals they hold for themselves and their families.

MISSION

The Mission of the Housing Opportunities Commission is to provide affordable housing and supportive housing services that enhance the lives of low- and moderate-income families and individuals throughout Montgomery County, Maryland so that:

- No one in Montgomery County lives in substandard housing;
- We strengthen families and communities as good neighbors;
- We establish an efficient and productive environment that fosters trust, open communication and mutual respect; and
- We work with advocates, providers and community members to maintain support for all the work of the Commission.

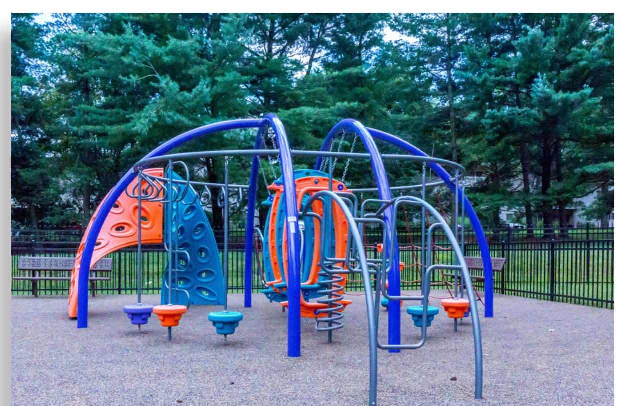
WHAT IS COMMUNITY CONNECTED HOUSING?

As the county's largest affordable housing developer and provider, HOC has an obligation to incorporate best practices into our work. We support our customers best by creating mixed-income Community- connected Community-connected Housing exists in "healthy" neighborhoods with strong employment, educational and recreational access as well as environmental amenities. Creating neighborhoods and services that encourage and cultivate social interaction between neighbors rather than isolating vulnerable households within pockets of poverty is an essential feature of best-in-class community planning and mixed-income development

This is one of the philosophies that guides HOC's real estate investment strategy. When deciding where to place affordable housing, HOC looks to neighborhoods that have as many essential assets as possible, namely:

- **Strong Schools and Education**
- **Employment Access**
- **Transportation**
- **Recreation**
- **Diverse Housing Options**
- **Social Supports**
- **Food Access**
- **Community Organizations**
- **Green Spaces**
- **Commercial Spaces for Local and Small Businesses**

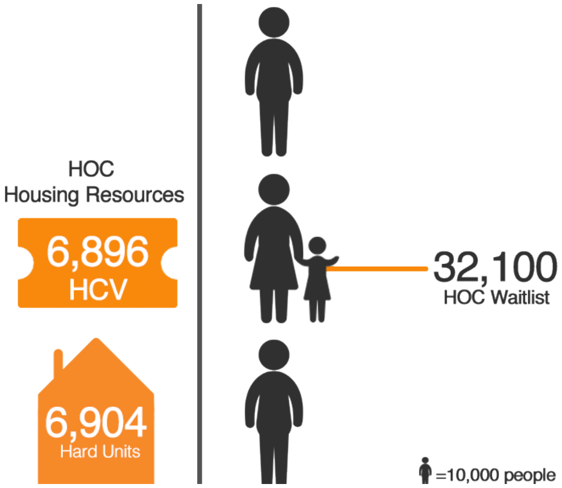
In order to achieve the goals for one's family, it is critical to live in places with easy access to transportation, great schools, good jobs, friendly neighbors and recreation opportunities – parks for kids, trails and bike paths that encourage healthy lifestyles. While we understand that not every neighborhood can have every resource, HOC relies on partnerships with organizations that are willing and able to align with HOC's vision.



We are HOUSERS

Over the last five years, HOC's affordable housing development and investment activity has been aggressive. However, we know that more is required if Montgomery County is going to meet a greater share of need for the nearly 32,100 low-income households on HOC's active wait list. These households are vying for access to HOC's 13,800 HOC housing opportunities.

We know these numbers reflect the affordable housing gap because everyone on the list confirms their continued need every year. Unlike communities across the country that close their wait list, HOC believes the risk of not keeping the information current is too great.
Without real time information about affordability gaps, HOC could fail to accurately assess current housing needs.
Allowing the data to become outdated also creates avoidable inefficiencies in getting people housed. After only one year, HOC has seen its lease call-up success rate increase from 35% to 67% since implementation of the new HousingPath wait list was implemented.



