

EXPANDED AGENDA

March 7, 2018

		<u>*Res #</u>
3:00 p.m.	<u>Annual Meeting and Com. Christopher Hatcher's Farewell Reception</u>	
4:00 p.m.	<u>Annual Meeting</u> <ul style="list-style-type: none"> • Housing Honor Roll Awards • Special Recognition Awards • Year in Review 	
4:45 p.m.	I. <u>CONSENT ITEMS</u>	
Page 04 18	A. Approval of Minutes of February 7, 2018 B. Approval of Varun Dhawan and Keneisha Roberts to the Board of Directors of The Housing Opportunities Community Partners, Inc.	18-15 (pg. 22)
4:50 p.m.	II. <u>INFORMATION EXCHANGE</u>	
Page 23 28	A. Report of the Executive Director B. Calendar C. Commissioner Exchange D. Resident Advisory Board E. Community Forum	
	III. <u>ADMINISTRATIVE AND SPECIAL SESSION RATIFICATIONS</u> None	
5:10 p.m.	IV. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u>	
Page 33 49 57 61	A. Budget, Finance and Audit Committee – Com. Nelson, Chair <ol style="list-style-type: none"> 1. Acceptance of Second Quarter FY'18 Budget to Actual Statements 2. Approval of FY'18 Second Quarter Budget Amendment 3. Approval of CY'18 First Quarter Budget Amendment 4. Approval to Extend the \$60 Million PNC Bank Line of Credit and the \$90 Million Real Estate Line of Credit (RELOC) to Finance Commission Approved Actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, Ambassador Apartments, and Avondale Apartments 	18-16 (pg. 42) 18-17 (pg. 54) 18-18 (pg. 60) 18-19 (pg. 65)
67	B. Legislative and Regulatory Committee – Com. Byrd, Chair <ol style="list-style-type: none"> 1. Authorization to Implement Voucher Payment Standards Based on HUD FY 2018 Small Area Fair Market Rents 	18-20 (pg. 73)
5:25 p.m.	V. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u>	
	1. None	
	VI. <u>*FUTURE ACTION ITEMS</u>	
	VII. <u>INFORMATION EXCHANGE (continued)</u> A. Community Forum	
	VIII. <u>NEW BUSINESS</u>	
	IX. <u>ADMINISTRATIVE SESSION FINDINGS</u>	
5:30 p.m.	<u>ADJOURN</u>	

5:30 p.m.	<u>DEVELOPMENT CORPORATION MEETING</u>	
Page 85	Chevy Chase Lake Development Corporation <ul style="list-style-type: none"> Approval to Accept Extension of HOC \$60 Million Line of Credit 	18-001 _{CCL} (pg. 88)
	<u>ADJOURN</u>	
5:40 p.m.	X. <u>ADMINISTRATIVE SESSION</u> <i>This Administrative Session will be called to order pursuant to Section 3-305(b)(3)(Real Estate), and (5)(consider the investment of public funds)</i>	

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.

Consent Items

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

February 7, 2018

18-02

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, February 7, 2018 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:05 p.m. Those in attendance were:

Present

Jackie Simon, Chair
Richard Y. Nelson, Chair Pro Tem
Pamela Byrd
Edgar Rodriguez

Absent

Margaret McFarland
Linda Croom

Also Attending

Stacy L. Spann, Executive Director
Marcus Ervin
Arthur Tirsky
Zachary Marks
Ethan Cohen
Melody Stanford
Fred Swan
Ugonna Ibebuchi
Jim Atwell
Ali Khademian
Victoria Dixon
Natalie Craver

Nowelle Ghahhari, General Counsel
Patrick Mattingly
Sherraine Rawlins
Shauna Sorrells
Kayrine Brown
Ellen Goff
Pedro Martin
Lauren Jackson
Garrett Jackson
Nicole Davis
Francisco Vega
Ian Williams

Resident Advisory Board

Yvonne Caughman, Vice President

IT Support

Irma Rodriguez
Gabriel Taube

Guest

Marta Melgar

Guest Cont'd

David Rotenstein
Lynn Pekkanen
Kevin Berenoc, No Fear Institute
Marsha Adebayo, Macedonia Baptist Church

Commission Support

Patrice Birdsong

Chair Jackie Simon made a slight adjustment to the meeting Agenda allowing Community Forum to begin at 4:05 p.m. Allowing guest who wanted to address the Board and opportunity to do so prior to the regular business meeting.

I. INFORMATION EXCHANGE

A. Community Forum

- Marta Meger addressed the Board with her continue issue of harassment from her neighbors. Bonnie Hodge, Assistant Director of Housing Resources was asked to assist.
- Individual members with the Macedonia Baptist Church group were given an opportunity to address the Board. They were as follows: David Rotenstein, Lynn Pekkanen, Kevin Berenoc, No Fear Institute, Marsha Adebayo, Macedonia Baptist Church

Election of Officers

Mr. Spann opened the floor at 4:30 p.m. for the election of the 2018 officers.

A motion to nominate Commissioner Jackie Simon to continue serving as Chair was made by Richard Y. Nelson, Jr., Commissioner Jackie Simon nominated Richard Y. Nelson, Jr., as Vice Chair, and Edgar Rodriguez as Chair Pro Tem. The nominations were unanimous. There were no other nominations, the officers were unanimously elected – Jackie Simon, Chair; Richard Y. Nelson, Jr., Vice Chair; and Edgar Rodriguez, Chair Pro Tem. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, and Byrd. Commissioners McFarland and Croom were necessarily absent and did not participate in the vote.

B. Executive Director Report

- Executive Director Spann reported that there was nothing additional to add to his written report.

At 4:35 p.m. the Board recessed Business meeting due to interruption/outburst from the Macedonia Baptist Church group during the Election of Officers and the Executive Director's report.

Meeting reconvened at 4:40 p.m.

C. Commissioner Exchange

- No reports

D. Resident Advisory Board

- Ms. Caughman reported Resident Advisory Board activities. The Mortgage Finance/Real Estate Division would be presenting the RAB during the February 26, 2018 meeting. She announced that the IT Department has been working with them to update the webpage.

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

II. CONSENT ITEMS

- A. Approval of Minutes of January 10, 2018 regular meeting** - The minutes were approved as submitted.
- B. Approval of Minutes of January 10, 2018 Administrative Session** – The minutes were approved as submitted.
- C. Approval of Minutes of January 31, 2018 Administrative Session** – The minutes were approved as submitted.
- D. Approval of Minutes of February 6, 2018 Administrative Session** – The minutes were approved as submitted.

III. ADMINISTRATIVE AND SPECIAL SESSION RATIFICATIONS

- A. Ratification of Action Taken in Administrative Session on January 10, 2018:
Authorization to Form a New Entity for The Acquisition of an Existing Multifamily Development**

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

RESOLUTION No.: 18-07R

RE: Approval to Form a New Entity for the Acquisition of an Existing Multifamily Development

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing

Authorities Law, is authorized thereby to effectuate the purpose of providing affordable housing, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

WHEREAS, at a closed Administrative Session duly called and held on January 10, 2018, with a quorum present, the Commission duly adopted Resolution 18-07AS authorizing the formation of a new entity for the acquisition of an existing multifamily development; and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 18-07AS and any action taken since January 10, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-07R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**B. Ratification of Action Taken in Administrative Session on January 10, 2018:
Approval to Add Ten (10) Additional Rental Assistance Demonstration (“RAD”)
Vouchers to a New Multifamily Development; and Approval for Conditional
Investment in a New Multifamily Development**

The following resolutions were adopted upon a motion by Commissioner Byrd and seconded by Vice Chair Nelson. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, and Byrd. Commissioners McFarland and Croom were necessarily absent and did not participate in the vote.

RESOLUTION NO.: 18-08R

**RE: Approval to Add Ten Additional
Rental Assistance Demonstration
Vouchers to a New Multifamily
Development**

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

WHEREAS, at a closed Administrative Session duly called and held on January 10, 2018, with a quorum present, the Commission duly adopted Resolution 18-08AS authorizing the placement of ten additional Rental Assistance Demonstration (“RAD”) Vouchers at a new multifamily development; and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 18-08AS and any action taken since January 10, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-08R and subsequent actions taken in relation thereto, are hereby ratified and affirmed.

RESOLUTION NO.: 18-09R

RE: Approval for Conditional Investment in a New Multifamily Development

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

WHEREAS, at a closed Administrative Session duly called and held on January 10, 2018, with a quorum present, the Commission duly adopted Resolution 18-09AS authorizing conditional investment in a new multifamily development; and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 18-09AS and any action taken since January 10, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-09R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**C. Ratification of Action Taken in Administrative Session on January 31, 2018:
Approval to Temporarily Increase the PNC Lines of Credit to Fund the Acquisition of an Existing Multifamily Development**

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

RESOLUTION NO.: 18-10R

RE: Approval to Temporarily Increase the PNC

Lines of Credit to Fund the Acquisition of an Existing Multifamily Development

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

WHEREAS, at a closed Administrative Special Session duly called and held on January 31, 2018, with a quorum present, the Commission duly adopted Resolution 18-10AS authorizing the temporary increase of the PNC Lines of Credit in order to fund the acquisition of a multifamily development; and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 18-10AS and any action taken since January 31, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-10AS Resolution and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

D. Ratification of Action Taken in Administrative Session on January 31, 2018: Approval to - a) Complete the Acquisition of an Existing Multifamily Development; b) to Fund the Acquisition, and c) to Select a Management Company for the Development; and Approval to Draw on the PNC Lines of Credit to Fund the Acquisition of an Existing Multifamily Development

The following resolutions were adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, and Byrd. Commissioner McFarland and Croom were necessarily absent and did not participate in the vote.

RESOLUTION NO.: 18-11R

RE: Approval to a) Complete the Acquisition of an Existing Multifamily Development, b) to Fund the Acquisition, and c) to Select a Management Company for the Development

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing

Authorities Law, is authorized thereby to effectuate the purpose of providing affordable housing, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

WHEREAS, at a closed Administrative Special Session duly called and held on January 31, 2018, with a quorum present, the Commission duly adopted Resolution 18-11AS authorizing the completion of the acquisition of a multifamily development, funding the acquisition, and selecting a management company for the development; and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 18-11AS and any action taken since January 31, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-11R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

RESOLUTION No.: 18-12R

**RE: Approval to draw on the PNC Lines of Credit
to fund the acquisition of an existing
multifamily development**

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

WHEREAS, at a closed Administrative Special Session duly called and held on January 31, 2018, with a quorum present, the Commission duly adopted Resolution 18-12AS authorizing draws on the PNC Lines of Credit in order to fund the acquisition of a multifamily development; and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 18-12AS and any action taken since January 31, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-12R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**E. Ratification of Action Taken in Administrative Session on February 6, 2018:
Approval to Advance Funds from Various Commission Sources on an Interim Basis,
Prior to the Availability of Increased Funding on the PNC Bank, N.A. Lines of Credit,
to Enable the Acquisition of an Existing Multifamily Development**

The following resolutions were adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, and Byrd. Commissioner McFarland and Croom were necessarily absent and did not participate in the vote.

RESOLUTION NO.: 18-14R

**RE: Approval to Advance Funds from Various
Commission Sources on an Interim Basis, Prior
to the Availability of Increased Funding on the
LPNC Bank, N.A. Lines of Credit, to Enable the
Acquisition of an Existing Multifamily
Development**

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

WHEREAS, at a closed Administrative Special Session duly called and held on February 6, 2018, with a quorum present, the Commission duly adopted Resolution 18-14AS authorizing the advance of funds from various Commission sources on an interim bases prior to the availability of increased funding on the PNC Lines of Credit to enable the acquisition of a multifamily development; and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commissioners in adopting Resolution 18-14AS and any action taken since February 6, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-14R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

IV. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

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

- 1. Approval of Public Purpose, Feasibility, and Issuance of a Bond Authorizing Resolution for the Hillside Senior Living Transaction**

Vivian Benjamin, Assistant Director of Mortgage Finance, Ugonna Ibebuchi, Financial Analyst, and Victoria Dixon, Senior Multifamily Underwriter, were presenters.

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

RESOLUTION: 2018 -13

Re: Approval of the Financing Plan for, and Determination of the Feasibility and Public Purpose of, Hillside Senior Living Apartments; Adoption of an Authorizing Resolution for the Issuance of Multifamily Housing Revenue Bonds for the Financing of the Acquisition and Rehabilitation of Hillside Senior Living Apartments

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY APPROVING THE FINANCING PLAN FOR AND DETERMINING THE FEASIBILITY AND PUBLIC PURPOSE OF HILLSIDE SENIOR LIVING APARTMENTS (THE "DEVELOPMENT"); AUTHORIZING THE ISSUANCE AND SALE OF THE COMMISSION'S MULTIFAMILY HOUSING REVENUE BONDS (HILLSIDE SENIOR LIVING APARTMENTS) SERIES 2018 (THE "BONDS") IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$26,270,000 FOR THE PURPOSE OF FUNDING OF A MORTGAGE LOAN TO FINANCE THE ACQUISITION, REHABILITATION AND EQUIPPING OF THE DEVELOPMENT, A MULTIFAMILY RESIDENTIAL RENTAL PROJECT FOR OCCUPANCY BY PERSONS OF ELIGIBLE INCOME TO BE OWNED BY HH VENTURE LP; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE, CERTAIN TAX-RELATED DOCUMENTS, A DISCLOSURE AGREEMENT AND ANY AND ALL REAL ESTATE DOCUMENTS; AUTHORIZING THE CHAIRMAN, VICE CHAIRMAN OR CHAIRMAN PRO TEM AND EXECUTIVE DIRECTOR OR OTHER AUTHORIZED OFFICER TO PROCEED WITH THE SALE OF THE BONDS TO FMS BONDS, INC., A S INITIAL BOND PURCHASER, OR TO SUCH OTHER INITIAL PURCHASER APPROVED AS DESCRIBED HEREIN, AND TO EXECUTE AND DELIVER A CONTRACT OF PURCHASE IN CONNECTION WITH SUCH SALE; AUTHORIZING THE EXECUTION OF ANY OTHER DOCUMENTS NECESSARY FOR THE ISSUANCE OF THE BONDS AND THE ACCOMPLISHMENT OF THE FINANCING PLAN DESCRIBED HEREIN; APPOINTING THE TRUSTEE, THE FINANCIAL ADVISOR AND BOND COUNSEL FOR THE BONDS; AUTHORIZING THE EXECUTIVE DIRECTOR OR OTHER AUTHORIZED OFFICER TO ESTABLISH THE TERMS RELATING TO THE BONDS AND TO MAKE ONGOING DETERMINATIONS RELATING THERETO; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended,

known as the Housing Authorities Law (the "Act"), and authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes; and