Closing the affordability gap for low and moderate-income renters in the county is becoming more urgent as the county tries to preserve and expand its supply of affordable units. In order to afford a modest 2-bedroom unit in Montgomery County, a household has to earn $33.58 an hour or nearly $70,000 a year! By comparison, HOC's Housing Choice Voucher program serves households with an average annual income of nearly $19,000 - that's around full-time minimum wage earnings. It should be noted this average includes customers who may be disabled or elderly and served by the program.

Montgomery County Facts	
Minimum Wage	$10.75
Average Renter Wage	$20.06
2-Bedroom Housing Wage at FMR	$33.58
Number of Rental Households	123,581
Percent Total Household Rentals	34%

Affordable housing helps close the gap for low-wage earners, elderly and disabled county residents. HOC works to meet their housing needs using every tool we have at our disposal. That means building units at a range of affordability, using federal programs to provide deep rental subsidy, helping families increase their employment prospects through training and education, and helping those who are able become homeowners.

HOC also issues bonds to help other non-profit and other developers expand affordable housing opportunities in the county. By being adaptable, HOC meets county citizens where they are along the spectrum of affordable housing needs. As Maryland's largest population center and one of its strongest economic engines, Montgomery County is a community with low unemployment and strong public schools – both indicators of greater housing demand in the future. HOC plans to be ready for the challenges ahead.

Getting People Housed means...

...**remaining diversified in our strategies to meet the range of affordable housing needs that exist within Montgomery County.** HOC does not just build mixed income housing; we build communities. As an agency, we work to expand and preserve the affordable housing supply through our own development activity as well as by providing financing vehicles to support mixed income affordable housing development by other non-profit organizations and private developers.

HOC will **increase** the supply of affordable units in **Montgomery County** through development, financing, maximizing **federal resources** and **advocacy** at the **Federal, state** and **local** level.

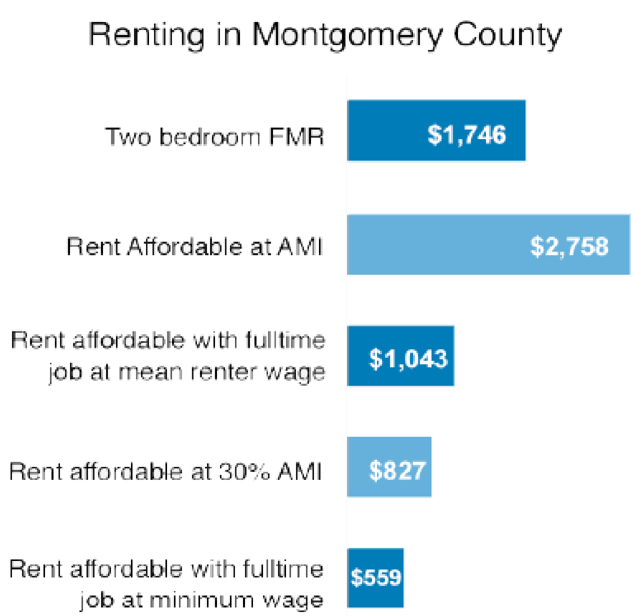
HOC also provides both federally subsidized and unsubsidized affordable housing units in our properties As an agency, we work closely with our partners at the DHCA to maximize Montgomery County's affordable housing resources. In addition, HOC supports homeownership with its mortgage and down payment assistance programs for moderate-income households who are ready to make the leap into the American Dream of ownership – many, but not all, of whom "graduate" from HOC's rental assistance housing programs.

Keeping People Housed means...

...not only ensuring HOC units are maintained to the highest standards and that customers are able to navigate our programs and service offerings successfully, but that people remain connected to their homes. Once an HOC customer is housed, keeping them connected to their home and the community becomes our priority. Some of HOC's most vulnerable customers, many of whom may be disabled or elderly, require additional resources to remain in their housing.

HOC will provide every **high-risk** customer with **assessment and service coordination** in an attempt to stem **housing loss** and keep our most vulnerable customers **connected** to housing **and their community**.

HOC must quickly identify customer risk factors and works to disrupt patterns and behaviors that could jeopardize continued housing stability. HOC accomplishes this through: 1)case management, 2)facilitating appropriate service connections, and 3)providing financial literacy and budget counseling. HOC recognizes that we cannot always resolve every situation that our customers face. However, we will make every effort to connect vulnerable citizens to available community services and resources.



*Source: National Low Income Housing Coalition Out of Reach Report 2017

Helping Customers Reach Their Fullest Potential means...

...providing robust workforce and education enrichment programming for adults and youth, supporting their movement along the self-sufficiency continuum. While HOC targets much of its case management resources to the benefit of our most vulnerable customers, the agency also creates strategic partnerships with Montgomery College, workforce development programs and local non-profit service providers. Several of our vendor partners go a step further to align their resources to support HOC's mission such as vendors who regularly conduct construction training courses for HOC customers looking to enhance their job skills. In 2017, HOC partnered to start a summer internship opportunity for HOC college students seeking real world business experience.

We don't intend to stop here. To expand our reach to low- and moderate-income customers, HOC will no longer wait to offer enrichment or supportive services. Going forward, HOC will provide online training access to people on our wait list as well as other training opportunities where funding permits.

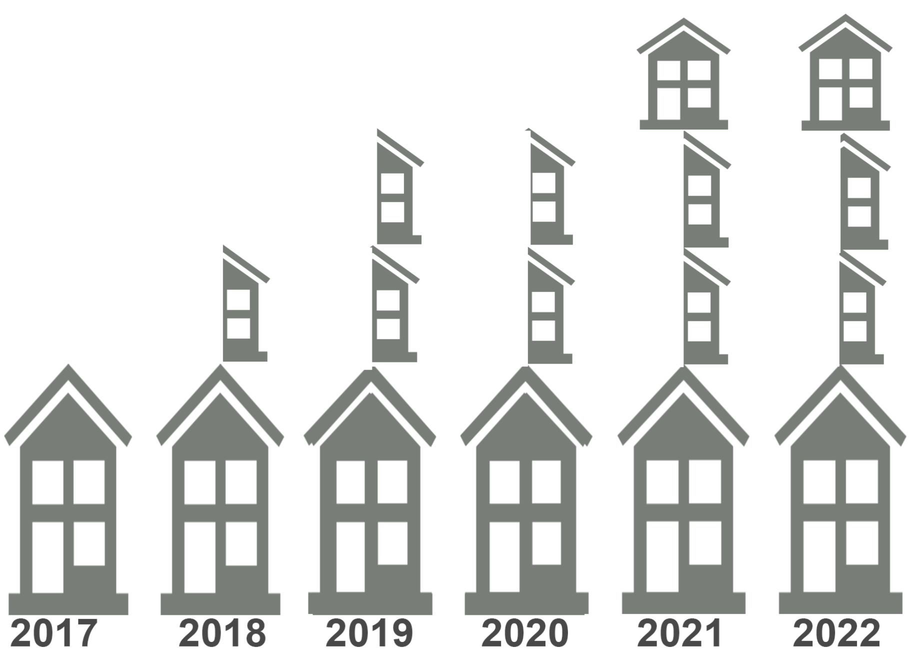
HOC will extend **enrichment** and **supportive** services beyond the **13,800 households** served by our current housing programs to some of the nearly **32,100 households** on our **HousingPath wait list by making training available online**.

Getting People Housed

- Maximize the number of households served by the Housing Choice Voucher program
- Expand the supply of affordable housing by developing Community-connected Housing
- Increase the number of affordable units in HOC's portfolio through development, redevelopment and acquisition
- Preserve the current supply of affordable housing units through acquisition as well as investing in HOCs current portfolio to ensure units are not lost to obsolescence or disrepair
- Increase the number of affordable units developed in the county by supporting the development of non-HOC owned affordable units through bond-issuances
- Increase the number of mortgages provided to Montgomery County residents
- Advocate for additional housing resources and supportive policies sent within the county through Housing Choice Vouchers, Tax Credits and other affordable housing tools

Expand the supply of **affordable housing** within the county by **1,000 units** by **2022**