WHEREAS, the Act declares that there exists within Montgomery County (the County") a critical shortage of decent, safe and sanitary dwelling accommodations available to rent which "persons of eligible income" (within the meaning of the Act) can afford; and

WHEREAS, the Act empowers the Commission to make mortgage loans to qualified sponsors to provide for the construction, rehabilitation, long-term and short-term financing of multifamily residential housing units in the County for occupancy by persons of eligible income and to perform any other duties that the Commission considers necessary in carrying out the purposes of the Act; and

WHEREAS, the Commission, in furtherance of the purposes of the Act, has established a program (the "Program") to provide for the financing of mortgage loans through the issuance of its multifamily housing bonds; and

WHEREAS, at the request of HH Venture LP (the "Borrower") and to provide a source of funds to fulfill its purposes authorized by and pursuant to the Act, the Commission has determined to issue its Multifamily Housing Revenue Bonds (Hillside Senior Living Apartments), Series 2018 pursuant to an Indenture of Trust dated as of February 1, 2018 (the "Indenture"), by and between the Commission and Wilmington Trust, National Association, as trustee (the "Trustee") to fund a mortgage loan (the "Mortgage Loan") to the Borrower to finance the acquisition, rehabilitation and equipping of a 140 unit development known as Hillside Senior Living Apartments (the "Development"), to be owned and operated by the Borrower; and

WHEREAS, upon rehabilitation, the Development will reserve 140 units (100%) for households with incomes that are at or below 60% of the Washington, DC-MD-VA Area Median Income (AMI); and

WHEREAS, after reviewing options for debt financing, the transaction, as proposed, will be financed using a number of sources including, among others, low-income housing tax credit equity and the Bonds (collectively, the "Financing Plan"); and

WHEREAS, the Development will require an allocation of a portion of the Commission's private activity bond volume cap in an amount not to exceed \$26,270,000; and

WHEREAS, a review of the transaction has been completed and it has been determined that given the financial commitments to the Development and its operating projections, this transaction is believed to be feasible, and that by providing 140 units (100%) at or below 60% of the AMI, the Development will provide significant public purpose supporting an allocation of private activity bond volume cap; and

WHEREAS, the Development and Finance Committee at its January 26, 2018 meeting considered and recommended approval of the Financing Plan, Feasibility and Public Purpose for the Development; and

WHEREAS, in connection with the issuance of the Bonds and the accomplishment of the Financing Plan, the Commission anticipates entering into various documents, including, but not limited to the Trust Indenture and, as hereinafter defined, the Contract of Purchase, the Tax-Related Documents, the Disclosure Agreement, the Real Estate Documents and certain other documents relating to the Mortgage Loan, the sale of the Bonds, and the financing of the Development;

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

1. Financing Plan, Feasibility and Public Purpose; Volume Cap. The Commission hereby approves the Financing Plan for the Development pursuant to the terms and conditions of the documents approved hereby. The Commission hereby determines that the Financing Plan for the Development, as recommended by the Development and Finance Committee, is feasible and accomplishes a valid public purpose of the Commission under the Act. The Commission hereby ratifies any and all actions of Commission staff in connection with the review and processing of the financing application and other documentation related to the issuance of the Bonds, the making of the Mortgage Loan and the financing of the acquisition and rehabilitation of the Development. The Commission hereby approves allocation of private activity bond volume cap to the Bonds in amount not to exceed \$26,270,000.

2. Bonds. The Bonds are hereby authorized to be issued in an aggregate principal amount not to exceed \$26,270,000 to carry out the purposes under the Program as described above. The Bonds are to be issued pursuant to the terms of the Trust Indenture. The Bonds shall be limited obligations of the Commission, secured by and payable solely from the trust estate pledged therefore under the Indenture.

3. Trust Indenture. The Chairman, the Vice Chairman, or the Chairman Pro Tem, and the Executive Director of the Commission or any authorized designee of the Executive Director are hereby authorized and directed to execute and deliver the Trust Indenture in such form as shall be approved by such officers, the execution of such Trust Indenture being conclusive evidence of such approval and of the approval of the Commission, and the Secretary-Treasurer of the Commission, or any other authorized officer of the Commission (an "Authorized Officer"), is hereby authorized and directed to affix the seal of the Commission to the Trust Indenture and to attest the same.

4. Tax-Related Documents. The Chairman, the Vice Chairman, the Chairman Pro Tem and the Executive Director of the Commission are hereby authorized and directed to execute and deliver a Tax Regulatory Agreement and No Arbitrage Certificate and other documents (collectively, the "Tax-Related Documents") restricting the application of the proceeds of the Bonds and the use and occupancy of the Development in such forms as shall be prepared by Bond Counsel and approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director,

the execution of the Tax-Related Documents being conclusive evidence of such approval and of the approval of the Commission.

5. Disclosure Agreement. The Commission hereby authorizes and approves the execution and delivery of a continuing disclosure agreement (the "Disclosure Agreement") related to the Bonds, in such form as may be approved by the Chairman, the Vice Chairman or the Chairman Pro Tem and the Executive Director of the Commission, their execution and delivery of the Disclosure Agreement constituting conclusive evidence of such officer's approval of the Disclosure Agreement and the approval of the Commission.

6. Mortgage Loan; Real Estate Documents. The Commission hereby authorizes and approves the financing of the Mortgage Loan with the proceeds of a portion of the Bonds and hereby further authorizes and approves the preparation, execution and delivery of any and all real estate documents (the "Real Estate Documents") relating to the acquisition and rehabilitation of the Development.

7. Sale of Bonds. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer of the Commission is authorized to proceed with the sale of the Bonds to FMS Bonds, Inc., or to any other initial purchaser as shall be in the best interest of the Commission as determined by the Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer of the Commission.

8. Contract of Purchase. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer of the Commission is authorized to execute a contract of purchase and/or any other form of purchase agreement (the "Contract of Purchase") in connection with the issuance, purchase and sale of the Bonds.

9. Terms; Ongoing Determinations. The Executive Director or other Authorized Officer of the Commission, as the case may be, is hereby authorized, without further action of or authority from the Board of Commissioners to establish the final original aggregate principal amount, dates, maturities, interest payment dates, denominations, terms of redemption, registration privileges, security and other terms, and to approve the interest rates on the Bonds, to be specified, as applicable, in the Trust Indenture and the related Bond Documents (as defined in the Trust Indenture). The Executive Director or other Authorized Officer of the Commission, as the case may be, is hereby authorized, without further action of or authority from the Board of Commissioners, to perform any act, to execute any documents, and is hereby authorized, from time to time during the period the Bonds are outstanding, to make ongoing determinations, as may be required by the terms of the Trust Indenture and the related Bond Documents and any other financing documents relating to the Bonds, the Development, and the Mortgage Loan, including, but not limited to, the giving and withholding of consents, the selection of certain providers, the determination to permit the prepayment of the Mortgage Loan and the refunding and redemption of the Bonds and/or other applicable obligations of the Commission, and the Executive Director or other Authorized Officer of the Commission, as the case may be, is further authorized to execute any and all documents evidencing such determinations as may be deemed necessary and proper.

10. Other Action. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer of the Commission is hereby authorized and directed to execute and deliver any and all additional documents and instruments necessary or proper to be executed and delivered and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution relating to the Bonds and the accomplishment of the Financing Plan.

11. Appointment of Trustee, Financial Advisor and Bond Counsel. Wilmington Trust, National Association, is hereby appointed as trustee for the Bonds. Caine Mitter & Associates Incorporated is hereby appointed as Financial Advisor, and Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the issuance of the Bonds.

12. No Personal Liability. No stipulation, obligation or agreement herein contained or contained in the Bonds, the Trust Indenture, the Contract of Purchase, the Tax-Related Documents, the Real Estate Documents, the Disclosure Agreement, and the related Bond Documents, the Mortgage Loan, or in any other agreement or document executed on behalf of the Commission in its capacity as issuer of the Bonds, shall be deemed to be a stipulation, obligation or agreement of any Commissioner, officer, agent or employee of the Commission in his or her individual capacity, and no such Commissioner, officer, agent or employee shall be personally liable on the Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

13. Action Approved and Confirmed. All acts and doings of the officers of the Commission which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance of the Bonds and the accomplishment of the Financing Plan are hereby approved, and the execution, delivery and performance of the documents and agreements authorized hereby are in all respects approved and confirmed.

14. Severability. If any provision of this Resolution shall be held or deemed to be illegal, in operative or unenforceable, the same shall not affect any other provision hereof or cause any other provision hereof to be invalid, in operative or unenforceable to any extent whatsoever.

15. Effective Date. This Resolution shall take effect immediately.

V. **ITEMS REQUIRING DELIBERATION and/or ACTION**
None

VI. **FUTURE ACTION ITEMS**
None

VII. **NEW BUSINESS**
None

Based upon this report and there being no further business to come before this session of the Commission, a motion was made, seconded and unanimously adopted to adjourn.

The open session adjourned at 4:50 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

**APPROVAL OF VARUN DHAWAN AND
KENEISHA ROBERTS TO THE
BOARD OF DIRECTORS OF THE HOUSING
OPPORTUNITIES COMMUNITY PARTNERS, INC.**

March 7, 2018

- Housing Opportunities Community Partners, Inc. (“Community Partners”), a 501c(3) charitable organization, supports residents and resident programs operated by the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”).
- The Commission is required, per Community Partners’ bylaws, to review nominees submitted to fill vacancies of the Board of Directors of Community Partners.
- The Board terms of Varun Dhawan and Keneisha Roberts have expired; they are being re-appointed for new three-year terms on the Community Partners Board.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy Spann, Executive Director

FROM: Division: LPA Staff: Shauna Sorrells Ext. 9461

RE: Approval of re-appointments to the Board of Directors of Housing Opportunities Community Partners, Inc.

DATE: March 7, 2018

STATUS: Consent X Deliberation _____ Status Report _____ Future Action _____

OVERALL OBJECTIVE:

To approve the re-appointment of Varun Dhawan and Keneisha Roberts to the Board of Directors of Housing Opportunities Community Partners, Inc. (“Community Partners”).

BACKGROUND:

Community Partners collaborates with the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) on many programs that assist HOC residents. Thanks to competitive grant funding, Community Partners and HOC have established afterschool Kids’ STEM clubs and camps that bring exciting robotics activities to 150 elementary and middle school aged children. Over the years, Community Partners and HOC have helped more than 200 low-income working families purchase refurbished vehicles propelling them to greater self-sufficiency. Community Partners has helped 300 homeless families obtain stable, permanent housing and have provided job search, life and soft skills training services to hundreds of adults helping many of them to secure employment. Furthermore, Community Partners has empowered 30 low-income families to open an individual development account matching their savings so they can purchase a home, pursue education and/or start a small business. Also, 17 foster youth successfully transitioned into independence and are still in stable housing.

Community Partners may elect up to seven Board Directors including four designated seats, for an Attorney, Montgomery County low-income resident, Accountant and Marketing Professional. The HOC Commission, in accordance with Community Partners’ by-laws, must approve the final selection of Board Directors. Currently, the terms of two board members have expired. Their renewal is being presented for the Commission’s consideration. Also, there are two vacancies – one *At-large* and one *Marketing*. In the new future nominees will be presented for the Commission’s consideration.

ISSUES FOR CONSIDERATION:

Does the Commission wish to re-appoint the nominees to serve on the Board of Community Partners for a three-year term?

PRINCIPALS:**Varun Dhawan**

Mr. Varun Dhawan is a Certified Public Accountant with more than 20 years of experience as a financial executive for both for and not-for-profit organizations, in addition to public accounting. Mr. Dhawan currently serves as the Controller for The Washington Center for Internships and Academic Seminars in Washington DC, leading the general accounting operations and grants/contract administration and financial reporting. His previous experience was working as Accounting & Grants Manager for an international development organization based in Washington DC, manager for a public accounting firm and acting Controller for a large sized government contracting group in Virginia. Mr. Dhawan is licensed in the States of Maryland and Delaware.

Mr. Dhawan was appointed to the Board of Directors of Community Partners in December 2015. For the last two years, he has served as the Board's Treasurer. His re-appointment is supported by the Community Partners Board.

Keneisha Roberts

Ms. Keneisha Roberts is an energetic and dedicated volunteer who demonstrates ongoing commitment to assisting low-income families in Montgomery County. She is a HCV participant and a former resident of the Stepping Stone Shelter, knowing firsthand the challenges that low-income families in Montgomery County face on a daily basis. Furthermore, she is a current FSS enrollee. Ms. Roberts brings to the Board an invaluable perspective as a HOC resident and engaged participant in self-sufficiency programs. Her participation on the Board has helped Community Partners to understand better the needs of HOC customers.

Ms. Roberts was appointed to the Board of Directors of Community Partners in December 2015. For the last two years, she has helped with researching fundraising opportunities. Her re-appointment is supported by the Community Partners Board.

BUDGET IMPACT

None

TIME FRAME:

Commission action is requested at the March 7, 2018 Commission meeting

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:

Staff recommends that the Commission approve the re-appointment of Varun Dhawan and Keneisha Roberts to serve a three-year term on the Board of Directors of Housing Opportunities Community Partners, Inc.

RESOLUTION NO.: 18-15

**RE: Approval of the Re-appointment of
Varun Dhawn and Keneisha Roberts
to the Board Directors of Housing
Opportunities Community Partners, Inc.**

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

WHEREAS, the Board of Community Partners unanimously has recommended the re-appointment of Varun Dhawn and Keneisha Roberts to the Community Partners Board; and

WHEREAS, the Commission is required, by the Community Partners’ by-laws, to approve nominees to the Board of Directors of Community Partners.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Varun Dhawn and Keneisha Roberts are hereby approved and appointed to serve each a three-year term on the Board of Directors of Housing Opportunities Community Partners, Inc.

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

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting on March 7, 2018.

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

A Reflection on Changes and Accomplishments from 2017

At HOC, we know that our commitment to building strong, healthy communities is what sets us apart from other organizations. Whether through strategic partnerships with local service providers or meeting folks where they are on the path to self-sufficiency – we know that we are all in this together. We are honored that our 2017 Housing Honor Roll awardee (Sally Roman) and our 2017 Special Recognition awardees (Rosie McCray-Moody, Benjamin Toler, and the members of Emmanuel Brinklow Seventh Day Adventist Church) have chosen to share their time and talents with HOC and the customers we serve. Their passion is inspiring, and I am continuously moved by their sense of duty to this community.



In 2017, we also bid farewell to a highly-valued voice on our Board of Commissioners, former Vice Chair Christopher Hatcher. Joining the Commission in March of 2015, he made an immediate impact during what was arguably one of the most active periods in the agency’s history. As a volunteer commissioner he offered this knowledge and experience, guiding the agency through critical development and acquisition strategies all while ensuring the fiscal integrity and durability of HOC in support of the people we serve. While we will miss his leadership, we wish him success in his future endeavors and look forward to the continued partnership.



Reflecting on the past year, it is apparent to me that we are an organization of leaders. As an agency, we are leading in how we provide customer programming and services that have impact at scale, not because of how many individuals we touch, but how that interaction impacts the way they show up in their families and communities. Together with our community partners, we chose to lead and seized the opportunity to participate in HUD’s RAD program, allowing us to leverage the existing value of our real estate to not only preserve but expand affordable units in our portfolio and across the county. Further highlights on how we are leading in providing affordable housing and coordinating services for families include:

- The work of our Real Estate and Mortgage Finance teams yielded more than \$300 million in financing toward the development and preservation of affordable units, and more than \$32 million toward mortgage loans for first-time homebuyers. In 2017, we also re-financed, renovated and/or repositioned 2,353 units to ensure lasting sustainability. These efforts included the completion of 10 of our 11 RAD conversions by the end of 2017. The creativity of our work did not go unnoticed – with HOC receiving recognition from the National Association of Local Housing Finance Agencies for Innovation in Multifamily Finance.
- The diligence of our Housing Resources and Resident Services teams generated an increase from 92% to 96% our Housing Choice Voucher program utilization. In concrete terms, this means we served an additional 314 households using already available resources. We continued to find ways to leverage resources by creating 15 new units of single-person permanent supportive housing, as well as housing 397 customers – 226 of whom were previously homeless – through our administration of McKinney-Vento Homeless Assistance grants.
- Furthermore, we continued to support customers in achieving the goals they have for themselves and their families by making service connections and providing robust workforce and educational opportunities. In 2017, our Family Self-Sufficiency program graduated 63 participants, while our Fatherhood Initiative graduated 54 participants. These individuals identified a path toward success and, with the help of our service connections, were able to move their families forward on the continuum of self-sufficiency.
- HOC Academy continued to expand young minds by offering exceptional educational programming for HOC students, particularly in STEM. In 2017, 108 students participated in our afterschool tutoring and robotics activities, while another 115 budding engineers took part in our robotics, engineering, and mash-up summer camps. We also once again sent 87 students to West Point Academy’s Middle School STEM Workshop. In addition, thanks to our non-profit affiliate Housing Opportunities Community Partners, HOC Academy and Resident Services were able to coordinate a STEM trip to the City University of New York’s Advanced Science Research Center.
- Nowhere was the power of partnership more apparent than our annual Day of Service. In 2017, we coordinated with housing authorities across the state in a concerted effort to donate time and resources to organizations in our own communities. At HOC, over 300 staff members volunteered at 17 sites across Montgomery County with organizations such as A Wider Circle, Interfaith Works, Montgomery County Public Schools, the National Center for Children and Families, Stepping Stones Shelter and YMCA of Silver Spring. Throughout the year, we continued to leverage our partnerships to the benefit of customers by collecting and distributing over 600 backpacks for our annual Back to School Event with the Alpha Kappa Alpha sorority and hosting financial literacy workshops with Credit Abuse Resistance Education and Emmanuel Brinklow Seventh Day Adventist Church.



In addition to these accomplishments, we set ourselves up for the future by crafting a new strategic plan for 2018 – 2022. This five-year roadmap centers on our core identity as Housers and focuses our work on

just three principles: getting people housed; keeping people housed; and helping customers reach their fullest potential.

As we embark on the new year, we intend to work harder – and smarter – to provide the quality of housing and level of services that families in Montgomery County deserve. I am proud of all this team has accomplished in 2017 and look forward to what lies ahead in 2018.

Economic Impact on Montgomery County

In 2017, our efforts to innovate improved the lives of our customers and created an economic ripple-effect across Montgomery County. HOC's direct investment of \$115 million in The Lindley, Alexander House, and Greenhills Apartments yielded approximately \$178 million in total economic output and 1,097 jobs for the county, of which \$71 million were wages for Montgomery County residents. That breaks down to HOC directly creating 672 jobs in the county and another 426 jobs through related business and other economic transactions.

HOC's Housing Choice Voucher program added to HOC's economic impact in the county with direct investment of \$99 million in 2017, of which \$93 million were HAP payments to landlords, resulting in approximately \$131 million in total economic output for the county. Moreover, \$34 million went toward wages for county residents, creating nearly 487 additional jobs throughout Montgomery County.

While we're proud to have made such a significant impact on Montgomery County's economy, we don't intend to rest on those achievements. In 2018, we'll undertake significant projects across the county, including new development in 900 Thayer and Elizabeth House III, which will house a state-of-the-art recreational facility for the community. Investment in these and other properties in 2018 are projected to result in \$656 million in total future economic output for Montgomery County and will help create an additional 4,032 jobs.

Fatherhood Initiative Graduates Iota Cohort



On Friday, February 2, 2018, the Fatherhood Initiative program celebrated the graduation of 13 members of their Iota cohort. This graduation was particularly remarkable because two previous graduates spoke at the event and shared their past and recent accomplishments. One graduate shared his success story which included his attainment of the Apartment Maintenance Technician Certification from Montgomery College. Another notable graduate completed the Fatherhood Initiative and went on to pursue his Project Management Professional (PMP) certification. HOC's Fatherhood Initiative Tuition Assistance Component made this achievement possible.

HOC Hosts FSS Monthly Roundtable

On Friday, February 16, 2018, the Family Self-Sufficiency (FSS) program hosted their monthly roundtable discussion to exchange information with other FSS programs in the Washington, D.C. – Maryland – Virginia region. Topics discussed included how to attain and manage program funding, the impact of the federal budget, and how to implement best practices. The group also discussed and planned the upcoming Advocacy Day – where FSS program coordinators and participants share their stories with legislators on Capitol Hill. Participants left the roundtable with a resolve to continue to be involved and supportive in their collaborative efforts to raise awareness about the program and its positive impact on families and communities.



Stewartown Holds Youth Workshop



On Friday, February 16, 2018, HOC staff at Stewartown Homes in Gaithersburg hosted a “Youth Rap Session” for 25 children from Stewartown, Seneca Ridge, and Town Center Place properties. The goal of the event was to engage children in dialogue about teen-related issues that may affect their daily lives. Participants were provided with relatable life tools that taught them how to overcome challenges and how to respond to bullying. Both the children and facilitators engaged in constructive, back-and-forth dialogue about various barriers that may come up as they navigate through their young lives. Participants were provided dinner and gift cards and they were delighted to be invited to a Washington Wizards game the following Friday evening.

Seniors Celebrate Valentine’s Day at Forest Oak Towers

The Forest Oak Towers hosted a Valentine’s Day themed social gathering for approximately 50 of its residents on Wednesday, February 14, 2018. During the event, residents socialized with one another, enjoyed games, and took part in various fun activities that were coordinated by Forest Oak Towers employees and HOC volunteers. Residents enjoyed various snacks, cupcakes, fruit, and beverages and left the party with cheerful Valentine’s potted plants put together by youth members of Seneca Creek Church.



HOC Introduces Vision Board Workshop Series

On Wednesday, February 28, 2018, HOC hosted the first session of a two-part Vision Board Workshop series. The goal of the series is to help participants identify and envision personal goals that will help them plan for their future. During the event, participants created collages that helped them realize their focus and illustrate what they needed to do to reach their fullest potential. Participants are required to attend both sessions of this series, the second of which is scheduled for Wednesday, March 7, 2018.

Emmanuel Brinklow Hosts Community Information Session

On Wednesday, February 28, 2018 approximately 20 Family Self-Sufficiency program participants attended a community information session hosted by Emmanuel Brinklow Seventh Day Adventist Church. This event was an interactive discussion geared towards helping families understand social justice, civic engagement and understanding their rights. Topics discussed during the event included voting rights, Deferred Action for Childhood Arrivals (DACA) and other immigration issues, community activism, and policing. This information session is yet another example of how HOC leverages community partnerships to provide meaningful enrichment opportunities for all our customers.

Updates on Section 3 Compliance and HOC Works

Section 3 of the Department of Housing and Urban Development (HUD) Act of 1968 was designed to ensure that contractors who are the recipients of HUD financial assistance are actively working to provide employment and other economic opportunities to low- and very low-income persons. Similar to HUD's Section 3, HOC Works was designed by HOC to ensure that outside contractors with HOC, who are the recipients of non-HUD financial assistance, are also actively working to provide employment and other economic opportunities to low- and very low-income persons.

Over the last four years, HOC partnered with multiple contracting firms to provide direct employment opportunities for Section 3 and HOC Works Residents, subcontract opportunities for Section 3 and HOC Works Business Concerns, and receive funds to train more Section 3 and HOC Works Residents. Activity of note since the last update to the Commission in May 2017 is a donation from Capital Building Partners (CBP) of \$20,000, which is used to provide training course facilitation led by CBP in the form of HOC's Construction 101 class. The graduates of this class then form a pool of low-income residents of Montgomery County to whom HOC can refer to various contractors who seek to meet their Section 3 or HOC Works obligations via direct hiring.

In addition to the Construction 101 class, Section 3 and HOC Works financial contributions helped to fund multiple certifications and trainings for HOC residents as well as to provide tuition assistance for coursework at Montgomery College and other local educational institutions. These included the certification and/or training of 23 HOC customers and work-related construction materials for several of the participants.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

March 2018

2	Legislative and Regulatory Committee Special Meeting (<i>Byrd, Croom, Rodriguez</i>)	4:00 p.m.
7	Annual Meeting Reception / Farewell Reception Com. Hatcher (<i>All</i>)	3:00 p.m.
7	HOC Annual Meeting (<i>All</i>)	4:00 p.m.
19	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.
19	Banor Housing Business Meeting (<i>Nelson</i>)	7:30 p.m.
20	Legislative and Regulatory Committee Meeting (<i>Byrd, Croom, Rodriguez</i>)	4:00 p.m.
22-23	Council of Large Public Housing Authorities (CLPHA), Spring Meeting - The Madison Downtown, 1177 15th St., NW, Washington, DC 20005	
23	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.
26	Agenda Formulation (<i>Simon, Nelson</i>)	12:00 noon

April 2018

4	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
9	Budget, Finance and Audit Committee Meeting – re: Rents (<i>Nelson, Simon</i>)	10:00 a.m.
18	Budget, Finance and Audit Committee Meeting – re: Budget (<i>Nelson, Simon</i>)	10:00 a.m.
20	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.
20	Status/Lunch Meeting w/Executive Director (<i>All</i>) – Location TBD	12:00 noon
22-24	NAHRO Washington Conference (<i>All</i>) – Crystal Gateway Marriott Hotel, Arlington, VA	
23	Agenda Formulation (<i>Simon, Nelson</i>)	12:00 noon
23	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.
24	Budget, Finance and Audit Committee Meeting – re: Budget (<i>Nelson, Simon</i>)	10:00 a.m.
30	Budget, Finance and Audit Committee Meeting – re: Budget (<i>Nelson, Simon</i>)	10:00 a.m.

May 2018

2	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
3-4	Council of Large Public Housing Authorities (CLPHA) - Housing Is Summit – Washington, DC	
8	Budget, Finance and Audit Committee Meeting – re: Budget (<i>Nelson, Simon</i>)	10:00 a.m.
9-12	NALHFA Conference (<i>All</i>) – The Hotel Monteleone, 214 Royal St., New Orleans, Louisiana	
15	Budget, Finance and Audit Committee Meeting – re: Budget (<i>Nelson, Simon</i>)	10:00 a.m.
15	Legislative and Regulatory Committee Meeting (<i>Byrd, Croom, Rodriguez</i>)	4:00 p.m.
18	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.
21	Agenda Formulation (<i>Simon, McFarland</i>)	12:00 noon
21	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.
22	Budget, Finance and Audit Committee Meeting – re: Budget (<i>Nelson, Simon</i>)	10:00 a.m.
24-25	MAHRA Spring Conference (<i>All</i>) – Ocean City, MD	
28	Memorial Day Holiday (<i>HOC Offices Closed</i>)	

June 2018

6	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
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14	Day of Service	
15	Staff Appreciation Day	
22	Development and Finance Committee Meeting (Simon, McFarland, Nelson)	10:00 a.m.
22	Status/Lunch Meeting w/Executive Director (All) – Location TBD	12:00 noon
24-27	MARC-NAHRO 2018 Annual Conference & Expo (All) - Hershey Lodge, Hershey, PA	
25	Agenda Formulation (Simon, McFarland)	

July 2018

11	HOC Regular Meeting (All)	4:00 p.m.
17	Legislative and Regulatory Committee Meeting (Byrd, Croom, Rodriguez)	4:00 p.m.
27	Development and Finance Committee Meeting (Simon, McFarland, Nelson)	10:00 a.m.
30	Agenda Formulation (Simon, McFarland)	12:00 p.m.

Activities of Interest

- 1 – Follow-up Meeting w/Housing for People with Disabilities Group
 - 2 – Property Tour
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Administrative and Special Session Ratifications

Committee Reports and Recommendations for Action

Budget, Finance & Audit Committee

ACCEPTANCE OF SECOND QUARTER FY'18 BUDGET TO ACTUAL STATEMENTS

March 7, 2018

- The Agency ended the second quarter with a net cash deficit of \$432,070 which resulted in a second quarter budget to actual negative variance of \$962,482.
- The General Fund experienced delays in the receipt of anticipated fee income that were offset by savings in expenses.
- At the end of the second quarter, almost half of the unrestricted properties in the Opportunity Housing Fund exceeded budget expectations; however, the recognizable cash flow to the Agency did not meet budget due to shortfalls in some of the unrestricted properties.
- The Public Housing Program ended the quarter 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 units in Scattered Site North that converted to the VPC Two Corporation.
- The Housing Choice Voucher (HCV) Program experienced a higher administrative surplus through December 31, 2017 as a result of savings in expenses that were partially offset by lower administrative fees. The surplus will be restricted to the program.

DISCUSSION – SECOND QUARTER BUDGET TO ACTUAL STATEMENTS

This review of the Budget to Actual Statements for the Agency through the second quarter of FY'18 consists of an overall summary and additional detail on the Opportunity Housing properties, the Development Corporation properties, the Public Housing and Housing Choice Voucher (HCV) Programs and all Capital Improvements Budgets.

HOC overall (see Attachment A)

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

The Commission approves the Operating Budget at the fund level based on a modified accrual basis which is similar to 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'18 Second Quarter Capital Budget to Actual Comparison.

The Agency ended the second quarter with a net cash deficit of \$432,070. This deficit resulted in a second quarter budget to actual negative variance of \$962,482 when compared to the anticipated second quarter net cash income of \$530,412. The primary cause was lower recognizable income in the Opportunity Housing portfolio (see Opportunity Housing Fund) which was partially offset by expense savings in the General Fund (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 quarter with a deficit of \$3,897,540 which resulted in a positive variance of \$359,501 when compared to the projected deficit of \$4,257,041.