Unit Count by 2022
14,800



Unit Count 2017
13,800

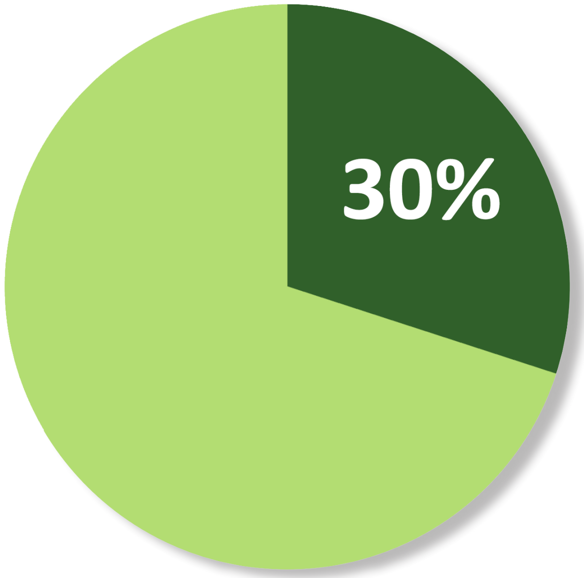
Keeping People Housed

- Conduct assessments for every HOC customer identified as “at-risk” for termination to assess supportive service needs and appropriate intervention alternatives
- Develop and implement an early intervention system that identifies and offers services to all elderly and disabled residents who are at-risk for eviction and/or termination
- Implement new initiatives that expand housing assistance for vulnerable populations
- Strengthen our partnership with Montgomery County Department of Health and Human Services (DHHS)
- Explore data sharing agreement with key service providers, including DHHS, to facilitate access to physical and mental health services and intervention among shared clients

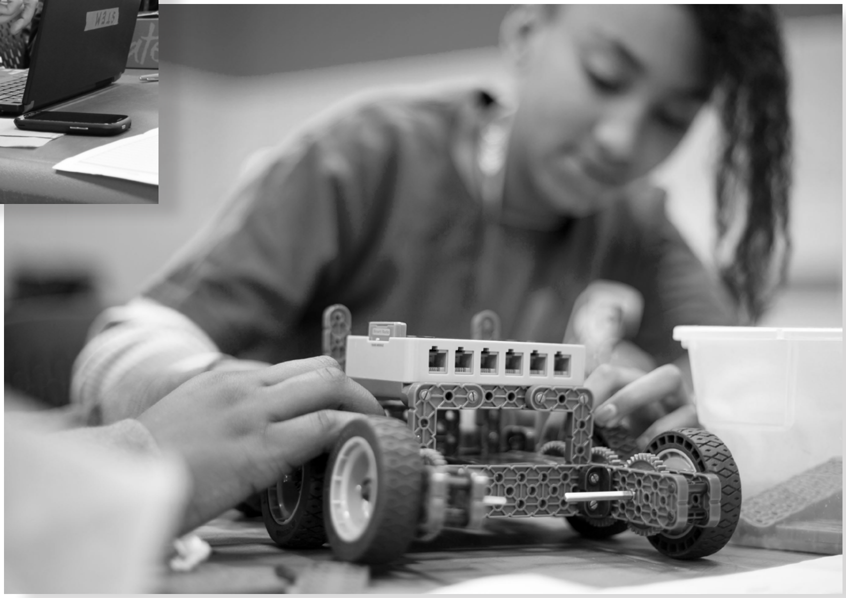
***Increase** housing **stability** for vulnerable populations by offering service **connections** and **counseling** services for **100%** of vulnerable households identified as **“at risk”** of losing their housing*

Helping Customers Reach Their Fullest Potential

- Expand participation in the Family Self Sufficiency Program among HCV customers
- Develop strategic partnerships with employers to create a Job Pipeline for HOC customers who successfully complete employment and other education based training programs
- Expand the number of internet based training programs available to persons on the HOC HousingPath wait list
- Extend recruitment for Workforce Development, Adult Education and youth education enrichment services to customers on the HOC HousingPath wait list where appropriate and resources are available



Increase participation in **Adult Education, Workforce Development** and **Youth Education** and **Enrichment programs** by **30%**, touching **1,300** households annually



STRATEGIC GOALS

Housing Opportunities Commission
OF MONTGOMERY COUNTY

INFORMATION EXCHANGE

Adjourn