As of December 30, 2017, income in the General Fund was \$613,783 less than budgeted. The FY'18 budget anticipated receipt of commitment and development fees totaling \$1,460,183 through the second quarter; however, delays in the receipt of fees from Arcola Towers, Elizabeth House, Bauer Park, The Metropolitan, Shady Grove and Stewartown have resulted in a negative timing variance that was partially offset by the unbudgeted fees received from Timberlawn, Pomander Court and Woodfield Commons. The fees from Timberlawn and Pomander Court were originally anticipated to be received in FY'17. Staff is reviewing the anticipated timing of the delayed fees as well as fees from projects that were unknown at the time the FY'18 Amended Budget was developed and will provide an update of the fee projection for FY'18 in the 3rd Quarter report. These negative variances were partially offset by the interest income of \$556,525 received by properties with debt on the Real Estate Line of

Credit (RELOC). These funds are paid by the properties to the General Fund and then reflected as interest expense in the General Fund when paid to PNC Bank NA (PNC). Ideally, the timing of the receipt of interest income from the properties and the interest expense paid to PNC from the General Fund should offset one another and are therefore not budgeted.

Expenses in the General Fund were \$973,284 less than budgeted primarily as the result of savings in administrative salaries and benefits due to vacancies in some of the positions and lower Online Information Services and Computer Software expenses due to timing of billing related to payments for Yardi, On Base and the Custer Relations Management (CRM) system. In addition, the FY'18 Amended Budget included vehicle lease expenses in the General Fund related to new Enterprise vehicles that are now being charged to the location/program utilizing the vehicles resulting in lower expenses in the General Fund.

The Multifamily Bond Fund and Single Family Bond Fund are budgeted to balance each year. Income (the bond draw downs that finance the operating costs for these funds) is in line with the budget. There are positive expense variances in both Bond Funds as a result of savings in legal expenses in both funds and trustee fees in the Single Family program.

The Opportunity Housing Fund

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

- The first group includes properties that we budgeted to provide unrestricted net cash flow toward the Agency's FY'18 Operating Budget. This group ended the quarter with cash flow of \$3,868,512 or \$569,112 less than projected. It should be noted that we can only recognize revenue up to the amount budgeted for each property. Almost half 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 \$3,138,165 or \$1,299,459 below budget.

Unrestricted Development Corporations

	(6 Months)	(6 Months)		(6 Months)
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Adjusted</u>
Alexander House	\$1,167,762	\$407,780	(\$759,982)	\$407,780
The Barclay	(\$3,524)	\$50,216	\$53,740 ⁽¹⁾	\$0
Glenmont Westerly	\$94,631	\$123,627	\$28,996 ⁽¹⁾	\$94,631
Magruder's Discovery	\$357,609	\$306,344	(\$51,265)	\$306,344
The Metropolitan	\$933,042	\$951,252	\$18,210 ⁽¹⁾	\$933,042
Montgomery Arms	\$177,730	\$157,543	(\$20,187)	\$157,543
TPM - 59 MPDUs	\$169,899	\$196,915	\$27,016 ⁽¹⁾	\$169,899
Paddington Square	\$177,174	\$257,553	\$80,379 ⁽¹⁾	\$177,174
TPP - LLC Pomander Court	(\$15,128)	\$14,288	\$29,416 ⁽¹⁾	(\$15,128)
Pooks Hill High-Rise	\$201,913	\$196,759	(\$5,154)	\$196,759
Scattered Site One Dev. Corp.	\$159,888	\$104,087	(\$55,801)	\$104,087
Scattered Site Two Dev. Corp.	\$731	(\$6,582)	(\$7,313)	(\$6,582)
Sligo Development Corp.	\$28,381	\$4,824	(\$23,557)	\$4,824
TPP - LLC Timberlawn	\$90,600	\$453,748	\$363,148 ⁽¹⁾	\$90,600
VPC One Corp.	\$495,107	\$333,326	(\$161,781)	\$333,326
VPC Two Corp.	\$296,169	\$429,135	\$132,966 ⁽¹⁾	\$296,169
RAD 6 Total	\$105,640	(\$112,303)	(\$217,943)	(\$112,303)
Ken Gar	\$17,999	\$11,898	(\$6,101)	\$11,898
Parkway Woods	\$25,946	\$12,159	(\$13,787)	\$12,159
Sandy Spring Meadow	\$14,396	\$3,861	(\$10,535)	\$3,861
Seneca Ridge	(\$60,732)	(\$183,695)	(\$122,963)	(\$183,695)
Towne Centre Place	\$23,960	\$45,882	\$21,922	\$23,960
Washington Square	\$84,071	(\$2,408)	(\$86,479)	(\$2,408)
Subtotal	\$4,437,624	\$3,868,512	(\$569,112)	\$3,138,165
Recognizable Cash Flow				(\$1,299,459)

Notes:

(1) - Properties exceeding budgeted cash flow.

Alexander House ended the quarter with a negative cash flow variance of \$759,982 primarily as a result of the high vacancy loss during renovations. Vacancy through the second quarter has averaged 45%. Although the majority of projected cash flow has been restricted to allow for the uncertainties experienced during renovations, staff is working to reduce the vacancy and will provide and update in the Third Quarter Budget to Actuals report. **The Barclay** exceeded the budget by \$53,740 mainly due to lower concessions coupled with savings in administrative salaries and utilities. **Magruder's Discovery** had a negative variance of \$51,265 mainly driven by maintenance expenses exceeding budget as a result of required repairs based on the REAC inspection. **Montgomery Arms** had a negative variance of \$20,187 as a result of negative variances in rental income and higher vacancies that were partially offset by savings in administrative and maintenance expenses. Cash flow for **Paddington Square** was \$80,379 greater than anticipated as a result of savings in advertising and maintenance expenses coupled with lower vacancy and concession. Cash flow for **Pooks Hill High-Rise** was \$5,154 less than anticipated as lower rental income and

higher vacancies which was almost entirely offset by savings in personnel costs, advertising, and maintenance contracts coupled with income received from Verizon for fees related to the cell tower that was placed on the building after the budget was amended. **Scattered Site One Development Corporation** experienced a negative cash flow variance of \$55,801 mainly driven by lower rental income and slightly higher vacancies coupled with higher than anticipated maintenance expenses and tenant bad debt. Cash flow at **Sligo Development Corporation** was \$23,557 lower than anticipated driven by higher vacancies. **TPP – LLC Timberlawn** exceeded budget by \$363,148 as a result of not having to offer concessions due to the lower vacancies, savings in most operating expense categories and savings in debt service payments resulting from the delay in the refinancing of Timberlawn and Pomander Court.

Occupancy at both **VPC One** and **VPC Two Corporations** continued to improve as a result of the major lease-up efforts employed reaching 96% in December. The positive impact of the higher occupancy at **VPC One** was offset by lower rents and higher concessions as well as an increase in administrative and maintenance costs to support the lease-up and unit preparations for occupancy resulting in cash flow that was \$161,781 less than anticipated. Cash flow for VPC Two was \$132,966 higher than budget. The impact of the higher occupancy almost completely offset the lower rents and higher concessions; however, this property also experienced slightly higher administrative and maintenance costs to support the lease-up and unit preparations for occupancy. Finally, it was anticipated that both **VPC One** and **VPC Two** would be refinanced and the debt on the RELOC paid off. This did not occur until December resulting in savings in debt service at both properties.

For FY'18, the Agency budgeted to use 50% of the cash generated by the RAD 6 properties. On a consolidated basis, the **RAD 6** properties ended the quarter with a negative variance of \$217,943 which consisted primarily of variances at **Seneca Ridge** and **Washington Square**. **Seneca Ridge** ended the quarter with a negative cash flow variance of \$122,963 mainly due to higher than anticipated vacancy coupled with greater than anticipated utility and maintenance costs. Cash flow for **Washington Square** was \$86,479 lower than projected largely due to higher vacancy and slightly higher administrative, utility and maintenance costs.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'18 Operating Budget. Cash flow from this group of Development Corporation properties was \$101,636 more than budgeted largely due to savings in expenses at **Metropointe** and the **Oaks at Four Corners**.

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'18 Operating Budget. This group ended the quarter with cash flow of \$498,670 or \$26,496 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 \$433,064 or \$92,102 below budget.

Unrestricted Opportunity Housing Properties

	(6 Months) Budget	(6 Months) Actual	Variance	(6 Months) Adjusted
64 MPDUs	\$31,963	\$27,432	(\$4,531)	\$27,432
Chelsea Towers	\$12,291	\$9,480	(\$2,811)	\$9,480
Fairfax Court	\$35,021	\$50,464	\$15,443 ⁽¹⁾	\$35,021
Holiday Park	(\$16,489)	(\$20,091)	(\$3,602)	(\$20,091)
Jubilee Falling Creek	\$4,195	\$7,883	\$3,688 ⁽¹⁾	\$4,195
Jubilee Hermitage	\$1,912	\$2,852	\$940 ⁽¹⁾	\$1,912
Jubilee Horizon Court	\$762	\$34	(\$728)	\$34
Jubilee Woodedge	\$3,737	\$5,294	\$1,557 ⁽¹⁾	\$3,737
McHome	\$59,058	\$59,942	\$884 ⁽¹⁾	\$59,058
McKendree	\$17,359	\$18,693	\$1,334 ⁽¹⁾	\$17,359
MHLP VII	\$69,033	\$26,438	(\$42,595)	\$26,438
MHLP VIII	\$46,237	\$35,087	(\$11,150)	\$35,087
MPDU 2007 Phase II	\$11,474	\$8,344	(\$3,130)	\$8,344
Pooks Hill Mid-Rise	\$96,505	\$106,879	\$10,374 ⁽¹⁾	\$96,505
Southbridge	\$24,760	\$1,205	(\$23,555)	\$1,205
Strathmore Court	\$127,348	\$158,734	\$31,386 ⁽¹⁾	\$127,348
Subtotal	\$525,166	\$498,670	(\$26,496)	\$433,064
Recognizable Cash Flow				(\$92,102)

Notes:

(1) - Properties exceeding budgeted cash flow.

- Several properties within this portfolio are reporting small negative variances through December as a result of slightly higher than anticipated expenses. Staff will continue to monitor the performance at these properties and provide an update in the 3rd Quarter report. **MHLP VII** experienced a \$42,595 negative cash flow variance mostly driven by \$45,555 in PILOT payments that were not included in the budget. **MHLP VIII** ended the quarter with a negative cash flow of \$11,150 which was the result of higher administrative and bad debt expense. **Southbridge** ended the quarter with a negative variance of \$23,555 which is mostly driven by slightly higher vacancy coupled with higher than anticipated utility and bad debt expense. **Strathmore Court** ended the quarter with a positive cash flow variance of \$31,386 largely as a result of savings in utility and maintenance costs.
- The second group consists of properties whose cash flow will not be used for the Agency’s FY’18 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 \$212,048 lower than budgeted for the quarter. **The Ambassador**, which has been

decommissioned, experienced \$108,321 in expenses mainly driven by utilities, plumbing contract expenses and taxes. There are sufficient reserves at the property to cover the costs. **Avondale Apartments** reported a negative cash flow variance of \$14,737 primarily attributable to a higher interest rate being paid on the LOC due to changes in the London Interbank Offered Rate (LIBOR). The FY'18 Amended Budget included **Greenhills Apartments** for the entire fiscal year. The property was refinanced at the end of September 2017 as a Tax Credit entity. Approximately 55% of the negative cash flow variance of \$201,379 or \$111,150 is the result of the performance no longer being reported within the Opportunity Housing portfolio. Budgets amendments will be presented to the Committee to remove the property from the Opportunity Housing portfolio after the first quarter of the fiscal year and move it to the calendar year tax credit portfolio. The remainder of the negative variance which was due to increased vacancy to support renovations coupled with higher bad debt expenses and continued debt service reserve contributions through September will remain at fiscal year end. **State Rental Combined** had a negative cash flow variance of \$35,942 driven by lower rental income coupled with slightly higher than anticipated expenses throughout most expense categories. Finally, **Westwood Tower** ended the quarter with a positive cash flow variance of \$122,669. This variance was driven by lower vacancies coupled with savings in administrative, utility and maintenance expenses.

The Public Fund (Attachment D)

- The Public Housing Rental Program ended the quarter with a surplus of \$41,244, which resulted in a positive variance of \$217,955 when compared to the projected shortfall of \$176,711. Income was \$196,939 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 about 85%. The actual pro-ration for second quarter of FY'18 was 93.10%. In addition, the agency continued to receive subsidy, in the form of Asset Repositioning Fees (ARF) through December 2017 for Scattered Site North that converted to the **VPC Two Corporations**. **Elizabeth House** experienced slightly higher maintenance costs through December. In addition, expenses throughout most major categories were slightly greater than anticipated at **Holly Hall**. It should be noted that a small amount of expenses related to properties no longer in Public Housing were erroneously recorded in this portfolio and staff is working to reclass the items to the appropriate property.
- The Housing Choice Voucher Program (HCVP) ended the quarter with a deficit of \$277,025 when compared to the projected shortfall of \$2,959,213. The deficit was comprised of Housing Assistance Payments (HAP) that exceeded HAP revenue by \$588,511 coupled with an administrative surplus of \$311,486. The HAP shortfall was funded from the HCVP reserve (NRP), which includes funds received in prior years that were recognized but not used. The program ended the quarter with an administrative surplus as a result of savings in administrative expenses of \$174,839 that were slightly offset by revenue that was \$6,746 lower than anticipated. The savings in expenses were primarily due to salary and benefit lapse coupled with lower than anticipated management fee expenses that are based on

utilization. A portion of these savings are the result of timing issues and staff does not anticipate the full savings to be realized at year end.

The Capital Budget (Attachment E)

Attachment E is a chart of the Capital Improvements Budget for FY'18. The chart is grouped in two sections – General Fund and Opportunity Housing properties. This report is being presented for information only. Most of the variances in the capital budgets reflect timing issues. Capital projects are long-term; therefore, it is very difficult to analyze each project on a quarterly basis. We will keep the Commission informed of any major issues or deviations from the planned Capital Improvements Budget.

For the quarter ended December 30, 2017, capital expenditures for the East Deer Park (EDP) location exceeded the annual budget. The FY'18 Amended Budget anticipated a lower level of capital expenditure on existing office facilities in anticipation of procuring new facilities; however, the procurement is no longer expected to occur in FY'18. As a result of the change in timing, previously identified capital work resumed. The reassessed FY'18 capital needs have been incorporated in the second quarter budget amendment and will be funded from existing replacement reserves established for facilities related capital.

Many of these expenditures were erroneously included in the EDP operating budget expense categories. Staff is reviewing the classifications and will incorporate any necessary corrective action in a third quarter budget amendment.

There are several properties within the Opportunity Housing portfolio that have exceeded their respective capital budgets by nominal amounts. There are sufficient replacement reserves at the properties to cover the overage.

Resolution No. 18-16

**Re: Acceptance of Second Quarter FY'18
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 Second Quarter FY'18 Budget to Actual Statements during its March 7, 2018 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Second Quarter FY'18 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, March 7, 2018.

Patrice Birdsong
Special Assistant to the Commission

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FY 18 Second Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow		
	(6 Months) Budget	(6 Months) Actual	Variance
General Fund			
General Fund	(\$4,257,041)	(\$3,897,540)	\$359,501
Administration of Multifamily and Single Family Fund			
Multifamily Fund	\$2,715	\$25,629	\$22,914
Single Family Fund	(\$38,213)	\$59,532	\$97,745
Excess Bond Fund Cash Flow	\$35,498	(\$85,161)	(\$120,659)
Opportunity Housing Fund			
Opportunity Housing Properties	\$525,166	\$433,064	(\$92,102)
Development Corporation Property Income	\$4,437,624	\$3,138,165	(\$1,299,459)
Restricted Development Corporation Properties	(\$175,337)	(\$105,759)	\$69,578
OHRF			
OHRF Balance	\$1,601,597	\$388,914	(\$1,212,683)
Excess Cash Flow Restricted	(\$1,601,597)	(\$388,914)	\$1,212,683
Draw from existing funds	\$0	\$0	\$0
Net -OHRF	\$0	\$0	\$0
SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing	\$530,412	(\$432,070)	(\$962,482)
Public Fund			
Public Housing Rental (1)	(\$176,711)	\$41,244	\$217,955
Housing Choice Voucher Program HAP (2)	(\$3,102,606)	(\$588,511)	\$2,514,095
Housing Choice Voucher Program Admin (3)	\$143,393	\$311,486	\$168,093
Total -Public Fund	(\$3,135,924)	(\$235,781)	\$2,900,143
Public Fund - Reserves			
(1) Public Housing Rental - Draw from / Restrict to Program	\$176,711	(\$41,244)	(\$217,955)
(2) Draw from / Restrict to HCV Program Cash Reserves	\$3,102,606	\$588,511	(\$2,514,095)
(3) Draw from / Restrict to HCV Program Excess Admin Fee	(\$143,393)	(\$311,486)	(\$168,093)
Total -Public Fund Reserves	\$3,135,924	\$235,781	(\$2,900,143)
SUBTOTAL - Public Funds	\$0	\$0	\$0
TOTAL - All Funds	\$530,412	(\$432,070)	(\$962,482)

FY 18 Second Quarter Capital Budget to Actual Comparison

	Capital Expenses		
	(12 Months) Budget	(6 Months) Actual	Variance
General Fund			
East Deer Park	\$25,000	\$106,372	(\$81,372)
Kensington Office	\$25,000	\$15,981	\$9,019
Information Technology	\$988,880	\$190,435	\$798,445
Opportunity Housing Fund	\$5,025,524	\$1,097,627	\$3,927,897
TOTAL - All Funds	\$6,064,404	\$1,410,415	\$4,653,989

FY 18 Second Quarter Operating Budget to Actual Comparison

Development Corp Properties - Net Cash Flow

	(6 Months) Budget	Variance		(6 Months) Actual	Variance
		Income	Expense		
Properties with unrestricted cash flow for FY18 operating budget					
Alexander House	\$1,167,762	(\$838,104)	\$78,122	\$407,780	(\$759,982)
The Barclay	(\$3,524)	\$35,303	\$18,436	\$50,216	\$53,740
Glenmont Westerly	\$94,631	(\$7,748)	\$36,744	\$123,627	\$28,996
Magruder's Discovery	\$357,609	(\$2,263)	(\$49,002)	\$306,344	(\$51,265)
The Metropolitan	\$933,042	(\$17,424)	\$35,634	\$951,252	\$18,210
Montgomery Arms	\$177,730	(\$42,162)	\$21,975	\$157,543	(\$20,187)
TPM - 59 MPDUs	\$169,899	\$8,856	\$18,160	\$196,915	\$27,016
Paddington Square	\$177,174	\$20,614	\$59,765	\$257,553	\$80,379
TPP - LLC Pomander Court	(\$15,128)	(\$81,101)	\$110,517	\$14,288	\$29,416
Pooks Hill High-Rise	\$201,913	(\$49,080)	\$43,926	\$196,759	(\$5,154)
Scattered Site One Dev. Corp.	\$159,888	(\$34,821)	(\$20,981)	\$104,087	(\$55,801)
Scattered Site Two Dev. Corp.	\$731	(\$5,072)	(\$2,241)	(\$6,582)	(\$7,313)
Sligo Development Corp.	\$28,381	(\$24,912)	\$1,356	\$4,824	(\$23,557)
TPP - LLC Timberlawn	\$90,600	\$9,567	\$353,581	\$453,748	\$363,148
VPC One Corp.	\$495,107	(\$11,255)	(\$150,526)	\$333,326	(\$161,781)
VPC Two Corp.	\$296,169	(\$28,702)	\$161,668	\$429,135	\$132,966
RAD 6 Total	\$105,640	(\$147,591)	(\$70,354)	(\$112,303)	(\$217,943)
Ken Gar	\$17,999	(\$3,825)	(\$2,276)	\$11,898	(\$6,101)
Parkway Woods	\$25,946	(\$1,600)	(\$12,187)	\$12,159	(\$13,787)
Sandy Spring Meadow	\$14,396	(\$21,487)	\$10,951	\$3,861	(\$10,535)
Seneca Ridge	(\$60,732)	(\$62,896)	(\$60,067)	(\$183,695)	(\$122,963)
Towne Centre Place	\$23,960	\$9,951	\$11,971	\$45,882	\$21,922
Washington Square	\$84,071	(\$67,734)	(\$18,746)	(\$2,408)	(\$86,479)
Subtotal	\$4,437,624	(\$1,215,895)	\$646,780	\$3,868,512	(\$569,112)
Properties with restricted cash flow (external and internal)					
Glenmont Crossing	\$76,756	(\$5,003)	(\$20,016)	\$51,737	(\$25,019)
MetroPointe	(\$175,337)	\$30,012	\$39,566	(\$105,759)	\$69,578
Oaks at Four Corners	(\$9,076)	(\$9,210)	\$66,287	\$48,001	\$57,077
Subtotal	(\$107,657)	\$15,799	\$85,837	(\$6,021)	\$101,636
TOTAL ALL PROPERTIES	\$4,329,967	(\$1,200,096)	\$732,617	\$3,862,491	(\$467,476)

FY 18 Second Quarter Operating Budget to Actual Comparison

For Opportunity Housing Properties - Net Cash Flow

	(6 Months) <u>Budget</u>	Variance		(6 Months) <u>Actual</u>	<u>Variance</u>
		<u>Income</u>	<u>Expense</u>		
Properties with unrestricted cash flow for FY18 operating budget					
64 MPDUs	\$31,963	\$1,063	(\$5,594)	\$27,432	(\$4,531)
Chelsea Towers	\$12,291	\$1,959	(\$4,770)	\$9,480	(\$2,811)
Fairfax Court	\$35,021	\$2,113	\$13,330	\$50,464	\$15,443
Holiday Park	(\$16,489)	(\$1,111)	(\$2,491)	(\$20,091)	(\$3,602)
Jubilee Falling Creek	\$4,195	(\$117)	\$3,806	\$7,883	\$3,688
Jubilee Hermitage	\$1,912	(\$4,387)	\$5,327	\$2,852	\$940
Jubilee Horizon Court	\$762	(\$549)	(\$179)	\$34	(\$728)
Jubilee Woodedge	\$3,737	(\$2,232)	\$3,789	\$5,294	\$1,557
McHome	\$59,058	\$1,703	(\$819)	\$59,942	\$884
McKendree	\$17,359	(\$2,197)	\$3,531	\$18,693	\$1,334
MHLP VII	\$69,033	(\$5,337)	(\$37,257)	\$26,438	(\$42,595)
MHLP VIII	\$46,237	(\$2,617)	(\$8,533)	\$35,087	(\$11,150)
MPDU 2007 Phase II	\$11,474	(\$257)	(\$2,873)	\$8,344	(\$3,130)
Pooks Hill Mid-Rise	\$96,505	(\$10,289)	\$20,663	\$106,879	\$10,374
Southbridge	\$24,760	(\$15,033)	(\$8,522)	\$1,205	(\$23,555)
Strathmore Court	\$127,348	(\$4,383)	\$35,769	\$158,734	\$31,386
Subtotal	\$525,166	(\$41,671)	\$15,177	\$498,670	(\$26,496)
Properties with restricted cash flow (external and internal)					
617 Olney Sandy Spring Road	(\$6,070)	\$3,624	(\$3,583)	(\$6,029)	\$41
The Ambassador	\$0	\$0	(\$108,321)	(\$108,321)	(\$108,321)
Avondale Apartments	\$71,732	\$7,142	(\$21,879)	\$56,995	(\$14,737)
Brooke Park	(\$1,589)	(\$12,379)	\$17,056	\$3,088	\$4,677
Brookside Glen (The Glen)	\$72,961	\$18,638	(\$29,183)	\$62,416	(\$10,545)
CDBG Units	\$7,361	(\$1,171)	\$1,951	\$8,140	\$779
Dale Drive	(\$712)	\$2,948	\$3,777	\$6,013	\$6,725
Diamond Square	\$128,321	(\$16,696)	\$43,832	\$155,456	\$27,135
Greenhills Apartments	\$217,353	(\$312,870)	\$111,490	\$15,974	(\$201,379)
King Farm Village	\$4,362	(\$469)	\$291	\$4,184	(\$178)
NCI Units	\$33,460	(\$18,307)	\$2,173	\$17,325	(\$16,135)
NSP Units	\$22,643	(\$1,538)	\$5,496	\$26,600	\$3,957
Paint Branch	\$23,436	\$6,821	\$2,385	\$32,642	\$9,206
State Rental Combined	\$40,147	(\$8,411)	(\$27,531)	\$4,205	(\$35,942)
Westwood Tower	(\$23,371)	\$46,934	\$75,734	\$99,298	\$122,669
Subtotal	\$590,034	(\$285,734)	\$73,688	\$377,986	(\$212,048)
TOTAL ALL PROPERTIES	\$1,115,200	(\$327,405)	\$88,865	\$876,656	(\$238,544)

FY 18 Second Quarter Operating Budget to Actual Comparison
For HUD Funded Programs

	(6 Months) <u>Budget</u>	(6 Months) <u>Actual</u>	<u>Variance</u>
Public Housing Rental			
Revenue	\$732,849	\$929,788	\$196,939
Expenses	\$909,560	\$888,544	\$21,016
Net Income	(\$176,711)	\$41,244	\$217,955
Housing Choice Voucher Program			
HAP revenue	\$38,697,630	\$43,241,182	\$4,543,552
HAP payments	\$41,800,236	\$43,829,693	(\$2,029,457)
Net HAP	(\$3,102,606)	(\$588,511)	\$2,514,095
Admin.fees & other inc.	\$3,347,346	\$3,340,600	(\$6,746)
Admin. Expense	\$3,203,953	\$3,029,114	\$174,839
Net Administrative	\$143,393	\$311,486	\$168,093
Net Income	(\$2,959,213)	(\$277,025)	\$2,682,188

FY 18 Second Quarter Operating Budget to Actual Comparison
For Public Housing Rental Programs - Net Cash Flow

	(6 Months) <u>Budget</u>	Variance <u>Income</u>	<u>Expense</u>	(6 Months) <u>Actual</u>	<u>Variance</u>
Elizabeth House	(\$62,589)	\$6,395	(\$13,105)	(\$69,299)	(\$6,710)
Holly Hall	(\$31,341)	\$30,962	(\$20,899)	(\$21,278)	\$10,063
Arcola Towers	\$0	\$5	(\$665)	(\$660)	(\$660)
Waverly House	\$0	\$2	(\$2,072)	(\$2,070)	(\$2,070)
Seneca Ridge	\$0	(\$239)	(\$29)	(\$268)	(\$268)
Emory Grove / Washington Square	\$0	\$5,576	(\$6,212)	(\$636)	(\$636)
Towne Centre Place / Sandy Spring Meadow	\$0	(\$1,289)	(\$1,132)	(\$2,421)	(\$2,421)
Ken Gar / Parkway Woods	\$0	\$0	\$0	\$0	\$0
Scattered Sites Central	\$0	\$617	\$0	\$617	\$617
Scattered Sites East	\$0	\$477	\$0	\$477	\$477
Scattered Sites Gaithersburg	\$0	\$666	(\$111)	\$555	\$555
Scattered Sites North	\$0	\$60,457	\$0	\$60,457	\$60,457
Scattered Sites West	\$0	\$664	\$0	\$664	\$664
TOTAL ALL PROPERTIES	(\$93,930)	\$104,293	(\$44,225)	(\$33,862)	\$60,068

FY 18 Second Quarter Operating Budget to Actual Comparison
For Capital Improvements

	(12 Months) <u>Budget</u>	(6 Months) <u>Actual</u>	<u>Variance</u>
General Fund			
East Deer Park	\$25,000	\$106,372	(\$81,372)
Kensington Office	\$25,000	\$15,981	\$9,019
Information Technology	\$988,880	\$190,435	\$798,445
Subtotal	\$1,038,880	\$312,788	\$726,092
Opportunity Housing			
Ambassador	\$0	\$0	\$0
Alexander House	\$54,000	\$5,204	\$48,796
Avondale Apartments	\$33,660	\$405	\$33,255
The Barclay	\$78,602	\$40,238	\$38,364
Brooke Park	\$857	\$1,001	(\$144)
Brookside Glen (The Glen)	\$101,407	\$44,968	\$56,439
CDBG Units	\$17,300	\$0	\$17,300
Chelsea Towers	\$12,120	\$0	\$12,120
Dale Drive	\$4,250	\$13	\$4,237
Diamond Square	\$193,851	\$26,214	\$167,637
Fairfax Court	\$98,496	\$16,305	\$82,191
Glenmont Crossing	\$141,418	\$30,519	\$110,899
Glenmont Westerly	\$172,373	\$13,107	\$159,266
Greenhills Apartments	\$44,500	\$0	\$44,500
Holiday Park	\$18,600	\$0	\$18,600
Jubilee Falling Creek	\$2,500	\$0	\$2,500
Jubilee Hermitage	\$1,125	\$0	\$1,125
Jubilee Horizon Court	\$1,000	\$1,285	(\$285)
Jubilee Woodedge	\$1,000	\$344	\$656
Ken Gar	\$12,603	\$0	\$12,603
King Farm Village	\$1,000	\$0	\$1,000
Magruder's Discovery	\$40,120	\$43,170	(\$3,050)
McHome	\$81,392	\$10,903	\$70,489
McKendree	\$17,500	\$13,295	\$4,205
MetroPointe	\$63,036	\$32,128	\$30,908
The Metropolitan	\$186,200	\$76,199	\$110,001
Montgomery Arms	\$45,642	\$49,355	(\$3,713)
MHLP VII	\$67,300	\$32,038	\$35,262
MHLP VIII	\$99,670	\$28,751	\$70,919
MPDU 2007 Phase II	\$5,100	\$0	\$5,100
617 Olney Sandy Spring Road	\$1,000	\$335	\$665
64 MPDUs	\$59,800	\$17,421	\$42,379
TPM - 59 MPDUs	\$117,170	\$15,618	\$101,552
Oaks at Four Corners	\$172,739	\$35,818	\$136,921
NCI Units	\$22,100	\$9,076	\$13,024
NSP Units	\$30,800	\$5,602	\$25,198
Paddington Square	\$110,648	\$50,527	\$60,121
Paint Branch	\$22,020	\$1,400	\$20,620
Parkway Woods	\$2,550	\$3,224	(\$674)
TPP - LLC Pomander Court	\$6,000	\$0	\$6,000
Pooks Hill High-Rise	\$262,416	\$49,126	\$213,290
Pooks Hill Mid-Rise	\$86,448	\$46,604	\$39,844
Sandy Spring Meadow	\$5,100	\$4,298	\$802
Scattered Site One Dev. Corp.	\$1,462,566	\$46,448	\$1,416,118
Scattered Site Two Dev. Corp.	\$91,075	\$12,079	\$78,996
Seneca Ridge	\$15,000	\$15,683	(\$683)
Southbridge	\$35,723	\$3,310	\$32,413
Sligo Development Corp.	\$44,766	\$1,238	\$43,528
State Rental Combined	\$215,155	\$51,225	\$163,930
Strathmore Court	\$174,336	\$59,779	\$114,557
Towne Centre Place	\$5,100	\$5,654	(\$554)
TPP - LLC Timberlawn	\$35,801	\$4,982	\$30,819
VPC One Dev. Corp.	\$68,000	\$26,234	\$41,766
VPC Two Dev. Corp.	\$30,000	\$38,906	(\$8,906)
Washington Square	\$8,000	\$2,425	\$5,575
Westwood Tower	\$344,589	\$125,173	\$219,416
Subtotal	\$5,025,524	\$1,097,627	\$3,927,897
TOTAL	\$6,064,404	\$1,410,415	\$4,653,989

APPROVAL OF FY'18 SECOND QUARTER BUDGET AMENDMENT

March 7, 2018

- The net effect of the FY'18 Second Quarter Budget Amendment is a surplus of \$7,522.
- The FY'18 Amended Budget that was approved June 7, 2017 included a contribution to the General Fund Operating Reserve (GFOR) in order to maintain a balanced budget. The Budget, Finance and Audit Committee recommends that the anticipated contribution be increased by \$7,522 in order to maintain a balanced budget.
- Total operating budget for the Agency has increased from \$238.1 million to \$242.1 million.
- Total capital budget for the Agency has increased from \$206.2 million to \$206.7 million.
- Personnel Complement remains unchanged.
- No policy changes are reflected in the budget amendment.

interest in the partnership. Therefore, HOC is able to operate the properties on a fiscal year basis. This budget amendment reflects the period of July 1, 2017 through June 30, 2018 for each property. Cash flow is being restricted at the property; therefore, the total increase to both income and expenses in the Opportunity Housing Fund is the same. The following chart depicts the overall impact of this amendment:

Property Name	Income	Expenses	Restricted	
			Cash Flow	Total Expenses
Manchester Manor Apartments	\$734,279	\$42,549	\$691,730	\$734,279
Shady Grove Apartments	\$2,116,160	\$293,398	\$1,822,762	\$2,116,160
The Willows of Gaithersburg	\$2,049,683	\$122,191	\$1,927,492	\$2,049,683
Total Change	\$4,900,122	\$458,138	\$4,441,984	\$4,900,122

- **Greenhills Apartments:** The FY'18 Amended Budget included Greenhills Apartments for the entire fiscal year. The property was refinanced at the end of September 2017 as a Tax Credit entity. This budget amendment removes the property from the Opportunity Housing portfolio after the first quarter of the fiscal year. Budgeted cash flow from the property was restricted; therefore, both income and expenses in the Opportunity Housing Fund will be reduced by \$813,393 to reflect the period of October 1, 2017 through June 30, 2018. A CY'18 First Quarter Budget Amendment will be presented to reflect the Tax Credit budget for the property.
- **Public Fund:**
 - **Housing Locator Grant** - The FY'18 Housing Locator Grant provided to HOC from Montgomery County was changed during the development of the FY'18 Amended Budget to reflect the inclusion of an additional work year. The increase in the grant to reflect the additional management fees paid to HOC for Agency overhead was not included in the Agency budget. Both income and expenses in the Public Fund will increase by \$7,522 to recognize the additional administrative income and fee expense. (See General Fund)
 - **County Grant** - In response to their projected reductions in County revenue largely due to income tax distributions, the County implemented a two percent Savings Plan. The impact of the savings plan is reduction to HOC's FY'18 approved Maximum Agency Request Ceiling (MARC) of \$130,738. Staff is working through the Agency's actual performance through December and projections for the remainder of the year to determine if the reduction can be absorbed through existing savings. Both income and expenses in the Public Fund will be decreased by \$130,738.

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

- **Capital Improvements:**

- **Capital Budgets for Existing HOC Office Facilities:** The FY'18 Amended Budget anticipated a lower level of capital expenditure on existing office facilities in anticipation of procuring new facilities; however, the procurement is no longer expected to occur in FY'18. As a result of the change in timing, previously identified capital work resumed. The reassessed FY'18 capital needs have been incorporated in the second quarter budget amendment and will be funded from existing replacement reserves established for facilities related capital.

- **East Deer Park** - \$130,000
- **Kensington Office** - \$85,000

- **Property Transitions:** Manchester Manor Apartments, Shady Grove Apartments and The Willows of Gaithersburg are no longer included with the tax credit budgets. Therefore, HOC is able to operate the properties on a fiscal year basis. This budget amendment reflects the proposed capital budgets for the period of July 1, 2017 through June 30, 2018 for each property.

- Manchester Manor - \$13,686
- Shady Grove - \$179,005
- The Willows - \$91,950

- **Greenhills Apartments:** Greenhills was refinanced at the end of September 2017 as a Tax Credit entity. This budget amendment removes the property from the Opportunity Housing portfolio after the first quarter of the fiscal year. Capital will be reduced by \$14,625 to reflect this change. A CY'18 First Quarter Budget Amendment will be presented to reflect the Tax Credit budget for the property.

BUDGET IMPACT:

The net effect of the FY'18 Second Quarter Budget Amendment is a surplus of \$7,522. The FY'18 Amended Budget includes a contribution of \$873,713 to the General Fund Operating Reserve (GFOR) for future operation needs. Staff recommends that the anticipated contribution be increased by \$7,522 to \$881,235 in order to maintain a balanced budget.

The total FY'18 Operating Budget for HOC increased from \$238,129,877 to \$242,100,912. This is an increase of \$3,971,035. The total FY'18 Capital Budget for HOC has increased from \$206,233,522 to \$206,718,538. This is an increase of \$485,016. Approval by the Commission of any budget amendments will revise the FY'18 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'18 Second Quarter Budget Amendment at the February 20, 2018 meeting. Action is requested at the March 7, 2018 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full Commission approval of the proposed FY'18 Second Quarter Budget Amendment.

Resolution No. 18-17

**Re: Approval of FY'18 Second
Quarter Budget Amendment**

WHEREAS, the Housing Opportunities Commission amended a budget for FY'18 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'18 Budget; and

WHEREAS, the net effect of the FY'18 Second Quarter Budget Amendment is a surplus of \$7,522 which will increase the anticipated contribution to the General Fund Operating Reserve (GFOR) of \$873,713 by \$7,522 to \$881,235 in order to maintain a balanced budget.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'18 Operating Budget by increasing total revenues and expenses for the Agency from \$238.1 million to \$242.1 million.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the FY'18 Capital Budget by increasing revenues and expenses for the Agency from \$206.2 million to \$206.7 million.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on March 7, 2018.

Patrice Birdsong
Special Assistant to the Commission

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FY 2018 Operating Budget Second Quarter Amendment		Revenues	Expenses	First Quarter Budget Amendment	Net Changes		Revenues	Expenses	Second Quarter Budget Amendment
					To Revenue	To Expenses			
General Fund									
	General Fund	\$23,597,444	\$24,132,391	(\$534,947)	\$7,522	\$0	\$23,604,966	\$24,132,391	(\$527,425)
	Restrict to GFOR	\$0	\$873,713	(\$873,713)	\$0	\$7,522	\$0	\$881,235	(\$881,235)
Multifamily & Single Family Bond Funds									
	Multifamily Fund	\$18,215,845	\$18,215,845	\$0	\$0	\$0	\$18,215,845	\$18,215,845	\$0
	Single Family Fund	\$11,590,724	\$11,590,724	\$0	\$0	\$0	\$11,590,724	\$11,590,724	\$0
Opportunity Housing Fund									
	Opportunity Housing & Dev Corps	\$72,252,518	\$71,124,210	\$1,128,308	\$3,883,649	\$3,883,649	\$76,136,167	\$75,007,859	\$1,128,308
	Draw from GFOR for MetroPointe Deficit	\$280,352	\$0	\$280,352	\$0	\$0	\$280,352	\$0	\$280,352
	Opportunity Housing Reserve Fund	\$4,042,390	\$1,174,422	\$2,867,968	\$0	\$0	\$4,042,390	\$1,174,422	\$2,867,968
	Restricted to OHRF	\$0	\$2,867,968	(\$2,867,968)	\$0	\$0	\$0	\$2,867,968	(\$2,867,968)
Public Fund									
	Public Housing Rental	\$1,435,202	\$1,791,034	(\$355,832)	\$0	\$0	\$1,435,202	\$1,791,034	(\$355,832)
	County Contributions towards Public Housing	\$277,163	\$0	\$277,163	\$0	\$0	\$277,163	\$0	\$277,163
	Draw from Existing Property Cash	\$78,669	\$0	\$78,669	\$0	\$0	\$78,669	\$0	\$78,669
	Restricted to Public Housing Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Public Housing Homeownership	\$66,324	\$84,038	(\$17,714)	\$0	\$0	\$66,324	\$84,038	(\$17,714)
	Draw From/Restricted to Public Housing Reserves	\$17,714	\$0	\$17,714	\$0	\$0	\$17,714	\$0	\$17,714
	Housing Choice Voucher Program	\$88,411,678	\$89,192,999	(\$781,321)	\$0	\$0	\$88,411,678	\$89,192,999	(\$781,321)
	County Contributions towards HCVP Administration	\$781,321	\$0	\$781,321	\$0	\$0	\$781,321	\$0	\$781,321
	Federal , State and Other County Grants	\$17,082,533	\$17,082,533	\$0	(\$123,216)	(\$123,216)	\$16,959,317	\$16,959,317	\$0
TOTAL - ALL FUNDS		\$238,129,877	\$238,129,877	\$0	\$3,767,955	\$3,767,955	\$241,897,832	\$241,897,832	\$0

Footnotes - explanation of changes recommended to adopted

GF R \$7,522 Increase Management Fee income from County Housing Locator Grant - \$7,522
GF E \$7,522 Increase FY'18 GFOR Contribution - \$7,522

OH R \$734,279 Add Budget for Manchester Manor
OH R \$2,116,160 Add Budget for Shady Grove
OH R \$2,049,683 Add Budget for The Willows
OH R (\$813,393) Remove partial budget for Greenhills Apartments
OH R (\$203,080) Adjust vacancy at Alexander House
\$3,883,649 Total Change to OH Fund

OH E \$734,279 Add Budget for Manchester Manor
OH E \$2,116,160 Add Budget for Shady Grove
OH E \$2,049,683 Add Budget for The Willows
OH E (\$813,393) Remove partial budget for Greenhills Apartments
OH E (\$203,080) Reduce restricted cash at Alexander House
\$3,883,649 Total Change to OH Fund

PF R \$7,522 Increase Administrative income for County Housing Locator Grant - \$7,522
PF R (\$130,738) Reduce County Grant by 2% MARC reduction - (\$130,737)
PF E \$7,522 Increase Management Fee expense for County Housing Locator Grant - \$7,522
PF E (\$130,738) Reduce County expenses based on 2% MARC reduction - (\$130,737)

FY 2018 Capital Budget Second Quarter Amendment		Revenues	Expenses	First Quarter Budget Amendment	Net Changes		Net Changes		Second Quarter Budget Amendment
					To Revenue	To Expenses	Revenues	Expenses	
Capital Improvements									
	East Deer Park	\$25,000	\$25,000	\$0	\$130,000	\$130,000	\$155,000	\$25,000	\$130,000
	Kensington Office	\$25,000	\$25,000	\$0	\$85,000	\$85,000	\$110,000	\$25,000	\$85,000
	Information Technology	\$1,076,950	\$1,076,950	\$0	\$0	\$0	\$1,076,950	\$1,076,950	\$0
	Opportunity Housing Properties	\$5,343,518	\$5,343,518	\$0	\$270,016	\$270,016	\$5,613,534	\$5,343,518	\$270,016
	Public Housing Properties	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$6,470,468	\$6,470,468	\$0	\$485,016	\$485,016	\$6,955,484	\$6,470,468	\$485,016
Capital Development Projects									
	900 Thayer	\$14,370,121	\$14,370,121	\$0	\$0	\$0	\$14,370,121	\$14,370,121	\$0
	Alexander House	\$14,272,957	\$14,272,957	\$0	\$0	\$0	\$14,272,957	\$14,272,957	\$0
	Ambassador	\$44,036,499	\$44,036,499	\$0	\$0	\$0	\$44,036,499	\$44,036,499	\$0
	Bauer Park Apartments	\$6,955,007	\$6,955,007	\$0	\$0	\$0	\$6,955,007	\$6,955,007	\$0
	Chevy Chase Lake	\$39,181,615	\$39,181,615	\$0	\$0	\$0	\$39,181,615	\$39,181,615	\$0
	Elizabeth House III	\$41,655,648	\$41,655,648	\$0	\$0	\$0	\$41,655,648	\$41,655,648	\$0
	Greenhills Apartments	\$20,368,301	\$20,368,301	\$0	\$0	\$0	\$20,368,301	\$20,368,301	\$0
	Shady Grove	\$7,200,000	\$7,200,000	\$0	\$0	\$0	\$7,200,000	\$7,200,000	\$0
	Stewartown	\$4,604,019	\$4,604,019	\$0	\$0	\$0	\$4,604,019	\$4,604,019	\$0
	Town Center Apartments	\$6,085,457	\$6,085,457	\$0	\$0	\$0	\$6,085,457	\$6,085,457	\$0
	Waverly House	\$1,033,430	\$1,033,430	\$0	\$0	\$0	\$1,033,430	\$1,033,430	\$0
		\$199,763,054	\$199,763,054	\$0	\$0	\$0	\$199,763,054	\$199,763,054	\$0
TOTAL - ALL FUNDS		\$206,233,522	\$206,233,522	\$0	\$485,016	\$485,016	\$206,718,538	\$206,233,522	\$485,016

Footnotes - explanation of changes recommended to adopted

GF R \$130,000 Increase Capital Budget for East Deer Park - \$7,522
GF R \$85,000 Increase Capital Budget for Kensington Office - \$7,522
GF E \$130,000 Increase Capital Budget for East Deer Park - \$7,522
GF E \$85,000 Increase Capital Budget for Kensington Office - \$7,522

OH R \$13,686 Add Budget for Manchester Manor
OH R \$179,005 Add Budget for Shady Grove
OH R \$91,950 Add Budget for The Willows
OH R (\$14,625) Remove partial budget for Greenhills Apartments
\$270,016 Total Change to OH Fund

OH E \$13,686 Add Budget for Manchester Manor
OH E \$179,005 Add Budget for Shady Grove
OH E \$91,950 Add Budget for The Willows
OH E (\$14,625) Remove partial budget for Greenhills Apartments
\$270,016 Total Change to OH Fund

APPROVAL OF THE CY'18 FIRST QUARTER BUDGET AMENDMENT

March 7, 2018

- **On September 29, 2017, the Agency refinanced Greenhills Apartments using tax credit equity establishing Greenhills Apartments Limited Partnership (LP).**
- **The Agency's budget policy requires a budget to be prepared and adopted for Greenhills Apartments LP.**
- **The CY'18 budget forecasts Net Cash Flow of \$669,653 that will be restricted to the property.**

**Greenhill's Apartments LP - CY 2018 Budget
Under Renovations**

	CY 2018
Total Revenue	\$1,149,292
Total Operating Expenses	\$468,089
Net Operating Income	\$681,203
Asset Management Fee	\$11,550
(1) Annual RfR Contribution	\$0
(2) Annual Debt Service	\$0
Total Non-Operating Expenses	\$11,550
Cash Flow	\$669,653
Capital	\$19,500

(1) Will resume post-renovation.

(2) Interest during construction will be absorbed in the Development Budget and commence at the property post-renovation.

BUDGET IMPACT:

Approval by the Commission will establish this as the CY'18 operating budget for Greenhills Apartments LP.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the CY'18 First Quarter Budget Amendment at the February 20, 2018 meeting. Actions is requested at the March 7, 2018 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full Commission approval of the proposed CY'18 First Quarter Budget Amendment for Greenhills Apartments LP.

RESOLUTION NO: 18-18

**RE: Approval of the CY'18
First Quarter Budget Amendment**

WHEREAS, HOC refinanced Greenhills Apartments with tax credit equity and established Greenhills Apartments Limited Partnership on September 29, 2017; and

WHEREAS, the Agency's budget policy requires a budget be prepared and adopted for the Limited Partnership; and

WHEREAS, the Calendar Year 2018 budget forecasts net cash flow of \$669,653 that will be restricted to the property.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Greenhills Apartments Limited Partnership as its current general partner, hereby approves the CY'18 Budget for Greenhills Apartments Limited Partnership.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on March 7, 2018.

Patrice Birdsong
Special Assistant to the Commission

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Approval to Extend the \$60 Million PNC Bank Line of Credit (LOC) and the \$90 Million Real Estate Line of Credit (RELOC) to Finance Commission Approved Actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, Ambassador Apartments, and Avondale Apartments

March 7, 2018

- The Commission has previously approved advances \$16.96 million from the \$60 million PNC LOC and the \$90 million PNC RELOC to support interim financing needs for:
 - MHLP VII
 - Fairfax Court Apartments
 - Chevy Chase Lake Development Corporation,
 - Ambassador Apartments, and
 - Avondale Apartments
- These advances were authorized for 12 to 24 month terms with expirations between April and June of 2018.
- Staff requests authorization to extend the current maturity dates through June 30, 2019.
- The estimate total annual cost related to these advances from the two Lines of Credit is approximately \$441,744 based on one month London Interbank Offered Rate (LIBOR) as of February 8, 2018 under the existing pricing level.

		Current	Principal	Estimated		
Property	Line of Credit	Maturity date	Balance	Annual Cost	LIBOR Rate & Spread	
MHLP VII	\$60 million	June 2018	\$ 522,725	\$ 17,085	3.26842%	Taxable
Fairfax Court Apartments	\$60 million	June 2018	746,000	24,382	3.26842%	Taxable
Chevy Chase Lake Dev. Corp.	\$60 million	June 2018	6,794,170	222,062	3.26842%	Taxable
Ambassador Apartments	\$90 million	June 2018	1,862,495	37,294	2.00237%	Tax-exempt
Avondale Apartments	\$90 million	April 2018	7,037,704	140,921	2.00237%	Tax-exempt
Total			\$ 16,963,094	\$ 441,744		

MHLP VII

The draw on the LOC funded the repayment of the first mortgage associated with MHLP VII, a low income housing tax credit (LIHTC) scattered site property. The units were conveyed to HOC at the end of the initial LIHTC compliance period and are now subject to an Extended Use Covenant. HOC intends to continue to operate the property as an affordable housing development and is in the process of purchasing the limited partners' interest in the three remaining scattered site properties (MHLP VIII, MHLP IX and MHLP X). It will then combine them into a single ownership entity and repay all outstanding indebtedness from refinancing proceeds.

Fairfax Court

Fairfax Court is an 18-unit development located in Chevy Chase. The outstanding draw on the LOC repaid the first mortgage which was funded with variable rate demand obligation bonds. The Commission intends to operate Fairfax Court as an affordable housing asset and while a comprehensive renovation plan is being developed, the Commission will begin to repay the LOC from accrued cash and cash flow from operations at the property.

Chevy Chase Lake Multifamily Development

On October 7, 2015, the Commission authorized tax-exempt draws of up to \$6,875,000 from the LOC to pay off existing bond debt associated with the CCL Site, as it prepared for the redevelopment. Two-thirds of the CCL Site was sold to Eakin Youngentob Associates, Inc. (EYA) for the development of townhomes, for which HOC would receive a portion of the net proceeds from each townhome as payment for the land. The interim draw on the LOC will be repaid from townhome sales proceeds of which approximately \$2.8 million have been received and will be applied to reduce the outstanding LOC amount.

Ambassador

On October 28, 2014, HOC prepaid the Ambassador mortgage by drawing \$1,862,494.55 from the RELOC and used said funds to redeem prior outstanding bonds issued for the project. HOC is contemplating a mixed-use, mixed-income redevelopment that delivers approximately 130 residential units, 25,000 square feet of retail space. HOC is currently in negotiations with the retail condominium owner concerning the redevelopment of the site. The next phase, which is the entitlements and permitting process, is expected to take approximately two years in

Montgomery County. The RELOC loan will be repaid from financing proceeds from the redevelopment.

Avondale

The outstanding draw of \$7,037,703.64 on the RELOC funded the acquisition of the Avondale properties. Staff has been working to determine the appropriate development strategy for the property, which with the approval of the Bethesda Downtown Master Plan and the rezoning of the Avondale properties, the Commission is now able and expects to commence the redevelopment plan for the property. Proceeds from the financing will be directed to repay the RELOC.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve the extension the maturity dates to finance Commission approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, Ambassador Apartments and Avondale Apartments through June 30, 2019?

PRINCIPALS:

HOC
PNC Bank, N.A.
Montgomery Homes Limited Partnership (MHLP) VII
Fairfax Court Apartments
Chevy Chase Lake Development Corporation
Wheaton-University Boulevard Limited Partnership for Ambassador Apartments
Avondale Apartments

BUDGET IMPACT:

The amount of interest expense for FY 2019 is estimated to be \$441,744. The interest expense will be included in the FY 2019 Agency Budget.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the approval to extend the \$60 Million PNC Bank Line of Credit (LOC) and the \$90 Million Real Estate Line of Credit (RELOC) to finance Commission approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, Ambassador Apartments, and Avondale Apartments at its February 20, 2018 meeting. Commission action is requested at the March 7, 2018 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the Commission the approval to extend the use of the \$60 Million PNC Bank Line of Credit (LOC) and the \$90 Million Real Estate Line of Credit (RELOC) to finance Commission approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, Ambassador Apartments, and Avondale Apartments.

RESOLUTION: 18-19

RE: Approval to Extend the \$60 Million PNC Bank Line of Credit and the \$90 million Real Estate Line of Credit (RELOC) to Finance Commission Approved Actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, Ambassador Apartments, and Avondale Apartments

WHEREAS, various Commission actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, Ambassador Apartments, and Avondale Apartments are currently financed through the \$60 Million PNC Bank Line of Credit and \$90 Million RELOC; and

WHEREAS, it is proposed to extend, through June 30, 2019, the use of the \$60 Million PNC Bank Line of Credit at the taxable borrowing rate of LIBOR plus 90 basis points or the tax exempt rate of 68.5% of LIBOR plus 59 basis points and the \$90 Million RELOC at the taxable rate of LIBOR plus 58 basis points or the tax exempt rate of 68.5% of LIBOR plus 38 basis points to finance approved Commission actions; and

WHEREAS, the estimated cost, as of February 8, 2018, under the Lines of Credit is expected to be approximately \$441,744.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves extending, through June 30, 2019, the use of the \$60 Million PNC Bank Line of Credit and the \$90 Million RELOC to finance various Commission actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, Ambassador Apartments, and Avondale Apartments.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, March 7, 2018.

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Patrice M. Birdsong
Special Assistant to the Commission

Legislative and Regulatory Committee

**AUTHORIZATION TO IMPLEMENT
VOUCHER PAYMENT STANDARDS
BASED ON HUD FY 2018 SMALL AREA FAIR MARKET RENTS**

March 7, 2018

- On January 17, 2018, HUD published new guidance on the use of Small Area Fair Market Rents to determine Voucher Payment Standards for PHAs who operate a Housing Choice Voucher program.
- On September 1, 2017, HUD published its Fiscal Year 2018 Fair Market Rents (FMR) for all jurisdictions in the United States of America.
- Annually, HOC is required to implement the new FMRs and corresponding Voucher Payment Standards (VPC) for the upcoming fiscal year based on a percentage of the FMRs.
- According to HUD Notice PIH 2018-01, mandatory use of SAFMRs is now in effect for all 24 designated SAFMR areas, which includes the Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area in which HOC is located.
- Staff recommends that the Commission approve the Voucher Payment Standards for FY 2018 based on the chart featured in the following memo and resolution.
- Staff recommends that for existing voucher customers whose new Payment Standards will decrease due to HUD's Small Area FMRs, HOC will make no change in policy by continuing to use the new, lower payment standard to calculate the family's HAP beginning at the effective date of the family's second regular reexamination following the effective date of the decrease in the payment standard.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

FROM: Lynn Hayes Division: Housing Resources Ext. 9622
Shauna Sorrells Executive Ext. 9461
Ethan Cohen Compliance Ext. 9764

RE: Authorization to Implement Voucher Payment Standards Based on HUD FY 2018 Small Area Fair Market Rents

DATE: March 7, 2018

STATUS: **Committee Report: Deliberation** X

OVERALL GOAL & OBJECTIVE:

To establish the Voucher Payment Standards described herein and revise HOC’s Administrative Plan for the Housing Choice Voucher program to use the new, lower payment standards to calculate a family’s Housing Assistance Payment (HAP) for existing voucher customers whose new payment standards will decrease due to HUD’s Small Area FMRs. Furthermore, the Commission authorizes the Executive Director, or his designee, to implement the Voucher Payment Standards described herein and to insert this revision to the Administrative Plan into the Plan for HOC’s administration of the Housing Choice Voucher program.

BACKGROUND:

Annually, the U.S. Department of Housing and Urban Development (HUD) publishes Metropolitan Area Fair Market Rents (FMR) for all jurisdictions in the United States. Public Housing Authorities (PHA), such as HOC, used these FMRs to determine the Voucher Payment Standards (VPS) for their Housing Choice Voucher (HCV) programs. The VPS is the maximum amount of subsidy, per bedroom size, which HOC can contribute on behalf of a voucher customer as the Housing Assistance Payment (HAP) portion of the rent to a given landlord. The establishment of the VPS must be between 90 and 110 percent of the FMRs for the given fiscal year. Historically, these FMRs were set for the entire Washington, DC metropolitan region, including parts of Maryland, the District of Columbia, and parts of Northern Virginia.

On November 16, 2016, HUD published a final rule in the Federal Register establishing Small Area FMRs (SAFMR). These Small Area FMRs are established at the zip code area level, thereby permitting a more precise and individualized calculation of VPSs for PHAs. According to the 2016 Final Rule, use of SAFMRs was to begin on October 1, 2017. However, on August 10, 2017, HUD

exercised the authority under 24 CFR 888.113(c)(4)(iii) to suspend the SAFMR designation until October 1, 2019, which is the start of the federal Fiscal Year of 2020.

Then, on December 23, 2017, the U.S. District Court for the District of Columbia entered a preliminary injunction, voiding the August 2017 suspension. This decision by the court put into effect mandatory use of SAFMRs for 24 designated SAFMR areas, including the Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area, in which Montgomery County is located. The remaining PHAs outside of these 24 have the option whether to continue to use the Metropolitan Area FMRs, or to switch to use of SAFMRs.

To assist PHAs with implementation of the SAFMR requirements, on January 17, 2018, HUD published PIH Notice 2018-01, entitled “Guidance on Recent Changes in Fair Market Rent (FMR), Payment Standard, and Rent Reasonableness Requirements in the Housing Choice Voucher Program.” This Notice explains that PHAs operating in any of the 24 mandatory metropolitan areas must implement the use of SAFMRs by revising any VPS that is not within the basic range of the SAFMR for the applicable zip code area. PHAs must complete the implementation by April 1, 2018.

In the administration of the HCV program, SAFMRs replace the 50th percentile FMRs previously required in metropolitan areas with high concentrations of voucher families, such as Montgomery County. SAFMRs are intended to provide families residing in such areas with access to low-poverty areas by providing rental assistance at a level that makes the higher rents in such areas affordable to them.

According to HUD Notice 2018-01, in situations where adoption of the new VPSs based on the new SAFMRs will cause a decrease in the VPS amount during the existing HAP contract term, PHAs have three options for implementation. Specifically, HOC must adopt one of the following policies to govern decreases to the payment standard schedule during the term of a family’s HAP contract:

1. Hold harmless – No reduction in subsidy. A PHA may continue to use the existing higher payment standard for the family’s subsidy calculation for as long as the family continues to receive the voucher assistance in that unit. If we choose this option, we will pay an additional \$144,228 in HAP expenses annually.
2. Gradual reduction in subsidy – A PHA may gradually reduce the payment standard amount used to calculate the family’s subsidy, phasing in the reduction. The initial reduction in payment standard cannot take place before the effective date of the family’s second regular reexamination following the effective date of the decrease in payment standard. Phased in reductions may proceed annually from the second regular reexamination until the payment standard amount for the family meets the normally applicable payment standard amount on the PHA’s voucher payment standard schedule. If we choose this option, we will pay additional HAP expenses exceeding \$144,228 dependent upon the phase-in schedule.

3. No change in policy – A PHA may continue to use the lower payment standard to calculate the family’s HAP beginning at the effective date of the family’s second regular reexamination following the effective date of the decrease in the payment standard. By choosing this option the average housing subsidy will decrease by 5.5% allowing us to serve more families.

Based on HRD’s analysis, staff determined that in situations where adoption of the new VPSs based on the new SAFMRs will cause a decrease in the VPS amount during the existing HAP contract term, HOC should use option #3 and make no change in policy. This will permit HOC to continue to use to the existing, lower payment standard to calculate the family’s HAP beginning at the effective date of the family’s second regular reexamination following the effective date of the decrease in the payment standard. Use of this option does the most to ensure that the goals of HUD’s SAFMR Final Rule are met: To provide families residing in high-poverty areas with new access to low-poverty areas by providing rental assistance at a level that makes the higher rents in low-poverty areas affordable for them.

Staff from the Housing Resources Division (HRD) conducted an extensive analysis to determine the most appropriate SAFMR percentages to use for all of the FY 2018 VPSs. HOC’s objective in this regard is to maintain strong voucher utilization while also ensuring that the Agency’s Voucher Payment Standards will allow HOC residents to afford the average rental unit per bedroom size in their given SAFMR zip code area. The projected HAP expense based upon the recommended VPS is approximately \$90,000,000. This represents a reduction in HAP costs of \$300,000. This cost saving measure will allow the agency to serve an additional 23 families.

According to HUD Notice 2018-01, HOC must revise its Administrative Plan for the Housing Choice Voucher program to indicate how it will handle decreases in the VPS amount for families under HAP contract. HOC may choose any one of the three options so long as the Agency applies its choice uniformly to all voucher families. With the selection of option #3, staff recommends the following language addition to Chapter 11, at the end of Section D:

In situations where the adoption of new Voucher Payment Standards (VPS) based on HUD’s Small Area Fair Market Rents (SAFMR) will cause a decrease in the VPS amount during the existing Housing Assistance Payments (HAP) contract term, HOC will take the following action:

HOC will change to the lower VPS based on the SAFMRs to calculate the family’s Housing Assistance Payments (HAP). This change will begin at the effective date of the family’s second regular reexamination following the effective date of the decrease in the VPS.

HUD’s SAFMRs for Montgomery County include 72 zip codes which HOC grouped into 26 VPS areas based on their identical or nearly similar SAFMRs. As a result of this analysis, staff

recommends that the Commission approve the Voucher Payment Standards for FY 2018 as per the following charts:

ISSUES FOR CONSIDERATION:

Does the Housing Opportunities Commission of Montgomery County wish to accept the recommendation of the Legislative and Regulatory Committee to establish the Voucher Payment Standards described herein and revise HOC's Administrative Plan for the Housing Choice Voucher program to use the new, lower payment standards to calculate a family's Housing Assistance Payment (HAP) for existing voucher customers whose new payment standards will decrease due to HUD's Small Area FMRs. Furthermore, does the Commission authorize the Executive Director, or his designee, to implement the Voucher Payment Standards described herein and to insert this revision to the Administrative Plan into the Plan for HOC's administration of the Housing Choice Voucher program?

PRINCIPALS:

Housing Resources Division

BUDGET IMPACT:

HOC approved new Voucher Payment Standards (VPS) on December 6, 2017 at 94 percent of the Metropolitan Area Fair Market Rents (FMR). The proposed VPSs for the new Small Area FMRs will cause 24 zip codes to receive increased VPSs and 48 zip codes to receive decreased VPSs. With so many more zip code areas decreasing rather than increasing, HOC anticipates a decrease in HAP payments.

TIME FRAME:

The Legislative and Regulatory Committee reviewed this item at its meeting on March 2, 2018. For Commission action on March 7, 2018.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Housing Opportunities Commission of Montgomery County accept the recommendation of the Legislative and Regulatory Committee to establish the Voucher Payment Standards described herein and revise HOC's Administrative Plan for the Housing Choice Voucher program to use the new, lower payment standards to calculate a family's Housing Assistance Payment (HAP) for existing voucher customers whose new payment standards will decrease due to HUD's Small Area FMRs. Furthermore, the Commission authorizes the Executive Director, or his designee, to implement the Voucher Payment Standards described herein and to insert this revision to the Administrative Plan into the Plan for HOC's administration of the Housing Choice Voucher program.

RESOLUTION: 18-20

**RE: Authorization to Implement
Voucher Payment Standards
Based on HUD FY 2018 Small
Area Fair Market Rents**

WHEREAS, the regulations of the U.S. Department of Housing and Urban Development (HUD) require that the Housing Opportunities Commission of Montgomery County (HOC) establish and implement new Voucher Payment Standards (VPS) annually for use in HOC's administration of the Housing Choice Voucher Program; and

WHEREAS, the establishment of these Voucher Payment Standards must be based upon a percentage between 90 and 110 percent of the HUD Small Area Fair Market Rents (SAFMR) for the given fiscal year; and

WHEREAS, the Housing Opportunities Commission of Montgomery County must and desires to revise its Administrative Plan for the Housing Choice Voucher Program to use the new, lower payment standards to calculate a family's Housing Assistance Payment (HAP) for existing voucher customers whose new VPS will decrease due to HUD's SAFMRs.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County to establish the VPSs described herein and revise HOC's Administrative Plan for the Housing Choice Voucher program to use the new, lower payment standards to calculate a family's HAP for existing voucher customers whose new payment standards will decrease due to HUD's SAFMRs. Furthermore, the Commission authorizes the Executive Director, or his designee, to implement the VPSs described herein and to insert this revision to the Administrative Plan into the Plan for HOC's administration of the Housing Choice Voucher program.

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

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on March 7, 2018.

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**Patrice Birdsong
Special Assistant to the Commission**

Suggested FY 2018 Voucher Payment Standards										
ZIP Code	City	Bedroom sizes						Suggested VPS %	Percent difference from current VPS & the suggested VPS	
		0	1	2	3	4	5			6
Zipcodes where FMR has decreased										
Group 1										
20705	Beltsville									
20842	Comus									
20853	Rockville									
20899	Gaithersburg									
20912	Takoma Park, Silver Spring	1222	1278	1476	1946	2416	2778	3141	94%	→
21771	Mount Airy									
21797	Eldersburg & Annapolis Rock									
Individual Payment Standards										
20777	Ashton-Sandy Spring	1222	1307	1636	2106	2444	2811	3177	94%	→
20886	Montgomery Village	1250	1297	1485	1955	2416	2778	3141	94%	→
20901	Silver Spring, Kemp Mill, White Oak	1260	1316	1504	1974	2435	2800	3165	94%	11%
20877	Gaithersburg, Rockville, Montgomery Village, Washington Grove, Redland	1288	1344	1542	2021	2491	2865	3238	94%	9%
20903	Silver Spring, Langley Park, Hillandale, White Oak, Adelphi	1307	1363	1560	2049	2529	2908	3287	94%	8%
20832	Olney	1325	1372	1579	2068	2547	2930	3312	94%	6%
20902	Silver Spring, Kemp Mill, Wheaton-Glenmont, Wheaton, North Kensington, Glenview	1354	1410	1617	2124	2613	3005	3397	94%	4%
20707	Laurel	1305	1359	1557	2043	2520	2898	3276	90%	8%
20879	Gaithersburgh, Montgomery Village, Laytonsville	1372	1419	1636	2143	2641	3038	3434	94%	3%
20872	Damascus	1372	1429	1636	2153	2651	3048	3446	94%	3%
20906	Aspen Hill, Colesville, Wheaton-Glenmont, Layhill South, Rossmoor, Holiday Park, Layhill	1391	1438	1654	2171	2679	3081	3483	94%	2%

ZIP Code	City	Bedroom sizes						Suggested VPS %	Percent difference from current VPS & the suggested VPS
		0	1	2	3	4	5		
Group 2									
20818	Cabin John								
20824	Bethesda								
20825	Chevy Chase/Bethesda								
20827	Potomac								
20830	Olney								
20838	Barnesville								
20839	Beallsville								
20847	Rockville								
20848	Rockville								
20849	Rockville								
20859	Potomac								
20860	Sandy Spring								
20861	Ashton								
20862	Brinklow								
20868	Cloverly	1401	1457	1673	2200	2707	3113	3519	94%
20875	Germantown								
20882	Laytonsville, Burnham Hills, Damascu, Seneca Upland, Woodfield, Seneca Overlook								
20883	Montgomery Village								
20884	Gaithersburg								
20885	Gaithersburg								
20891	South Kensington								
20896	Garrett Park								
20898	Gaithersburg								
20904	Silver Spring								
20907	Silver Spring								
20911	Silver Spring								
20913	Takoma Park								
20914	Colesville								
20915	North Kensington								
20916	Aspen Hill								
20918	Silver Spring								

ZIP Code	City	Bedroom sizes							Suggested VPS %	Percent difference from current VPS & the suggested VPS
		0	1	2	3	4	5	6		
Zipcodes where FMR has increased										
Individual Payment Standards										
20878	Gaithersburg, Darnestown, North Potomac	1429	1485	1701	2237	2754	3167	3580	94%	1%
Group 3										
20851	Rockville	1417	1472	1693	2217	2742	3153	3564	92%	1%
20837	Poolesville									
20874	Darnestown									
Individual Payment Standards										
20876	Germantown	1404	1458	1674	2196	2709	3115	3522	90%	1%
20895	North Bethesda, Kensington, Wheaton-Glenmont, Chevy Chase View, North Kensington, South Kensington, Homewood	1431	1485	1701	2232	2754	3167	3580	90%	1%
20866	Burtonsville	1431	1485	1710	2241	2763	3177	3592	90%	1%
20880	Washington Grove, Redland	1542	1598	1833	2406	2970	3416	3862	94%	9%
20905	Silver Spring	1530	1584	1818	2385	2943	3384	3826	90%	8%
20910	Silver Spring, Takoma Park, South Kensington	1566	1620	1863	2448	3015	3467	3920	90%	11%
20855	Derwood/Rockville	1602	1656	1908	2502	3087	3550	4013	90%	13%
20850	Rockville	1620	1683	1935	2538	3132	3602	4072	90%	15%
20852	Rockville/North Bethesda	1665	1728	1980	2601	3213	3695	4177	90%	18%
20814	Bethesda	1710	1782	2043	2682	3303	3798	4294	90%	21%
20815	Chevy Chase/Bethesda	1782	1845	2124	2781	3429	3943	4458	90%	26%
Group 4										
20812	Glen Echo	1881	1953	2241	2943	3627	4171	4715	90%	33%
20816	Bethesda									
20817	Bethesda/Westlake									
20833	Brookeville									
20841	Clarksburg									
20854	Potomac									
20871	Clarksburg, Hyattstown, Green Valley									

Deliberation and/or Action

Future Action

INFORMATION EXCHANGE

New Business

Administrative Session Findings

Adjourn

Development Corporation Meetings

Chevy Chase Lake Development Corporation

CHEVY CHASE LAKE DEVELOPMENT CORPORATION

APPROVAL TO ACCEPT EXTENSION OF HOC \$60 MILLION LINE OF CREDIT

MARCH 7, 2018

- Chevy Chase Lake Development Corporation tax-exempt bond loan of \$6,794,170 was refinanced using the \$60 million PNC Bank Line of Credit which will expire June 30, 2018.
- The Commission approved extending the maturity date for the Line of Credit for Chevy Chase Lake Development Corporation through June 30, 2019.
- The estimated debt service cost under the \$60 million Line of Credit is based upon the taxable borrowing rate of one month LIBOR plus 90 basis points. As of February 8, 2018, the estimated amount of interest is approximately \$222,062 for one year.
- Staff requests the Board of Directors accept the extension of the \$60 million Line of Credit on behalf of Chevy Chase Lake Development Corporation.

ISSUES FOR CONSIDERATION:

Does the Board wish to approve extending the maturity date to finance Commission approved actions related to Chevy Chase Lake Development Corporation through June 30, 2019?

PRINCIPALS:

HOC

PNC Bank, N.A.

Chevy Chase Lake Development Corporation

BUDGET IMPACT:

The amount of interest expense for FY'18 is estimated to be \$222,062. The interest expense has been included in the Chevy Chase Lake Development Corporation Budget.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the requested extension of line of credit at the February 20, 2018 meeting. Action is requested at the March 7, 2018 Board meeting.

STAFF RECOMMENDATION & BOARD ACTION NEEDED:

The Budget, Finance and Audit Committee recommends that the Board extend the use of the \$60 Million PNC Bank Line of Credit to finance Commission approved actions related to Chevy Chase Lake Development Corporation.

RESOLUTION NO: 18-001cc

RE: Chevy Chase Lake Development Corporation Approval to Accept Extension of HOC \$60 Million Line of Credit Loan

WHEREAS, Chevy Chase Lake Development Corporation (the “Corporation”) is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission; and

WHEREAS, Chevy Chase Lake Development Corporation first mortgage loan of \$6,794,170 is currently financed through the \$60 million PNC Bank Line of Credit; and

WHEREAS, the Chevy Chase Lake Development Corporation first mortgage loan under the line of credit will expire on June 30, 2018; and

WHEREAS, the Commission approved extending the use of the \$60 million PNC Bank Line of Credit to finance Chevy Chase Lake Development Corporation loan through June 30, 2019 at a taxable borrowing rate of one month LIBOR plus 90 basis points; and

WHEREAS, the estimated cost based on the one month LIBOR rate as of February 8, 2018 is approximately \$222,062 for one year.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Chevy Chase Lake Development Corporation that it hereby approves accepting the extension of the HOC Line of Credit Loan to finance Chevy Chase Lake Development Corporation through June 30, 2019.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Board of Directors of Chevy Chase Lake Development Corporation at a regular meeting conducted on March 7, 2018.

Secretary to the Board of Chevy Chase Lake Development Corporation

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Adjourn

Administrative Session